

# Appendix 1: GRI Standards Compliance Table

For explanation of the material topics and their boundaries, see Section 2.

## General Standard Disclosures

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
<b>1. Organisational Profile</b>				
102-1	Name of the organisation	About the Company	30	
102-2	Primary brands, products, and services	About the Company	37–38	
102-3	Location of organisation's headquarters	<a href="http://www.sakhalinenergy.ru/ru/contactus.asp">http://www.sakhalinenergy.ru/ru/contactus.asp</a>	On the outside rear cover	
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	About the Company	30–38	
102-5	Nature of ownership and legal form	Corporate Governance	42	
102-6	Markets where the organisation operates	About the Company	30; 37–38	
102-7	Scale of the organisation	About the company Economic Impact Management Personnel: Management and Development	30–36 68–69 99	
102-8	Total number of employees by employment type, gender, employment contract and region	General Information	99–100	8
102-9	Organisation's supply chain	Supply Chain Management	70–71	8 12
102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	<i>No significant changes in 2017</i>		
102-11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Sakhalin Energy's CSR System Sustainable Development Policy Risk Management System Impact Assessment	18–19 21 46–47 27	3 6–8 11–16
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Performance Standards	20	3 6–8 11–16
102-13	Memberships of associations (such as industry associations) and national or international advocacy organisations	<i>Performance Standards International and Regional Cooperation In November 2009, the company joined the UN Global Compact. In 2017, the company is a member of:</i> <ul style="list-style-type: none"> <li><i>Global Compact LEAD;</i></li> <li><i>International Business Congress</i></li> </ul> <i>In 2017, the company became a member of the RUIE</i>	20 63–65	

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
<b>2. Strategy</b>				
102-14	Statement from the most senior decision-maker of the organisation	Message from the Chairman of the Committee of Executive Directors and the Chief Executive Officer	7–8	
102-15	Description of key impacts, risks, and opportunities	Message from the Chairman of the Committee of Executive Directors and the Chief Executive Officer Risk Management System HSE and Social Performance Management Economic Impact Management Environmental Impact Management Social Impact Management 2018 Plans and Development Strategy up to 2022	7–8 46–50 25–27 68–69 74–96 98–139 143	1–16
<b>3. Ethics and Integrity</b>				
102-16	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Corporate Social Responsibility and Sustainable Development Corporate Governance	18–24 45–46 51	16
102-17	Internal and external mechanisms for advice and concerns about ethics and matters related to lack of integrity in the organisation	Corporate Governance System and Structure Corporate Culture Stakeholder Engagement Management Human Rights	41 45 54–55 127–129	16
<b>4. Governance</b>				
102-18	Governance structure of the organisation, including committees of the highest governance body	Corporate Governance Model	42–44	
102-20	Executive-level position or positions with responsibility for economic, environmental and social topics	Corporate Governance Model	42–44	
102-21	Consulting stakeholders on economic, environmental, and social topics	Impact Assessment Sakhalin Energy's CSR System	27 18–19	16
102-22	Composition of the highest governance body and its committees	Corporate Governance Model	42–44	16
102-23	Whether the Chair of the highest governance body is also an executive officer	<i>The chairperson of the highest governance body is not an executive officer</i>		16
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Corporate Social Responsibility and Sustainable Development Corporate Governance	18–19 40–46	

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
102-30	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Risk Management System	46–47	
102-32	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	About the Report	11	

#### 5. Stakeholder Engagement

102-40	List of stakeholder groups engaged	About the Report Stakeholder Engagement Management	12 54	
102-42	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement Management	55	
102-43	Organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the Report preparation process	About the Report Stakeholder Engagement Management	12 54–55	
102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Stakeholder groups that raised each of the key topics and concerns	<i>About the Report</i> <i>Stakeholder Engagement Management</i> <i>Grievance Handling in 2017</i> <i>Appendix 2</i> <i>Use the link specified in Appendix 4.</i> <i>Public Consultation and Disclosure Reports</i>	12–15 54–62  129 158–169	

#### 6. Reporting Practice

102-45	Entities included in the organisation's consolidated financial statements or equivalent documents	About the Report	16 68	
102-46	Process for defining the Report content and the Aspect Boundaries. Reporting Principles for Defining Report Content	About the Report	12–16	
102-47	List of all the material Aspects identified in the process for defining the Report content	About the Report	13–15	
103-1	Material topic and its boundary	About the Report	13–16	

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
102-48	Restatements of information provided in previous reports, and the reasons for such restatements	<i>No restatements of information</i>		
102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	<i>No significant changes in the scope and aspect boundaries</i>		
102-50	Reporting period (such as fiscal or calendar year) for information provided	2017		
102-51	Date of most recent previous report (if any)	<i>April 2017</i>		
102-52	Reporting cycle (such as annual, biennial)	About the Report <i>Annual</i>		
102-53	Contact point for questions regarding the Report or its contents	Appendices 5–6	176–179	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	11	
102-55	GRI Content Index. Reference to the External Assurance Report	This Appendix Appendices 7-8	146–157 180–183	
102-56	Organisation's policy and current practice with regard to seeking external assurance for the Report	About the Report	16	

#### Specific Standard Disclosures

##### Category: Economic

103-1	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	About the Company	30	1
103-2		Economic Impact Management	68–72	16
103-3		Remuneration and Bonus System Grievance Handling in 2017 Social Investment and Sustainable Development: Sakhalin Energy's Principles and Approaches	103 129 132–133	

##### GRI 201: Economic Performance (2016)

201-1	Direct economic value generated and distributed	About the Company Economic Impact Management Remuneration and Bonus System	30 68–70 103	2 5 8 9 13
201-3	Coverage of the organisation's defined benefit plan obligations and other retirement plans	Social Guarantees, Benefits and Compensations	104–105	

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
201-4	Financial assistance received from government	<i>The company received no financial assistance from the government in 2017</i>		
<b>GRI 202: Market Presence (2016)</b>				
202-1	Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Remuneration and Bonus System	103	1 5 8
202-2	Proportion of senior management hired from the local community at significant locations of operation	General Information Recruiting Personnel and Onboarding New Employees	99 101	
<b>GRI 203: Indirect Economic Impacts (2016)</b>				
203-1	Development and impact of infrastructure investments and services supported	Importance of the Sakhalin-2 Project for the Russian Federation and the Sakhalin Oblast Social Investments and Contributions to Sustainable Development of the Host Region	68 132–133	2 5 7 9 11
203-2	Significant indirect economic impacts, including the extent of impacts	Economic Impact Management	68	1 2 3 8 10
<b>GRI 204: Procurement Practices (2016)</b>				
204-1	Proportion of spending on local suppliers at significant locations of operation	Russian Content	69–70	12
<b>GRI 205: Anti-Corruption (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Anti-Bribery and Corruption	51	16
205-2	Communication and training on anti-corruption policies and procedures	Anti-Bribery and Corruption	51	16
205-3	Confirmed incidents of corruption and actions taken	<i>No cases of corruption were registered in 2017</i>		16
<b>Category: Environmental</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	HSE and Social Performance Management System Environmental Impact Management Grievance Handling in 2017 Environmental Protection Costs and Payments for the Negative Impact	25–26 74–96 129 81	12 13 14 15 16

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
<b>GRI 302: Energy (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Energy Production and Consumption	78–79	7 8 12 13
302-1	Energy consumption within the organisation	Energy Production and Consumption	78–79	7 8 12 13
302-3	Energy intensity	Energy Production and Consumption	78–79	7 8 12 13
<b>GRI 303: Water (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Impact on Water Bodies Environmental Protection Costs and Payments for the Negative Impact	76 81	6
303-1	Total water withdrawal by source	Impact on Water Bodies	76	6
303-2	Water sources significantly affected by withdrawal of water	<i>Impact on Water Bodies</i>  <i>No water sources are materially affected by the company's withdrawal of water</i>	76	6
<b>GRI 304: Biodiversity (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Environmental Monitoring and Biodiversity Conservation Environmental Protection Costs and Payments for the Negative Impact	82–92 81	6 14 15
304-1	Operational sites on, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Monitoring and Biodiversity Conservation	82–92	6 14 15
304-2	Significant impacts of activities, products, and services on biodiversity on protected areas and areas of high biodiversity value	<i>Environmental Monitoring and Biodiversity Conservation</i>  <i>There are no significant impacts of activities, products or services on biodiversity</i>	82–92	6 14 15

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
304-4	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations	Environmental Monitoring and Biodiversity Conservation	82–92	6 14 15

**GRI 305: Emissions (2016)**

103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Greenhouse Gas and Ozone-Depleting Substance Emissions Environmental Protection Costs and Payments for the Negative Impact	79–80 81	12 14 15
305-1	Direct greenhouse gas (GHG) emissions	Greenhouse Gas and Ozone-Depleting Substance Emissions	79–80	3 12 13 14 15
305-2	Energy indirect greenhouse gas (GHG) emissions	Greenhouse Gas and Ozone-Depleting Substance Emissions	79–80	3 12 13 14 15
305-6	Emissions of ozone-depleting substances (ODS)	Greenhouse Gas and Ozone-Depleting Substance Emissions	79–80	3 12 13
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Impact on Atmospheric Air	75	3 12 13 14 15

**GRI 306: Effluents and Waste (2016)**

103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Impact on Water Bodies Waste Management Oil Spill Prevention and Response Preparedness Environmental Protection Costs and Payments for the Negative Impact	76 77 93–95 81	12 14 15
306-1	Total water discharge by quality and destination	Impact on Water Bodies	76	3 6 12 14
306-2	Total weight of waste by type and disposal method	Waste Management	77	3 6 12

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
306-3	Total number and volume of significant spills	Oil Spill Prevention and Response Preparedness	93	3 6 12 14 15

**GRI 307: Environmental Compliance (2016)**

103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	HSE and Social Performance Management System Environmental Impact Management Grievance Handling in 2017 Environmental Protection Costs and Payments for the Negative Impact	25–26 74–96 129 81	12 14 15
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Protection Costs and Payments for the Negative Impact	81	16

**GRI 308: Supplier Environmental Assessment (2016)**

103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Supply Chain Management	70–71	12
308-1	Supplier Environmental Assessment	100%		12

**Category: Social**

**GRI 401: Employment (2016)**

103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Approaches to HR Management and HR Policy Grievance Handling in 2017	98–99 129	
401-1	New employee hires and employee turnover by age group, gender, and region	General Information Recruiting Personnel and Onboarding New Employees	100 101	5 8
401-3	Return to work and retention rates after parental leave, by gender	General Information	100	5 8

**GRI 402: Labour/Management Relations (2016)**

103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Engagement with Personnel Approaches to HR Management and HR Policy Grievance Handling in 2017	56 98–99 129	
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GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
402-1	Minimum notice periods regarding operational changes	<i>In accordance with the effective Labour Code of the Russian Federation, federal laws, and other regulatory legal acts containing norms of labour law, agreements and employment contracts</i>		8
<b>GRI 403: Occupational Health and Safety (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Labour Safety and Protection Occupational Health Grievance Handling in 2017	118–124 124 129	
403-2	Rates of injury, occupational diseases, and total number of work-related fatalities	Labour Safety and Protection Occupational Health	119 125	3 8
<b>GRI 404: Training and Education (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Learning and Development Grievance Handling in 2016	106–111 129	
404-1	Average hours of training per year per employee by gender, and by employee category	Personnel Training	109	4 5 8
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Learning and Development	109–117	8
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Individual Performance Review	106	5 8
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Approaches to HR Management and HR Policy Grievance Handling in 2017	98 129	
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	General Information	99–100	5 8

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
405-2	Ratio of basic salary and remuneration of women to men by employee category	<i>Basic salaries of men and women of all personnel categories do not differ</i>		5 8 10
<b>GRI 406: Non-discrimination (2016)</b>				
406-1	Total number of incidents of discrimination and corrective actions taken	<i>No cases of discrimination on any grounds were registered in 2017</i>		5 8 16
<b>GRI 407: Freedom of Association and Collective Bargaining (2016)</b>				
407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<i>No operations in which the right to exercise freedom of association and collective bargaining may be at significant risk</i>		8
<b>GRI 408: Child Labour (2016)</b>				
408-1	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	<i>No operations risk of involving child labour</i>		8 16
<b>GRI 409: Forced or Compulsory Labour (2016)</b>				
409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	<i>No operations risk of involving forced or compulsory labour</i>		8
<b>GRI 410: Security Practices (2016)</b>				
410-1	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	100%		16
<b>GRI 411: Rights of Indigenous Peoples (2016)</b>				
411-1	Total number of incidents of violations involving rights of indigenous peoples and actions taken	<i>No registered cases of violation of rights of Indigenous Peoples in 2017</i>		2
G4-DMA	Disclosures on management approach	<i>Human Rights: Principles and Management System</i>		

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
<b>GRI 412: Human Rights Assessment (2016)</b>				
412-2	Employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Human Rights Training	130	
<b>GRI 413: Local Communities (2016)</b>				
103-1 103-2 103-3	Explanation of the material topic and its boundary Management approach Evaluation of the management approach	Corporate Social Responsibility and Sustainable Development Corporate Governance Engagement Strategy, Principles, Mechanisms and Tools Social Investment and Sustainable Development: Sakhalin Energy's Principles and Approaches Grievance Handling in 2017	18–19 54–55 132–133 129	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	<i>Impact Assessment</i> <i>Engagement Strategy, Principles, Mechanisms and Tools</i> <i>Social Investment and Contribution to the Sustainable Development of the Host Region</i>  100%	27 54–55 132–133	
413-2	Operations with significant actual and potential negative impacts on local communities	<i>Impact Assessment</i>  <i>In 2017, the company did not carry out operations with significant actual or potential negative impacts on local communities</i>	27	1 2
<b>GRI 415: Public Policy (2016)</b>				
415-1	Total value of political contributions by country and recipient/beneficiary	<i>As per the company's Code of Conduct, Sakhalin Energy does not support any political parties, organisations, or their representatives financially and does not participate in political activities</i>		16
<b>GRI 416: Customer Health and Safety (2016)</b>				
416-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	<i>No incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services in 2017</i>		16

GRI index	GRI disclosure	Report section and/or comments or references to other sources	Page in the Report	UN Sustainable Development Goals
<b>GRI 417: Marketing and Labelling (2016)</b>				
417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	<i>No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling in 2017</i>		16
<b>Sector Disclosures (in Addition to General and Specific Standard Disclosures)</b>				
<b>Category: Environmental</b>				
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	Environmental Monitoring and Biodiversity Conservation	82–93	6 14 15
OG5	Volume and disposal of formation or produced water	Impact on Water Bodies	76	3 6 8 12 14
OG6	Volume of flared and vented hydrocarbon	Impact on Atmospheric Air Greenhouse Gas and Ozone-Depleting Substance Emissions Utilisation of Associated Gas in Production	75 79–80 80	3 7 8 12 13 14
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	Waste Management	77	3 6 12
<b>Category: Social</b>				
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Engagement with the Sakhalin Indigenous Minorities (SIM) Sakhalin Indigenous Minorities Development Plan  www.simdp.ru	58–59 138–139	1 2
OG10	Number and description of significant disputes with local communities and indigenous peoples	<i>In 2017, there were no significant disputes with local communities and indigenous minorities</i>		1 2
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process	<i>In 2017, there was no activity due to which involuntary resettlement took place</i>		1 2 11



## Appendix 2. Comments and Suggestions of Stakeholders on Individual Aspects, Indicators and/or Programmes and the Company's Response and Commitments

Detailed information on the results of stakeholder engagement work conducted in the preparation of the Report, including dialogue meetings, questionnaire surveys, etc., is presented in Section 2 ("About the Report").

In addition to identifying material topics, stakeholders also made comments and suggestions on individual aspects, indicators, and/or programmes of the company for inclusion in the 2017 Report.

In October 2017, Sakhalin Energy held the first dialogue as part of the 2017 Report preparation. At this meeting, the company provided stakeholders with information on its activities and achievements during the reporting period. In February 2018, the second dialogue was held to provide responses to comments, suggestions and questions received during the first dialogue. During this meeting, participants made additional comments. Apart from the dialogue meetings, the company conducted electronic questionnaires, personal interviews, as well as questionnaire surveys at various events in November and December 2017 (see Section 2.3. Defining Material and Priority Topics to Be Included in the Report).

Stakeholders' comments and suggestions, as well as the relevant responses and commitments of Sakhalin Energy, are listed in the table below.

The left column contains the questions, comments or critical remarks made during the events listed above. If they were expressed at the dialogue meetings, the participant's name, position and organisation are indicated. In other cases, the format of the event in which the stakeholders' opinion was collected (electronic questionnaires, interview, etc.) is specified.

The right column contains the responses that the company provided either at the events or after a period of time (in case a question required additional time to research and/or prepare the answer).

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<b>Event: first dialogue meeting. Open statements</b>	
<b>Natalya Samarina, Head of Natural Resources Management and Environmental Protection Subdivision, Yuzhno-Sakhalinsk Municipal District Administration</b>	
In one of the reports, it was mentioned that the company had developed a motor vehicle safety programme, and explained how it could be used in the municipal districts. This programme seems interesting to me. Could you tell me, please, whether it has been published in some sources, and if so, how could I familiarise myself with it?	There are six working groups, organised within the framework of the Coordination Council with representatives of the Yuzhno-Sakhalinsk City Administration. One of them deals with road safety issues. You can get relevant information from our colleagues from the Transport Division of the City Administration. We are working in this area together
<b>Regina Fedulova, Chief Advisor of Indigenous Minorities Division, Sakhalin Oblast Government</b>	
About three or four years ago, when discussing a Sustainable Development Report, a question was asked, which obviously referred to the scope of responsibility of an HR Subdivision employee. Representatives of indigenous minorities receive adequate education, but when they graduate and want to work at the company, their insufficient knowledge of English becomes a factor that makes this impossible. Has anything changed yet? You said that 80% of the company's personnel are Russian citizens. Representatives of indigenous peoples do not have very good command of English, and this prevents them from getting a job at the company	The company considers all requests for vacant positions, submitted by job candidates whose experience and qualifications meet the requirements for these positions in compliance with the laws of the Russian Federation. For certain vacant positions, the knowledge of English is a mandatory qualification requirement. However, the company has positions for which this requirement is not set. If the knowledge of English is mandatory, the required level is specified for each particular position
<b>Alla Gafner, Chairperson of the Stroitel Gardeners' Non-Commercial Partnership</b>	
You said that all documentation for LNG Train 3 and LNG loading jetty had passed an environmental expertise and that a positive conclusion had been received. Is it correct?	The company received the positive conclusion of environmental expertise for the LNG loading jetty. Environmental expertise is required only for this component of the project. For reference: the LNG Train 3 project includes the reconstruction of the gas transportation system, the construction of a second LNG loading jetty, and an expansion of the LNG plant (construction of LNG Train 3, a third LNG tank, engineering communications, etc.)

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
Is there a clause about the sanitary protection zone (SPZ) in this expertise conclusion (for LNG Train 3)? As far as I know, it is mandatory that an expertise contains a clause on the SPZ. I have read literature on the topic, and I know that emissions will increase. Therefore, the SPZ should be extended, too	The sanitary protection zone is established for onshore assets, that is, for the LNG plant, and not for the LNG loading jetty; respectively, there is no clause on the SPZ in the conclusion of the environmental expertise.
But you showed the entire LNG Train 3 to us. There was the jetty and more tanks. If you received a conclusion only for the jetty, why did you show us the whole project?	The information about the project was presented to give a general idea of the project
<b>Natalya Koltunovich, Director of the Department of Environmental and Water Resources Protection, Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast</b>	
I would like to thank Sakhalin Energy for the training. The company pays much attention to environmental issues, in particular to biodiversity conservation. And conducting such trainings (in particular, trainings in rescuing marine animals) is very topical for the Sakhalin Oblast. Once again, I thank the company for the work. We look forward to further participation in such trainings	The company appreciates the feedback
The figure for 2017 has not yet been calculated, so I will refer to the 2016 Report. My questions are about the technological process rather than figures: the first question regards greenhouse gas emissions, and the second — production waste. On the instructions of the Sakhalin Oblast Government and the Ministry of Natural Resources, we are currently collecting information on greenhouse gas emissions. For this, we use statistical information and, of course, information provided by companies. In order to obtain accurate data, we must use the correct base-line values. The 2016 Report states that LNG production accounts for slightly more than 70% of greenhouse gas emissions. And there is also a chart showing emissions broken down by source. According to this diagram, almost 90% of greenhouse gas emissions are caused by fuel consumption, and only 6% — by hydrocarbon flaring. My first question: what is meant by fuel consumption, what technological processes does it include — is it only burning fuel in boiler houses and diesel stations?	As regards greenhouse gas emissions: the company has been monitoring them for many years using both the Russian method and the methodology of the American Petroleum Institute.  At the company assets, up to 70% of greenhouse gas emissions are emissions from LNG production. As for the sources of emission, about 6% is caused by flaring, while the greater part is caused by fuel burning at the power plants, diesel stations, and boiler houses
The second question. We know that the process of liquefying natural gas involves, first of all, removing CO2. Is this gas sent into the atmosphere after removal, or do you dispose of it?	As regards CO2 removal when liquefying gas, this is done to prevent the pipes and equipment from getting frozen and clogged in the liquefaction plant. After removal from the incoming feed gas, the so-called acid gases (mainly CO2) are fed into the plant for burning.  The information is included in Section 8.1.5.
The next question is about production and consumption waste. The 2016 Report indicates that waste was exported outside the Sakhalin Oblast. This year, the Nogliki and Korsakov landfills have been commissioned. In this regard, I have a question: where does the company dispose of its waste — in the landfills of the Sakhalin Oblast or elsewhere, and in what amounts?	On 17 January 2017, the company resumed the disposal of waste generated by its northern assets at the Nogliki landfill (in accordance with the current agreement). As for the south of the island, the capacity of the Korsakov landfill is limited both in terms of nomenclature and amounts of waste. Our short-term contract was concluded for a very limited amount of waste and only for Hazard Class 5 waste. Thus, in 2017, most of the company's waste is disposed at landfills in other regions. The company expects the other opportunities emerge for waste disposal in the Sakhalin Oblast, because it is quite costly to remove it from the island, but everything depends on obtaining corresponding limits for the reliable disposal of waste

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<b>Sergey Dubov, Deputy, Yuzhno-Sakhalinsk City Duma</b>	
<p>First of all, I would like to thank Sakhalin Energy and its employees for organising social and environmental programmes in our region, and say some words about the economy. All of you know about the planned changes to the budget, the significance of the Sakhalin Oblast budget and municipal budgets. I would like to draw your attention to the necessity to involve more Sakhalin contractors in the implementation of the Sakhalin-2 project in order to fill local budgets and the budget of the Sakhalin Oblast, and to create new jobs for residents of Sakhalin. This is one of the recommendations I would like to make, and I request that you take it into consideration.</p> <p>Sakhalin contractors often find it difficult to compete with mainland companies in terms of commercial offers. There are objective reasons for it. Our prices and, accordingly, wages are higher. I would like this aspect to be given priority when choosing contractors</p>	<p>The company appreciates the feedback.</p> <p>The information is included in Sections 7.4. and 7.5.</p>
<b>Anna Korolenko, Advisor of Environmental Protection, Regulation and Licensing Subdivision, Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast</b>	
<p>Does the process flow scheme of LNG production provide for acid gas removal?</p>	<p>Yes, it does. After removal from the incoming feed gas, the so-called acid gases (mainly CO<sub>2</sub>) are fed into the plant for burning. The information is included in Section 8.1.5.</p>
<b>Tatiana Voskoboinikova, member of the Stroitel Gardeners' Non-Commercial Partnership</b>	
<p>If the amount of harmful substances increases, does this affect us, the inhabitants of the Korsakov District (and other districts, too)? What kind of waste is this?</p>	<p>Harmful substances are exported from the island, so they cannot possibly have a harmful effect. In the answer above, there was information about solid production and consumption waste, which is exported to the mainland. These are different low-hazard types of waste, mainly hazard Class IV</p>
<b>Natalya Dunav, Head of Psychological and Pedagogical Care Subdivision, Preodoleniye Centre</b>	
<p>I would like to tell you about the experience of collaboration with the company and its human capital — people who work at Sakhalin Energy. We have been successfully cooperating with Sakhalin Energy for a long time already. And has resulted in material conditions in our Centre have significantly improved, campaigns, grants, which were mentioned by Anna Mikhailovna. Also the charity work conducted by the company's employees. They do it all from the bottom of their hearts, competently, and with true interest! Our Centre has about 70 employees, who are also sincere and truly interested in the work they do. Working together with supportive, kind people who are willing to help children in difficult life situations, we succeed in making positive changes in the lives of children with disabilities. Therefore, on behalf of the employees of the Centre and on my own behalf, I would like to say words of gratitude to Elena Alyokhina, Anna Lygina, and other employees with whom we cooperate</p>	<p>The company appreciates the feedback. We highly appreciate our cooperation and hope that the Preodoleniye Centre will continue to be an active participant in our charity programmes</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p>It all started with a small grant project fifteen years ago, but we were asked to give it up in favour of another institution. Instead, the centre was offered a different, more comprehensive aid package. The Centre still uses the exercise machines and other equipment, donated by the company. This includes a gym, equipped specially for children with impaired locomotor system, an art studio, a sewing machine, musical instruments with beautiful natural sounds, expensive and very high-quality diagnostic equipment in the office of psychologists. Of course, we receive funding. But we are the only institution in the region that takes care of children with disabilities and various other health problems. There is always something we have to buy for the children, and very often we cannot buy what we need using budget funds. The company always promptly responds to our needs. For instance, it has just launched the Letter to Father Frost campaign. Imagine that 50 children with disabilities living in the Sakhalin Oblast will receive the gifts they have been dreaming of, and this will happen in a joyful atmosphere in their homes!</p>	<p>The company has been fruitfully cooperating with the Preodoleniye Centre for a long time already. The example you've mentioned is the participation of the Centre as a beneficiary in a special programme, in which several institutions received up-to-date equipment for the rehabilitation of children with disabilities. This programme has helped the specialised institutions of the region to implement new rehabilitation programmes and to improve the quality of services. In addition, the Preodoleniye Centre is a participant in the company's grant programme (the Energy Social Initiatives Fund), which has been operating for 15 years. The Centre has repeatedly won the grant competitions held by the company. The grants we obtained allowed the Centre to implement a number of its projects (the Little Theatre Studio, the Merry Orchestra, etc.). The New Year Miracles charitable campaign was another page in the history of our cooperation. It is one of the projects of the Hurry up for Good Deeds corporate programme (support of employees' charitable initiatives and development of corporate volunteering)</p>
<b>Event: second dialogue meeting. Open statements</b>	
<b>Natalya Koltunovich, Director of the Department of Environmental and Water Resources Protection, Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast</b>	
<p>In connection with grievances and requests submitted by residents of the Korsakov District and members of the Stroitel Gardeners' Non-Commercial Partnership, I have a few comments on the 2016 Report and recommendations for the 2017 Report. First. The 2016 Report tells about the framework for detailed monitoring of the established MPE standards. I would like to ask you to explain, at least briefly, whether these measurements correspond to the conditional MPE, and to suggest that this information be included in the 2017 Report.</p> <p>Second. We are aware (and the company informs the participants of meetings with the population, organised at our request) that the company conducts monitoring of atmospheric air in the area of the LNG plant operations. These results, and the monitoring itself, are not mentioned in the Sustainable Development Report. It would be a good idea if this information to be included in the Report, as well as the results of monitoring (at least briefly).</p> <p>Third. In connection with the numerous appeals of the population, I would like to request you that the information on measurements and monitoring be communicated to the residents of the Korsakov District, preferably in the media, in the district newspaper</p>	<p>The conclusion on the results of measurements at the boundaries of the SPZ of all production facilities is included in Section 8.1.1.</p> <p>Sakhalin Energy has plenty of channels to inform the public about the company's activities. In particular, we publish information in newspapers and on the Internet. As for Korsakov, the information is published both in the Voskhod newspaper, published in Korsakov, and on the website of the Korsakov City District Administration. You can also contact Elena Glavanova, Community Liaison Specialist. She works in the company's office located at 11 Korsakovskaya Str. In 2017, the company published information on the results of the monitoring of atmospheric air, surface water, and soil in the area of the Prigorodnoye production complex in the Voskhod newspaper (issues No. 61, No. 66, No. 83). In 2018, the company intends to continue this practice</p>



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<p><b>Alla Gafner, Chairperson of the Stroitel Gardeners' Non-Commercial Partnership</b></p>	
<p>After our meetings with representatives of the company in Korsakov (we often meet, not only at these dialogue meetings), we asked the company to organise a focal meeting with representatives of our partnership, the Ministry of Natural Resources, Rospotrebnadzor, Rostekhnadzor, and representatives of the Supervisory Board. Do you think our request was granted? We wrote a letter, submitted it — and received a refusal. That is, when we were making arrangements for the meeting, everything was fine. It was in December, and the meeting was planned for January. As soon as I suggested that not only company representatives be invited to the meeting, our request was refused. To be exact, we received an answer saying that the meeting had been postponed till February, and that the company was not authorised to invite experts from other organisations. So, what do you think we did? We wrote to the Ministry of Natural Resources, and received an answer saying that this planned focal meeting with the residents of the Korsakov District was organised by the company, so it was up to the company to compile the list of participants and ensure their participation through official invitation. What does it all mean? The company refuses to grant our request. They do not want to invite representatives of the Supervisory Board, Rospotrebnadzor, Rostekhnadzor, or representatives of the Ministry of Natural Resources. I meet with representatives of the company every month, so what else can we talk about? This is the first point</p>	<p>You requested the company to invite representatives of various ministries, members of the Supervisory Board, and other bodies to a focal meeting initiated by you. We cannot invite representatives of third parties to a meeting organised by an organisation other than the company. The company can only guarantee the presence of its specialists at such a meeting.</p> <p>The company has held meetings where representatives of various ministries and other state authorities participated. These were public meetings with the community, initiated by the company, which we conduct annually in the host areas of our project</p>
<p>And the second. I have a request: please arrange my meeting with Mr. Dashkov, the CEO, or his first deputy, because the CEO is not aware of our problems</p> <p>Now the question of the LNG Train 3 project is under consideration. In this regard, I must say on behalf of all the gardeners that the construction is out of the question until you solve the problem of the gardeners' partnership's resettlement. We are going to involve television, legal bodies, newspapers, the people's deputies of the Korsakov District, and fight for our rights, because we cannot stand it any longer. You are increasing production volumes, but what about us? Our request concerns all the dacha land plots — it is impossible to be there any longer, can't you understand it?</p>	<p>Being the Chief Executive Officer, Roman Dashkov knows about this situation (just like the other directors). But when we organise meetings with you, we invite specialists who have expertise in the issues that you raise</p> <p>According to the effective laws of the Russian Federation and the Resolution of the Chief State Medical Officer of the Russian Federation On Establishing the Size of the SPZ, it is only the owners of dacha land plots located within the SPZ who are subject to resettlement or payment of compensation. Stroitel GNCP, however, is located outside the SPZ.</p> <p>Nevertheless, despite the absence of legal grounds for compensation, during consultations with the owners of dacha land plots in 2006 and on the basis of the World Bank's Operational Directive 4.30 on Involuntary Resettlement, the company offered the members of Stroitel GNCP two options for compensation:</p> <ul style="list-style-type: none"> <li>• 100% of the market value for those who agree to abandon their land plots;</li> <li>• 50% of the market value for those who do not agree to abandon their land plots.</li> </ul> <p>28 out of 73 owners of dacha cottages chose the option of 100% compensation of the market value with owners' simultaneous refusal from the ownership to respective land plot, and 43 owners chose to receive a compensation of 50% of the market value. Two members of the partnership did not show any interest in receiving compensation. All the owners of dacha cottages agreed to the amounts of compensation, which was recorded in the agreements they signed.</p> <p>To date, the company considers its obligations to the members of Stroitel GNCP to be fully fulfilled and all pre-trial forms of settlement of this dispute — exhausted</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p>I do not know what kind of sampling or testing you do there. In 2011–2012, we took samples; we received help; we paid so much money for the necessary reagents. It was all licensed. The Institute of Agriculture conducted all the testing. Nevertheless, we cannot prove anything. The tests showed an increase in benzopyrene content in the soil by 40%, 16%. But the company's representatives say to us: "Prove that it has been caused by the plant." How else can we prove? That was back in 2011; can you imagine how high the contamination rate is today? After all, these substances accumulate, constantly burn, fall out. They have been accumulating for seven years already. Did you take samples of the soil in 2017? You did not. You took only samples of the air. So, what about the air? Thus, my first question regards the appeal I wrote. What resolution has been made in respect of this appeal?</p>	<p>The state of atmospheric air is controlled not only by the company, but also by the Department of the Independent Hydro-Meteorological Service for the Sakhalin Oblast on a monthly basis. This authority has not detected any atmospheric air pollution in the vicinity of the Prigorodnoye production complex or air pollution caused by the LNG plant. The report on the state of the environment in the Sakhalin Oblast indicates that the air pollution rate in this area is characterised as low.</p> <p>Soil monitoring was carried out in 2017; no accumulation of pollutants was revealed. Unfortunately, the company cannot control the use of the dacha land plots and land directly in the territory of Stroitel GNCP. The company has no information about what substances are put into the soil — what fertilizers and in what quantities, and what pollutants get in it. There is no accumulation of pollutants in the natural environment, and the same applies to the plant community. All structures of the plant community are preserved in the same state as they were before, except for the modified territories that underwent changes during construction. As for protected species, their situation is satisfactory; no changes have been detected. Moreover, according to the results of the independent monitoring conducted by the Institute of Marine Geology and Geophysics, as well as monitoring conducted by the company, the sensitive indicator species (e.g. lichens) evidence that the company's production activities do not affect these objects. This area is accessible to all. Not only the company, but also many other competent organisations are engaged in monitoring the environment in this territory</p>
<p><b>Nadezhda Nikitina, Head of the Subdivision of Programme and Estimate Documentation Analysis and PSA Implementation, Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast</b></p>	
<p>I would like to thank you for the 2016 Report and for taking into account our comments regarding the Russian Vendor Development Programme in it. I would like to point out that Sakhalin Energy is a pioneer on Sakhalin — the first company to issue such a report. The Report meets international standards in this field, and gets better and better every year owing to several factors, the recommendations of the public being one of them. In turn, I would like to recommend the company to take into consideration the following</p>	<p>Thank you for your feedback and suggestions</p>
<p>Clause 5.4. Corporate Ethics and Culture refers to combating bribery and corruption. It would be a good idea if the Report contained a phone number so that contractors could call and provide information about the facts of dishonest business practices</p>	<p>The information is included in Section 5.7.</p>
<p>My second comment regards vendor development. It is a very good section, thank you. The company conducts workshops, and they are of great benefit to Sakhalin contractors. It would also be useful to specify contact phones or a link so that a Sakhalin contractor company could find out how it can participate in these events. Or a link to the official website of the company. This would be of great help to us. You told us about the LNG Train 3 project. It is a very promising project. Sakhalin contractors are also interested in it. In the 2016 Report, the company indicated that it conducted technical audits. If the Report contained a relevant link, Sakhalin contractors could use it to apply for an audit, because if such audits find that they are technically acceptable, the company considers the enterprise as a potential contractor and recommends the general contractor to involve it in the performance of works under a subcontract</p>	<p>The information on the Russian content and the Russian Vendor Development Programme is included in Sections 7.3. and 7.5. respectively. Section 7.5. includes additional information on contact details and other data related to the Vendor Development Programme and the Russian Enterprises Audit Programme for the LNG Train 3 project</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
Also there is something I would like to say about the Russian content. The 2016 Report contains a separate information block on the Russian content — Section 7.3. Thank you for including the information on the value of contracts with Russian companies, but I think that my fellow countrymen would be interested to know about Sakhalin companies	The information was included in Section 7.3. The list of examples of contracts signed in 2017 includes Sakhalin companies, among Russian enterprises. Sakhalin Energy is exploring opportunities to expand the participation of Sakhalin companies. To this end, the company interacts with the Sakhalin Oblast government, and information exchange is currently under way. In particular, it is planned to include Sakhalin companies in the Pre-Qualification Audit Programme in 2018
I would like to thank all the speakers, but I have another recommendation — to include not only the declared principles and the Zero Goal programme in the section on occupational safety and health, but also figures about incidents in 2016 and 2017	The information was included in Section 9.2. In addition, this comment will be taken into account when preparing for dialogue meetings
<b>Vladimir Averin, Project Manager of the Ecology of Russia project in the Sakhalin Oblast</b>	
The company has been doing extensive work aimed at sustainable development. In 1990, I made a report on the development of the Sakhalin shelf for investors. Among the issues raised in the report was the issue of pricing. Does the company compare the prices of the product that it produces? What was the price of oil products 15 years ago and how much do they cost today? It is necessary to revive the mini-factory for residents of the region, because the price of hydrocarbons in Moscow, where petroleum products are not extracted, is cheaper than on Sakhalin by seven roubles per litre. Therefore, the company needs to pay attention not only to the project, under which much work is carried out indeed, but also to the population	Thank you for your feedback. This question does not apply to the activities of the company
<b>Sergei Sedov, Human Rights Commissioner for the Sakhalin Oblast</b>	
On behalf of the Federal Human Rights Commissioner Tatyana Moskalkova, I have the honour to present the company with a letter of thanks for the considerable contribution to the protection of human rights and freedoms of citizens. The high standards of human rights protection that the company is guided by in its activities are very important. Over the previous five years of my work, I did not receive a single complaint regarding the activities of the company. I hope it will be the same in the future. And I have a suggestion: your human rights policy could be applied to all your suppliers through the vendor management procedure	It is remarkable that the company has received the award for the protection of human rights and freedoms, especially in the year when we are preparing a Sustainable Development Report on the topic of human rights, in the year that was announced as the Year of Civic Engagement and Volunteering in Russia  Sakhalin Energy's Human Rights Policy extends to contractors and suppliers of the company. The information is included in Section 9.4.
<b>Other activities (electronic questionnaires, personal interviews, etc.)</b>	
The significance of the project not only for the budget of the Russian Federation and the Sakhalin Oblast, but also for the population of Sakhalin	The information is included in Sections 7.1., 7.2., 9.1., and 9.5.

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
Support and development of Sakhalin companies and suppliers	The information is included in Sections 7.3. and 7.5.
Reuse of utilised resources	It is only possible to reuse materials, but not resources (money, time, and people cannot possibly be reused). The company's capabilities in this regard are significantly limited, since there are no production facilities recycling waste such as plastic, glass, and paper (cardboard) in the Sakhalin Oblast. However, scrap metal, partly boxing and packaging, and food waste are sent for recycling. Information on waste management is included in Section 8.1.3.
The company's work with contractors in the area of re-use of used materials	Owing to separate waste collection and in connection with the export of waste to the mainland, the company's contractors partially send materials such as plastic and paper for processing, but this share could be significantly increased. Information on waste management is included in Section 8.1.3.
Air quality in Yuzhno-Sakhalinsk	Sakhalin Energy (i.e. its office buildings) do not affect the quality of atmospheric air in Yuzhno-Sakhalinsk; therefore, the company does not monitor its condition here. Nevertheless, there is information in the reports of the Sakhalin Oblast Ministry of Natural Resources that the MPC is exceeded for some pollutants. The main source of pollution is motor vehicles. The situation improved significantly (emissions decreased by 70%) after the transition of the Heat and Power Plant to gas supplied under the Sakhalin-2 project to the Russian party under the terms of the PSA. Information on air quality monitoring is included in Section 8.1.1. of the Report
Is there any negative impact from the LNG plant operations?	The negative impact of the LNG plant's activities is at an acceptable level (this is confirmed by the positive conclusions of the state expertise; the compliance of the results of the discharges and pollutant emissions monitoring with the established standards; the safe state of the environmental components — based on the monitoring of soils, water objects, flora and fauna around the Prigorodnoye production complex)
It is proposed to additionally include the following topics in the Waste Management section: Reduction, Reuse and Recycling (3R) and Waste-to-Energy. Both concepts can be used in the implementation of the Sakhalin-2 project. Our company is ready to provide environmental specialists and present our views on these issues in order to raise the awareness of personnel.	The company is familiar with the concepts of 3R and waste-to-energy, and uses the hierarchical principle of waste management in accordance with the corporate strategy and standards. Unfortunately, our capacity to apply the above concepts is limited due to the lack of waste processing facilities on the island. The company is interested in specific proposals for the practical processing or recycling of waste, or its use for energy recovery
Engagement with regional and federal authorities	The information is included in Section 6.9.
Community engagement	The information is included in Section 6.4.

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
Achievements of the company in any field of activity in 2017. Indicate some technical breakthroughs in production, optimisation, or other interesting facts	Information on the advanced technologies used at the company assets and the results achieved for the reporting year is included in Section 4.2. Information on the Continuous Improvement Programme is included in Section 4.3. Interesting facts and achievements in various areas of the company's activities are included in the 2017 Sustainable Development Report
Goal Zero programme	Information about the Goal Zero programme is included in Section 9.2.3.
Project development	Section 4.2.2. provides the information on the development projects implemented by the company. The company's plans for 2018 and consecutive years are also included in Section 10
Pro bono	Pro bono — rendering professional assistance on a non-reimbursable basis to non-profit organisations and the public — is one of the areas of the Hurry Up For Good Deeds corporate programme (support of employees' charitable initiatives and development of corporate volunteering), which the company has been actively implementing and promoting in the past two years. This practice is now becoming one of the most promising development vectors for volunteerism in the whole world and in our company in particular. The Report presents several volunteer projects. The information is included in Section 9.5.4.
Marketing of hydrocarbons, the company's share in the market of the Asia-Pacific region, in Russian gas supplies to world markets	The information is included in Section 4.2.3.
Is it possible to show the relationship between the successful development of the oil and gas industry on the island and its creating certain problems for the local infrastructure such as traffic jams and a lack of parking spaces, which require special solutions? What can the company do to help solve this local problem (in addition to providing buses that allow not using personal vehicles)?	A bus service has been organised between the company assets in the south of the island and Yuzhno-Sakhalinsk. Employees of the company are strongly recommended to use corporate buses for trips during the working day and for trips to work. In order to promote the idea of walking, cycling, and using public transport, the company conducts the Day Without Car, on which employees are encouraged to refrain from using fuel-consuming vehicles at least for a day.  The issues related to the organisation of the transport system in Yuzhno-Sakhalinsk are discussed with the City Administration at the meetings of the Coordinating Council Working Group
Assistance in the preservation of many rare animal species around the world	The efforts made by Sakhalin Energy to protect endangered species in the zone of potential impact of its production facilities contribute to their conservation on a global scale.  Information on monitoring and conservation programmes for protected animal species is included in Section 8.2.

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Scientific research and its results	At the stage of project operation, the main objective of the company is to carry out the diagnostic monitoring of natural environments, most often a comparison of the selected indicators with the standards or background values. During the implementation of these programmes, results are obtained that have scientific value in themselves. The company normally gives its consent to the publication of such data by contractors, among which are educational, academic, or sectoral research organisations. To obtain such consent, it is necessary to contact the company through the contract holder with the relevant request, which will certainly be given consideration. What is more, in some areas, e.g. gray whales monitoring, mechanisms have been developed to promote scientific publications
Resettlement of the members of Stroitel GNCP from the LNG plant adverse impact zone	According to the effective laws of the Russian Federation, only the owners of land plots located within the SPZ are subject to resettlement or payment of compensation. Stroitel GNCP is located outside the SPZ; therefore, there are no legal grounds for the resettlement of its members  In order to comply with the requirements of the law of the Russian Federation in respect of legal entities that have stationary sources of pollutant emissions into the atmosphere, the company carries out quarterly industrial quality control of atmospheric air at the border of the sanitary protection zone of the Prigorodnoye production complex. In addition, quality control of atmospheric air is carried out in the territory of Stroitel GNCP on a monthly basis from May to October upon agreement with the owners of dacha cottages. No cases of exceeding the MPC standards were recorded in 2017
More complete coverage of environmental campaigns. Invitation of volunteers	Every year, two corporate volunteer campaigns (Voluntary Community Work Days) are held as part of the Hurry Up For Good Deeds Programme (support of charitable initiatives of employees and development of corporate volunteering), which are attended by employees of the company and members of their families. Participation in all charitable and volunteer events of the company is absolutely voluntary. Announcements of upcoming events, as well as information on their results are distributed through various internal communication channels, including the information screen, e-mail distribution, posters at the company's offices, the Vesti corporate newspaper, and others
About the LNG Train 3 project. If the project facilities are located in the areas of traditional residence of the Sakhalin indigenous minorities, the availability of a public relations specialist from among the SIM is an objective necessity	The company has a team for SIM engagement, consisting of two employees, one of them works in the Nogliki District on a permanent basis
Please consider the inclusion of travel grants in the charitable activities of the company. These grants would allow children with disabilities, accompanied by their parents, to attend important events (competitions, festivals, etc.), including those outside the region	When implementing its charitable programmes, the company strictly adheres to the approved policies and procedures. All of the company's projects are primarily aimed at developing the capacity of social institutions and organisations of Sakhalin (introduction of new services, improvement of services quality, developing new activities, etc.), which ultimately contributes to the sustainable development of the company's host region. Provision of targeted support to individuals, including financial support for travel outside the Sakhalin Oblast, is not among the objectives of the company's charitable programmes

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
Information on trouble-free operations should be spread more widely, especially on motorways	Sakhalin Energy strictly adheres to the standards set by the RF transport legislation and compliance with the requirements of the company's Road Safety Management Standard. Placement of information posters on motorways outside populated areas contradicts the company's principles in the field of road traffic safety, even if the information is topical. Such posters distract drivers, which, in turn, may have a negative effect on road safety in general. At the same time, it should be noted that the company conducts an active social policy, participates in various forums where it shares best practices of safe road traffic organisation, interacts with state authorities, the public, and business
Promotion of healthy lifestyles	Promotion of healthy lifestyles (HLS) includes health education aimed at raising people's awareness of various HLS aspects (prevention of infectious diseases, healthy eating, physical activity, stress, fatigue, etc.), promoting active lifestyles, and providing employees of the company with an opportunity to control their physical condition, to take part in sports events, and so on. To do this, the company has created all the necessary conditions: access to the use of gyms and the swimming pool. There is a football pitch, tennis courts, an ice rink, etc. in the territory of the company assets. Moreover, there are gyms and sports grounds at the company's remote assets. The company also implements other programmes, as well as measures to prevent a number of diseases
Gender equality	The information is included in Section 9.1.
<b>Recommendations of the RUIE Council for Non-Financial Reporting Concerning the Results of Examination of the 2016 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. for the Purpose of Public Endorsement</b>	
It should be noted that the recommendations of the Council to present broader data in dynamics for at least three years, to include measurable indicators in the description of the company's strategic objectives in the field of sustainable development, as well as the company's contribution to the achievement of the UN Sustainable Development Goals for the period until 2030, taking into account the company's commitments in this field, can be implemented more fully in the future	The Report presents data more widely (in dynamics for at least three years). The Report contains an additional section that describes the company's actions towards the achievement of the Sustainable Development Goals (3.4.2)
The Report provides information about the assessments of the areas and indicators of responsible business practices, which are regularly conducted as part of the internal control and audit system, as well as by lenders, their consultants, and independent experts. It is recommended that the company further disclose information on the key results of this practice	Many of the external monitoring reports are publicly available. The Report provides links to these documents, and every report contains a brief summary in several pages

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
The Report lists the projects that the company implements promoting sustainable development of the local communities. It is recommended that the company provides, in its next reports, more details on the monitoring carried out by the company and evaluation of the main outcomes of such projects. It would also be useful to include comments on the dynamics of changes in requests from the local community and the company's response to them	The Report presents the main conclusions from the external independent evaluation report on the company's social programmes. The independent experts' reports are also available on the company's website. As regards the social and economic aspects of the host region, the impact and changes in this area are determined by a variety of factors, and it is difficult (and sometimes impossible) to determine the direct link between these changes and the implementation of the charitable programmes by the company, especially under conditions when the company is not city-forming in the host region. Priority areas of the charitable programmes are specified in the company's procedural documents. The company provides funding for local initiatives exclusively on a competitive basis, and examines only applications that meet the conditions of the company's charitable programmes.
The Report contains an increased number (compared to the previous Reports) of environmental indicators in dynamics. It is recommended to continue this trend in the future. Attention should be given to the importance of including comments explaining the dynamics of the indicators, in particular with regard to data on water consumption and energy efficiency	In the 2017 Report, an explanation of the dynamics of energy efficiency data is included in Section 8.1.4. An explanation of the dynamics of water use indicators is presented in Section 8.1.2.
The Report contains information on taking into account the opinions of stakeholders when identifying material topics for disclosure. It is recommended that, along with the description of the positions of all major stakeholder groups, given in the Report, the next reports describe more clearly the procedure for identifying material topics taking into account stakeholders' views on the importance of various aspects of the company's activities	The information is included in Section 2.
The Report systemically covers the topic of respect for human rights in the context of entrepreneurial activities. It is recommended that the subsequent reports include a description of specific practices for the application of corporate documents and management procedures that consider various issues of socio-economic human rights in the company's relations with stakeholders	The company will continue to report on the respect to fundamental human rights. Moreover, this Report is devoted to this topic (see Section 2). General information on the company's respect to human rights is presented in Section 9.4, information on the respect of the right to information is contained in Section 6, on the respect of the right to a favourable environment — in Section 8, and on the right to favourable conditions of work — in Sections 9.1–9.3.

## Appendix 3. List of Participants in the Dialogues with Stakeholders, Held in the Preparation of the 2017 Sustainable Development Report

1. Korsakov District Administration, O.I. Manukhin, Deputy Head of Social Development Department.
2. Korsakov District Administration, N.A. Panasenko, Head of Education Subdivision.
3. Yuzhno-Sakhalinsk Municipal District Administration, E.K. Anistratova, Head of Public Relations Subdivision of Internal Policy Division.
4. Yuzhno-Sakhalinsk Municipal District Administration, T.V. Pervukhina, Specialist.
5. Yuzhno-Sakhalinsk Municipal District Administration, N.E. Samarina, Head of Natural Resources Management and Environmental Protection Subdivision of Environmental Protection Division.
6. Sakhalin Oblast Governor and Government Office, O.S. Kutaybergey, Consultant of Indigenous Minorities Division.
7. Sakhalin Oblast Governor and Government Office, N.V. Mizinin, Head of Indigenous Minorities Division.
8. Sakhalin Oblast Governor and Government Office, R.V. Fedulova, Chief Advisor of Indigenous Minorities Division.
9. Sakhalin Regional Museum, T.P. Chaychenko, Subdivision Head.
10. Sakhalin Regional Art Museum, A.V. Lomteva, Head of Science and Education Subdivision
11. Sakhalin Regional Art Museum, I.G. Malkova, Deputy Director.
12. Sakhalin Regional Art Museum, Z.V. Turmanova, Head of Museum Pedagogy Subdivision.
13. Sakhalin Regional Art Museum, E.S. Nitkuk, Head of Regional Art Projects Subdivision.
14. Sakhalin Regional Children's Library, I.M. Kalinovskaya, Chief Librarian.
15. Preodoleniye Centre, N.S. Dunav, Head of Psychological and Pedagogical Care Subdivision.
16. City Duma of Yuzhno-Sakhalinsk, S.V. Dubov, Deputy.
17. State Duma of the Russian Federation, L.P. Denisova, Assistant to Deputy G.A. Karlov.
18. Chief Directorate of the EMERCOM for the Sakhalin Oblast, N.P. Sharukhina, Lead Expert.
19. I.P. Dzhieva, M.S. Kochneva, lawyer.
20. Yuzhno-Sakhalinsk Centralised Library System, Culture Division of the Administration of Yuzhno-Sakhalinsk, L.K. Kisenkova, Head of Projects, Publishing and Advertising Subdivision.
21. Ministry of Healthcare of Sakhalin Oblast, T.I. Atkishkina, Lead Advisor.
22. Ministry of Forestry and Hunting of Sakhalin Oblast, Department for Specially Protected Natural Areas, Wildlife and Hunting, E.G. Chernyavskaya, Head of Subdivision for Specially Protected Natural Areas Work Organisation and Biodiversity.
23. Ministry of Education of Sakhalin Oblast, E.F. Babina, Deputy Minister.
24. Ministry of Education of Sakhalin Oblast, E.V. Klinova, Lead Consultant.
25. Ministry of Natural Resources and Environmental Protection of Sakhalin Oblast, N.S. Koltunovich, Director of the Department of Environmental and Water Resources Protection.
26. Ministry of Natural Resources and Environmental Protection of Sakhalin Oblast, N.V. Nikitina, Head of Programme and Estimate Documentation Analysis and PSA Implementation Subdivision.
27. Ministry of Natural Resources and Environmental Protection of Sakhalin Oblast, A.Yu. Korolenko, Advisor of Environmental Protection, Regulation and Licensing Subdivision.
28. Ministry of Economic Development of Sakhalin Oblast, A.A. Uspensky, Acting Minister.
29. Representative of the Indigenous Peoples of the North, M.V. Kragina, decorative applied arts craftswoman.
30. Representative of the Indigenous Peoples of the North, O.V. Sadinova, decorative applied arts craftswoman.
31. Ecology of Russia project in the Sakhalin Oblast, V.N. Averin, Project Manager.
32. Regional Council of Authorised Representatives of the Sakhalin Indigenous Minorities, S.N. Sangi, Council Member.
33. Rodnik Environmental Centre (Sakhalin Regional Public Organisation), A.S. Zatsarinnaya, Chairman.
34. Stroitel Gardeners' Non-Commercial Partnership, A.I. Gafner, Chairperson.
35. Stroitel Gardeners' Non-Commercial Partnership, T.S. Voskoboynikova, member.
36. Korsakov City District Assembly, L.D. Khmyz, Chairman.
37. Indigenous Minorities Council of Yuzhno-Sakhalinsk Municipal District Administration, A.Ya. Nachetkina, Deputy Chairman.
38. Sakhalin Research Institute for Fishing and Oceanography, D.S. Zavarzin, Senior Researcher.
39. Sakhalin Research Institute for Fishing and Oceanography, V.E. Maryzhikhin, Junior Researcher of the Environmental Research and Anthropogenic Impact Monitoring Laboratory.
40. Sakhalin Oblast Division of the Federal Service for Supervision of Natural Resources, L.V. Kirillova, Head of Subdivision for Supervision over Water and Land Resources, Hunting and Specially Protected Natural Areas.
41. Far Eastern Aerogeodetic Company, G.N. Egorova, Technical Manager.
42. S.B. Sedov, Human Rights Ombudsman of Sakhalin Oblast.



## Appendix 4. Useful Links

Content	Website
Company's website	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a>
Sustainable Development Principles	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Social Performance)
About the company	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section About the Company)
Contracting with us	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Contracting with Us)
Job and Career	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Job and Career)
Media centre	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center)
Vesti newslater	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center)
Energy TV programme	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center)
Whistle blowing procedure	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section About the Company - Our Principles)
<b>Company Documents and Material Referred to in the Report</b>	
Code of Conduct	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section About the Company - Our Principles)
Sustainable Development Policy	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section About the Company - Our Principles)
Human Rights Policy	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section About the Company - Our Principles)
Sakhalin Energy Commitment and Policy on Health, Safety, Environment and Social Performance	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Safety and Environment - Health, Safety, Environment and Social Action Plan)
Health Safety Environmental and Social Action Plan, Policies and Standards on Health, Safety, Environment and Social Performance (note: complex of documents)	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Safety and Environment - Health, Safety, Environment and Social Action Plan)
Lenders' Independent Environmental Consultant Reports on Conducted Monitoring	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Safety and Environment - Health, Safety, Environment and Social Action Plan)

Content	Website
Company social performance management standard	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Safety and Environment - Health, Safety, Environment and Social Action Plan)
Contracting and Procurement Policy	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Contracting with Us)
Public Consultations and Information Disclosure Plan (updated annually)	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Social Performance - Community Awareness)
Biodiversity Action Plan	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Environmental Documents)
Public Consultations and Disclosure Reports	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Social Performance - Community Awareness)
Statement on application of ISO 26000:2010 Guidance on Social Responsibility	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Social Performance - Sustainable Development Principles)
Sustainable Development Reports	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center)
<b>Projects and Programmes Websites</b>	
Korsakov Partnership Council for Sustainable Development	<a href="http://www.korsakovsovet.ru/">http://www.korsakovsovet.ru/</a>
Sakhalin Indigenous Minority Development Plan	<a href="http://www.simdp.ru/">http://www.simdp.ru/</a>
'What to Do in Emergency Situations' Programme	<a href="http://senya-spasatel.ru/">http://senya-spasatel.ru/</a>
The Energy Social Initiatives Fund	<a href="http://www.fondenergy.ru">www.fondenergy.ru</a>
<b>Printed Materials</b>	
Archaeological heritage of Sakhalin Island	<a href="http://www.sakhalinenergy.ru">http://www.sakhalinenergy.ru</a> (section Media Center – Library - Published editions)
Steller's Sea Eagle	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)

Content	Website
ABC-book of the Uilta language	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
The Universal Declaration of Human Rights in the Nivkh language	<a href="http://simdp.ru">http://simdp.ru</a> (section Multimedia – Other Materials)
The Universal Declaration of Human Rights into the Nanai Language	<a href="http://simdp.ru">http://simdp.ru</a> (section Multimedia – Other Materials)
The Universal Declaration of Human Rights in the Uilta language	<a href="http://simdp.ru">http://simdp.ru</a> (section Multimedia – Other Materials)
"Vladimir Sangi" the book for 80th anniversary of the writer	<a href="http://simdp.ru">http://simdp.ru</a> (section Multimedia – Other Materials)
Calendar 2017 - Safety is priority!	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
Comics	<a href="http://senya-spasatel.ru">http://senya-spasatel.ru</a>
Environmental protection at the Prigorodnoye Production Complex	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
Resettlement: experience of Sakhalin Energy	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
Human Rights: Experience of Sakhalin Energy	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
Russian Content: Success Stories and New Opportunities	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
EA. Best Practices Book Vol.1	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
EA. Best Practices Book. Vol.2	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)
Gray Whales. The Sakhalin Story	<a href="http://www.sakhalinenergy.com">http://www.sakhalinenergy.com</a> (section Media Center – Library - Published editions)

Content	Website
<b>Reference Material and Other</b>	
UN Global Compact	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>
Global Initiative Sustainability Reporting Guidelines	<a href="http://www.globalreporting.org">http://www.globalreporting.org</a>
IUCN Western Gray Whale Advisory Panel (WGWAP)	<a href="https://www.iucn.org/western-gray-whale-advisory-panel">https://www.iucn.org/western-gray-whale-advisory-panel</a>
SDG Compass	<a href="https://sdgcompass.org/">https://sdgcompass.org/</a>
Sustainable Development Goals	<a href="http://www.un.org/sustainabledevelopment/ru/sustainable-development-goals/">http://www.un.org/sustainabledevelopment/ru/sustainable-development-goals/</a>
UN Sustainable Development Goals	<a href="http://www.sakhalinenergy.ru/ru/social_responsibility/sdg.wbp">http://www.sakhalinenergy.ru/ru/social_responsibility/sdg.wbp</a>

## Appendix 5. Company's Information Centres List

District	Locality	Organisation	Address
Aniva	Troitskoye	Rural library, Branch No.7, Sub-division of the Municipal Institution Aniva Municipal Centralised Library System	13, Sovetskaya Str.
Dolinsk	Vzmorye	Rural library, Branch No.6, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	22, Pionerskaya Str.
	Sovetskoye	Rural library, Branch No.10, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	127a, Tsentralnaya Str.
	Dolinsk	Dolinsk Central City Library, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	31, Lenina Str.
	Sokol	Rural library, Branch No.5, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	14, Shirokay Str.
Kholmsk	Kholmsk	Central Regional Library named after Yury Nikolayev, Sub-division of the Municipal Institution of Culture Kholmsk Centralised Library System of Kholmsk Municipality	124, Sovetskaya Str.
Makarov	Vostochnoye	Rural library, Branch No.2, Sub-division of the Municipal Institution Makarov Municipal Centralised Library System	8, Privokzalnaya Str.
	Makarov	Makarov Central Library, Sub-division of the Municipal Institution Makarov Municipal Centralised Library System	9a, 50 Let Oktyabrya Str.
	Novoye	Rural library, Branch No.4, Sub-division of the Municipal Institution Makarov Municipal Centralised Library System	11a -7, Tsentralnaya Str.
Poronaysk	Poronaysk	Poronaysk Central Library, Sub-division of the Municipal Institution of Culture Poronaysk Municipal Centralised Library System	45, Gagarina Str.
	Gastello	Rural library, Branch No.4, Sub-division of the Municipal Institution of Culture Poronaysk Municipal Centralised Library System	42-2, Tsentralnaya Str.
	Vostok	Rural library, Branch No.13, Sub-division of the Municipal Institution of Culture Poronaysk Central Library System	10a, Gagarina Str.

District	Locality	Organisation	Address
Smirnykh	Onor	Rural library, Branch No.3, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	21, Sovetskaya Str.
	Pobedino	Pobedino Rural Library-Museum, Branch No.4, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	60, Tsentralnaya Str.
	Smirnykh	Smirnykh Central Library, Sub-division of Municipal Institution of Culture Smirnykh Centralised Library System	12, Lenina Str.
	Roschino	Rural library, Branch No.6, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	4, Komsomolskaya Str.
	Buyukly	Rural library, Branch No.7, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	1, Kosmonavtov Str.
	Tymovsk	Molodezhnoye	Rural library, Branch No.17, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System
Tymovskoye		Central District Library, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	68a, Kirovskaya Str.
Yasnoye		Rural library, Branch No.13, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	2, Titova Str.
Kirovskoye		Rural library, Branch No.8, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	70, Tsentralnaya Str.
Nogliki	Nogliki	Nogliki District Central Library, Sub-division of the Municipal Institution of Culture Nogliki Centralised Library System	5a, Pogranichnaya Str.
Korsakov	Korsakov	Korsakov city Youth Library, Branch No.13, Sub-division of the Municipal Institution of Culture Korsakov Centralised Library System	7, Molodezhny Per.

# Appendix 6. Feedback Form

**DEAR READERS,**

You have just read 2017 Sakhalin Energy Sustainable Development Report (hereinafter—the Report).

Your opinion on this Report is very important to us and we would really appreciate if you help us improve the quality of reporting by answering questions stated in this Form.

**1. After reading Report, do you have a better idea and understanding of Sakhalin Energy activities in sustainable development?**

- Yes
- Mostly Yes
- Equal
- Mostly No
- Unsure

Please provide comments in support of your answer:

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**2. What is your impression on information contained in this Report?**

- Very interesting
- Mostly interesting
- Equal
- Mostly uninteresting
- Greatly uninteresting
- Unsure

**3. How do you rate this Report in terms of credibility and unbiasedness of information provided?**

- Very easy
- Mostly easy
- Equal
- Mostly uneasy
- Very uneasy
- Unsure

Please provide comments in support of your answer:

---

**4. How do you rate the Report in terms of how easy it to find required information?**

- Very easy
- Mostly easy
- Equal
- Mostly uneasy
- Very uneasy
- Unsure

Please provide comments in support of your answer:

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**5. What Section of the Report was most interesting and valuable to you?**

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**6. What aspects of Sakhalin Energy activity, in your opinion, are to be improved in order to enhance its social responsibility?**

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**7. What other information would you like to have in the next Sakhalin Energy Sustainable Development Reports?**

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**8. Please provide general comments on the Report:**

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**9. Are you or your organisation interested in participating in dialogues about preparation of 2018 Sustainable Development Report?**

- Yes (please provide your contact information)
- No

**10. What other organisations in your opinion may be invited to take part in subsequent dialogues about preparation of the Sustainable Development Report?**

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**11. Which group of parties or persons concerned do you belong?**

- Company's employee
- Lender
- Shareholder
- Customer (Buyer)
- Partner (Contractor)
- Representative of authorities
- Representative of public organisation
- Mass media
- Other group of persons concerned

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**Please indicate your contact information below:**

Name:

Job title:

Telephone:

Organisation:

Fax:

Address:

E-mail:

**What type of communication is preferable?**

- By mail
- By E-Mail

**Please return the completed Form on the 2017 Sustainable Development Report to:**

35 Dzerzhinskogo Str., Yuzhno-Sakhalinsk, Sakhalin Region, Russian Federation, 693020

You may also send this Form by e-mail: Ask-sakhalinenergy@sakhalinenergy.ru

or leave it at the Company's Information Centre

List and addresses of information centres are given in Appendix 5 to the Report.

**THANK YOU FOR YOUR FEEDBACK**

## Appendix 7. Certificate of Public Endorsement

Russian Union of Industrialists and Entrepreneurs

# CERTIFICATE

of Public Endorsement of Corporate Non-Financial Report

## Sustainable Development Report of Sakhalin Energy 2017

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

The detailed RUIE Council conclusion regarding public endorsement of 2017 Sustainable Development Report of Sakhalin Energy has been provided to the Company, which may publish it without any amendments and use it for in-house purposes as well as in engagements with stakeholders.

Registration No. 114.01.004.01.17

RUIE President

/signature/

A. Shokhin

Moscow, 2018

## Appendix 8. Conclusion on the Results of the Review of Sakhalin Energy 2017 Sustainable Development Report by the RUIE Non-Financial Reporting Council for the Purpose of Public Endorsement

The Non-Financial Reporting Council (the Council) of the RUIE (Russian Union of Industrialists and Entrepreneurs), established by the Bureau of the Board (Resolution dated 28 June 2007), has reviewed the 2017 Sustainable Development Report (the Report) at the request of Sakhalin Energy Investment Company Ltd. (Sakhalin Energy, or the company).

The company requested the RUIE to arrange a public endorsement process by the Council. The Council issues its opinion on the relevance and completeness of information provided in the company's report in accordance with responsible business principles which are contained in the Social Charter of Russian Business and comply with the UN Global Compact.

During the period from 5 March 2018 to 20 March 2018, the Council's members reviewed the company's Report and prepared this Conclusion based on the Council-approved Rules for Public Endorsement of Non-Financial Reports. The Council's members possess required competencies in the areas of corporate responsibility, sustainable development, and non-financial reporting; they abide by ethical requirements for making independent and objective assessments; and they express their personal opinions as experts, but not the opinions of their respective organisations.

The relevance and completeness of the Report were assessed based on the following criteria:

The information is relevant, since it demonstrates the company's compliance with responsible business principles as set forth in the Social Charter of Russian Business ([www.rsp.ru](http://www.rsp.ru)).

Complete 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 indicators, stakeholder engagement processes.

The fact that the company has applied international reporting principles is taken into account as part of the public endorsement process. However, it is outside the scope of this Conclusion to assess the extent of the compliance of the Report with international reporting principles. However, it is outside the scope of this Conclusion to assess the extent of the compliance of the Report with international reporting principles.

Sakhalin Energy bears all responsibility for the information and announcements in the Report. The authenticity of the factual data

provided in the Report is outside the scope of the public endorsement process. The authenticity of the factual data provided in the Report is outside the scope of the public endorsement process.

This Conclusion is issued for Sakhalin Energy. The company may use this Conclusion for internal purposes, as well as for its engagements with stakeholders, provided the Conclusion is published as is, without any changes. The company may use this Conclusion for internal purposes, as well as for its engagements with stakeholders, provided the Conclusion is published as is, without any changes.

### FINAL OPINION

Based on the review of the Report and the public information published on the company's website, and followed by a discussion of the independent review of the Report by the RUIE Non-Financial Reporting Council, the Council confirms the following:

**The 2017 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. contains material information and covers key areas of responsible business practices in accordance with the Social Charter of Russian Business. It provides sufficiently detailed information on the company's activities in these areas.**

**The 2017 Report addresses the RUIE Council's recommendations for the 2016 Sakhalin Energy's Sustainable Development Report. The reported data for minimum of three years has been expanded, commentaries on water use and power consumption indicators have been included, information on evaluation of the projects on the local communities' development has been partially disclosed.**

The company's 2017 Report contains material information regarding the following aspects of responsible business practices:

**Economic Freedom and Responsibility.** The Report presents information on the company's implementation of the crude oil and LNG production plans in compliance with all safety requirements as well as information on structure of crude oil and LNG market in 2017. The Report presents financial and economic indicators confirming the importance of the Sakhalin-2 project for the Russian Federation and Sakhalin Oblast. It contains information on development projects and initiatives as part of the Continuous Improvement Programme. The Report highlights the corporate governance system, its general principles, approaches and elements as well as composition, tasks and authorities of the company's management bodies. The company's



organisational structure is provided. Information is provided on Sakhalin Energy's Sustainable Development Policy and CSR management. The document contains description of management systems of occupational and environmental safety, risks, and anti-corruption. The company's contribution to the achievement of the UN Sustainable Development Goals (SDGs) is analysed. Sakhalin Energy's tasks, objectives, examples of activities and programmes corresponding to specific SDGs are presented.

**Business Partnership.** The Report describes the company's stakeholder engagement management system, basic approaches and results in this area as well as regulations, including Code of Conduct, Sustainable Development Policy and other documents. Process of engagement with stakeholders as part of the Report preparation is described. Personnel management approaches and the company's personnel policy are detailed. Internal communications system and tools are described. The report presents the company's channels of interaction with external stakeholders, including international and regional partners as well as Sakhalin Oblast population including Sakhalin indigenous minorities. The Report describes the network of information centres and public meetings to discuss aspects of the company's activities relevant for the public, such as construction of LNG Train 3. It includes information on activities aimed at maintaining and developing cooperation with customers. The Report presents a broad outline of work with contractors and suppliers in respect of compliance with rules and standards of responsible business, including requirements for HSE, social performance, anti-corruption and human rights. The Report describes training aimed at introduction of business ethics as well as socially responsible and environmental business principles into contractors' business practices. Information is provided on activities of joint with Sakhalin Oblast authorities working bodies and their activities. The Report highlights participation of the company's representatives in international and national events on a wide range of issues, including those related to sustainable development.

**Human Rights.** The subject of human rights, as stated, is a priority for 2017 Report. The Report outlines the company's integrated approach to observance of fundamental human rights by incorporating human rights standards in normative documents and contracts, implementing grievance mechanism, and external and internal control of respect for human rights. The Report contains information on guaranteeing labour rights in employment, training, remuneration and social protection of the employees. Information is provided on implementation of projects that contribute to respect of the rights of the indigenous peoples and the preservation and development of native languages. The Report presents the results of addressing grievances and appeals from the company's personnel and external stakeholders. The Report informs about training courses and information sessions on human rights for personnel of the company and contractors. It also provides information about the company's efforts to promote best human rights practices on local, national and international levels as well as participation in development of new standards and policies in the area of human rights.

**Environmental preservation.** The Report presents information about environmental impact management system and tools including industrial environmental control, programmes to enhance competencies of the company's and contractors' staff, environmental monitoring and biodiversity conservation programmes. The Report notes the existence of certificates of compliance with international standards ISO-14001, OHSAS-18001 as well as corporate standards for ambient air protection, energy consumption management, water use and waste management. Gross and specific indicators are presented in dynamic form. Activity on energy saving and enhancement of energy performance is described. The results are reflected in the company's energy consumption indicators and specific energy consumption indicators for various types of activities presented in dynamic form. The Report informs that the company maintains calculation and monitoring of greenhouse gas emissions and presents relevant indicators in dynamic form. It indicates that the company continues to implement the Action Plan to gradually cease to use ozone-depleting substances (ODS) in accordance with the Montreal Protocol requirements. Total environmental costs and their structure in the reporting year are specified. Areas of environmental monitoring and biodiversity conservation activities are listed. The information on cooperation with environmental organisations is provided. The Report details the questions of oil spills prevention and response preparedness. It is noted that no oil spills have been registered in 2017.

**Local Community Development.** The Report highlights the company's principles and approaches in the area of social investment and sustainable development of the host region in accordance with Social Investment Strategy. The Report characterises the company's charity and social investment management system. It specifies the key areas of projects implementation defined as the result of public consultations. The information on regular internal monitoring of social investment projects and independent biennial external evaluation is presented in the Report. The description of long-term social and charity projects includes information on the company's partnership with regional and local authorities and non-profit organisations including those representing interests of Sakhalin indigenous minorities as well as information about participation of the company's staff and local communities in implementation of these projects. The Report contains data on number of participants and costs of a range of programmes and projects, total costs of external social programmes in the reporting year as well as social investment targets for 2018. Information on independent evaluation of the company's social programmes carried out in 2017 is included.

#### Concluding Statements

Overall, the Sakhalin Energy's Report provides sufficient information on the business practice of the company which is based on the principles of corporate social responsibility and sustainable development, presents data supporting the integration of these principles into the strategy and management systems at all levels. It contains detailed information on corporate policies, regulations,

standards, and control procedures that ensure the implementation of these principles in the company's activities. The Report provides a considerable amount of data reflecting the results of the economic, social, and environmental performance in the reporting period, and the company's impacts on society and the environment.

The Report was prepared using the GRI Standards (Core option), which ensures the continuity of information across reporting cycles, as well as comparability with other companies' reports. The Report contains information on the company's specific contributions to the achievement of the UN's Sustainable Development Goals most relevant to the company. The Report states that the company took into account the non-financial reporting recommendations of the European Commission, including disclosure methodology and materials in accordance with EU Council Directive on Non-Financial Disclosure.

The 2017 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. is its ninth annual report of this kind, which confirms continuity in the development of non-financial reporting process and the company's adherence to transparency and openness principles. Evidence is provided that the material subjects to be included in the Report were defined taking into account stakeholders' opinions.

#### RECOMMENDATIONS

Recognising the merits of the Sakhalin Energy's 2017 Sustainable Development Report, the Council would like to bring to the company's attention a number of aspects related to the informational relevance and completeness of disclosure that are essential for the stakeholders. We recommend the company to consider these recommendations in subsequent reporting cycles. The recommendations regarding the company's previous non-financial reports remain relevant and should also be used in further work.

The Report shows the company's achievements in all areas of responsive business practices. In the fast-changing business environment, many companies face new challenges. Including in the future reports the information about how certain issues of concern are resolved with the view of further improvement of the company's activities would make the reports more balanced.

The Report broaches the topic of social impact and assessment of social efficiency of the company's activities. In particular, multiple benefits of Sakhalin-2 project for the country and Sakhalin Oblast also include the increase of level of employment of the population and skill level of the labour force as well as growth in living standards and incomes of the population. Given the importance of such information for stakeholders it is recommended that future reports should include illustrative examples of the achieved social effects and specific indicators that would demonstrate the positive effect of the company's activities on Sakhalin Oblast labour market and welfare of the residents.

It is recommended that the information on external independent evaluation of social programmes, carried out in the reporting year, should be complimented with data on evaluation criteria. The information on results should be expanded and complemented with facts of incorporating the received proposals into management practices.

To ensure accuracy of reporting, it would be useful to further detail the indicator "Direct Energy Consumed. Generated from Produced Natural Gas" and list the consumption of gas, engine fuel, heat and electric power from external sources. With regard to the use of land resources it is recommended to include the data on total area of protection zones occupied by the company assets.

In view of the company's experience in engagement with suppliers, it is recommended that future reports should reflect the results of the company's effect on developing business ethics and social and environmental responsibility as well as countering corruption. It would be useful to provide the examples of monitoring these aspects as part of the due diligence screenings on business partners as well as examples of introducing relevant policies and standards in their business practices.

The Report contains information about correspondence of the company's goals and objectives in specific areas of activity with the UN Sustainable Development Goals 2015–2030. This approach appears to be relevant since it is increasingly used in public reporting. It is recommended to provide this information in greater detail, show contribution of Sakhalin Energy's activities to achieving these global objectives and specific targets linked to them.

It should be noted that in order to confirm correct application of the international documents for preparation of the Report, namely, non-financial reporting recommendations of the European Commission, it would be useful to specify, which recommendations and which provisions are used for the company's reporting. It is also recommended to make fuller use of GRI Standards for future reporting, given the company's orientation towards this reporting system.

The RUIE Non-Financial Reporting Council expresses a positive opinion on the Report, and, supporting the company in its adherence to responsible business principles and noting the consistency of the reporting process development, confirms that the 2017 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. has received public endorsement.

## Appendix 9. Abbreviations

Abbreviation	Definition
PMD	Pipeline Maintenance Depot
ANPO	Autonomous non-profit organisation
RAIPON	Russian Association of Indigenous Peoples of the North
APR	Asia-Pacific region
RS	Road Safety
IVMS	In-Vehicle Monitoring System
TLU	Tanker Loading Unit
UNGC	UN Global Compact
SRWDS	State Register of Waste Disposal Sites
RTA	Road traffic accident
EBRD	European Bank for Reconstruction and Development
IC	Information centre
CED	Committee of Executive Directors
SIM	Sakhalin Indigenous Minorities
KPCSD	Korsakov Partnership Council for Sustainable Development
CSR	Corporate social responsibility
KChS	Committee for Emergency Situations
OSR	Oil Spill Response
LUN-A	Lunskoye-A platform
IMO	International Maritime Organisation
ISO	International Organisation for Standardisation
MNR	Ministry of Natural Resources
IUCN	International Union for Conservation of Nature
MSH	Minimum Standards for Healthcare
IFRS	International Financial Reporting Standards

Abbreviation	Definition
SCM	Supply Chain Management
IFC	International Finance Corporation
MChS	Ministry for Emergency Situations
BS 2	Booster Station 2
NPO	Non-profit organisation
OPF	Onshore Processing Facility
ESHIA	Environmental, Social, and Health Impact Assessment
UNO	United Nations Organisation
HPF	Hazardous production facility
HSES	Health, Safety, Environment, and Security
HSE	Health, Safety, and Environment
PA-A	Molikpaq platform (Piltun-Astokhskoye-A platform)
PA-B	Piltun-Astokhskoye-B platform
MPE	Maximum Permissible Emission
MPC	Maximum Permissible Concentration
BAP	Biodiversity Action Plan
UNDP	United Nations Development Programme
ALARP	As Low As Reasonably Practicable
RAS	Russian Academy of Science
RUIE	Russian Union of Industrialists and Entrepreneurs
BoD	Board of Directors
SPZ	Sanitary protection zone
SSIP	Sakhalin Salmon Initiative Programme
Stroitel GNCP	Stroitel Gardeners' Non-Profit Partnership
LNG	Liquefied Natural Gas

Abbreviation	Definition
IEC&LMS	Industrial Environmental Control and Local Monitoring System
PSA	Production Sharing Agreement
ISMS	Industrial Safety Management System
OET	Oil Export Terminal
FS	Feasibility Study
SDGs	Sustainable Development Goals
HSESAP	Health, Safety, Environment and Social Action Plan
GRI	Global Reporting Initiative
ISO	International Organisation for Standardisation
PERC	Pacific Environment and Resources Centre
WGWAP	Western Gray Whale Advisory Panel
WWF	World Wildlife Fund