

Russian Union of Industrialists and Entrepreneurs

CERTIFICATE

of Public Endorsement of Corporate Non-Financial Report

Sustainable Development Report for 2010

Sakhalin Energy Investment Company Ltd.

Has passed public endorsement at the RUIE Council for Non-Financial Reporting

The detailed Conclusions of the Council of the Russian Union of Industrialists and Entrepreneurs (RUIE) regarding public endorsement of Sakhalin Energy Investment Company Ltd.'s Sustainable Development Report for 2010 have been forwarded to the Company, and the Company may publish them without any changes and use both for in-house purposes and for communication with stakeholders.

Registration No. 014.01.014.14.10

President of RUIE /stamp, signature/

A.N. Shokhin

Seal: Russian Union of Industrialists and Entrepreneurs

Moscow, 2011

Council for Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs (RUIE)

Opinion of the RUIE Council for Non-Financial Reporting on the Review of the 2010 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. for the Purpose of Public Endorsement

The Council for Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs (hereinafter "Council"), set up pursuant to the resolution of the Bureau of the RUIE Board of Directors (Resolution of 28 June 2007), has reviewed the 2010 Sustainable Development Report (hereinafter "Report") of Sakhalin Energy Investment Company Ltd. (hereinafter "Sakhalin Energy", "Company") as requested by the Company.

The Company requested the RUIE to arrange for the public endorsement process by the Council which issues its opinion on the value and completeness of the disclosed information regarding the Company's performance based on the Social Charter of Russian Business promoting responsible business practices.

During the period of 23 June - 12 July 2011, the Council reviewed the Company's Report and prepared this Opinion based on the Council-approved Rules for Public Endorsement of Non-Financial Reports. The Council members possess all the required competencies in such areas as corporate responsibility, sustainable development and non-financial reporting, and express their personal opinions as experts, but not the opinions of their respective organisations, in full compliance with the ethical requirements of independent and objective evaluation.

The Council takes into consideration the fact that the Report information covers the activities operations of the Company, all its assets and business units.

The Report was assessed in terms of the following information completeness and value principles:

Information is deemed to be value since it demonstrates the Company's activities intended to implement responsible business practices as set forth in the Social Charter of Russian Business (www.rspp.ru).

Completeness of information means that the Company's Report provides integrated information on all main aspects of the Company's activities - the underlying values and strategic goals, management systems and structures, major achievements and key performance and efficiency indicators, and stakeholder engagement system.

The Council notes that its Opinion reflects progress in terms of information disclosure as compared to the previous Report.

The public endorsement process was carried out with due regard for the international reporting principles that had been used by the Company. However, the assessment of compliance with the international reporting principles is not the subject of this Opinion.

Sakhalin Energy bears all responsibility for the information and representations provided in the Report. The authenticity of the factual data provided in the Report is outside the scope of the public endorsement process.

This Opinion is issued to Sakhalin Energy. The Company may use this Opinion for corporate purposes, as well as for its communication engagement with stakeholders, provided the Opinion is published as it is, without any changes.

CONCLUSIONS

Based on the review of the Report and the public information published on the Company's web-site and further to the discussion of the independent review of the Report by the RUIE Council for Non-Financial Reporting, the Council confirms the following:

The 2010 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. contains material information and covers key areas of the responsible business practices according to the Social Charter of Russian Business, providing sufficiently full information on the Company activities in these areas.

RUIE Council recommendations, issued on the basis of the previous Sakhalin Energy 2009 Sustainable Development Report review, have been addressed in the 2010 Report which features an extended list of disclosed performance indicators, a more detailed description of the governance structure, including management of sustainable development aspects and information continuity.

The 2010 Report of the Company contains significant information on the following aspects of the responsible business practices:

Economic Freedom and Responsibility: The Report speaks in detail about the economic impact of the Sakhalin-2 Project (hereinafter “Project”) on the economy of Russia and of the Sakhalin Region, and about Russian content of the Project. It covers operational performance of the Company in the first year after it achieved full capacity of its oil and gas infrastructure, including its LNG plant. Information featured by the Report about the Company’s production assets gives an indication of its economic potential. The Report makes reference to underlying corporate documents available on the Company’s web-site and gives a full picture of the Company’s performance standards which reflect its adherence to social responsibility and define the level of its corporate business culture. In comparison with the previous Report, this document presents more information regarding corporate governance and its elements which ensure management in sustainable development area. The Report highlights the Company’s focus on the management of risks which primarily relate to health, safety, environment and social aspects. The Report also demonstrates Sakhalin Energy’s efforts focused on promoting principles of responsible business practices inside and outside of Russia.

Partnership in Business: The Report indicates that the Company has an extensive system of stakeholder engagement activities. It has developed documents to regulate fundamental aspects of responsible business practices and stakeholder engagement (Statement of General Business Principles, Sustainable Development Policy, Code of Conduct, Russian Content Development Strategy, Grievances Procedure, etc.). The Report describes the approaches (principles, mechanisms and tools) and provides actual examples of engagement with shareholders and lenders, suppliers, personnel, government authorities, Sakhalin residents, including Indigenous Minorities of the North. The Report describes the activities of information centres which facilitate communication with Sakhalin residents, as well as the engagement campaign for the preparation of the second sustainable development report. It gives an extensive coverage of the Company engagement with its personnel, including a description of the existing internal communication system. Special focus is made on industrial safety, occupational safety and improvement of working conditions, as well as on personnel development. The Report also features information on cooperation with Russian and international civil society organisations on various aspects of the Company activities.

Human Rights: Among key principle declared by the Company in the Report as basis for its sustainable development policy is respect for and protection of human rights. The 2010 Report provides an extended scope of publicly available information on this subject. It includes Company’s internal procedures which are designed to ensure implementation of the declared human rights principles, especially in relation to the Company personnel and general public. The Report also highlights the Company’s efforts intended to promote a set of guiding principles for business and human rights (John Ruggie Principles) both in Russia and worldwide.

Environmental Protection: Special emphasis is placed in the Report on environmental and industrial safety, conservation of natural environments and sustainable use of natural resources. Information is provided on the main aspects and results of industrial environmental monitoring. The majority of environmental performance indicators (absolute emission rates, water use, waste management, environmental control costs) are presented in comparison with the 2009 data and are supplemented by a comment clarifying how emissions abatement was achieved. The Report also shows the results of the reinstatement activities (onshore pipelines right-of-way, rivers’ banks protection, and erosion control). Detailed information is provided on environmental monitoring of various biodiversity impacts. The Report offers examples of cooperation with Russian academics and NGOs, international expert community and government agencies in addressing environmental protection issues.

Contribution into Local Community Development: The Report features large amount of information on the Company activities in local communities, describes the most important socially significant projects. It lists the priority areas and the principles of social programmes development. Information is provided on the project implementation mechanisms, including such elements as stakeholder consultations, internal ongoing monitoring and independent external assessment of social investment projects. The Report discusses in detail the progress of key social programmes (My Victory, What to Do in Emergency Situations, Chekhov and Sakhalin, Sakhalin Salmon Initiative, Hurry Up for Good Deeds) and their achievements in the reporting year. A telling example of the methods and mechanisms that the Company uses in the Project operations area is the process of preparation of the second Sakhalin Indigenous Minorities Development Plan for the period of 2011-2015. Explicit information is provided on the recognition of the Company’s experience in this area at the regional, national and international levels.

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On the whole, the Report allows to draw a conclusion that the sustainable development issues are of a strategic importance for the Company and are in continuative attention of its top management. Improvements of the management systems and progress of stakeholder engagement practice are in place. The Company demonstrates its adherence to the principles of responsible business practices by taking an active part in the UN Global Compact Russian Network.

The 2010 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. is its second report and as such it demonstrates consistency in the developing the non-financial reporting process. It features an extended list of disclosed performance indicators which are presented as a summary of triune bottom lines in accordance with the sustainable development reporting principles. The Report was prepared by the Company based on the guidelines used in Russian and international reporting practice (GRI Guidelines), which ensure continuity and comparability of information in various reporting periods, as well as its comparability with the reports of other companies.

RECOMMENDATIONS

While noting the merits of the 2010 Sustainable Development Report of Sakhalin Energy Investment Company Ltd., the Council would like to draw the Company's attention to a number of aspects, material for stakeholders, related to information value and completeness, which we would recommend to take into account for improvement of the reporting process.

It will be observed that the recommendations on the 2009 Report review findings remain relevant and can be used by the Company in its further reporting activities. At the same time, it appears to be important to point out the following.

The Company's corporate strategy and Sakhalin-2 Project perspectives, which have an impact on various stakeholder groups, are a significant topic which deserves enhanced reporting disclosure. It appears important to clarify how the Company plans to ensure implementation of the declared target – to be within global top quartile performance benchmark in the petroleum industry. Altogether, information on the Company's economic performance could also be extended. Thus, the unique experience of LNG production and marketing is of interest and can be importance for the Russian oil and gas industry.

While stressing the importance of incorporating a special section in the Report about the Company's plans for the period of 2011-2015, it should be noted that its content will be more convincing due to the information about set targets and planned actions which include measurable indicators. They will provide basis for a better understanding and evaluation of achieved progress in the next reporting period. Accordingly, it would be convenient to link the results of the current reporting period to the planned parameters. It is recommended to employ this approach more consistently in the future to improve the quality of disclosed information.

The Report speaks about risk management of, primarily, HSE risks. In future, it is recommended to present the risk management system integrally, including an overview of key risk groups and Company actions undertaken to manage and mitigate them. This topic appears to be essential for stakeholders and is directly related to corporate social responsibility management and sustainable development.

The value of reported information can be enhanced by disclosing how the Company responded to significant external events like industrial disasters and associated requirements for enhanced industrial safety, global and Russian initiatives, such as the Climate Doctrine, etc. This will emphasise the strong connection of the actions, taken by the Company, with the challenging global agenda. It should be also noted that it would be advisable in the future to reflect the Company's mission, strategy and vision as regards its efforts and progress in the energy conservation challenge as defined by the State.

Stakeholder engagement in the Report preparation process, including consultations, is an important element of the reporting process which deserves a more substantial and informative approach in terms of discussion topic selection, dialogue audience gathering principles, and Company response to stakeholder expectations.

The Report is intended to demonstrate to the stakeholders that the Company is aware of the challenges and is determined to overcome them. Therefore, to be able to consistently comply with the principle of balanced disclosure of reported information, the Company should focus more in the future on the challenges that Sakhalin Energy faces and on the problem-solving approaches.

The Council would like to point it out to the Company that by using the report public endorsement procedure it demonstrates its

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commitment to the streamlining of the reporting **process** and to enhanced transparency. It is recommended in the future to incorporate the public endorsement document in the text of the Report by publishing it as an annex.

The Council evaluates the report positively, supporting the Company's adherence to the responsible business practice, with due regard for the consistent development of the reporting process. The RUIE Council for Non-Financial Reporting confirms that the 2010 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. has successfully completed the public endorsement procedure.

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