



## **Exxon Neftegas Limited Social Policy Principles**

### **Introduction**

The fundamental principle of Exxon Neftegas Limited (ENL) social activity is to build up good neighbor relations with local communities and maximize social benefits from the Sakhalin-1 project.

ENL runs its social activities based on the international law, Russian Federation regulations and ExxonMobil social investment guidelines.

### **I. Social Partnership**

ENL adheres to the principle of responsibility for social and environmental impact from the project implementation and purposeful investment into the social development projects complementing the needs of the region of ENL operations. To do this, we continuously develop partnership relations with regional governments, ministries, educational, health care, cultural institutions and non-commercial organizations. ENL, on behalf of ExxonMobil and Sakhalin-1 Consortium, makes investments into the strategic social development programs aimed at the improvement of local social and economic performance, including through the charitable programs.

### **II. Environment Protection**

When implementing Sakhalin-1 project, ENL strives to keep balance between environmental requirements and the need to make economic development decisions in order to meet the demands of people residing in regions of Sakhalin-1 operations. ENL pays due regard to the Sakhalin island environmental sensitivity, when developing Sakhalin-1 fields, and extracts mineral resources based on the principle of environmental responsibility with major focus on prevention or mitigation of adverse impact through elaborate project solutions and impact prevention or mitigation plans. ENL aspires to continuously improve its environmental performance.

One of the key environmental objectives is preservation of biological diversity and ecosystems with due regard to some rare species, their role in the ecosystem, sensitivity and cultural significance. When planning its operations, ENL thoroughly studies local environmental conditions, ecosystem specifics, and biological diversity and takes relevant environmental measures.

ENL is adamant in its efforts to do comprehensive assessments and reduce potential impact from oil spills by means of emergency prevention, containment measures and operational integrity.

### **III. Transparency and Feedback**

ENL maintains active communication with the local community in its day-to-day work in order to timely identify public concerns relating to the project, provide exhaustive information and take public questions and concerns into consideration during the project implementation.

The following interface channels are used:

- Information offices in the areas with ENL sites, where local community contacts consult local residents about production operations and social activities implemented by ENL
- Procedure for complaints about and proposals for the Sakhalin-1 project. All complaints and proposals that ENL receives will be reviewed and registered.
- Public consultations, when necessary, with the local community located near the industrial sites. This format is used to inform the public about the current and planned ENL activities and provide answers to any concerns and questions.

#### **IV. Local content**

ENL strives to involve local vendors and contractors to foster a long-term and positive economic effect from Sakhalin-1 for the local community and support development of regional economy. Localization is mainly realized through the enrollment and training of local residents and support to regional vendors.

As a Sakhalin-1 Operator, ENL is keen on developing business contacts with local goods and services vendors, thus increasing the content of Russian participation and joint ventures among Sakhalin-1 contractors and subcontractors.

ENL endeavors to maximize national content, including Sakhalin resources, among its employees and contractors. ENL organizes trainings and qualification upgrade for its local specialists. Besides, ENL enrolls university students for internship with a prospect for further employment. If operational needs arise, ENL conducts competitive selection of candidates among indigenous minority peoples.

#### **V. Charity as a Tool of Project's Social Benefits**

In its charity activities, ENL, as an ExxonMobil affiliate, is guided by corporate principles that define the main charitable contribution areas and addresses social needs of each region where ENL operates.

##### **1. Charity Areas**

- Education. As the world leader in the use of cutting-edge hydrocarbon production and processing technologies, ExxonMobil prioritizes support of mathematical and natural sciences. ENL follows the global corporate initiative and regularly supports projects developing science, technology, engineering and mathematics. ENL also supports other initiatives to improve quality of higher, secondary and preschool education based on the regional specifics and needs.
- Healthcare. ENL focuses on the upgrade of health care institutions and professional growth of physicians in the regions of ENL operations.
- Environment. ENL's main priorities are environmental education projects meant to expand young people's knowledge about environmental preservation and instill care for the environment.
- Sports. ENL gives preference to the projects targeted at developing and supporting team sports to engage a large number of young people.
- Culture. ENL supports awareness-raising and educational cultural projects in cooperation with the regional and local museums and non-commercial organizations. ENL also supports and reviews separate projects aimed at preserving culture of indigenous minority peoples of the North.

##### **2. Charity Projects Efficiency**

When planning and implementing charity programs, ENL commits to raise efficiency of social projects by means of the following:

- Internal assessment. ENL uses its own project efficiency assessment system based on approved variables and indicators allowing to comprehensively analyzing projects for some given year and from Sakhalin-1 inception.
- Expert review. ENL uses external independent expert assessment of its projects.
- Opinion poll. It allows identifying the most urgent problems and spheres in need of ENL support and evaluating efficiency of the projects implemented.
- Reporting. ENL has an established practice of asking grantees to provide a project implementation report in order to make sure that the funds were spent efficiently and for the stated purpose.

##### **3. Priorities**

- ENL prefers projects that encompass a large number of participants, demonstrate a possibility for further development and are implemented in the regions of ENL operations:
  - In Sakhalin Oblast: Okha district, Nogliki district, Yuzhno-Sakhalinsk
  - In Khabarovsk Krai: Ulchi district, Nikolaevsk district
- ENL does not provide funds to make up the organization's personnel salaries.

- ENL does not support projects intended to fund religious organizations, political parties and movements, salaries to state officials; projects that involve replenishment of capital funds and individual grants (targeted aid).
- ENL does not donate to financial organizations to ensure stewardship of donated funds.

## **VI. Interaction with Indigenous Minority Peoples of the North**

ENL follows the principle of an open dialogue and respect to the culture and traditions of indigenous minority peoples of the North (IMPN) residing in their traditional habitats close to ENL sites. The following agreements were executed to improve interaction efficiency:

- Trilateral cooperation agreement signed by ENL, Sakhalin Oblast Government and Regional Council of Sakhalin IMPN representatives. The agreement served as a basis for setting up an Advisory Committee.
- Statement on *Mutual Assistance and Cooperation between Exxon Neftegas Limited and Ulchi District Public Organization of Indigenous Minority Peoples of the North and Priamurie*. The Statement served as a basis for setting up an Advisory Committee.

Advisory Committee and Council convene on a regular basis. In particular, meeting attendees discuss and approve, in the open dialogue format, charity program plans and projects to support IMPN culture, languages and traditions for the current year. Project applications are accepted before February 1 of the year when a project is to be realized.

## **VII. Volunteer Movement**

ENL management highly values and supports volunteering activities. Volunteer movement exists both in Yuzhno Production Office and on remote ENL sites. Volunteers run a number of social contribution projects in various areas, including support to social institutions, environmental events, aid to homeless animals and others.