

# APPENDIX 1. GRI Guidelines Compliance Table (rev. 4.0)

## GENERAL STANDARD DISCLOSURES

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
<b>STRATEGY AND ANALYSIS</b>					
G4-1	Statement from the most senior decision-maker of the organisation	Full	Message from the Chief Executive Officer	7	
G4-2	Description of key impacts, risks and opportunities	Full	Message from the Chief Executive Officer Risk Management HSE and Social Performance Management Economic Impact Management Environmental Impact Management Social Impact Management 2017 Plans and Development Strategy up to 2021	7 44–47 23–25 60–62 66–86 88–124 127	
<b>ORGANISATIONAL PROFILE</b>					
G4-3	Name of the organisation	Full	About the Company	28	
G4-4	Primary brands, products and/or services	Full	About the Company	35–36	
G4-5	Location of organisation's headquarters	Full	On the outside rear cover <a href="http://www.sakhalinenergy.com/en/feedback/feedback.wbp">http://www.sakhalinenergy.com/en/feedback/feedback.wbp</a>		
G4-6	Number of countries where the organisation operates and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the Report	Full	About the Company	28–36	
G4-7	Nature of ownership and legal form	Full	Corporate Governance	40	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)	Full	About the Company	28, 35	
G4-9	Scale of the reporting organisation	Full	About the Company Economic Impact Management Personnel: Management and Development	28–35 60–62 89	
G4-10	Total number of employees by employment type gender, employment contract and region	Full	General Information	89–90	
G4-12	Organisation's supply chain	Full	Supply Chain Management	62–63	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Full			No significant changes in 2016
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Full	Sakhalin Energy's CSR System Sustainable Development Policy Risk Management Impact Assessment	19–20 22 44–45 25	

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Full	Performance Standards	21	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	Full	Performance Standards International and Regional Cooperation	21 58	In November 2009, the company joined the UN Global Compact. In 2016, the company is a member of: • Global Compact LEAD, • Working Group on Human Rights of the UN Global Compact; • International Business Congress
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>					
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	Full	About the Report	14–16	
G4-18	Process for defining the Report content and the Aspect Boundaries. Reporting Principles for Defining Report Content	Full	About the Report	11–16	
G4-19	List of all the material Aspects identified in the process for defining the Report content	Full	About the Report	13–15	
G4-20	Material aspects within the organisation	Full	About the Report	13–15	
G4-21	Material aspects outside the organisation	Full	About the Report	13–15	
G4-22	Restatements of information provided in previous reports and the reasons for such restatements	Full	About the Report	13–15	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Full	About the Report	13–15	
<b>STAKEHOLDER ENGAGEMENT</b>					
G4-24	List of stakeholder groups engaged by the organisation	Full	About the Report Stakeholder Engagement Management in 2016	10 51	
G4-25	Basis for identification and selection of stakeholders with whom to engage	Full	Stakeholder Engagement Management	50–51	

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-26	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	Full	About the Report Stakeholder Engagement Management	10 50–51	
G4-27	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	Full	About the Report Stakeholder Engagement Management in 2016 Appendix 2	10 51 139–149	
<b>REPORT PROFILE</b>					
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Full	About the Report	10	
G4-29	Date of most recent previous report (if any)				April 2016
G4-30	Reporting cycle (such as annual, biennial)	Full	About the Report	10	Annual
G4-31	Contact point for questions regarding the Report or its contents	Full	Appendices 5–6	154–155	
G4-32	'In accordance' option the organisation has chosen. GRI Content Index. Reference to the External Assurance Report	Full	About the Report Appendix 1 Appendices 7–8	10 130–138 156–159	
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the Report	Full	About the Report Appendices 7–8	16 156–159	
<b>GOVERNANCE</b>					
G4-34	Governance structure of the organisation, including committees of the highest governance body	Full	Corporate Governance Model	40–42	
G4-36	Executive-level position or positions with responsibility for economic, environmental and social topics	Full	Corporate Governance Model	40–42	
G4-38	Composition of the highest governance body and its committees	Full	Corporate Governance Model	40–42	
G4-39	Whether the Chair of the highest governance body is also an executive officer	Full			The chairperson of the highest governance body is not an executive officer

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-42	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	Full	Corporate Social Responsibility and Sustainable Development Corporate Governance	19–20 38–44	
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Full	Risk Management	44–45	
G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	Full	About the Report	10	
<b>ETHICS AND INTEGRITY</b>					
G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Full	Corporate Social Responsibility and Sustainable Development Corporate Governance	21 43–44	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour and matters related to organisational integrity, such as helplines or advice lines	Full	Corporate Governance System and Structure Corporate Culture Stakeholder Engagement Management	39 43 50	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Full	Corporate Culture Human Rights	43 111–112	
<b>SPECIFIC STANDARD DISCLOSURES</b>					
<b>Basis of Aspects materiality is given in Section 2. About the Report</b>					
GRI index	Element/indicator	Disclosure of the element/indicator	Report Section	Page in the Report	Comments and references to other sources
<b>CATEGORY: ECONOMIC</b>					
G4-DMA	Disclosures on management approach	Full	About the Company Corporate Governance Model Economic Impact Management	28 40–42 60–64	

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-EC1	Direct economic value generated and distributed	Full	About the Company Economic Impact Management Remuneration and Bonus System Social Investment and Sustainable Development: Sakhalin Energy's Principles and Approaches	28 60–61 92 115	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	Full	Social Guarantees, Benefits and Compensations	93–94	
G4-EC4	Financial assistance received from government	Full			The company received no financial assistance from the government in 2016
G4-EC5	Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Full	Remuneration and Bonus System	92	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Full	General Information Personnel Recruitment and Adaptation of New Employees	89 91	
G4-EC7	Development and impact of infrastructure investments and services supported	Full	Importance of the Sakhalin-2 Project for the Russian Federation and the Sakhalin Oblast Social Investment and Sustainable Development: Sakhalin Energy's Principles and Approaches	60 115–116	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Full	Economic Impact Management	60	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Full	Russian Content	62	

**CATEGORY: ENVIRONMENTAL**

G4-DMA	Disclosures on management approach	Full	HSE and Social Performance Management System Environmental Impact Management	23–24 66–86	
G4-EN3	Energy consumption within the organisation	Full	Energy	70–71	
G4-EN5	Energy intensity	Full	Energy	70–71	
G4-EN8	Total water withdrawal by source	Full	Impact on Water Bodies	68	
G4-EN9	Water sources significantly affected by withdrawal of water	Full	Impact on Water Bodies	68	No water sources are materially affected by the company's withdrawal of water
G4-EN11	Operational sites on, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Full	Environmental Monitoring and Preserving Biodiversity	75–83	

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations	Full	Environmental Monitoring and Preserving Biodiversity	75–83	
G4-EN15	Direct greenhouse gas (GHG) emissions	Full	Greenhouse Gas and Ozone-Depleting Substance Emissions	72–73	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions	Full	Greenhouse Gas and Ozone-Depleting Substance Emissions	72–73	
G4-EN20	Emissions of ozone-depleting substances (ODS)	Full	Greenhouse Gas and Ozone-Depleting Substance Emissions	72–73	
G4-EN21	NOX, SOX and other significant air emissions	Full	Impact to the Atmospheric Air	67	
G4-EN22	Total water discharge by quality and destination	Partly	Impact on Water Bodies	68	
G4-EN23	Total weight of waste by type and disposal method	Full	Waste Management	69–70	
G4-EN24	Total number and volume of significant spills	Full	Oil Spill Prevention and Response Preparedness	84–85	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Full	Environmental Protection Costs and Payments for the Negative Impact	74	
G4-EN31	Total environmental protection expenditures and investments by type	Full	Environmental Protection Costs and Payments for the Negative Impact	74	
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	Full	Grievance Handling in 2016	112–113	

**CATEGORY: SOCIAL**

**Sub-Category: Labour Practices and Decent Work**

G4-DMA	Disclosures on management approach	Full	Approaches to HR Management and HR Policy Labour Safety and Protection Occupational Health	88 105 109	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Full	General Information	89–90	
G4-LA3	Return to work and retention rates after parental leave, by gender	Full	General Information	89	

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Full			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
G4-LA6	Rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender	Partly	Labour Safety and Protection Occupational Health	106 110	
G4-LA9	Average hours of training per year per employee by gender and by employee category	Full	Personnel Training	98	
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Full	Staff Development and Training	95–104	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Full	Employees Performance Appraisal	95	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Full	General Information	89	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	Full			Basic salaries of men and women of all personnel categories do not differ
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Full	Grievance Handling in 2016	112–113	

**Sub-Category: Human Rights**

G4-DMA	Disclosures on management approach	Full	Human Rights: Principles and Management System	111–112	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Partly	Human Rights Training	113	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Full			No registered cases of discrimination in 2016
G4-HR4	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	Full			No operations in which the right to exercise freedom of association and collective bargaining may be at significant risk

GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-HR5	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	Full			No operations risk of involving child labour
G4-HR6	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	Full			No operations risk of involving child labour
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	Full			100%
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Full			No registered cases of violation of rights of Indigenous Peoples in 2016
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Full	Grievance Handling in 2016	112–113	

**Sub-Category: Society**

G4-DMA	Disclosures on management approach	Full	Corporate Social Responsibility and Sustainable Development Stakeholder Engagement: Strategy, Principles, Mechanisms and Engagement Tools Social Investment and Sustainable Development: Sakhalin Energy's Principles and Approaches	16–20 50 115–116	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	Full	Impact Assessment Stakeholder Engagement: Strategy, Principles, Mechanisms and Engagement Tools Social Investment and Sustainable Development: Sakhalin Energy's Principles and Approaches	25 50 115–116	100%



GRI index	Element/indicator	Disclosure of the element/indicator	Report section	Page in the Report	Comments and references to other sources
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Full	Impact Assessment	25	No such operations in 2016
G4-SO4	Communication and training on anti-corruption policies and procedures	Full	Anti-Bribery and Corruption	48	
G4-SO5	Confirmed incidents of corruption and actions taken	Full			No cases of corruption were registered in 2016
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Full			As per the company's Code of Conduct, Sakhalin Energy does not support any political parties or their representatives financially and does not participate in political activities
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Full	Grievance Handling in 2016	112–113	

**Sub-Category: Product Responsibility**

G4-CTM	Disclosures on management approach	Full	About the Company Engagement with Customers	28 56	
G4-PR2	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	Full			No incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services in 2016
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Full			No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling in 2016

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

Detailed information on the results of the stakeholder engagement process that was completed to develop this Report, including dialogue meetings, questionnaire surveys, etc., is available in the Material Topics to Be Included in the 2016 Report Based on Stakeholders' Opinions and Most Priority Topics to Be Included in the 2016 Report Based on Stakeholders' Opinions tables found in Section 2. About the Report.

Besides identifying material subjects, stakeholders also made comments and suggestions on individual aspects, indicators and/or the programmes of the company for inclusion in the 2016 Report.

In October 2016, Sakhalin Energy held the first dialogue as part of the 2016 Report preparation. At this meeting, the company provided stakeholders with information on its activities and achievements during the reporting period. In February 2017, 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 surveys at various events in November and December 2016 (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
Dialogue meeting, Open statements	
<b>Nadezhda Nikitina, Head of the Subdivision of Programme and Estimate Documentation Analysis and PSA Implementation, Ministry of Natural Resources and Environmental Protection of Sakhalin Oblast</b>	
I have three comments. First, we are glad that the company's Report has been recognised the best based on the previous year's results and it is a well-earned award. The Report is really very informative, bright and is worthy of attention	The company appreciates the feedback.
My second comment is about the report of the company's representative and the territory layout. The territory layout is available now. It was approved and defended in September. As to the landfills and the status of registration in the State Register of Waste Disposal Sites (SRWDS), the Korsakov landfill has already been included in SRWDS. Currently, we are working on the registration of the landfill in Nogliki	The company is grateful for the information and requests to provide information on the registration of the Nogliki landfill in SRWDS
Another comment is about the speech of the company's representative regarding the implementation of the OPF compression and LNG train 3 projects. These are really ambitious and huge projects. It was noted that the level of Russian content would be increased. We know that the company is currently involved in harmonisation to align international standards with the national ones to enable Russian contractors to actively participate in the implementation of these projects, thus increasing the Russian content thereunder and under the Sakhalin-2 project in general. When will the Standards Harmonisation programme be completed? Will we have enough time to prepare for the forthcoming OPF compression and train 3 projects?	The idea of harmonising the standards used in Sakhalin Energy and the standards applicable in the Russian Federation appeared in early 2014. The project is based on the identification and review of differences and similarities in foreign and national standards pertaining to the company's business. After its successful implementation, the Standards Harmonisation project will enable Sakhalin Energy to increase materials and equipment purchases from Russian vendors. The Standards Harmonisation programme is not connected with the OPF compression and train 3 projects; it applies to equipment and pipelines only

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p>Another question relates to occupational health and safety. The company says that it is striving to Goal Zero in regards to injuries and that this indicator is achievable. I would like to know if the company has achieved this indicator in 2016?</p>	<p>The company has achieved these indicators at some of its assets in 2016, but some injuries were reported. The company's 2016 Report includes the records for the company and its contractors. See Section 9.2 Labour Safety and Protection</p>
<p><b>Natalya Sharukhina, Lead Expert of Sakhalin EMERCOM</b>                      It is not the first time I attend the meeting. I would like to add my comments on the Children's Safety programme, in particular on the Safety Day. It took four days in the current year and was held in the Sinegorsk Mineral Waters resort. Many stages were held in a new format. I would like to highlight the company's huge organisational efforts and express our gratitude for excellent accommodation and events for participants, experts, judging panel and all organisers alike. Furthermore, it was the first time when we had children's animation contest with an official award ceremony to be held on 2 November. The decision to hold the contest was made by our partners in the company. Children aged 12 to 17 had very interesting submissions in different techniques. All animated works were dedicated to safety. It was hard to evaluate these submissions. We would like to traditionally thank our partners, namely the Ministry of Education of Sakhalin Oblast and the company for their efforts in building the safety culture of the new generation and the Sakhalin Oblast community in general</p>	<p>The company appreciates the feedback. We highly appreciate the contribution of all our partners to the programme we have been implementing for many years (since 2005). We hope to continue our effective cooperation</p>
<p><b>Ekaterina Koroleva, member of the Sakhalin Oblast Public Chamber</b>                      The company's representatives stated the priority goal of the Report, which is environmental protection, since 2017 is the Year of Ecology. And the second priority goal is engagement with stakeholders. I will comment on the Report concerning these two priority goals.                      This discussion is very important for me. Have a look at the representatives present. It demonstrates that the company keeps building a dialogue and mutual cooperation on the principles of transparency, publicity and awareness raising. As for the environmental protection, the Public Chamber (PC) is preparing a round table on a crucial topic related to waste management. A business built a production site at the location of one of the traditional residences of indigenous minorities, which created a strained social environment. I believe that PC's response has been appropriate, since there were no preliminary consultations with the indigenous community, while this area is listed as the residence of indigenous minorities at the federal level. We received an official response from state environmental authorities stating that the business was not subject to the environmental expert review. Actually, Order 592 of the Federal Service for the Supervision of Natural Resources classifies this site in the State Register. It is a very serious issue. Law 72 of Sakhalin Oblast on the protection of the indigenous environment, traditional lifestyle and trades of Sakhalin indigenous minorities stipulates that the main principle of indigenous environmental protection is to identify a potential hazard from any planned activity which shall be approved by the indigenous community. That is why I have paid special attention to the environmental matters discussed today to learn about the company's focus on environment protection, waste management, etc. guided by federal law and international standards. You can make colourful presentations, but the key issue is indicators for the Russian Federation and the company. These are convincing figures; they inspire respect because they show the great efforts of the company's employees. On this occasion I would like to emphasise how important it is to have your company at the round table to show its best practices which must be made public</p>	<p>The company is grateful for this exhaustive comment and the invitation to the round table.                      The company took part in the event and shared its experience in waste management</p>
<p>As regards engagement with the indigenous community.                      A suggestion for the 2016 Report. The 2015 Report said that the company complied with the principle of free, prior and informed consent in its relations with the indigenous community. I think that it is just not enough to mention it. The company adheres to the relevant IFC principles and I would like this aspect to be included in the 2016 Report. I will give an example: when we were having hard times in 2013 and were preparing the conference to launch the next SIMDP, a challenging dialogue was in progress. A discussion is a normal process. And then, the company's representative faced people and told them about IFC PS 7. At that time, our relations with indigenous minorities were based on World Bank Directive 4.10 and EBRD Policy. But we are moving forward and we now have some experience with IFC PS 7 which focuses on corporate decision</p>	<p>The company appreciates the feedback. The Report includes the information about international standards the company uses in its relations with indigenous peoples (see Sections 3, 6 and 9)</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p>As regards the today's Report, it features openness and an integrated approach. The company is extremely lucky to have such professionals. I suggest that you should be more active in involving more stakeholders in such dialogues and possibly have such discussions in other cities across Sakhalin</p>	<p>The company has a wide outreach by holding meetings in the form of a dialogue: invitations to such events are published in various mass media and distributed to addressees as well as by questioning and interviews with experts, NGO representatives, state authorities, contractors, buyers, community, etc. The company holds annual public meetings with the community in different settlements on the island where participants are encouraged to fill in a questionnaire and share their opinion on important topics to be disclosed in the Report. The stakeholders' opinion is taken into account when preparing the Report</p>
<p><b>Oleg Manukhin, Deputy Head of Social Development Department, Korsakov District Administration</b>                      I would like to thank Sakhalin Energy for its financial support of the social projects implemented in the Korsakov District under the frames of the Korsakov Sustainable Development Partnership Council. Your support helped to deliver many social projects in the district in such areas as culture and education, sports accessibility, as well as accessibility of amenities and services for people with disabilities.                      Major projects were implemented this year, e.g. specialised elevators used by people with limited mobility to move up and down the stairs. Such elevators were also purchased for sports centre. Wheelchair users attend these facilities; four people currently attend the sports centre. We are grateful to the company. I am a member of the Korsakov Sustainable Development Partnership Council</p>	<p>The company appreciates the feedback on the programme. The programme has been managed by the Korsakov Sustainable Development Partnership Council since 2004. Cooperation within the Council is very important for the development of partnership in the Korsakov District</p>
<p><b>Fyodor Mygun, Chairman of the Regional Council of the Authorised Representatives of the Sakhalin Indigenous Minorities of North of Sakhalin</b>                      I will continue to speak about indigenous peoples. The information on the interaction under SIMDP implemented by Sakhalin Energy, the Government and the SIM Regional Council has been provided.                      We address the issue of the employment of the IP representatives at Sakhalin Energy. We understand that we have few properly skilled people. We cooperated with Exxon and Rosneft-Shelf-Dalny Vostok on a seismic survey. And we managed to resolve these issues at the initial stage of the seismic survey.                      I would like to review how these matters were resolved regarding our community</p>	<p>The company conducted a seismic survey in 2015. We would appreciate if you inform us of the people who took part in the process and acquired experience so that we could consider them as candidates if we require any additional observers.                      In order to satisfy its demand for human resources, the company uses different methods and practices to recruit professionals from the labour market, including: interaction with related colleges and universities, employment centres, participation in local and regional job fairs, etc. The company reviews our candidates' CVs to fill vacancies on a competitive basis in compliance with Russian Federation laws. The company's HR Department is willing to consider all candidates with qualifying skills and experience to fill vacant positions.                      Apart from employment opportunities, the company has student intern and new-starter programmes in place. They apply to young people from the SIM community (see details in Section 9.1 Personnel: Management and Development).                      During the three periods of the implementation of the Sakhalin Indigenous Minorities Development Plan (hereinafter SIMDP), students from the SIM community who study at universities, special vocational, or primary (vocational) institutions (intramural and extramural education) receive annual support. Similarly to other SIMDP partners, the company is interested in providing high quality education and professional development opportunities, in the oil and gas industry in particular.                      The company holds annual public meetings with the Sakhalin Oblast community in settlements inhabited by the Sakhalin indigenous minorities (see details in Section 6.5 Engagement with the Sakhalin Indigenous Minorities (SIM)). If necessary, the company is willing to launch more intensive information campaigns, also at the above meetings with SIM representatives, to discuss employment opportunities</p>
<p>I think you can invite the representatives of the Regional Council to your production sites at the traditional residence locations to get the big picture of the process at these production facilities to mitigate the strain and have a better understanding of the company's environmental and other efforts</p>	<p>The company will consider visits of SIM representatives to Sakhalin Energy's production assets located in the areas of SIM traditional residence</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p><b>Elena Pivnenko, Sakhalin Indigenous Minorities Representative, Okha District</b></p> <p>I am the Chairperson of the community. I would like to thank the company for cooperation. We had a workshop initiated by your company over the past two days. I was a grantee, wrote and defended a project and received financing. Thank you a lot. I attend such an event for the first time. Everything was open, clear and understandable. I liked it</p>	<p>The company appreciates the feedback about cooperation and this event</p>
<p><b>Alexander Buryka, Director of the Sakhalin Regional Art Museum</b></p> <p>I would like to say a couple more words about the World of Nivkhi exhibition in St. Petersburg. Yesterday, we received feedback I would like to read.</p> <p>"I would like to share how much I enjoyed my time last weekend at the World of Nivkhi exhibition in the Stroganov Palace with exhibits from the holdings of your museum. It is an excellent project. Please congratulate your colleagues on that. The exhibition is very popular here. There were a lot of people. Kind regards, Olga Yurkina. Museum of Decorative-Applied and Folk Art, Moscow."</p> <p>I have been in the position of Director for 13 years and all our efforts to launch our exhibition projects in the mainland, central museums, have been in vain so far. We are grateful to the company for this opportunity. And our exhibition has been on view for two months, although 18 days to one month is a very good period for such museums as ours.</p> <p>I would like to add that we had another project in 2016. Our wheelchair users received the opportunity to attend exhibition projects we had on view on the ground floor. You should see the happy and bright eyes of these people who could go down three stairs that previously were an insurmountable obstacle for them. We greatly appreciate the work you are doing, including your efforts with us, the art museum. Looking forward to further cooperation. Thank you</p>	<p>The company appreciates the feedback.</p> <p>Cultural project support is one of the social investment focuses for Sakhalin Energy. We have had long and fruitful relationships with the Sakhalin Regional Art Museum. And the World of Nivkhi exhibition project is another proof of our efficient collaboration</p>
<p><b>Sergey Makeev, Aniva Basin Council Coordinator</b></p> <p>I have questions regarding my job. I know that the company has long been implementing projects to study and preserve the Sakhalin taimen. I wish the results and prospects of these projects were available and in the public domain.</p> <p>The company published several wonderful books on other types of flora and fauna. We would be delighted to see similar books on water bodies. Especially since we know that the company has been involved in it for a long time and there are such specialists on Sakhalin. It is the first point.</p> <p>Second, the company supported a major public project several years ago. It was the Sakhalin Salmon Initiative Programme. One of the project areas was not implemented. I mean the Sakhalin Salmon Park near the Sakhalin Artek camp, which is only partially built. What would be the conditions for the company to support the launch and further functioning of this incomplete facility? There is a partially built visitors' centre of the Sakhalin Salmon Park in the Aniva District. A launch programme was developed, but the project has been pending completion for five years. It was not put into operation</p>	<p>As regards the first question, the company publishes some materials based on its monitoring programmes from time to time. Currently, we are preparing to publish the next book dedicated to the Sakhalin archaeological heritage. We will review your proposal.</p> <p>As regards the uncompleted visitors' centre of the Sakhalin Salmon Park, it was really a good project and we developed many aspects in progress. The company has ways to support different projects, in particular the grants competition with the Fund of Social Initiatives Energy. Furthermore, the fund's priorities for this year include environmental and biodiversity preservation efforts. You can submit your application for the competition.</p> <p>Sakhalin taimen were studied as part of the Salmon Habitat Preservation and Monitoring line of the Sakhalin Salmon Initiative Programme, a partnership programme with Sakhalin Energy as one of initiators. Sakhalin Energy stopped financing the programme in 2011.</p> <p>As regards the company's environmental monitoring and biodiversity preservation programmes, we do not have a special project related to Sakhalin taimen studies. This issue is to a certain degree addressed during river ecosystem monitoring, but these activities do not really meet the requirements for taimen study programmes</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p><b>Natalya Koltunovich, Director of the Department of Environmental and Water Resources Protection, Ministry of Natural Resources and Environmental Protection of Sakhalin Oblast</b></p> <p>Based on the Decree of the President of the Russian Federation, greenhouse gas emissions should be reduced to 75% of the 1990 level by 2020. I have two questions in this regards.</p> <p>The first is whether the company is planning any further reduction of greenhouse gas emissions and related activities or it intends to maintain the level achieved in the last two years?</p> <p>The second question is about the methods you used to calculate greenhouse gas emissions. The Ministry of Natural Resources of Russia issued an order in 2015 approving practical guidelines for the quantification of greenhouse gas emissions by companies operating in the Russian Federation. Did Sakhalin Energy use these approved guidelines to calculate its greenhouse gas emissions or was it guided by the corporate departmental guidelines?</p>	<p>As regards greenhouse gas emissions control, the company is planning to maintain its current greenhouse gas emissions level at this stage. However, we are improving the energy efficiency of our assets as part of process optimisation. The implementation of these activities also has an effect on greenhouse gas emissions reduction.</p> <p>As regards emissions calculation and use of the guidelines, the company calculates its emissions in accordance with the Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions developed by the American Petroleum Institute. We are aware of the practical guidelines approved by the order of the Russian Ministry of Natural Resources. However, the applicable laws do not stipulate a procedure for reporting greenhouse gas emissions. Once this procedure is determined, we will be able to report in accordance with the practical guidelines</p>
<p><b>Nikolay Vorobyev, Sakhalin Environment Watch</b></p> <p>The presentation contained a brief outline of train 3, in particular for the LNG site. What other facilities are planned at this stage to be built within the train 3 project? And what public discussion procedures will be used and when?</p>	<p>The company announced the start from 1 February of public consultations regarding the Technical Assignment for the environmental impact assessment (EIA) of planned operations under the LNG plant reconstruction. Materials are available in Korsakov libraries (Children and Youth and Central District libraries), in the Sakhalin Regional Universal Scientific Library and on the company's and contractor's websites. We also offer a feedback form. Should you have any comments or questions about the project, you are welcome to send them to us</p>
<p><b>Dmitry Lisitsyn, Chairman of the Sakhalin Environment Watch</b></p> <p>I have a question regarding the LNG train 3 project. Currently, public discussions are in progress. As far as I understand, they are held in compliance with the Russian laws, aren't they? Under the environmental impact assessment laws? Are you going to hold any simultaneous public discussions as requested by the company's lenders? I mean foreign banks which after one applies for a loan initiate their own public discussions and public involvement.</p> <p>What are the international standards for this public discussion and when will it start? What stages, phases and formats will be covered?</p>	<p>The company is currently at the FEED development stage. We will carry out an environmental impact assessment based on international standards. The project lenders follow up on our activity and the implementation of project plans</p>
<p><b>Dmitry Lisitsyn, Chairman of the Sakhalin Environment Watch</b></p> <p>What are the international standards for this public discussion and when will it start? What stages, phases and formats will be covered?</p>	<p>When assessing the impact, the company primarily follows the standards of the International Finance Corporation applicable to the private sector. The main standard for impact assessment is PS 1, which regulates risk assessment in the environmental and social areas, as well as public consultations.</p> <p>Moreover, other IFC PS apply to impact assessment, including those related to the preservation of biodiversity, public consultations, indigenous people, cultural heritage, etc.</p>



Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p><b>Sergey Makeev, Aniva Basin Council Coordinator</b></p> <p>I have a question on the Sakhalin Indigenous Minorities Development Programme. I know that previously the company provided powerful motor boats for traditional SIM activities. My question is, what does the company do to prevent and control illegal fishing?</p>	<p>The Sakhalin Indigenous Minorities Development Plan was launched in 2006. One of the programmes within this major programme is the Traditional Economic Activities Support Programme. This programme operates in several areas. In particular, it includes grants to promote self-sufficiency and business plans that may include purchasing of outboard motors, boats, etc. After applications are developed, decisions on allocation of funds for each project are made not by the company and our partners (the Regional Council of Authorised Representatives of SIM and the Government). As part of the Social Development Fund and the Traditional Economic Activities Support Programme (which are two components of the Plan), special committees were created which consist of seven SIM representatives from seven districts of traditional residence of the Sakhalin indigenous minorities. The representatives are elected at public meetings and gatherings. These committees make decisions on financing particular projects.</p> <p>As for monitoring illegal fishing, neither the company nor the SIMDP coordinating bodies have supervisory responsibilities. This is why this issue is beyond our competence</p>
<p><b>Olga Kutaybergey, Consultant of the Indigenous Minorities Department, Sakhalin Governor's Office</b></p> <p>Let me go back to the previous question and add to the statement of the company's representative.</p> <p>In addition to, as you described it, 'giving out' boats and motors under the Development Plan, the company also conducts internal and external monitoring of the Development Plan implementation. As of today, we have not had such precedents that our boats or motors participated in illegal fishing activities. I urge you not to identify indigenous minorities with illegal fishing</p>	<p>The company appreciates the additional comment</p>
<p><b>Natalya Samarina, Head of Natural Resources Management and Environmental Protection Subdivision, 4. Yuzhno-Sakhalinsk Municipal District Administration</b></p> <p>In the Year of Culture, the company organised an exhibition of unique paintings. In connection with the Year of Ecology, does the company plan environmental events of the same scale, including an event in Yuzhno-Sakhalinsk?</p>	<p>As part of the Fund of Social Initiatives Energy, a new grant competition was announced on 20 January. In the Year of Ecology, priority will be given to environmental protection projects. Moreover, in the end of last year the company funded several environmental projects being implemented not only in Yuzhno-Sakhalinsk. If you have ideas for environmental projects, we will be happy to discuss them</p>
<p><b>Natalya Koltunovich, Director of the Department of Environmental and Water Resources Protection, Ministry of Natural Resources and Environmental Protection of Sakhalin Oblast</b></p> <p>I would like to add to it. Sakhalin Energy is one of the most environmentally responsible companies in Sakhalin Oblast.</p> <p>Now on the Year of Ecology. At the end of 2015, the order of the Sakhalin Oblast Government approved the Sakhalin Oblast Year of Ecology Implementation plan. The company actively participated in the development of this plan. The company provided suggestions and we included these suggestions into the plan. Provisions are made for both government and non-government funds, including the company's funding. Therefore, we hope for active cooperation and we hope that all these events will take place</p>	<p>The company sent its proposals for the schedule of activities for the Sakhalin Oblast Year of Ecology and will participate in the implementation of approved activities</p>

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<p><b>Dmitry Lisitsyn, Chairman of the Sakhalin Environment Watch</b></p> <p>I would like to go back to the report on the environment and biodiversity preservation. For so many years, the company has monitored various indicators and some results were provided to us. I wish the company was providing monitoring data changes over time, i.e. for a number of years, with diagrams reflecting changes in these indicators, etc.</p>	<p>Thank you for the recommendation. Yes, in fact we do have these data with changes over time. It is quite difficult to provide details of specific monitoring results in the Sustainable Development Report, but we will try to some extent to take the recommendations into account and to include these data when it won't overload the Report</p>
<p>Other activities (electronic questionnaires, personal interviews, etc.)</p>	
<b>General information about Sakhalin Energy. Key production achievements in 2016</b>	
<p>Over last two years Sakhalin Energy confidently takes second place for labor productivity performance at a national level</p>	<p>The information is included in Section 4.2. Section 4.2. Main Production Results in 2016.</p>
<p>Analysis of asset reliability with reference to the costs of maintenance and repair</p>	<p>In Section 9.2.2. Industrial Safety the company provided information on measures of production control to ensure reliable operation of all assets of the company. Information on shutdowns and repairs at the company's assets is provided in Section 4.2.1. Assets. Information on the costs of maintenance and repairs is considered internal information</p>
<p>Technical achievements of the project, innovative technologies</p>	<p>Information on technical achievements and the use of advanced technologies in the reporting year is provided in Section 4.2. Main Production Results in 2016</p>
<p>Reflect that HSE issues are no less important than production issues</p>	<p>Information is available in Section 8. Environmental Impact Management, Section 9.2. Labour Safety and Protection and Section 9.3. Occupational Health and practices used by the company in these areas demonstrate that issues of health, safety and environment are among the company's priorities</p>
<p>New sustainable development initiatives for 2016</p>	<p>The 2016 Sustainable Development Report outlines sustainable development initiatives. In particular, see Section 8. Environmental Impact Management and Section 9. Social Impact Management, etc.</p>
<p>Most bright (implemented) projects on continuous improvement (lean practices)</p>	<p>See Section 4.3. Continuous Improvement Programme.</p>
<b>Governance</b>	
<p>Information about the business ethics (in general), i.e. not only on bribery and corruption</p>	<p>In Section 5.4. Corporate Culture, the company provided information on all the business ethics principles followed by the company (as per Code of Conduct)</p>
<p>Key figures of the project (number of employees, contractors, etc.)</p>	<p>Information about the main results of project implementation, including the number of employees and contractor performance, is included in Sections 4, 7 and 9</p>
<b>Corporate social responsibility (CSR) and sustainable development</b>	
<p>Involvement of independent experts in the company's performance assessment</p>	<p>See Section 4.3. Continuous Improvement Programme</p>
<p>Working with clients</p>	<p>See Section 6.8. Engagement with Customers</p>
<p>Some examples of the company's activities in CSR for the reporting period</p>	<p>Regular Sustainable Development Reports demonstrate the company's CSR level and practices. For specific initiatives in this area, see Sections 3, 5, 6, 7, 8 and 9</p>



Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
<b>Stakeholder engagement: system and results</b>	
Contribution to the development of national standards based on best practices for harmonising standards and working with LNG. It is important to note the company's participation in the work of Rosstandart technical committees	<p>As for HSE sphere, the company participates in the following initiatives for developing and/or improving national standards, guides, instructions, etc.:</p> <ul style="list-style-type: none"> <li>development of the Handbook of Best Available Techniques for Waste Management, as part of the technical working group (TWG-17), the Best Available Techniques Bureau at the Russian National Materials and Technologies Standardisation Research Institute;</li> <li>work of the Coordinating Committee of UNDP/the RF Ministry of Natural Resources on Mainstreaming Biodiversity Conservation into Russia's Energy Sector Development Policies and Operations;</li> <li>work of the Coordinating Council for cooperation between the Administration of Yuzhno-Sakhalinsk and Sakhalin Energy;</li> <li>work of the Biodiversity Working Expert Group of the Interdepartmental Environmental Council of Sakhalin Oblast;</li> <li>work of the Interdepartmental Working Group for Preservation of Western gray whales at the RF Ministry of Natural Resources</li> </ul> <p>In addition, within the Standards Harmonisation project, the company actively cooperates with the dedicated RUIE committee, which enables the company to use expert opinion and share best practices</p>
Communication activities plan for the nearest years	The company has and annually updates the Public Consultation and Disclosure Plan available on the company's website and distributed in Sakhalin communities. In addition, the company monthly updates the Public Consultations Schedule, which is also available on the company's website. Also, see Section 6. Stakeholder Engagement Management of the Report
Employment of SIM representatives. Visiting production sites of SIM RCAR in the areas of traditional residence	See the answer to a similar comment above. The company will consider visits of SIM representatives to Sakhalin Energy's production assets located in the areas of SIM traditional residence
Suggestion: prioritised employment of Sakhalin specialists	The company pays special attention to employment of specialists residing and working in Sakhalin Oblast. Filling of vacancies by Sakhalin specialists is one of priority areas of the company's work for provision of its production assets with technical personnel. When recruiting personnel to vacant technical and non-technical positions, the company is primarily guided by the principle of conformance of the candidates' professional experience and qualification to the requirements for a vacancy
<b>Engagement of the Russian party, contracting and procurement management, vendor development programme</b>	
I suggest including the information on the number of personnel of the project contractors and subcontractors, specifying the share of Russian and Sakhalin ones	Reports on the number of contractors and subcontractors are taken into account for contracts with the value exceeding US\$ 1 mln and with at least five persons involved in the work thereunder. According to these reports, in 2016, the number of personnel of the Sakhalin-2 project contractors and subcontractors was 9,723 people, among them 8,377 people or 86% were the RF citizens, including 5,800 residents of the Sakhalin Oblast

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
I suggest including the information on activities for expansion of the Russian content in the OPF compression project and LNG train 3 project	<p>In 2016, the company issued a new brochure on expansion of the Russian content under the Sakhalin-2 project. The publication pays special attention to expansion projects opening new opportunities for domestic enterprises. An electronic version of the brochure is posted on the company's website.</p> <p>In addition to the Vendor Development Programme, at the beginning of 2016, the company introduced the Russian Enterprises Audit Programme in order to form a list of technically acceptable Russian producers for the construction of LNG train 3 (see Section 7. Economic Impact Management)</p>
<b>Environmental impact management: system and results</b>	
Technologies used for minimising impact on the environment	In Section 8. Environmental Impact Management, the company provided information on advanced technologies which allow minimising the impact on the environment (see e.g. Sections 8.1.4. Energy, 8.1.5. Greenhouse Gas and Ozone-Depleting Substance Emissions, etc.)
<b>Social impact management: system and results</b>	
Information on engagement of Russian workers and training of students, etc.	Information on engagement of Russian workers is included into Section 9.1.3. Recruiting Personnel and Onboarding New Employees Information on work with students is included into Section 9.1.7.10. Internship Programme, 9.1.7.11. Scholarship Programme
The company's youth policy, work with youth, activities and results (exhibitions, contests, conferences, seminars and projects implemented by youth at the company or the ones where young workers made a special mark)	Information on work with graduates is included into Section 9.1.3. Recruiting Personnel and Onboarding New Employees, 9.1.7.7. Graduate Development Programme, Section 9.1.7.9. Developing Scientific Potential
Information on expansion of the Sakhalin-2 project, I mean Train 3	Information on LNG train 3 construction project, alongside with other development projects, is included into Chapter 4.2.2. Development Projects
Scientific, technological and innovative activities of the company (separately, the ones of young workers)	The information is included in Sections 9.1.7.9. Developing Scientific Potential and 9.1.7.7. Graduate Development Programme
I believe it necessary to include a section on implementation of new equipment with account for global innovations and environmental orientation	<p>In Section 4.2. Main Production Results, the company provided information on technical achievements and advanced technologies used in the work during the reporting year.</p> <p>In Section 4.3. Continuous Improvement Programme, the company provided information on advanced technologies which allow minimising impact on the environment</p>
Special PSA regime, benefits, the project development prospects	See Section 7. Economic Impact Management
The Sakhalin Industrial Park project should be featured in the Russian content as a work area	Oil and gas companies operating on the Sakhalin shelf have to solve similar problems related to maintenance of equipment and receiving services. The problems are caused by the absence of specialised enterprises for repair, maintenance and manufacture of oil and gas equipment on the island and in the region, geographical remoteness from the RF regions with well-developed industry, long terms of delivery of spare parts and consumables, considerable logistics costs.

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
	<p>The idea of creating the industrial park in Sakhalin Oblast arose in summer of 2013, when Sakhalin Energy specialists were discussing options of forming a single centre of maintenance and repair of the devices and equipment used at all production assets of the company. During the discussion, specialists arrived at the conclusion that the availability of a modern production and repair base on the island would allow carrying out a considerable part of the work onsite.</p> <p>The work on final definition of the project business model and its management model is in progress, the participants portfolio is being elaborated and financing sources are being determined</p>
Development of relationships with other oil and gas companies in order to join the efforts for solution of common problems	See examples above
Under SIMDP, an educational programme is being implemented. This programme is much needed and well-timed	The company appreciates the feedback
On behalf of the Regional Centre of Arts and Crafts, we thank you for cooperation and wish you prosperity. We would like to give prominence to the company's SIM group represented by Yu. Zavyalova	The company appreciates the feedback

**Recommendations of the RUIE Council for Non-Financial Reporting concerning the Results of Examination of the 2015 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. for the Purpose of Public Endorsement**

The Report lists the projects which the company implements in order to promote sustainable development of local communities. It is recommended to provide, in the next reports, more detailed data on the monitoring carried out by the company and evaluation of the main results of implementation of such projects	<p>External evaluation of social investment programmes of the company is conducted biennially. In 2016, such evaluation was not conducted. It is planned for 2017. When preparing further reports, the company will look into the possibility of including the data from the report on the external evaluation results into the section on social investment.</p> <p>Detailed information on results of annual external monitoring of the implementation of the Sakhalin Indigenous Minorities Development Plan is available on the programme website (<a href="http://www.simdp.ru">www.simdp.ru</a>). The 2016 Report will be available in Q2 2017</p>
The Report informs that engagement with personnel is an important component of strengthening and developing the company's corporate culture. In future, it is recommended to expand the information on the topic and to supplement the list of activities with data on their effectiveness in terms of sustainable development. For example, it would be useful to illustrate the information on availability of the skill pool by data on the way it is used and the way the career lift actually works	The information is included in Section 9.1.7.5. Successors Pool Planning and Development. In 2016, 78 of 109 vacant positions included into the succession pool planning perimeter were filled by internal candidates from the skill pool
The company informs that CSR trends and indicators are regularly evaluated by authorised personnel and senior management of the company within the system of internal control and audit, as well as by lenders, their advisers and independent third-party auditors, by way of external professional expert review. It is recommended to disclose, in the future non-financial reports, information on key results of the company's CSR trends and indicators evaluation and to comment on dynamics of these indicators change	Results of external reviews conducted by lenders' advisers are published in the relevant reports (reports of lenders' adviser). These reports contain detailed information and evaluation of compliance of the company's work with CSR standards and other international standards adopted by the company. This information is included in Section 3. Corporate Social Responsibility and Sustainable Development. It does not seem possible to duplicate these reports in the Sustainable Development Report, as this would considerably increase the volume of the Report
Noting a considerable volume of environmental indicators contained in the Report, in future, it is recommended, for the purpose of ensuring greater completeness and visibility, to present variations by years not only for absolute but also for specific values of the indicators reflecting environmental performance	The 2016 Report (Section 8. Environmental Impact Management), includes specific values of such indicators (including broken down by years) as: specific air emissions by areas of activity, specific water use by areas of activity, specific energy consumption by areas of activity, specific greenhouse gas emissions by areas of activity, etc.

Comment, Question, Critical Remark or Suggestion	Company's Response and/or Commitment
It should be noted that it is important to accompany the data with changes over time by comments giving a clear picture of the factors which had an impact on considerable changes in the respective indicators. In particular, this refers to the Report data on cases of occupational diseases (growth), on waste generation (reduction). Inclusion of such explanations will allow for better understanding of the processes occurring at the company	In Section 8.1.3. Waste Management, factors with an impact on changes in the waste generation indicators are taken into account
Orientation to a new version of G4 Guidelines, during the Report preparation, is in line with the modern trends in non-financial reporting. When consistently advancing in mastering of these new tools, one should pay special attention to the recommendations contained therein on information disclosure, in particular, on formulation of material aspects with account for GRI requirements, on the indicators reflecting these aspects and on completeness of their disclosure	See Section 2. About the Report

# APPENDIX 3. The List of Participants of Dialogues with Stakeholders for Preparation of the 2016 Sustainable Development Report

1. Aniva Basin Council, S. S. Makeev, Coordinator
2. Chief Directorate of the EMERCOM for Sakhalin Oblast, N. P. Sharukhina, Lead Expert
3. Coleman Services (KS Biznes Reshenia), Yu. O. Kuzmina, Unit Manager
4. Far Eastern Aerogeodetic Company, G. N. Yegorova, Team Lead
5. Hozstroy Service, D. M. Kuzmin, General Director
6. Korsakov district Administration, O. I. Manukhin, Deputy Head of Social Development Department
7. Literary and Art Museum of Anton Chekhov's Book "The Sakhalin Island", Ye. P. Firsova, Acting Director
8. Literary and Art Museum of Anton Chekhov's Book "The Sakhalin Island", A. A. Stepanenko, Head of Department
9. Ministry of Education of the Sakhalin Oblast, S. Yu. Vasilyeva, First Deputy Minister
10. Ministry of Forestry and Hunting of the Sakhalin Oblast, E. G. Chernyavskaya, Advisor of the Subdivision of State Registration and Cadastre for Wildlife and Specially Protected Natural Areas
11. Ministry of Health Care of the Sakhalin Oblast, K. V. Sakharova, Press Secretary
12. Ministry of Health Care of the Sakhalin Oblast, T. I. Atkishkina, Lead Advisor
13. Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast, N. S. Koltunovich, Director of the Department of Environmental and Water Resources Protection
14. Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast, N. V. Nikitina, Head of the Subdivision of Programme and Estimate Documentation Analysis and PSA Implementation
15. Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast, O. S. Ryzhkova, Advisor of the Oil and Gas Complex Subdivision
16. Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast, S. V. Kunaeva, Head of the Environmental Protection, Regulation and Licensing Subdivision
17. National Research University — Higher School of Economics, N. V. Ivanova, Senior Researcher
18. Preodoleniye (Overcoming) Centre, N. S. Dunav, Head of Psychological and Pedagogical Care Subdivision
19. Regional Council of the Authorised Representatives of the Sakhalin Indigenous Minorities of North of Sakhalin, F. S. Mygun, Chairman
20. Representative of the Indigenous Peoples of the North, E. P. Dzyapi
21. Sakhalin Environment Watch, D. V. Lisitsyn, Chairman of the Board
22. Sakhalin Environment Watch, N. A. Vorobyov
23. Sakhalin Governor's Office, O. S. Kutaybergey, Consultant of the Indigenous Minorities Department
24. Sakhalin Indigenous Minorities Representative, Okha District, E. Pivnenko
25. Sakhalin Indigenous Peoples' Assembly, M. V. Kirillova
26. Sakhalin Oblast Department of the Federal Service for Supervision of Natural Resources, L. V. Kirillova, Head of the Subdivision for Supervision over Water and Land Resources, Hunting and Specially Protected Natural Areas
27. Sakhalin Oblast Department of the Federal Service for Supervision of Natural Resources, K. B. Belov, Head of Environmental Supervision Subdivision
28. Sakhalin Oblast Department of the Federal Service for Supervision of Natural Resources, V. A. Ilyin, Deputy Head of Geological Supervision and Mineral Resources Protection Subdivision
29. Sakhalin Oblast Public Chamber, E. A. Koroleva, Public Chamber Member
30. Sakhalin Oblast Public Chamber's Office, O. V. Santalova, Director
31. Sakhalin Oblast Public Chamber's Office, T. B. Morozova, Public Relations Specialist
32. Sakhalin Regional Art Museum, A. V. Buryka, Director
33. Sakhalin Regional Art Museum, A. V. Lomteva, Head of Science and Education Subdivision
34. Sakhalin Regional Art Museum, E. S. Nitkuk, Head of Regional Art Projects Subdivision
35. Sakhalin Regional Art Museum, I. G. Malkova, Deputy Director
36. Sakhalin Regional Centre of Arts and Crafts, G. A. Samenko, Head of Sakhalin Indigenous Minorities' Culture Subdivision
37. Sakhalin Regional Centre of Arts and Crafts, O. Yu. Huryun, Lead Specialist of Sakhalin Indigenous Minorities' Culture Subdivision
38. Sakhalin Regional Centre of Extracurricular Education, T. V. Gerus, Deputy Director for Research and Methodical Work
39. Sakhalin Regional Children's Library, I. M. Kalinovskaya, Chief Librarian
40. Sakhalin Research Institute for Fishing and Oceanography, D. S. Zavarzin, Senior Researcher
41. Sakhalin State University, E. N. Lisitsyna, Head of the Sustainable Development Chair
42. Yuzhno-Sakhalinsk Municipal District Administration, E. N. Yermakova, Chief Specialist of Natural Resources Management and Environmental Protection Subdivision
43. Yuzhno-Sakhalinsk Municipal District Administration, N. E. Samarina, Head of the Natural Resources Management and Environmental Protection Subdivision
44. Yuzhno-Sakhalinsk Municipal District Administration, N. V. Belyaeva, Chief Specialist of Public Relations Subdivision
45. Yuzhno-Sakhalinsk Municipal District Administration's Indigenous Minorities Council, M. V. Kragina
46. Yuzhno-Sakhalinsk Municipal District Administration's Indigenous Minorities Council, A. Ya. Nachetkina

# APPENDIX 4. Useful Links

Company public website	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a>
Sustainable Development	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Social Performance)
About the company	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section About the Company)
Contracting with us	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Contracting with Us)
Job and Career	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Job and Career)
Media centre	
Vesti corporate newspaper	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Media Center)
Energy TV programme	
Whistle blowing procedure	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section About the Company – Our Principles)

## COMPANY DOCUMENTS AND MATERIAL REFERRED TO IN THE REPORT

Statement of General Business Principles	
Sustainable Development Policy	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section About the Company – Our Principles)
Human Rights Policy	
Code of Conduct	
Sakhalin Energy Commitment and Policy on Health, Safety, Environment and Social Performance	<a href="http://www.sakhalinenergy.com">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)	
Lenders' Independent Environmental Consultant Reports on Conducted Monitoring	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Safety and Environment - Health, Safety, Environment and Social Action Plan)
Company social performance management standard	
Contracting and Procurement Policy	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Contracting with Us)
Public Consultations and Information Disclosure Plan (updated annually)	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Social Performance – Community Awareness)
Biodiversity Action Plan	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Media Center – Library – Environmental Documents)
Public Consultations and Disclosure Reports	<a href="http://www.sakhalinenergy.com">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">www.sakhalinenergy.com</a> (section Social Performance – Sustainable Development Principles)
Sustainable Development Reports	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Media Center)

## PROJECTS AND PROGRAMMES WEBSITES

Korsakov Partnership Council for Sustainable Development	<a href="http://www.korsakovsovet.ru">www.korsakovsovet.ru</a>
Sakhalin Indigenous Minority Development Plan	<a href="http://www.simdp.ru">www.simdp.ru</a>
What to Do in Emergency Situations' Programme	<a href="http://www.senya-spasatel.ru">www.senya-spasatel.ru</a>
The Save the Salmon Together project	<a href="http://www.salmon-friend.ru">www.salmon-friend.ru</a>
The Energy Social Initiatives Fund	<a href="http://www.fondenergy.ru">www.fondenergy.ru</a>

## PRINTED MATERIALS

Steller's Sea Eagle (photo album)	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Media Center – Library – Published editions)
ABC-book of the Uilta language	
The Universal Declaration of Human Rights in the Nivkh language	
The Universal Declaration of Human Rights into the Nanai Language	<a href="http://www.simdp.ru">www.simdp.ru</a> (section Multimedia – Other Materials)
The Universal Declaration of Human Rights in the Uilta language	
Comics	<a href="http://www.senya-spasatel.ru">www.senya-spasatel.ru</a>

Resettlement: experience of Sakhalin Energy	
Human Rights: Experience of Sakhalin Energy	
Birds of Sakhalin Island (photo album)	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Media Center – Library – Published editions)
EA. Best Practices Book Vol.1	
EA. Best Practices Book. Vol.2	
A methodic book titled Life Safety Fundamentals	<a href="http://www.senya-spasatel.ru">www.senya-spasatel.ru</a>
Gray Whales. The Sakhalin Story	
Liquefied natural gas (collection of interesting facts)	
Photo album 'the World through a lens'	
Sakhalin-2 Encyclopedia	<a href="http://www.sakhalinenergy.com">www.sakhalinenergy.com</a> (section Media Center – Library – Published editions)
Nivkh Myths and Fairy Tales	
Poisonous Plants and Fungi	

## REFERENCE MATERIAL AND OTHER

UN Global Compact	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>
UN Global Compact in Russia	<a href="http://www.undp.ru">www.undp.ru</a>
Global Compact LEAD	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a> (section How to participate — Global Compact LEAD)
Global Initiative Sustainability Reporting Guidelines	<a href="http://www.globalreporting.org">www.globalreporting.org</a>
Brochure «Global Compact in Russia»	<a href="http://www.undp.ru/documents/GC_in_Russia_2011-rus.pdf">www.undp.ru/documents/GC_in_Russia_2011-rus.pdf</a>
Corporate Social Responsibilities practices (Global Compact Russian network)	<a href="http://www.undp.ru/documents/GC_in_Russia-rus.pdf">www.undp.ru/documents/GC_in_Russia-rus.pdf</a>
IUCN Western Gray Whale Advisory Panel (WGWAP)	<a href="http://www.iucn.org/wgwap/wgwap/">www.iucn.org/wgwap/wgwap/</a>



# APPENDIX 5. Company 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 St.
Dolinsk	Vzmorye	Rural library, Branch No.6, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	22, Pionerskaya St.
	Sovetskoye	Rural library, Branch No.10, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	127a, Tsentralnaya St.
	Dolinsk	Dolinsk Central City Library, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	31, Lenina St. Str.
	Sokol	Rural library, Branch No.5, Sub-division of the Municipal Institution Dolinsk Municipal Centralised Library System	14, Shirokay St.
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 St.
Makarov	Vostochnoye	Rural library, Branch No.2, Sub-division of the Municipal Institution Makarov Municipal Centralised Library System	8, Privokzalnaya St.
	Makarov	Makarov Central Library, Sub-division of the Municipal Institution Makarov Municipal Centralised Library System	9a, 50 Let Oktyabrya St.
	Novoye	Rural library, Branch No.4, Sub-division of the Municipal Institution Makarov Municipal Centralised Library System	11a -7, Tsentralnaya St.
Poronaysk	Poronaysk	Poronaysk Central Library, Sub-division of the Municipal Institution of Culture Poronaysk Municipal Centralised Library System	45, Gagarina St.
	Gastello	Rural library, Branch No.4, Sub-division of the Municipal Institution of Culture Poronaysk Municipal Centralised Library System	42-2, Tsentralnaya St.
	Vostok	Rural library, Branch No.13, Sub-division of the Municipal Institution of Culture Poronaysk Central Library System	10a, Gagarina St.
Smirnykh	Onor	Rural library, Branch No.3, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	21, Sovetskaya St.
	Pobedino	Pobedino Rural Library-Museum, Branch No.4, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	60, Tsentralnaya St.
	Smirnykh	Smirnykh Central Library, Sub-division of Municipal Institution of Culture Smirnykh Centralised Library System	12, Lenina St.
	Roschino	Rural library, Branch No.6, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	4, Komsomolskaya St.
	Buyukly	Rural library, Branch No.7, Sub-division of the Municipal Institution of Culture Smirnykh Centralised Library System	1, Kosmonavtov St.
Tymovsk	Molodezhnoye	Rural library, Branch No.17, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	13, Sovetskaya St.
	Tymovskoye	Central District Library, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	68a, Kirovskaya St.
	Yasnoye	Rural library, Branch No.13, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	2, Titova St.
	Kirovskoye	Rural library, Branch No.8, Sub-division of the Municipal Institution of Culture Tymovsk Centralised Library System	70, Tsentralnaya St.
Nogliki	Nogliki	Nogliki District Central Library, Sub-division of the Municipal Institution of Culture Nogliki Centralised Library System	5a, Pogranichnaya St.
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 2016 Sakhalin Energy Sustainable Development Report (hereinafter – 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 the 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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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 favourable  
 Mostly favourable  
 Equal  
 Mostly unfavourable  
 Very unfavourable  
 Unsure

Please provide comments in support of your answer

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

- Very easy  
 Mostly easy  
 Equal  
 Mostly uneasy  
 Very uneasy  
 Unsure

Please provide comments in support of your answer

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

1  2  3  4  5  6  7  8  9  10   
 Appendices

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. Please provide general comments on the Report:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9. Are you or your organisation interested in participating in dialogues about preparation of 2017 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?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please indicate your contact information below:

Name: \_\_\_\_\_

\_\_\_\_\_

Job title: \_\_\_\_\_

Telephone: \_\_\_\_\_

Organisation: \_\_\_\_\_

Fax: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

12. What type of communication is preferable?  
 By mail  By e-mail

Please return the completed Form on the 2016 Sustainable Development Report to: 35 Dzerzhinskogo St., Yuzhno-Sakhalinsk, Sakhalin Region, Russian Federation, 693020

You may also send this form by e-mail:  
 ask@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 (RUIE)

## CERTIFICATE

of Public Assurance of Corporate Non-Financial Report

Sustainable Development Report of  
Sakhalin Energy Investment Company Ltd.

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

The detailed RUIE Council conclusion regarding public endorsement of 2016 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. 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. 097.01.004.01.16

Signed:  
RUIE President A. Shokhin,  
Russian Union of Industrialists and Entrepreneurs

Moscow, 2017



# APPENDIX 8. Conclusion on the Results of the Review of Sakhalin Energy 2016 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 2016 Sustainable Development Report (the Report) at the request of Sakhalin Energy Investment Company Ltd. (Sakhalin Energy, or the company).

The company asked the RUIE to arrange a public endorsement process by the Council, which issues its opinion on the relevance and completeness of information provided in the company's non-financial report on the context of the Social Charter of Russian Business that contains responsible business principles.

During the period from 27 February 2017 to 14 March 2017, 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 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 Council notes that progress has been made in this Report in terms of information disclosure as compared to the previous one.

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.

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.

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.

#### 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 2016 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 2016 Report addresses the RUIE Council's recommendations for the 2015 Sakhalin Energy Sustainable Development Report. The number of specific indicators reflecting the dynamics of environmental performance by type of activities has been expanded. The Report also specifies the factors influencing the significant changes in the indicators given in dynamic form and contains information on the effectiveness of work with the successors' pool.**

The company's 2016 Report contains material information regarding the following aspects of responsible business practices:

#### Economic Freedom and Responsibility

The Report presents information about the company's production achievements, the early execution of the plans for oil and LNG production, as well as about the plans for the forthcoming reporting period. The document contains data on the main production assets of the company and development projects, including the Sakhalin-2 LNG train 3 project. It describes the approaches used by the company in the field of performance and quality management. The Report describes measures taken to ensure the reliability and safety of production.

The data presented in the Report show the company's contribution to the economic development of Russia and Sakhalin for the entire period of the project implementation and in the reporting year in particular. The Report enumerates the main provisions of the Sustainable Development Policy, which was updated in 2016 to take into account the company's commitment to the UN 2030 Agenda for Sustainable Development. Information is provided on combating corruption and expanding the responsible business principles to suppliers. The Report shows the company's corporate governance model, the system of management of the corporate social responsibility, sustainable development and risks and presents an extensive list of corporate documents that regulate various aspects of the company's business practices.

**Business Partnership**

The Report describes the company's systemic approach to stakeholder engagement and provides information on the regulatory and organisational framework for activities in this area. It lists the main documents that define the strategy, principles, mechanisms and tools of stakeholder engagement; and evidence of their accessibility to the general public is provided. The areas of engagement with key stakeholders in the reporting year are characterised. The Report presents the results of the dialogues with stakeholders, including the records of proposals received during preparation of the Report. The participation of shareholder companies in the implementation of the Graduate Development Programme within the framework of the Memorandum of Cooperation in Personnel Management is described. The system and mechanisms of internal communications and feedback from the staff, as well as employee involvement in the discussion of the goals and objectives for the next year are presented in this document. It also highlights the traditional forums with foreign buyers of Sakhalin Energy's products, held by the company and its active participation in international and Russian conferences on industry and sustainable development issues. The Report describes the company's interaction with contractors, including on the introduction of socially responsible business principles, requirements for HSE, human rights and anti-corruption into their business practices. It includes information on how the company ensures effective control over compliance with these requirements. The Report presents the main areas and formats of cooperation with the authorities at various levels, including participation in the activities of joint committees, with public and non-profit organisations, as well as with the population of Sakhalin Island, including interaction with Sakhalin indigenous minorities on the basis of the Action Plan agreed with them.

**Human Rights**

The Report shows Sakhalin Energy's integrated approach to human rights issues with regards to entrepreneurial activity. The company's standards on this issue are set forth in regulatory documents, including the approved Human Rights Policy and the Code of Business Ethics. They are implemented, according to the Report, in all areas of activity where there are potential risks of violation of these rights. It is stated that the company's human rights requirements have been included in a series of educational briefings and special courses, which are mandatory for all company and contractor employees. The company also offers training on the application of the Grievance Procedure as an important mechanism used to realise human rights. The Report contains information on the results of work with grievances and explains the mechanisms of internal and external control in this area. It is noted that the results of compliance with human rights standards are included in regular internal reports for management and shareholders.

**Environmental Preservation.**

In the 2016 Report, issues of environmental responsibility, as stated in the document, are regarded as a priority subject and relevant information is disclosed in much more detail than in the previous reports, as applicable to all business areas of Sakhalin Energy, including management systems, production and commercial activities, environmental monitoring and control, contractor management, staff training and social investment. This work is organised

according to international standards ISO 14001 and OHSAS 18001, as well as the best practices of the world's oil and gas industry. The Report presents a detailed description of the industrial environmental control, local environmental monitoring and biodiversity conservation programmes. It clearly shows that the planning and organisation of the company's production activities are aimed at the excluding or minimising the adverse impact on the environment and explains what measures are taken for this purpose. Absolute and specific indicators of environmental impact, the use of natural resources and energy efficiency are presented in dynamic form. It is emphasised that, since the Sakhalin-2 project reached its full capacity, there has not been a single occurrence of an oil spill that could be classified as an emergency. The Report informs that the company maintains annual calculation and monitoring of greenhouse gas emissions, including by type of activities and sources; it indicates that the company continues to implement the Action Plan to gradually cease to use ozone-depleting substances (ODS) by 2020. It also points out that the company provides support for competitive social projects aimed at promoting the environmental responsibility of the population in the region.

**Local Community Development**

The Report highlights the company's contribution to the sustainable development of Sakhalin Island and local communities. Information is provided on the main areas of the company's participation in the development of the region where it operates, including assistance to the development of the social and transport infrastructure. The Report characterises the company's charity and social investment management system. It gives an account of the implementation, in the reporting year, of strategic long-term partnership projects, including those with the participation of external stakeholders, in the key areas such as environmental protection and biodiversity preservation, safety, education, culture and art, health care and the development of the Sakhalin indigenous minorities. The results of these activities, the examples of specific projects and the mechanisms and technologies used to implement the company's social programmes, including the allocation of funds on a competitive basis, are presented in the Report. The document also contains information about further development of the company's corporate volunteering support programme. In addition, the Report specifies data on expenditures for some of the programmes implemented by the company and the number of project participants, as well as outlines the qualitative targets for the company's social investment in 2017.

**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 in all areas of corporate social responsibility. The Report provides a considerable amount of data reflecting the results of the company's economic, social and environmental performance in the reporting period and its impacts on society and the environment. Particular attention is paid to safety in all key aspects.

The Report was prepared using the Sustainability Reporting Guidelines (GRI G4), which ensures the continuity of information across reporting cycles, as well as comparability with other companies' reports. The Report contains information on accounting in the corporate policy of working towards reaching the Sustainable Development Goals defined in the UN 2030 Agenda for Sustainable Development, as well as on the company's contribution to the achievement of these goals. The 2016 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. is its eighth annual report of this kind, which demonstrates 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 2016 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 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.

It should be noted that, in its future reporting, the company could implement to a greater degree the Council's recommendations to present data more broadly — in the dynamics of at least three years, to include measurable indicators in the description of the company's strategic goals in the field of sustainable development and their contribution to the achievement of the Sustainable Development Goals defined in the UN 2030 Agenda for Sustainable Development, taking into account the company's commitments in this area.

The Report contains information on the plans for the coming year and the medium term, which are formulated primarily in descriptive form. It is recommended that future reports include measurable targets for the upcoming planning period, which will allow the company to better assess the results achieved and progress made towards the set goals.

The Report provides information about the assessments of areas and indicators of responsible business practices, which are regularly conducted as part of the internal control and audit system, as well as by creditors, their consultants and independent experts. It is advisable to further disclose information on the key results of this practice of the company.

The Report lists the company's projects aimed at promoting the sustainable development of local communities. The reports of the following years should contain more data on the company's monitoring and evaluating the main results of such projects, including in terms of their impact on the sustainability of positive changes. It would also be useful to include comments on the dynamics of changes in requests submitted by the representatives of the local community and the company's responses.

The number of environmental indicators presented in dynamic form in the 2016 Report is considerably larger than in the previous reports. It is recommended to consistently adhere to this approach in the future. Attention should be drawn to the importance of including comments explaining the dynamics of indicators. In particular, this refers to data on water consumption and energy efficiency. The Report states that the opinions of stakeholders were taken into account when identifying material subjects for the Report. Along with the description of the viewpoints of all major stakeholder groups, given in the Report, it is recommended to clearly outline the procedure for identifying material subjects taking into consideration the views of stakeholders on the importance of various aspects of the company's business operations.

The issue of respect for human rights in the context of entrepreneurial activities is consistently highlighted in the Report. It is advisable that subsequent reports include a description of specific practices for the application of corporate documents and management procedures that take into account the issues of social and economic human rights in the interaction with stakeholders. 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 2016 Sustainable Development Report of Sakhalin Energy Investment Company Ltd. has received public endorsement.

Chairman of the RUIE Council	Signature	F. T. Prokopov
Deputy Chairman of the RUIE Council	Signature	E. N. Feoktistova
	Stamp	

# APPENDIX 9. Abbreviations

ALARP	As Low As Reasonably Practicable	MHMS	Minimum Health Management Standards
ANPO	Autonomous Non-Profit Organization	MNR	Ministry of Natural Resources
APR	Asian-Pacific Region	MPC	Maximum permissible concentrations
RS	Road safety	MPE	Maximum permissible emissions
BAP	Biodiversity Action Plan	NPO	Non-profit organisation
BoD	Board of Directors	OET	Oil Export Terminal
BS2	Booster 2	OPF	Onshore Processing Facility
CED	Committee of Executive Directors	OSR	Oil Spill Response
CER	Committee for Emergency Response	PA-A	Molikpaq platform (Piltun-Astokhskoye-A)
CSR	Corporate social responsibility	PA-B	Piltun-Astokhskoye-B platform
ESHIA	Environmental, Social and Health Impact Assessment	PERC	Pacific Environment and Resources Center
FEC	Fuel and Energy Complex	PMD	Pipeline Maintenance Depot
GRI	Global Reporting Initiative for Sustainable Development	PSA	Production Sharing Agreement
HSE	Health, Safety and Environment	RAIPON	Russian Association of Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation
IC	Information centre	RAS	Russian Academy of Sciences
IEC&LM	Industrial Environmental Control and Local Monitoring System	RTA	Road traffic accident
IFC	International Finance Corporation	RUIE	Russian Union of Industrialists and Entrepreneurs
IFRS	International Financial Reporting Standards	SIM	Sakhalin Indigenous Minorities
IMO	International Maritime Organisation	TEOC	TEO (Feasibility Study) of Construction
ISO	International Organisation for Standardisation	TLU	Tanker Loading Unit
IUCN	International Unit for Conservation of Nature	UN	United Nations
IVMS	In-Vehicle Monitoring System	UNDP	United Nations Development Programme
LNG	Liquefied natural gas	UNGC	United Nations Global Compact
LUN-A	Lunskoye-A platform	WGWAP	Western Gray Whale Advisory Panel
MChS	Ministry of Emergency Situations / Emercom	WWF	World Wildlife Fund