

## Meeting with the Public of the Korsakov District

06 June 2019

Children's Art School  
(14 Sovetskaya Str., Korsakov)

16:00–18:00

Representatives of Sakhalin Energy

1. Dmitry Vyacheslavovich Panteleev, Head of the Production Planning Division
2. Maksim Georgiyevich Smolin, Deputy Head of LNG Train 3 Construction Department
3. Viktor Gennadyevich Zorin, Head of the Corporate Health Section
4. Andrey Damirovich Samatov, Head of the Environmental Protection Division
5. Natalya Vladimirovna Gonchar, Press Secretary, Head of the Information Support and Media Liaison Subdivision
6. Oleg Lvovich Tkachenko, Head of the Organisational Support Division
7. Sergey Anatolyevich Manchilin, Lead Specialist of the Government Relations and Shareholders Liaison
8. Marina Georgievna Ivanchikova, Category 1 Environmental Safety Engineer, HSE and Quality Assurance Subdivision
9. Maria Vladimirovna Nikolayeva, Lead Specialist of the HR Subdivision
10. Vladimir Gennadyevich Bepalov, Lead Specialist of the South Facilities Security Subdivision
11. Elena Olegovna Glavanova, Communications and Community Liaison Specialist of the Information Support and Media Liaison Subdivision
12. Maria Sergeevna Skokova, Junior Specialist of the Social Performance Subdivision

Representatives of government authorities

1. Lyudmila Dmitriyevna Khmyz, Chairman of the Assembly of the Korsakov City District
2. Viktor Vladimirovich Belolipetsky, Member of the Assembly of the Korsakov City District
3. Dmitry Aleksandrovich Vdovin, Member of the Assembly of the Korsakov City District

**Public: 23 persons**

The Agenda:

- 2018 Sustainable Development Report
- Prigorodnoye Asset
- State of the environment in the area of Prigorodnoye Asset
- Recruiting at Sakhalin Energy
- Questions and answers

At the beginning of the meeting, N. V. Gonchar conducted a safety briefing for emergency situations.

N. V. Gonchar warned those present that the meeting would be audio recorded for the subsequent drawing up of the minutes (the minutes of the previous meetings are available at the company's website and at the Korsakov Administration's website).

N. V. Gonchar spoke on the process of identifying the contents of the Sustainable Development Report and its essential topics. The presentation focused on the benefits from implementation of the Sakhalin-2 project for the Russian Federation and the Sakhalin Oblast.

D. V. Panteleev spoke on the production activities of Prigorodnoye Asset, scheduled and unscheduled shutdowns, including the shutdown in summer 2019, as well as arrivals of inert vessels over the period from 2018 to 2019 as a result of which the residents of Korsakov could observe increased flaring and smoke formation.

A. D. Samatov spoke on the results of the industrial environmental control and local monitoring in the area of Prigorodnoye Asset for 2018.

M. V. Nikolayeva made the public familiar with the information on changes in the staff members of the Company from among the Sakhalin Oblast population, on the employment methods, as well as on the company's programmes (programmes for issuance of educational grants, development of young professionals, traineeships and internships). The presentation also contained information on the composition of employees of a contractor at Prigorodnoye Asset in view of the question that was raised at the meeting with the public in November 2018.

The company representatives recorded all the questions asked during the meeting. Answers to the questions not answered at this meeting will be provided by the company at the public meeting to be held in Korsakov in Q4 2019, as well as at subsequent meetings as soon as the relevant information is available.

Question <i>(in the wording used by the speakers)</i>	Answer
Why information on abnormal/emergency situation at	N. V. Gonchar: As to the recent shutdown on 17 May, the media published the information on the

<p>the plant is provided to the residents of Korsakov not earlier than after a lapse of one day? <i>(question submitted before the meeting with the population)</i></p>	<p>same day. In addition, the company submits all information to the website of the Korsakov Administration but posting takes some time. The company will consider any recommendation of the public concerning very fast placement of information.</p>
<p>You can inform the population through MChS messaging. <i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>N. V. Gonchar: Scheduled and unscheduled shutdowns at Prigorodnoye Asset are not emergency situations that can pose threat to the residents or the environment.</p>
<p>You can submit information to Telegram. <i>(M. V. Petrenko)</i></p>	<p>N. V. Gonchar: The company will consider the recommendation.</p>
<p>What social guarantees does the company provide to the plant employees? Give a list. <i>(question submitted before the meeting with the population)</i></p>	<p>M. V. Nikolayeva: Apart from the guarantees and benefits provided by the Russian laws, Sakhalin Energy provides the following to its employees:</p> <ul style="list-style-type: none"> <li>- Voluntary health insurance for employees and their families;</li> <li>- Accident and sickness insurance;</li> <li>- Travel insurance;</li> <li>- Temporary incapacity benefits;</li> <li>- Free meals at production facilities and offices of the company;</li> <li>- Housing benefits for employees admitted on conditions of relocation from other locations and for their families for the period of employment at the company;</li> <li>- Mortgage programme;</li> <li>- Benefits for travel to the place of vacation within the RF and back for employees and non-working members of their families living in the areas of the Far North and equivalent localities;</li> <li>- Corporate pension programme;</li> <li>- Material aid for birth (adoption) and in case of difficult life circumstances;</li> <li>- Maternity benefits;</li> <li>- Additional paid vacation days;</li> <li>- Leisure and development programmes for the company employees' children;</li> <li>- Arrangement of leisure and health activities;</li> <li>- Use of the company's commuter buses by the employees and their families;</li> <li>- Psychologist's advising on school education for employees and their children.</li> </ul>
<p>Are there shops with harmful labour conditions at the plant? If yes, under what conditions do the plant employees work?</p>	<p>V. G. Zorin: The Special Assessment of Working Conditions revealed workplaces with harmful labour conditions at the plant. The workplaces at which the company employees are directly involved in</p>

<p><i>(question submitted before the meeting with the population)</i></p>	<p>servicing of the process equipment (operators, I&amp;C technicians, electricians, mechanics, supervisors operating in the production area) are treated as harmful ones. The main harmful factor is noise generated by the operating equipment. However, the company has provisions for many activities aimed at mitigation of the adverse factor (work planning, work permit system, briefing, use of personal protective equipment (PPE), identification of high noise level areas, identification of areas where double hearing protection is required).</p> <p>Another harmful factor for the operators is labour difficulty associated with continuous movement across the plant premises due to their job duties (movement is measured in kilometres walked during the shift).</p>
<p>Does the plant follow the RF Labour Code? <i>(question submitted before the meeting with the population)</i></p>	<p>M. V. Nikolayeva: The company as a whole and the plant as one of its production facilities are governed in their activities by the applicable regulatory legal acts, laws and other regulations of the Russian Federation.</p>
<p>Are the plant employees' salaries adjusted for inflation? <i>(question submitted before the meeting with the population)</i></p>	<p>M. V. Nikolayeva: In order to ensure its competitive power, the company annually revises salaries of its employees in accordance with the rules adopted at the company.</p>
<p>What amounts does the company spend on financing the grants of the Korsakov City District? <i>(question submitted before the meeting with the population)</i></p>	<p>M. S. Skokova: The annual budget of Sakhalin Energy's sustainable development and social investment programme in the Korsakov City District amounts to US\$75 thousand. The Korsakov Sustainable Development Partnership Council is in charge of the programme management, financing is distributed through the competitive mechanism. In 2018, projects financing amounted to RUB 4.8 million.</p> <p>Apart from this separate programme, which is applicable in the Korsakov City District only, Korsakov non-profit institutions and organisations can take part in the grant tender of the Energy Social Initiatives Fund which covers the entire Sakhalin Island.</p> <p>In addition, Korsakov institutions participate in partner programmes and special projects of the company. For example, resource and methodological classrooms for Life Safety Classes were created in 12 districts of Sakhalin as part of Safety is Important! partner programme. This classroom operates in Korsakov Secondary School No. 4; the classroom is provided with advanced</p>

training equipment: multi-functional interactive simulator stands, hardware and software teaching facilities, special software and interactive computer equipment. The cost of this equipment exceeds RUB 1.3 million. Safety corners appeared in kindergartens of three Sakhalin districts as part of the same programme (Korsakov, Nogliki and Yuzhno-Sakhalinsk); four kindergartens were equipped in the Korsakov District: No. 3 Romashka, No. 7 Solnyshko, No. 17 of the Ozerskoye village, No. 30 Korablik.

In 2017, during the year of ecology, Sakhalin Energy implemented a special project for introduction of innovation education technologies at preschool institutions. As a result, three kindergartens in three districts (Korsakov Romashka Kindergarten No. 3) received resource centres with equipment that has no analogues in Sakhalin. The cost of equipment supplied to Korsakov kindergarten is approximately RUB 1.4.

In addition, the company conducted three volunteering projects in the Korsakov park—voluntary Saturday works with the involvement of locals. Environmental voluntary Saturday works are a part of the Hurry Up For Good Deed programme for support to charitable initiatives of employees. New plantings and signs with description of plants in three languages appeared in the City Park at the expense of the company. The necessary work was performed by the employees under the supervision of a professional landscape designer. In addition, in different years, village clubs of the Korsakov District (Novikovo village, Ozerskoye village, Okhotskoye village, Lesnoye village, Solovyovka village, Chapayevoye village, Tretya Pad village) received new theatricals and games, village kindergartens (Novikovo village, Ozerskoye village, Chapayevoye village, Solovyovka village) received sports equipment; village libraries (Ozerskoye village, Lesnoye village, Novikovo village, Okhotskoye village, Tretya Pad village, Razdolnoye Village, Solovyovka village, Chapayevoye village) received tabletop games as part of the Hurry Up For Good Deed programme. Another charitable initiative of the employees supported by the company resulted in provision of mobile chemistry laboratory facilities to the Razdolnoye Village school. Handicapped children of the Korsakov District also participate in

	<p>the Letter to Father Frost campaign when the company employees fulfil New Year's wishes. In general, the company's approach involves support of projects and initiatives that develop the potential of institutions and contribute to sustainable development of the area.</p>
<p>What is the amount of annual tax allocations to the Sakhalin budget over the recent 2–3 years? <i>(question submitted before the meeting with the population)</i></p>	<p>N. V. Gonchar: Information on allocations to the budgets of the Russian Federation and the Sakhalin Oblast was shown in the today's presentation. 2018 Sustainable Development Report contains statistics on all years of operation of Sakhalin Energy. The question on tax allocations will be put on the agenda of the next meeting for disclosure of information in more detail.</p>
<p>Various sports competitions and cultural events are held in Korsakov. Why the plant employees do not take part in the city competitions of personnel? <i>(question submitted before the meeting with the population)</i></p>	<p>N. V. Gonchar: The Sakhalin Energy teams have participated in the Yuzhno-Sakhalinsk Sports and Athletic Meeting of Personnel and taken winning places for two years. These competitions are organised by the Yuzhno-Sakhalinsk Administration Department of Youth Welfare, Sports and Tourism. No official requests for participation in the personnel competitions in Korsakov were submitted to the company.</p>
<p>In my opinion, the diagrams presented by Maria Vladimirovna (changes in the staff members of the company from among the Sakhalin Oblast population) are incorrect. Why does the zero scale start with 1160? If we plot the diagram the way it should be, there will be no soaring you have presented. Judging by your diagram, I assumed that the growth would be by 2,400 persons, while we have only 40. In addition, I suggest that we add another unrealistic option to your statistics "how to become a staff member of the company"—writing a letter to Miller. To my mind, the statistics would be reliable and convincing if we had the following statement: "address to reception: 15 persons addressed, 14 persons admitted to the company." It would be clear then.</p>	<p>M. V. Nikolayeva: As of 2014, the company employed 2,198 persons, as of late 2018, it employed 2,298 persons. So, the grow over these years is about 100 persons. The Human Resources Directorate is doing hard sourcing work, since requirements for qualification and knowledge of specialists are quite high. In order to increase admission of the Sakhalin Oblast residents to the company, Sakhalin Energy cooperates with Russian universities where Sakhalin students study so that they return to the island and get jobs under the Sakhalin-2 project.</p> <p>N. V. Gonchar: Page 118 of 2018 Sustainable Development Report shows changes in the company's manpower as from 2014.</p>

<p>So, the statistics you have presented is pointless. It shows no efficiency of your proposals. <i>(E. V. Rashchupkina-Lopukhina)</i></p>	
<p>I know that the company supports young people who want to work for you. This also involves training support. I must have failed to hear or there was no information as to how many people the company has supported. What is the coefficient of applications? For example, 100 applications were submitted, you supported 10 persons. This is not an accidental question. May be you should consider it if there are many applications? If you are going to work in our district for a long time, then support education here, on Sakhalin, not only at universities of Moscow and other cities. <i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>M. V. Nikolayeva: The company has recorded questions on statistics. Information will be presented at the next meeting. As for support to schoolchildren, the company has a grant programme. Sakhalin Energy supports admission of local schoolchildren, including admission to Sakhalin State University (SSU). These students can obtain the company's study grant or tuition fee. In addition, the company delivers lectures at SSU on an ongoing basis and cooperates with the university in every way.</p>
<p>What does "20% insufficiently treated sewage water" mean? <i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>A. D. Samatov: The current guidelines on VAT calculation do not provide for the lowest point (calculation limit). According to the guidelines, the limit can be calculated endlessly. For annual emissions (during the established period) of pollutant at the conditional level of 1 gramme per litre, the subsequent limits will be calculated at the level of 0.5 gramme per litre. If treatment facilities are adjusted to this value (0.5 gramme per litre) and there are emissions of 0.5 gramme per litre during the period for which the permit is issued according to the relevant limits, then at the time of the subsequent limit calculation, we obtain 0.25 gramme per litre, and so on indefinitely. For example, 0.25 gramme per litre is MPC, but the guidelines do not stop here and then provide 0.125 gramme per litre, i. e. half as much. These insufficiently treated emissions show that the company's treatment facilities work fine, maximum permissible concentrations of the pollutant in the water body are not exceeded according to the water quality requirements. But pollutant concentrations do not comply with the limits, i. e. the company cannot</p>

	observe them because equipment and operating procedures of treatment facilities do not support this.
<p>You said that you were carrying out monitoring in Aniva Bay but there was no information that the bottom part of the bay had remained dead after all bottom dredging operations according to the people who have dived and lived in Korsakov for a long time. Is there any type of monitoring and restoration? We are in for the second jetty, there will be new bottom dredging operations and we will just bury the bay. What is the scope of bottom dredging operations? We have not heard this at the public discussion. <i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>A. D. Samatov: If one looks at the chart (shows the Environmental Monitoring in Prigorodnoye Port slide), one can see different stations with various types of observations. For example, monitoring of benthos and plankton is carried out. All structures of biological communities are at a good level, all are healthy and well-functioning.</p> <p>M. G. Smolin: The company pays great attention to environmental issues. Construction in water areas is subject to the State Environmental Expert Review. The project for construction of the second jetty involved implementation of the zero balance solution, i. e. there will be single-point soil excavation for installation of a caisson and the excavated soil will be back filled to the caisson. This solution corresponds to the best current practices.</p>
<p>You said that there had been salmon population depression since 2009. You have ploughed across the island and Aniva Bay. This year is the 10th anniversary of your operations and all these 10 years, you have been burying everything, especially in southern and eastern Sakhalin. Salmon is buried neither in Kamchatka nor in Hokkaido. One can say anything but all falls into place for me—you ploughed all rivers when running pipelines. During the bottom dredging operations in the bay, only your Goluboy Stream was left. You always mention it as if you manually put salmon into it to give account. <i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>A. D. Samatov: Bad situation with salmon population is observed not only in Aniva Bay. Over the recent years, problems have arisen across the East Sakhalin subzone which includes a big area. The company's production facilities cannot influence salmon on this scale. Moreover, fish live and spawn naturally in Goluboy Stream which is in the area of maximum impact from the plant. According to a qualified contractor involved in environmental monitoring, Goluboy Stream can be regarded as a model water flow for Aniva Bay because all incoming fish successfully spawn along three kilometres of the stream. Upstream, all fish are taken by poachers. In general, the adversity can be attributable to the conditions of salmon feeding period in the ocean. Or to fishery management. According to the specialists, various experiments were conducted over the period from 2011 to 2014, including experiments with fishing gear. There was a supposition that fish were snatched with long seine nets on South-Eastern Sakhalin. According to various estimates, up to 10 thousand tonnes failed to come to Aniva Bay. The problems that have arisen since 2011 could stem from this.</p>
<p>Question on ballast water. You say that 100 tankers were inspected for ballast water hazard. Earlier, Dmitry Vyacheslavovich</p>	<p>A. D. Samatov: A more detailed presentation on ballast water was shown to the public in November 2017. However, this question may be put on the agenda of the next meeting.</p>

<p>said that there had been 600 tankers. Do you inspect only every sixth tanker? How do you pick tankers? Five potentially hazardous phytoplankton species were detected. I missed the following information: where did the tankers come from? From different locations or from the same region? What measures were taken upon detection? If these tankers are from the same region, would it not be logical to perform hundred-per-cent inspection of all tankers? (E. V. Rashchupkina-Lopukhina)</p>	<p>Sakhalin Energy has developed a package of preventive measures for ballast water management. It all starts with risk assessment as to where the tanker can come from. Information on flora and fauna of the port water area is analysed. Based on this, we assess the risks and determine what organisms can come to ballast water. According to the procedure, all vessels behind the 50-miles' zone at a depth of at least 200 metres must change ballast water in the open sea. The company uses vessel logs to check whether ballast water was changed. All the rest is done to find out how carefully the water was changed. In Prigorodnoye Port, ballast water in the vessel tank undergoes chemical analysis to confirm water change (every water area has specific chemical composition). After that, samples are taken from potentially hazardous tanks or from tanks which can be such according to the risk assessment or if the vessel called from the same port several times during the year. For example, a vessel calling at Prigorodnoye Port for the first time will be inspected on a mandatory basis. If a vessel calls the port five or six times a year, it will be checked two or three times, depending on the results of the previous checks. In winter, when the water temperature is below freezing and there are no opportunities for infiltration of invasive species, only safety assurance is checked, no ballast water samples are taken. The International Convention for the Control and Management of Ships' Ballast Water and Sediments has been effective since 2017 and the company has introduced this procedure since 2009. According to this Convention, all vessels should follow regulation D-2 (change of ballast water in the open ocean) or regulation D-1, which implies installation of vessel systems for treatment of ballast water directly in the ballast water tank for destruction of all biota therein.</p>
<p>Were these five hazardous plankton species from the same region? (E. V. Rashchupkina-Lopukhina)</p>	<p>A. D. Samatov: These species were from different regions.</p>
<p>You say that there is no hydrocarbons leak. Are these unscheduled and non-standard releases not hydrocarbons burning in the air?</p>	<p>A. D. Samatov: Dmitry Vyacheslavovich said in his presentation that there had been no leaks of liquid hydrocarbons to the environment. These leaks are related to operation of mechanisms when hydrocarbon liquid is taken from one tank to the</p>

<i>(E. V. Rashchupkina-Lopukhina)</i>	other, etc. The thing you are talking about is a release rather than a leak.
<p>If there are scheduled repairs, information on these schedules should be provided in advance but not two days prior to the scheduled repair. You should publish information on repairs scheduled for specific months of 2019 at the beginning of the year. You say that due to the abnormal situation at the plant on 17 May, you decided to do the scheduled repair earlier so as to operate securely during the year. If you say that the scheduled repair is done once a year, why there are two repairs a year? If you had a scheduled repair in January and it did not allow you to make it out to the summer scheduled repair, then what is the use of your scheduled repairs? We swallow another feed of smoke for ten days and there is no guarantee that we will be safe and make it out to the next scheduled repair. How many scheduled repairs should there be during the year?</p> <p><i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>N. V. Gonchar: The company gives the notice of scheduled repair and of public hearings three weeks (not two days) in advance. Information is given to media (Voskhod newspaper) and is published at the website of the Korsakov Administration.</p> <p>D. V. Panteleev: There is specific time of process-related repair for every unit of equipment depending on its complexity. There is a strategy with specific list of works until the expiry of useful life of any equipment.</p>
<p>It is not necessary to indicate exact dates of repair. I suggest provision of information at the beginning of the year that in 2020, the first line is subject to scheduled repairs 1 time, the second line—2 times. Details can be given three weeks in advance. So that we could assume how many times a year we will face this.</p> <p><i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>N. V. Gonchar: This information was provided at the meeting in November 2018. The company said that shutdowns were scheduled for 2019.</p>
<p>Then I suggest that this information should be given at the end of the year through the newspaper.</p> <p><i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>N. V. Gonchar: The company will consider this proposal.</p>

<p>The company has been operating in the Korsakov District for many years. As far as I know, there are certain limitations on work of the company with the Sakhalin-2 project.</p> <p>2041 is the limit. Are you going to stay with us for a longer period? Will the company's ownership of the pipeline terminate after a certain period of time? Has this procedure been taken? What consequences will we face? Who will be responsible for the repair?</p> <p><i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>N. V. Gonchar: The Sakhalin-2 project deadline is 2041.</p> <p>The company's shareholders and the Russian party, etc. will decide what happens next.</p> <p>O. L. Tkachenko: The ownership of all the assets created under the Sakhalin-2 project is expected to be transferred to the Russian Federation in 2021. The company will remain the operator of these assets and will perform full service, while the Russian Federation will be the owner.</p>
<p>When will the detour road be open? A huge amount of money has already been spent on it. The plant always answers that it provides the financing but the customer is the administration. Can the plant provide endless financing? They say again that something is wrong with the bridge, the contractor did its work poorly and disappeared.</p> <p><i>(Yu. G. Yanitsky)</i></p>	<p>O. L. Tkachenko: The company has signed a financing agreement with the Korsakov Administration. The agreement is effective. Last year, the contractor failed to complete the work. That is why, in 2019, the Korsakov Administration made a contract with a new municipal contractor Karyer Izvestkovy which has already commenced the work. According to the Korsakov City District administration, the work is to be completed in October of the current year.</p>
<p>Can the Korsakov office provide information on the cost of the road?</p> <p><i>(E. V. Rashchupkina-Lopukhina)</i></p>	<p>O. L. Tkachenko: We will prepare the information and transfer it to the Korsakov office.</p>
<p>Will the noise level increase due to the construction of the new train?</p> <p><i>(S. V. Antonov)</i></p>	<p>A. D. Samatov: If there are three trains, the noise level will not be half as much. This is a single production package and the noise level is to be measured and calculated. The company cannot provide any specific data so far. If constructed, Train 3 will be identical to the two existing ones.</p>
<p>I have been living in a separate house within the city for 11 years. The time of fruit trees blooming has come. I notice that bees disappear. The number of bees is declining year by year. Is this a result of plant emissions or not? The same applies to our small birds. They have completely disappeared.</p>	<p>A. D. Samatov: The company does not carry out any insect monitoring.</p> <p>Bird monitoring shows that 147 species are registered in the area of Prigorodnoye Asset. There is a favourable situation with all species, while the population of red-book Japanese snipe has even increased. So, there is no question of any adverse effect of the asset on the bird population.</p>

<i>(M. I. Poznukhov)</i>	
<p>In spring, when there are no blossomed trees, all puddles on thaw holes are covered with yellow powder. Most likely, this is product of sulphur breakdown. <i>(M. I. Poznukhov)</i></p>	<p>A. D. Samatov (addresses the slide of pollutant emissions concentration): The concentration of sulphur dioxide emissions is times lower than the maximum permissible concentration (MPC). Sulphur content is so low that it cannot be considered as a cause of this phenomenon. The company has already encountered this situation when there was yellow deposit over the surface of water bodies. The analyses showed that it was conifer pollen.</p>
<p>Who is in charge of Stroitel Gardeners' Non-Commercial Partnership at the company? <i>(S. V. Antonov)</i></p>	<p>N. V. Gonchar: The Information Support and Media Liaison Subdivision is in charge of interaction with Stroitel Gardeners' Non-Commercial Partnership.</p>

At the end of the meeting, Natalya Vladimirovna Gonchar thanked those present for participating in the meeting, reminded them of the office of the Community Liaison Officer in the Korsakov City District and of reception hours, informed them about the opportunity to hold focus meetings and about the next meeting to be held in Q4 2019.