

Esso Highlands Limited



Papua New Guinea LNG Project

**Appendix 27: Company Stakeholder  
Engagement Plan**

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*Unclassified*

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## ACRONYMS

Acronym	Definition
AGM	Annual General Meeting
ANU	Australia National University
BDC	Bagari Development Corporation
BDS	Business Development Specialists
BPEA	Best Practices in External Affairs
BSA	Benefit Sharing Agreement
BTPO	Build the Production Operation
CA	Community Affairs
CAIMS	Community Affairs Integrated Management System
CAP	Community Area Planning
CCEP	Contractor Community Engagement Plan
CDI	Community Development Initiatives
CEMP	Community Engagement Management Plan
CI	Community Investments
CCAO	Contractor Community Affairs Officer
CLO	Community Liaison Officer (Company representative)
CODE	College of Distance Education
CWL	Contract Work List
DEC	Department of Environment and Conservation, PNG Government
DLPP	Department of Lands and Physical Planning, PNG Government
DNPM	Department of National Planning and Monitoring, PNG Government
DPE	Department of Petroleum and Energy, PNG Government
DSS	Demographic Surveillance Site
ECPNG	Evangelical Church of Papua New Guinea
ECA	Export Credit Agencies
EHL	Esso Highlands Limited
EIC	Expenditure Implementation Committee
EIS	Environmental Impact Statement
EPC	Engineering, Procurement and Construction
EPFI	Equator Principles Financial Institutions
FCPA	Foreign Corrupt Practices Act
FEED	Front-End Engineering and Design
FPDC	Fresh Produce Development Company

<b>Acronym</b>	<b>Definition</b>
GDP	Gross Domestic Product
GIS	Geographical Information System
HGCP	Hides Gas Conditioning Plant
HGDC	Hides Gas Development Corporation
HHS	Household Survey
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
HROI	Hides Resources Owners Investment Limited
IAC	Independent Advisory Company
IFC	International Finance Corporation
ILG	Incorporated Land Group
IMR	Institute and Medical Research
IMS	Information Management System
ITN	Insecticide Treated Nets
ITT	Invitation to Tender
JDPBPC	Joint District Planning and Budget Priorities Committee
JV	Joint Venture
K	Kina
KCS	Kobalu Camp Services
LA	Landowner Association
L&CA	Land and Community Affairs
Lanco	Landowner Company
LBD	Local Business Development
LLG	Local-Level Government
LNG	Liquefied Natural Gas
MOA	Memorandum of Agreement
MOH	Medicine and Occupational Health
MOU	Memorandum of Understanding
MRA	Mineral Resources Authority
MP	Member of Parliament
MRDC	Mineral Resources Development Company
MTDS	Medium Term Development Strategy
NC	National Content
NCP	National Content Plan
NECL	National Energy Company Limited
NEFC	National Economic and Fiscal Commission

<b>Acronym</b>	<b>Definition</b>
NGC	National Gas Corporation
NGO	Non-Government Organization
NRI	National Research Institute
O&GA	Oil & Gas Act 1998
OIMS	Operations Integrity Management System
OSL	Oil Search Limited
OSAC	Overseas Security Advisory Council
OSL CA	Oil Search Limited Community Affairs
OSL EA	Oil Search Limited External Affairs
PDL	Petroleum Development License
PEC	Provincial Executive Council
PEDF	Pacific Enterprise Development Facility
PIA	Project Impact Area
PIP	Public Investment Program
PL	Pipeline License
PPL	Petroleum Prospecting License
PNG	Papua New Guinea
PNG LNG	Papua New Guinea Liquefied Natural Gas
PRL	Petroleum Retention License
ROW	Right of Way
SECT	Stakeholder Engagement Coordination Team
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
SMLI	Social Mapping and Landowner Identification
STC	Save the Children
TCS	Tax Credit Scheme
US	United States
VCT	Voluntary Counseling Testing
VLO	Village Liaison Officers
WATSAN	Water and Sanitation
WDC	Ward Development Committee
WWF	World Wildlife Fund

## DEFINITIONS

**CCAO** – Contractor Community Affairs Officers are the Contractor's equivalent of the Company L&CA personnel.

**Company** –The Company, Esso Highlands Ltd will operate the Project on behalf of a group of co-venturers including Oil Search Limited, Santos Ltd, Nippon Oil Exploration Limited, and the Independent State of Papua New Guinea and landowners (consisting of Mineral Resources Development Company, Eda Oil Ltd and IPBC).

**Consultation** - Consultation involves two-way communication between the client and the affected communities.

**EPC** – Engineering, Procurement and Construction contractor selected by Esso Highlands Limited to perform part or all of the PNG LNG Project.

**“Free, prior and informed”** - “free” (free of intimidation or coercion), “prior” (timely disclosure of information) and “informed” (relevant, understandable and accessible information), and should continue through the entire life of the Project and not only during the early stages of the Project.

**Informed participation** - Informed participation entails organized and iterative consultation on issues concerning potential impacts to the affected communities, so that the client can incorporate into their decision-making process their views on these issues.

**Land Owner Company (Lanco)** – Company, registered with the intent of doing business, owned by the people of the same clan, or of clan origin, who use and/or have title to land in a specific area.

**Liquefied Natural Gas (LNG)** – LNG is produced at an LNG facility by cooling natural gas to a very low (cryogenic) temperature until the gas becomes a liquid. The process reduces the volume of the natural gas to 1/600th of its unliquefied volume.

**Local Business Development (LBD)** – Encompasses the development and use of qualified host country vendors for the supply of goods and services.

**National Content Plan** – Represents the overall approach and objectives in terms of National Content for the Company's affiliate or project. Each of the components of National Content (Workforce Development, Local Business Development, and Strategic Community Investments) is specifically mentioned in the strategy.

**Stakeholders** - Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. Stakeholders can be either Primary or Secondary Stakeholders.

- **Primary stakeholders** are those ultimately affected, either positively (beneficiaries) or negatively (for example, those involuntarily resettled). In most projects, primary stakeholders will be categorized according to social analysis. Primary stakeholders can be defined by gender, social or income classes, occupation or service user groups. In many projects, categories of primary stakeholders may overlap (e.g. women and low-income groups; or minor forest users and ethnic minorities).
- **Secondary stakeholders** are the intermediaries in the aid delivery process. They can be divided into funding, implementing, monitoring and advocacy organizations, or simply governmental, NGO and private sector organizations. In many projects it will also be necessary to consider key individuals as specific stakeholders (e.g. heads of departments or other agencies, who have



personal interests at stake as well as formal institutional objectives). Also note that there may be some informal groups of people who will act as intermediaries. Within some organizations there may be sub-groups which should be considered as stakeholders.

**Strategic Community Investments** – Investments in health, education and infrastructure that assist in the development of local capabilities (capacity building) and improve the socio-economic environment of host communities.

**Workforce Development (WFD)** – Recruitment and development of qualified host country employees.

## 1.0 INTRODUCTION

Esso Highlands Limited (Company) has developed this Stakeholder Engagement Plan. It is a Company Plan.

Making the most of energy resources is about more than oil and gas production - it is about forming a global partnership for development, and creating and delivering sustainable, long-term benefits to local communities. The Company aims to be collaborative and consult with community leaders to help build economic and social capacity that benefits communities and our business over the long term.

Because understanding and respecting local customs are critical for our continued presence in communities, Company representatives meet with community leaders and associations to exchange information to better consider local issues. We conduct public consultations during our Environmental, Socioeconomic, and Health Impact Assessment (ESHIA) process. We encourage interested parties to ask questions and provide input about the current local and socioeconomic environment and potential impacts to their communities. We respond by providing additional information, incorporating appropriate mitigation plans in our project planning, and in some cases, modifying aspects of the project design. We also engage with non-governmental organizations (NGOs) to help ensure that our public consultation initiatives are as effective as possible.

This document describes the Stakeholder Engagement Plan (SEP) for the Company. The Company is operator of the Papua New Guinea (PNG) Liquefied Natural Gas (LNG) Project (the Project). This document describes the Project's stakeholders and their issues, the stakeholder engagement process that will be followed, including how stakeholder engagement performance will be monitored, reported and evaluated, and the Third Party Grievance Procedure.

The SEP interfaces with the following documents:

- Resettlement Policy Framework and associated Resettlement Action Plans;
- National Content Plan;
- Community Support Strategy;
- Community Health, Safety & Security Management Plan;
- External Affairs Plan;
- Community Affairs and Communications Plan; and
- Contractor Management Plan – Community Engagement.

The SEP is designed to be a 'living' document that will be revised over time to reflect information gained through the engagement process described herein, Project activity and changes in stakeholder perceptions, priorities and concerns.

### 1.1 Stakeholder Engagement Objectives

The Project's stakeholder engagement goals are:

- Achieving the Project's objectives while respecting the needs and issues of stakeholders as they relate to potential Project impacts;
- Developing and maintaining constructive relationships with stakeholders, striving for mutual understanding, respect and collaboration;
- Establishing and maintaining coordinated, internal processes for stakeholder engagement and issues management.

## 1.2 Overarching Principles

The stakeholder engagement objectives above are based on and guided by the following overarching principles:

- Providing clear, factual and accurate information in an open and transparent manner on an ongoing basis to stakeholders through free, prior and informed consultation;
- Providing sufficient opportunity to stakeholders to raise issues, to make suggestions and to voice their concerns and expectations with regard to the Project;
- Providing stakeholders with feedback on how their contributions were considered;
- Building capacity among stakeholders so as to enhance their ability to interpret the information provided to them;
- Treating all stakeholders with respect, and ensuring that all Company personnel and contractors that have contact with stakeholders do the same;
- Responding timelessly to grievances and requests for permission; and
- Building constructive relationships with identified key and influential stakeholders through personal contact.

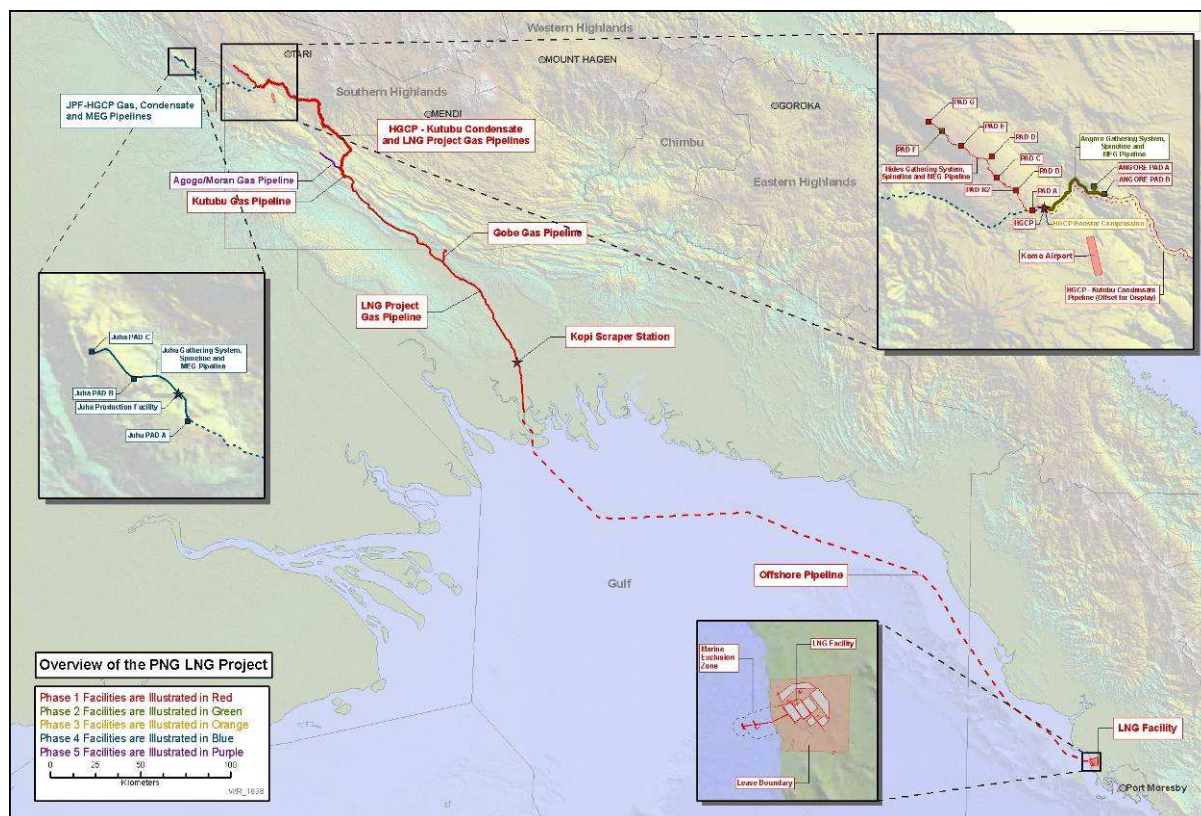
## 2.0 PROJECT OUTLINE

### 2.1 Project Description

The Project proposes to commercialize the gas reserves within the Southern Highlands and Western Provinces of PNG. Natural gas will be produced from gas fields at Hides, Angore and Juha and from existing oil fields feeding production facilities at Kutubu, Agogo and Gobe. It will be processed and then transported via pipeline from these provinces through the Gulf Province and the Gulf of Papua to LNG producing and transporting facilities in Central Province.

The Project will enhance and expand existing production fields and facilities developed in the Southern Highlands Province in the 1990s. The Project is estimated to have a production life of some 30 years and to provide a significant boost to the PNG economy. Project construction and production will bring benefits such as employment opportunities, royalties, taxation revenue, and the potential for new industrial and community development.

Construction of the pipelines and gas plants will take approximately four years from late 2009 to year end 2013. The Company estimates that it will produce LNG for approximately 30 years beginning in late 2013/ early 2014. Figure 2-1 below shows the location of some of the major Project components. The facilities that will be constructed are shown in red and existing facilities which will be used are shown in blue.



**Figure 2-1: Overview of Major Project facilities**

### 2.2 Co-Venture Structure

Participating interests include: The Company (Operator, 33.2%), Oil Search Limited (29.0%), Kroton #2 Limited (PNG Government, 16.6%), Santos (13.5%), Nippon Oil (4.7%), Mineral Resources Development Company (PNG Landowners, 2.8%) and Petromin PNG Holdings Limited (0.2%).

### **3.0 LEGAL AND OTHER REQUIREMENTS**

Applicable PNG laws and regulations, requirements of international finance institutions, and relevant corporate policies provide the regulatory framework for the Project's stakeholder engagement activities and approach.

#### **3.1 PNG Laws and Regulations**

Public consultation is required as part of PNG's consideration of equity entitlement and project benefits as mandated by the PNG Oil and Gas Act (O&GA) 1998. In addition, National Goal 2(6) of the Constitution of PNG requires both the Company and its Contractors to engage the community and "maximize the number of citizens participating in every aspect of development".

In 2007, the Company began extensive work to identify Project stakeholders and to develop a considered and thorough approach to consultation. Beginning with the Environmental Impact Statement (EIS), the Company has complied with the legislative and regulatory requirements of the Environment Act 2000 by describing the details of the consultation program and the degree of public interest, as well as the mechanism and frequency for reporting monitoring results, to the Department of Environment and Conservation (DEC) and other stakeholders. As required by the Environment Act 2000, following submission of the EIS, a further period of public consultation was undertaken allowing for the identification, consideration and mitigation of issues raised by stakeholders.

The Company is continuing to work in partnership with the PNG Government and other stakeholders to comply with the requirements of the O&GA. Section 48 of the O&GA relates to the establishment of a development forum prior to the granting of licenses. The purpose of the forum is for the landowners in the Project Impact Area (PIA) and affected local-level and provincial governments to reach an agreement on matters such as state equity entitlement and Project benefits.

Social mapping and landowner identification (SMLI), required by Section 48 of the O&GA and necessary for appropriately convening the development forum, was undertaken extensively for the Project by building on a strong foundation of experience and knowledge of the Project area and its people. The PNG Government concluded the development forum and reached a development agreement with Project area stakeholders on overall terms and framework on state equity, Project benefits and other issues, under the umbrella Benefits Sharing Agreement (BSA) signed in Kokopo on 26 May 2009. The PNG Government subsequently conducted license-based workshops in coordination with the Project to finalize detailed agreements in each of the petroleum license areas covered by the Project.

The Project requires three types of licenses under the O&GA; a petroleum development license (PDL), a petroleum processing facility license, and a petroleum pipeline license (PPL). Applications for these licenses must include detailed information about the Project, including social and environmental implications.

Section 47 of the O&GA specifies the steps that the licensee shall undertake in completing social mapping studies and landowner identification studies. This has been completed and is contained in the Project SMLI reports.

Sections 73, s.81, s.82, s.87 and s.92 of the O&GA require applicants for petroleum facilities such as pipeline or processing facilities to make all reasonable efforts to consult with existing and potentially affected stakeholders about new developments or modifications to existing facilities with the goal of collecting their views. This document details how the Project will comply with this requirement.

### 3.2 International Finance Institution Requirements

This Stakeholder Engagement Plan (SEP) seeks to implement a best practice approach to engaging with the Project stakeholders by incorporating elements and approaches recommended by international bodies including the World Bank Group (WBG)/ International Finance Corporation (IFC). These include:

- IFC Performance Standard 1 and Guidance Note – Social and Environmental Assessment and Management Systems (IFC, 2006);
- IFC Performance Standard 2 and Guidance Note – Labor and Working Conditions (IFC, 2006);
- IFC Performance Standard 4 and Guidance Note –Community Health, Safety and Security (IFC, 2006);
- IFC Performance Standard 5 and Guidance Note – Land Acquisition and Involuntary Resettlement (IFC, 2006);
- IFC Performance Standard 7 and Guidance Note – Indigenous Peoples (IFC, 2006);
- IFC Performance Standard 8 and Guidance Note– Cultural Heritage (IFC, 2006); and
- Additionally, recommended good practice in stakeholder engagement is contained in: A Good Practice Handbook for Companies Doing Business in Emerging Markets (IFC, May 2007).

IFC good practice can be summarized as follows:

**Early engagement** – Commencing engagement early is critical in building trust, mutual respect and in establishing relationships with stakeholders. The development and implementation of the plan will ensure that consultation activities are proactive and planned and delivered in a timely way.

**Long-term view** – Establishing and maintaining relationships is a long-term investment. To enhance the value of stakeholder relationships, a long-term view to engagement will be taken. The SEP embeds a long-term view in the engagement activities by identifying and planning engagement activities for each phase of the project.

**Tailored at each phase of project** – The design of the SEP is specifically tailored to each phase of the project. In developing the plan, activities, issues and stakeholders associated with the phase are considered and are built into the engagement activities for that phase.

**Proactive, not reactive** – The SEP will set a proactive path for consultation and will consult in a strategic manner, as opposed to being reactive and responding to issues of concern as they arise. A proactive approach to consultation will build credibility and relationships with stakeholders.

**Managed as a business priority** – The SEP will ensure that engagement activities are planned and delivered through a systematic and consistent approach and that management responsibilities are assigned to each consultation activity.

### 3.3 Equator Principles

An additional guide on international standards for stakeholder engagement is contained in the Equator Principles ([www.equator-principles.com](http://www.equator-principles.com)). The Equator Principles set out environmental and social criteria and guidelines for financing of projects, and a key benchmark for many lending institutions.

Section 9-2-4 of the PNG LNG Project Environmental Impact Statement (EIS) states that *“Esso will prepare a Public Consultation and Disclosure Plan in accordance with the International Finance Corporation’s, ‘Stakeholder engagement: a good practice handbook for*

companies doing business in emerging markets' (IFC, 2007, [R164]) and the Equator Principles (World Bank, 2006, [R076])”.

Section S9-8-2 of the EIS states that “The procedure will be developed in accordance with the Company’s Operations, Integrity Management Systems (OIMS) (see Section 30.2, Environmental Management System) and the requirements of the International Finance Corporation’s, ‘Stakeholder engagement: a good practice handbook for companies doing business in emerging markets’ (IFC, 2007, [R164]) and is expected to build on existing company practices that are managed by Esso’s Land and Community Affairs team”.

**Principle 3** of the Equator Principles requires that the project proponent (in this case Esso Highlands) should comply with the IFC’s Performance Standards and Environmental Health and Safety Guidelines<sup>1</sup>

(See [www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards](http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards) for details on these Standards and Guidelines).

**Principle 5** outlines the main consultation and disclosure of information requirements. It requires the following:

- The government, borrower or third party for the Project needs to consult ‘with project-affected communities in a structured and culturally appropriate way’ (EPFI,<sup>2</sup> 2006).
- Consultation should be ‘**free**’ (free from external manipulation, interference or coercion, and intimidation), ‘**prior**’ (timely disclosure of information) and ‘**informed**’ (relevant, understandable and accessible information), and should apply to the entire project process.
- A Project Consultation and Disclosure Plan (PCDP) should be prepared. This was developed as part of the EIS in 2008. This Stakeholder Engagement Plan sets out the Company consultation and disclosure approach for future and ongoing work on the Project.
- Consultation is to be tailored to meet the needs of the affected communities in terms of language, their decision-making processes and the specific needs of disadvantaged or vulnerable groups.
- Project documentation, or non-technical summaries of project documents are to be made available to the public.
- The process and results of consultation with the public are to be documented.
- Consultation with indigenous peoples should be carried out according to IFC Performance Standard 7.

**Principle 6** requires the Project to establish a grievance mechanism in order to consider concerns from project-affected communities promptly and transparently, and in a culturally appropriate manner.

### 3.4 Corporate Policies

The Company is committed to conducting business in a manner that considers both the environmental and economic needs of the communities in which it operates. These commitments are supported and underpinned by human safety, health, environmental, product safety and security policies. Each of these policies is put into practice through a disciplined management framework called the Operations Integrity Management System (OIMS).

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<sup>1</sup> IFC, 2006a; IFC, 2007b, c, d, e, f, g, h

<sup>2</sup> Equator Principles Financial Institutions (EPFI): The Equator Principles Financial Institutions (EPFIs) recognize the importance of transparency with regard to implementation of the Equator Principles.

In 2007, 'Best Practices in External Affairs' (BPEA) was implemented as part of the Community Awareness element of OIMS for key facilities across our global operations. The BPEA initiative is the strategic planning and management tool for global external affairs, which allows the Company to seek and practice excellence in community relationships and national content development.

The BPEA enables the Company to optimize the impact and value of community outreach programs by developing and maintaining relationships with external stakeholders. This approach is underpinned by constant improvement in understanding of the viewpoints and concerns of the diverse communities in which it operates, and how the Company can appropriately consider those concerns.



## **4.0 PREVIOUS STAKEHOLDER ENGAGEMENT ACTIVITIES**

### **4.1 History**

Stakeholder engagement on oil and gas proposals within and around the Project area has been evolving since the 1990s.

The former PNG Gas Project was first proposed by Chevron Asiatic Ltd in 1995 to build on established petroleum production infrastructure. The project sought to commercialise gas reserves in the Southern Highlands and to produce natural gas for export to Australia by pipeline. In 2000, this iteration of the project went into abeyance.

By 2004, eastern Australia's tightening gas supply and growing gas demand had improved the PNG Gas Project's competitive position. The PNG Gas Project (The Company as operator) continued to build on its history of stakeholder consultation with the development of a consultation and disclosure program as part of the project's environmental impact assessment. The program used both formal and informal methods to disseminate information on and solicit comments from stakeholders regarding the project. In mid-2006, the AGL-Petronas Consortium (APC) responsible for developing the Australian portion of the pipeline withdrew from the project. Significant cost growth and the withdrawal of the Australian consortium sent the PNG Gas Project into abeyance in January 2007.

In addition to previous gas-related consultation in the project area, Oil Search Ltd (OSL), a co-venture partner has been consulting with highland landowners in the license areas since the early 1990s. OSL has been involved in producing oil at Kutubu since 1992, and over the years has maintained a well-trained group of community affairs and village liaison officers (VLOs) in the Hides, Kutubu, Moran, Gobe and Kopi areas. The Project will draw on this experience and knowledge as it progresses.

The LNG site does not have the same history of public engagement related to oil and gas activities as the highlands. The landowners near the LNG site have regular interaction with larger communities, such as Port Moresby, and therefore have had some exposure to industrial developments in the past.

This history of consultation has resulted in a high level of community familiarity with oil and gas projects and the establishment of relationships between oil and gas operators and stakeholders in the highlands. While there are new areas of stakeholder engagement in the Juha area (Western Province) and around the site of the LNG facilities (Central Province), many people in the Southern Highlands and Gulf provinces are familiar with the concept of a gas pipeline from Hides to Kopi and other developments. Consultation as part of many of the studies for the PNG Gas Project, in particular, remains relevant for the Project and provides a base for the current stakeholder engagement program.

The three primary stakeholders partnering for Project success are Government, the Company and landowners. Their responsibility to each other can be summarized in Table 4-1 below.

**Table 4-1: Project Partnership Matrix**

	<b>Government</b>	<b>The Company</b>	<b>Landowners</b>
Government responsibility to:	Manage Project and landowner interface. Use revenue for benefit of PNG as a whole.	Provide secure and attractive fiscal regime for the Project.  Grant access by license.  Monitor performance of the Project.	Benefits to pay for access and recognize custom.  Direct benefits: goods and services.  Direct income: royalty and equity.
Company responsibility to:	Pay taxes and royalties promptly.	Develop the Project in safe and environmentally and socially sound manner.  Efficiently produce LNG for the Project and Government.  Return an adequate profit to shareholders.	<i>Direct Benefits:</i> Contributions in areas such as business, employment, education, and village infrastructure.  <i>Indirect Benefits:</i> Community development, compensation for use/ impact on livelihoods, land and/or water, and other facilities or infrastructure.
Landowner responsibility to:	Grant access to the Project.  Assist in engaging the support of local stakeholders  Develop and maintain constructive relationships	Grant access.  Engage with the Project to ensure a smooth and mutually agreeable process and leverage support to maximize benefits to communities.	Mobilize land groups to support the Project.  Negotiate benefits and ensure timely delivery.  Spread benefits and maintain constructive relationship and dialogue.

Source: Tony Power (2000), *Community Relations Manual*, PNG Chamber of Mines and Petroleum.

## **4.2 Project Engagement**

### **4.2.1 Public Consultation and Disclosure**

Public consultation and disclosure during the environmental and social assessment process for the Project is detailed in the EIS Public Consultation and Disclosure Plan (2009). The process was undertaken in five phases, as described below.

**Phase 1 – Scoping and Screening** – involved consultation with key stakeholder groups to enable the Department of Environment and Conservation to review the proposed EIS scope and redress any shortcomings.

The phase concluded with the submission and presentation of an Environmental Inception Report. The Project consulted with the following stakeholders throughout this phase:

- Landowner representatives;
- Department of Petroleum and Energy (DPE);
- Department of Environment and Conservation (DEC);
- Community Development Initiative Foundation;
- Co-ventures;
- Provincial Governments;
- Project Community Representatives from Hides, Moran, Kutubu and Gulf;
- National Museum;

- Non-Government Organizations (NGOs); and
- Industry-related groups (e.g., logging and fishing).

**Phase 2 – Baseline Studies** – involved undertaking environmental and social specialist studies in the Project Impact Areas (PIA). The results of these studies were integral in establishing the key environmental and social characteristics of the PIA. The following stakeholders were consulted during this phase:

*Landowners and Villagers*

- Distribution of leaflets and brochures (in English, local languages and Tok Pisin);
- Presentations at appropriate stages (e.g., the Gas Awareness programs held in April 2005 and October 2005. The latter presented technical aspects of the Project to communities);
- Household survey for the Social Impact Assessment (SIA);
- Meetings between the Independent Advisory Company (IAC) and landowner companies. Information through training programs to improve awareness about potential employment opportunities for the Project area community members; and
- Interviews conducted by archaeologists with local landowners to locate sites of archaeological or cultural significance.

*Provincial Governments and Other Government Departments*

- Consultation with and input to SIA household survey with provincial government representatives.

**Phase 3 – Impact Assessment and Mitigation (EIS Preparation)** – Involved refining of Project components and identification of key issues and impacts and the designing of appropriate mitigation measures to reduce these impacts.

The Project consulted primarily with DEC and DPE on the proposed content of the EIS and the technical specialist studies.

**Phase 4 – EIS Disclosure** – Involved the consultation and disclosure activities conducted as part of the public release of the EIS.

The Project team conducted a road-show that travelled to Project-affected villages and disseminated the key findings of the EIS and to collect additional feedback to be used in the formal assessment by the PNG Government. Stakeholders included in the road-show were:

- Landowners and villagers;
- Department of Environment and Conservation;
- Department of Petroleum and Energy;
- PNG Gas Project Working Group;
- Provincial Governments and other Government Departments;
- NGOs;
- Industry-related groups (e.g. logging and fishing); and
- Research organizations.

**Phase 5 - EIS Approval** – These activities involved the final consultation activities conducted to achieve approval.

The Project consulted with PNG Government departments and other stakeholders to consider additional issues that arose during the final road-show activities. Consultation activities were conducted with various stakeholders throughout all phases of the Project

environmental and social assessment process. The following summarizes the key components of these activities.

#### *Landowners and Villagers*

- Informal meetings between Land and Community Affairs (L&CA) field personnel and village leaders;
- Regular contact by L&CA field personnel with villagers to provide Project development updates;
- Engaging and training village liaison officers to provide a two-way information exchange between Project area communities and the L&CA team;
- Regular EIS progress meetings with the EIS technical team incorporating workshops later in the process to discuss the results of specialist studies;
- Regular contact with the Department of Environment and Conservation (DEC) officers via telephone, letters and facsimile by the Operator and its consultants;
- Regular meetings to inform the Department of Petroleum and Energy (DPE) of consultation activities and developments as per requirements of the O&GA and the Gas Agreement;
- Representatives of DPE attend the DEC EIS progress meetings mentioned above; and
- The Project representatives maintain contact with relevant personnel via telephone, email, letters and facsimile.

#### *PNG LNG Project Working Group*

- Meetings of representatives of the various impacted Government Departments to prepare and progress work plans required by the Company. Representatives were invited to participate as observers.

#### *PNG Gas Project Coordination Committee*

- Meetings to provide Project updates, and assorted technical meetings.

#### *Provincial Governments and Other Government Departments*

- Meetings to provide information on Project progress and to consider any queries or concerns; and
- Project representatives maintain contact with relevant personnel via telephone, email, letters and facsimile.

#### *Non-Governmental Organizations*

- Project representatives conducted follow-up briefings and maintained contact and responded according to level of interest and concerns voiced;
- Participation of local faith-based NGOs in local community presentations (e.g., Gas Awareness program visits);
- PNG Gas Project Ministerial Committee; and
- Meetings to provide Project updates and assorted technical meetings.

#### *Research Organizations*

- Meetings (e.g. with PNG IMR).

#### 4.2.2 LNG Facility

In April 2008, the Project began holding weekly meetings in each of the four villages near the LNG Site; the four villages are Boera (Thur), Lea Lea (Mon), Papa (Tues) and Porebeda

(Fri). The meetings are open to the public, but the Project has set up a Working Committee made up of well-respected local citizens who are asked to always attend the meetings. The Project provides the meeting space and a facilitator at the LNG site. In addition to the weekly meetings, the Project also hold meetings twice a month in each community to ensure that information discussed at the weekly meetings is disseminated to community members.

#### 4.2.3 Resettlement Consultation Strategy

The laws of PNG require consultation with people affected by projects. National Goal 2(9) calls for every citizen to be able to participate, either directly or through a representative, in the consideration of any matter affecting an individual's interests or the interests of his or her community. Supporting this goal, Company policy and IFC Performance Standard 5 require "free, prior, informed consultation with communities that will be affected by a project."

This process includes identification of stakeholders, dissemination of information, training and support for representative community groups, and formal and information consultation with stakeholders.

Resettlement related consultation is to be coordinated by the Land and Community Affairs (L&CA) Department and conducted by the L&CA in collaboration with Project resettlement specialists.

The principal goal of the consultation is to assist in managing negative impacts of the Project on affected people. Consultation must meet several objectives: create awareness of the land access required by the Project; understand community needs and concerns; obtain contributions and preferred assistance options from stakeholders; and to assist in assessment of performance of RAP implementation.

To achieve the consultation objectives above, the following approach is necessary:

- Full participation of all affected communities and landowners, and consultation with other stakeholders and government;
- Consultation starts early in the development process;
- Cultural factors are considered in consultation and disclosure activities are culturally appropriate;
- Stakeholders have ready access to information at all stages;
- Consultation takes place throughout the RAP process in a highly participatory manner with ongoing feedback to stakeholders;
- Training and support is provided to representative community groups;
- Good record-keeping of consultation and disclosure activities; and
- A credible NGO agency in PNG to act as local advocate and adviser to affected people.

#### 4.2.4 Community Support Strategy Consultation

To be developed as part of the overall Community Support Strategy Implementation Program.

### 4.3 **PNG Gas and Oil Search Limited Engagement**

The Project will also be able to draw on the experience and knowledge gained by others who have undertaken stakeholder engagement on oil and gas proposals within and around the PIA since the 1990s. As a result of the previous PNG gas projects described above, there were 24 different SMLI studies completed in various potential PIAs between 1997 and 2006. A further eight SMLI studies were commissioned for the Project, including the LNG Site. As such, these areas, the landowners who live there, and the issues of importance to the people in the PIA are well understood and documented.

Oil Search Limited (OSL) has considerable experience in the region and has found the following stakeholder engagement tools to be successful:

- *Formal Consultation Forums* – since the mid-1990s, monthly ‘Chiefs Meetings’ have been held monthly in Hides, involving the nine clan leaders and spokesmen from the Hides region. This forum provides the community and the Project the opportunity to regularly meet, discuss and resolve disputes using the traditional community governance processes, involving traditional leaders.
- *Community Area Planning (CAP) Committees* regularly meet with OSL Land and Community Affairs (L&CA) officers to discuss and plan small-scale community development projects, such as village infrastructure and agricultural extension programs. These initiatives are funded by OSL with the community typically committing labor and timber, for example. Dialogue and planning can be an ongoing and lengthy process, providing opportunities for community interaction and resolving potential issues before they escalate.
- *Informal Interventions* - Some semi-formal engagement interventions include attendance by OSL business development officers at the infrequent landowner company (Lanco) management meetings and also the more regular Board of Directors meetings of which six are held each year per landowner company.
- *Media and Publications* - A newsletter is produced every two months and distributed to OSL staff, Government Departments and NGOs. Twenty-two fact sheets using simple language to explain complex aspects of the Project such as royalties and equity, dispute resolution and the role of Local Government have also been developed.
- Some media initiatives which have proven successful include broadcasting L&CA news on radio programs such as CDI FM, Southern Highlands FM, and Gulf FM. These radio broadcasts are taped in English, Pidgin and Motu language. OSL also maintains Information Centers at all the accommodation camps, and there are community notice boards at most health centers and schools in the Project area.

## 5.0 FUTURE DISCLOSURE ACTIVITIES

The Public Disclosure and Consultation Plan (2008) details the disclosure and consultation activities associated with the EIS. As per this Plan, the information to be disclosed during the third and fourth quarters of 2009 is summarized in Table 5-1.

**Table 5-1: Proposed Disclosure of Information in 2009 (Rev 0, November 2009)**

Document/Information
Stakeholder Engagement Plan (a version of this current document which will be written in simpler language for stakeholders).
Resettlement Policy Framework, summary site-specific Resettlement Action Plans.
National Content Plan.
ESMP and Appendices.
Community Support Strategy Summary.
Biodiversity Strategy.
IESC Construction Monitoring reports.

The documents listed above will also be disclosed on the Project's website. Hard copies will be made available at each Land and Community Affairs (L&CA) Project office in English and Tok Pisin.

For issues involving Project-affected communities, specific communications and engagement tools will be employed. These will recognize, at a minimum, the need for culturally acceptable and non-technical summaries, as well as appropriate translations and translators.

## **6.0 STAKEHOLDER ENGAGEMENT FOR THE PROJECT**

### **6.1 Principal Stakeholder Groups**

A list of stakeholders has been developed from a variety of sources, including:

- Information gathered from consultation activities conducted as part of previous proposals (specifically the Project);
- Co-venture partners; and
- Consultation conducted by the Project as part of the EIS process since early 2007, including SMLI reports conducted under s. 47 of the OGA and the Oil and Gas (Amendment) Act 2001.

An analysis of this data set has led to the following principal stakeholder groups being identified (Table 6-1).



**Table 6-1: Principal Stakeholder Groups**

Stakeholder Group	Representatives
<p>Project-affected landowners and local communities.</p>	<p>Village level stakeholders are defined as those that have the potential to be directly and/or indirectly impacted by the Project. These people could experience potential positive or negative Project impacts through one or more of the following:</p> <ul style="list-style-type: none"> <li>• Physical proximity to Project operations and potential impacts;</li> <li>• Land ownership and land-use rights associated with land identified for Project operations;</li> <li>• Direct employment in Project exploration activities;</li> <li>• Project employment/ contracting opportunities in the future;</li> <li>• Direct involvement and participation in current Project L&amp;CA and Project-sponsored activities, such as land acquisition and compensation, training, education, capacity development;</li> <li>• Clan connections and relationships between villages near the Project (i.e. those which overlap boundaries with point 1 above); and</li> <li>• Changes in the biological, chemical or physical environment or nature.</li> </ul> <p>A total of 117 Project-affected communities have been identified, with a baseline population of at least 28,000 people, including a sizeable proportion of 'Project area landowners', as defined under the O&amp;GA.</p> <p>A detailed breakdown of community catchment areas and specific issues is contained in the SIA.</p>
<p>Landowner companies (Lancos).</p>	<p>Landowner companies are companies registered in PNG and owned by the people of the same clan, or of clan origin, who use and/or have title to land in a specific geographic area. The Project has procedures in place to recruit and hire all unskilled PNG labor in conjunction with the Representative Lanco where the work is to be performed. Lancos include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Hides Gas Development Company;</li> <li>• Moran Development Corporation;</li> <li>• Maka Investment Corporation;</li> <li>• Kutubu Security Services;</li> <li>• Kutubu Transport Ltd/ Transwonderland;</li> <li>• Kutubu Catering Limited;</li> <li>• Kawaso Ltd;</li> <li>• Gobe Field Engineering;</li> <li>• Gobe Freight Services;</li> <li>• Kikori Oil Investment;</li> <li>• Gobe Freight Services; and</li> <li>• Laba Holdings.</li> </ul>
<p>PNG Government (National).</p>	<ul style="list-style-type: none"> <li>• There are 22 key Government Ministries who have an interest in the Project.</li> </ul>
<p>PNG government (Provincial and Local).</p>	<p>The Government Departments present at the Provincial level operate as follows:</p> <ul style="list-style-type: none"> <li>• The Provincial Assembly is the paramount decision making body in a province. It is composed of Members of the National Parliament (MPs) and a limited number of appointed members representing women and other groups;</li> <li>• The Provincial Executive Council (PEC) is the executive arm of the Provincial Government, and is comprised of the Provincial Governor, Deputy Governor and a series of Chairpersons appointed to supervise permanent development committee;</li> <li>• The Joint District Planning and Budget Priorities Committee (JDPBPC) oversee and coordinate the preparation of district plans and budgets. JDPBPCs are comprised of the heads of local-level governments in the district (usually three), and three members appointed by the Chairman, who is the Open MP for the district;</li> </ul>

Stakeholder Group	Representatives
	<ul style="list-style-type: none"> <li>• The Provincial Administrator &amp; Staff are responsible for overseeing the administration of the Organic Law in the province; and</li> <li>• The District Administrator and Staff are responsible for overseeing the administration of the Organic Law in the district included in the PIA.</li> </ul>
<p>NGOs, Civil society organizations and Research organizations.</p>	<p>Appropriate dialogue with interested NGOs or other third parties is required by Equator Principle Guidelines and is necessary to ensure transparency. The following organizations are potential stakeholders, and this list is subject to change over time:</p> <ul style="list-style-type: none"> <li>• World Wildlife Fund (WWF) South Pacific;</li> <li>• The Nature Conservancy, Pacific Island Countries Program;</li> <li>• Conservation International;</li> <li>• Community Development Initiative (CDI);</li> <li>• PEACE Foundation Melanesia;</li> <li>• Centre for Environmental Law and Community Rights;</li> <li>• Environmental Law Centre;</li> <li>• Sporting organizations;</li> <li>• Oxfam International;</li> <li>• Business Against Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS);</li> <li>• Save the Children (STC);</li> <li>• Faith-based, project-area NGOs (e.g., PNG Chamber of Churches, PNG Catholic Church, Evangelical Church of Papua and Catholic, Wesleyan and Seventh Day Adventist churches);</li> <li>• PNG National Museum and Art Gallery;</li> <li>• University of Papua New Guinea;</li> <li>• PNG National Research Institute (NRI); and</li> <li>• International research agencies conducting research in PNG.</li> </ul>
<p>EPC contractors</p>	<p>EPC contractors will be the primary employer of PNG citizens (with employment through Lancos). Project scope has been parceled as:</p> <ul style="list-style-type: none"> <li>• Early Works/Infrastructure;</li> <li>• EPC1 (Telecommunications);</li> <li>• EPC 2 (Offshore Pipeline);</li> <li>• EPC 3 (LNG Site);</li> <li>• EPC 4 (Hides Gas Conditioning Plant (HGCP));</li> <li>• EPC 5a and 5b (Onshore Pipeline and Komo Airfield); and</li> <li>• Drilling (Hides, Angore, Agogo, Gobe, Juha)</li> </ul>
<p>Industry groups and local businesses/ suppliers</p>	<p>The following industry groups are potential stakeholders:</p> <ul style="list-style-type: none"> <li>• Forestry industry (PNG Forest Research Institute, log export monitors, forestry industry groups);</li> <li>• Mining (Porgera Mine and Power Station);</li> <li>• Fishing industry (fishing industry groups, fishing companies);</li> <li>• PNG Chamber of Mines and Petroleum;</li> <li>• Other industry groups, e.g., Coffee Industry Corporation;</li> <li>• Chamber of Commerce and Industry;</li> <li>• Mineral Resources Authority (MRA); and</li> <li>• PNG Port Authority.</li> </ul>
<p>Shareholders associated with co-venture companies, particularly OSL considering the shared Project footprint.</p>	<p>The Project involves the respective resources of the co-venturers in a number of petroleum development license (PDL) and petroleum retention license (PRL) areas.</p> <p>The co-venturers include:</p> <ul style="list-style-type: none"> <li>• Esso Highlands Limited (as operator);</li> <li>• OSL;</li> </ul>

Stakeholder Group	Representatives
	<ul style="list-style-type: none"> <li>• Santos Ltd;</li> <li>• Nippon Oil Exploration Limited; and</li> <li>• The Independent State of Papua New Guinea and landowners (consisting of Kroton #2, MRDC and Petromin PNG Holdings Limited).</li> </ul>
Local media.	<p>Relevant local media organizations are as follows:</p> <ul style="list-style-type: none"> <li>• Newspapers: <i>Post Courier</i>, <i>The National</i> and <i>The Weekender Chronicle</i>, CDI FM and other rural radio stations; and</li> <li>• EM TV.</li> </ul> <p>In the event of a major issue arising, international media are also likely to take an interest in the Project.</p>
Export Credit Agencies (ECAs) or Lenders.	<p>ECAs or lenders are also relevant Project stakeholders. The lenders will be engaged through a variety of processes. A social management monitoring group will be established to monitor implementation of Company and Contractor social management plans and report to the Lenders on a regular basis. It is expected that the Lenders will conduct periodic field verification visits, either directly or through an appointed representative.</p>
Project employees.	<p>Project employees are an important stakeholder group because while most may not be directly tasked with stakeholder engagement, they will be interested in keeping up to date with Project activities and they may be asked questions about the Project in informal situations.</p>
Bilateral Groups.	<p>Bilateral groups such as AusAID, World Bank, IMF, Asia Development Bank, EU and others will have a continuing and broad interest in the Project, and communication with these groups will be considered as part of the Project's External Affairs Plan.</p>
Opinion leaders/formers.	<p>Opinion leaders and formers are individuals who may comment in the media and other forums about issues of interest to the Project. They may include academics, researchers, visiting celebrities, economists and others.</p>
Communities affected by the Project's transportation operations, particularly along the Highlands Highway.	<p>Communities who are not in the direct Project footprint but who will experience additional volumes of traffic along the Highland Highway.</p>

## 6.2 Special Considerations: Project-affected Landowners and Local Communities

For the purposes of general stakeholder baseline collation, analysis, and presentation, the SIA (2008) clustered and aggregated Project-affected landowners and local communities into eight (8) regional project catchment areas. These groupings are important as each 'attachment' has different issues that require different engagement strategies. These are summarized in Table 6-2 below.

These catchments for the most part contain culturally homogeneous groups, or groups who co-reside peacefully. The communities clustered within a catchment share similarities in respect to duration of exposure to resource development and inclusion within given license zones.

Approximate spatial mapping of these catchments is shown in the SIA (2008, Section 2.5.5).

Within each catchment, and indeed down to the local community level, sub-groups exist and the Company will ensure that, as with all stakeholders, their collective inputs are sought and included. Examples of sub-groups include unemployed youths (18-24 year olds), school children, female-headed households, community elders, and women's groups, which are yet to be mapped.

Similarly, each community will have different mixes of characters, opinion-leaders, and elders that will participate in the stakeholder engagement process (Section 8.1).

The Company is also sensitive to other community dynamics such as factions and divisions. While some of this information is known already, collating and updating it is an on-going process. This level of stakeholder information will be captured in a database which will form part of the Project-wide integrated information management system.

Considering that the population in the PIA comprises a diversity of ethno-linguistic indigenous groups, stakeholder engagement has been and will continue to be flexible in its approach. Methods, timelines and media will be adjusted to meet different requirements and cultural characteristics of the population.

Aspects considered in the implementation of engagement activities for the different areas include:

- Use of local language;
- Meetings and workshops considering local timelines and activities;
- Culturally acceptable protocols for approaching different segments of the population (elders, women, youth, children);
- The importance of building stakeholder capacity so that they are able to interpret information and participate in the process;
- Availability of telecommunications (cell phones, two-way radios, satellite telephones);
- Use of commercial radio; and
- Literacy rates and patterns, and forms of engagement that communicate effectively with both literate and non-literate audiences (such as drama, posters, comics, etc.).

Engagement activities are also planned and implemented to integrate with Project execution activities. For example, for the purposes of land access consultation, the L&CA and the Project Management Team have broken down the catchment areas into smaller pieces associated with the In Principle Agreements (IPA) that need to be signed as the first step of the process for damage and deprivation compensation for Project affected communities.

IPA groupings were done to match Project construction and facilities with clan and sub-clan groups that L&CA felt could come together to agree on compensation rates.

Table 6-2 lists the specific issues that emerged during the social mapping process in different Project catchment areas.

**Table 6-2: Project Catchment Areas and Issues**

Catchment	Description	Issues
General		<ul style="list-style-type: none"> <li>• Participation in local business opportunities;</li> <li>• Improved social services : education, health, roads;</li> <li>• Training and scholarship programs;</li> <li>• Safety of environment for hunting, foraging, garden drainage, recreational activities, cultural heritage;</li> <li>• Support for local start-up business;</li> <li>• Provision for future generation welfare; and</li> <li>• Measures to deal with anticipated in-migration and explosion of benefit claimants.</li> </ul>
Juha	This is the most remote Project area, with a variety of stakeholders who will be engaged.	<ul style="list-style-type: none"> <li>• Environmental &amp; Social Issues;</li> <li>• Have minimal if no level of education;</li> <li>• Want infrastructure (roads, access to services);</li> <li>• Job opportunities;</li> <li>• Local Business Development;</li> <li>• Guidance; and</li> <li>• Training and education.</li> </ul>
Hides	Along with Juha, this is a remote Project area, with a variety of stakeholders who will be engaged. The area is where most of the drilling will take place, as well as the construction of several key facilities including the Hides Gas Conditioning Plant (HGCP), the Juha Production Facility (JPF) and the Juni Construction Training Centre.	<ul style="list-style-type: none"> <li>• Environmental Issues;</li> <li>• Spillages – adverse impacts on waterways/land;</li> <li>• Job opportunities;</li> <li>• Local Business Development;</li> <li>• Guidance;</li> <li>• Training and education;</li> <li>• Benefits Sharing Agreement;</li> <li>• Overcoming past when involved in current interactions with government authorities; and</li> <li>• Equitable Share.</li> </ul>
Komo	Site of the Komo airfield and a grouping of communities with specific engagement needs, particularly around resettlement.	<ul style="list-style-type: none"> <li>• Resettlement;</li> <li>• Environmental Issues;</li> <li>• Spillages – adverse impacts on waterways/land;</li> <li>• Job opportunities;</li> <li>• Local Business Development;</li> <li>• Guidance;</li> <li>• Training and education;</li> <li>• Benefits Sharing Agreement;</li> <li>• Overcoming past when involved in current interactions with government authorities;</li> <li>• Equitable Share.</li> </ul>
Moran	The area currently has oil production and oil pipeline, and the people in the area have had considerable interaction with OSL. A portion of the on-shore pipeline and the Agogo Production Facility and the camp at Moran are within this area.	<ul style="list-style-type: none"> <li>• Social Mapping and Landowner Identification;</li> <li>• Environmental and Social Issues;</li> <li>• Hunting;</li> <li>• Access to important land areas;</li> <li>• Job opportunities;</li> <li>• Local Business Development</li> <li>• Guidance;</li> <li>• Training and education;</li> <li>• Benefits Sharing Agreement; and</li> <li>• Equitable share.</li> </ul>
Kutubu	See above	<ul style="list-style-type: none"> <li>• Protection of sacred sites;</li> </ul>

Catchment	Description	Issues
		<ul style="list-style-type: none"> <li>• Access to water;</li> <li>• In-migration from North Huli clans;</li> <li>• Project pipeline acting as a catalyst for silt build-up in rivers;</li> <li>• Environmental Issues;</li> <li>• Change in drainage patterns causing adverse impact on land;</li> <li>• Job opportunities;</li> <li>• Local Business Development;</li> <li>• Guidance; and</li> <li>• Training and education.</li> </ul>
Gobe	See above	<ul style="list-style-type: none"> <li>• Protection of sacred sites;</li> <li>• Access to water;</li> <li>• In-migration from North Huli clans;</li> <li>• Project pipeline acting as a catalyst for silt build-up in rivers;</li> <li>• Environmental Issues;</li> <li>• Change in drainage patterns causing adverse impact on land;</li> <li>• Job opportunities;</li> <li>• Local Business Development;</li> <li>• Guidance; and</li> <li>• Training and education.</li> </ul>
Kikori	These are coastal-dwelling communities who may be impacted by the off-shore pipeline area.	<ul style="list-style-type: none"> <li>• Protection of sacred sites;</li> <li>• Access to potable water;</li> <li>• In-migration from North Huli clans;</li> <li>• Project pipeline acting as a catalyst for silt build-up in rivers;</li> <li>• Environmental Issues;</li> <li>• Change in drainage patterns causing adverse impact on land;</li> <li>• Logging issues leading to river siltation;</li> <li>• Job opportunities;</li> <li>• Training and education;</li> <li>• Local Business Development;</li> <li>• Guidance; and</li> <li>• Sustainable businesses.</li> </ul>
LNG Site	The area includes 4 villages which are primarily fishing-based economies although there have been a number of industrial developments in the past, including a rope-making factory and cattle raising.	<ul style="list-style-type: none"> <li>• Access to water;</li> <li>• Sanitation;</li> <li>• Project acting as a catalyst for in-migration issues;</li> <li>• Environmental Issues;</li> <li>• Environmental degradation (reefs, spillages);</li> <li>• Loss of access to resources (in specific areas only);</li> <li>• Job opportunities;</li> <li>• Guidance;</li> <li>• Local Business Development;</li> <li>• Training and education;</li> <li>• Benefits Sharing Agreement; and</li> <li>• Equitable Share.</li> </ul>



Figure 6-1: Project Catchment Areas<sup>3</sup>

3

The Project pipelines and infrastructure will traverse through a number of PDLs (1, 2, 4, 5, 6, 7, 8, 9) and a number of Petroleum Retention Licences (PRLs 2, 11) and the LNG Plant Facility.



## 7.0 KEY STAKEHOLDER ISSUES

A comprehensive understanding of stakeholder issues and interests will allow the Project to identify and implement stakeholder engagement activities that are best suited to achieving the Project's objectives, and specific stakeholder needs. A number of stakeholder issues have emerged as a result of past participatory discussions (see Table 7-1 below). The process of identifying, recording and responding to inputs from stakeholders will be ongoing.

These and other issues that arise in future will play a major role in shaping stakeholder engagement plans and activities.

Stakeholder issues are subject to change during the life of the Project. The SIA provided a comprehensive assessment of stakeholder issues, the Project will seek to consider these in various social management plans.

These and future issues will drive the content and activities for the Project's stakeholder engagement approach.

**Table 7-1: Stakeholder Interests and Stated Issues**

Type of interest	Interests and responses	Stakeholder groups that have expressed this type of interest
Direct Economic	Demand for employment opportunities for local people and indigenous clans. Interest in improving wages and conditions for Company staff and contractors. Interest in the creation of business opportunities for locals.  In-migration from other regions of PNG to Southern Highlands and Gulf communities.	Company and Project staff.  Project-affected landowners and local communities.  Local women are likely to find themselves marginalized from employment opportunities.
Compensation	Demands for cash compensation for loss of land, access, livelihoods.  Village infrastructure development projects.  Scholarships.  Interest in fees for acting as a broker in compensation deals.	Project-affected landowners and local communities.  Neighboring communities and clans, including the Customary elites – living outside the Project area in the urban centers such as Port Moresby and Lae.  Students and potential students.
Revenue Raising	Interest in royalties.  Interest in the potential generation of additional local tax revenues.	Landowners and regional governments – who will, or will not, receive a percentage of the revenues from the Project as determined in the BSA.  Governments of those regional centers, such as Lae and Port Moresby – who stand to gain an amount in local revenues as the major centers for the supply of equipment, materials, labor and services to the Project.
Political Positioning	Interest in demonstrating their ability to control material benefit flows from the Project at the village or district level for political status at the local, regency or provincial level.	Customary elites in the Project area and neighboring clans/ villages.  Elected officials.  Members of local parliament.  Elected officials.  Landowner Associations.

Type of interest	Interests and responses	Stakeholder groups that have expressed this type of interest
Business	<p>Interest in securing material and labor supply contracts and other sub-contracting opportunities.</p> <p>Interest in forcing the Company to sell/divest shares to local government or private investors.</p> <p>Facilitation payments – i.e. from other companies.</p> <p>Interest in the provision of security services/securing strategic national assets.</p>	<p>Established businessmen.</p> <p>Businesses.</p> <p>Government officials and members of parliament.</p> <p>Army, navy, police.</p>
Social/ Environmental Advocacy Interest	<p>Interest in challenging the Project on the grounds of unacceptable social and/or environmental impacts.</p> <p>Interest in working with the Project to minimize negative impacts and maximize social benefits.</p> <p>Interest in using the Project as an issue to generate debate and/or funding opportunities relating to broader social and/or environmental issues.</p>	<p>Local community members, whose traditional economic activities and social wellbeing will be affected by the Project.</p> <p>Local, national and international NGOs.</p> <p>Academic institutions.</p> <p>Local, national and international media.</p> <p>Some government officials.</p>

## 7.1 Issues Management

Considering stakeholder issues that arise during the life of the Project is a key component of successful stakeholder engagement. The Company’s approach to issues management will be based on:

- Anticipating and planning for potential issues at every stage of the Project’s activities;
- Developing a process for responding to stakeholders about their issues, setting out roles and responsibilities and coordinating and communication measures;
- Differentiating between site-specific and immediate response issues, and Company-wide issues to ensure an appropriate response;
- Communicating the issues response process to relevant Project team members;
- Assigning issues to managers;
- Coordinating issues response activities and keeping relevant stakeholders advised of mitigation steps that are both underway and planned;
- Managing issues at a local level, wherever possible, and avoiding escalation; and
- Tracking and reporting on progress.

## 7.2 Stakeholder Influence – Impact Ranking Methodology

In developing its stakeholder engagement process and approach, the Company evaluated the potential of each stakeholder group to influence and impact each stage of the Project.

## **8.0 STAKEHOLDER ENGAGEMENT STRATEGY**

### **8.1 Stakeholder Engagement Process**

This section describes the process that the Project will follow as it continues undertaking stakeholder engagement activities. It includes:

- The strategic imperatives and tools that will drive stakeholder engagement activities;
- A process for coordinating stakeholder engagement activities across all Project functional areas;
- A procedure for managing grievances; and
- A framework for monitoring and evaluating stakeholder engagement activities.

### **8.2 Strategic Imperatives for Stakeholder Engagement**

The Project's stakeholder engagement strategy is based on the following strategic imperatives:

- Understanding and anticipating stakeholder concerns and opportunities for shared outcomes;
- Communicating proactively with stakeholders about proposed and current Project activities, using consistent key messages;
- Sharing information and feedback across the Project team, and where appropriate, reporting back to stakeholders;
- Aligning, where possible, engagement activities with Project design, construction and operations activities; and
- Tailoring materials and activities to specific audience needs.

In addition, engagement activities conducted by the Project, including by the Company and Contractor(s), adhere to the following criteria:

- Free (free of coercion and intimidation);
- Prior (timely disclosure of information); and
- Informed (relevant, understandable and accessible information).

The EIS Public Consultation and Disclosure Plan (2008) presents details on how these criteria were met during the EIS process. Future engagement will build on the approach developed during the EIS process and will include records of meetings, discussion topics and schedules and the development of a contact database. Future engagement will also include discussion and disclosure of the Third Party Grievance Procedure (see Section 10.0). This procedure will provide an additional record of community engagement, including information on issues and complaints. Importantly, it secures a record of Project activities in terms of informed stakeholder engagement, feedback to the complainant regarding grievance assessment, and resolution.

### **8.3 Engagement Tools**

The Project will identify and adopt techniques that support the public participation objectives and targeted outcomes for each particular stakeholder as well as stakeholder's specific needs. For example, when engaging with local communities and landowners in the PIA, cultural issues and literacy levels will be carefully considered. Information and consultation sessions will be clear, build on consistent key messages and specifically encourage questions and comments.

Participatory tools and methodologies such as workshops and focus groups will also be utilized, as they are more likely to increase stakeholder involvement in the process and elicit

alternative responses, especially if there is controversy or complexity, or a need to build a consensus around possible solutions. Specific tools and tactics will be developed, where needed, to engage sub-groups within communities, including women, vulnerable groups, and minority groups.

Given the nature of engagement, the process will always be context-specific. This means that techniques, methods, approaches and timetables will be tailored for the local situation and the various types of stakeholders being consulted.

Recommended engagement practices and processes will determine appropriate engagement methods and tools based on:

- Location and sensitivity of the Project or activity – locally and internationally;
- Number and interest of stakeholders;
- Legal complexity of the issue to be discussed;
- Significance of potential impacts; and
- Expected or targeted outcomes of engagement.

The type of engagement and targeted stakeholders will change throughout the Project cycle. However, in general, the more a particular stakeholder group is materially affected by a component of The Project, the more important it is for them to be properly informed and encouraged to participate in matters that directly affect them.

Three formats are anticipated to serve as the basis of communication required within public participation. These are:

#### 8.3.1 Sharing Information

- Project Newsletter – useful for the Project to provide regular feedback and updates to stakeholders;
- Community Notice Boards – useful for announce upcoming events, general updates;
- Mass Media – national newspapers, radio, announce upcoming events, general updates;
- Website - <http://www.pnglng.com> good for sharing information for stakeholders who have internet access; and
- Other techniques for different kinds of audiences, e.g. drama, posters, comics.

#### 8.3.2 Bringing People Together into Productive Dialogue

- Road shows – delivery of key messages or specific studies, reports or data;
- Public meetings – useful for delivering regular updates to the general public (e.g. monthly meetings in project-affected villages); and
- Capacity Building Institutes - (e.g. Enterprise Centre, Juni and POM Tech training centers).

#### 8.3.3 Collecting and Compiling Input

- Individual meetings – for direct discussions with individuals or small groups, allows for the sharing of specific information to a narrow audience;
- Focus Groups – to collect data or get feedback on specific actions or programs or for weekly meeting with respected group of community leaders. Focus group discussions are also a useful way to engage women, minority and youth groups; and
- Studies and Surveys – for collection of baseline information or collection of opinions or perspective of different stakeholder groups.

Importantly, targeted outcomes for all levels of engagement will also need to be determined in order to identify the appropriate engagement method. For example, Governments at national, Provincial and Local levels will consistently be key stakeholders. It will be important to establish good working relationships, and seek positive outcomes such as the development of strategic partnerships, or collaborative efforts in integrating local development plans with the operational needs of the Project.

## 9.0 THE STAKEHOLDER ENGAGEMENT TEAM

### 9.1 Stakeholder and Project Relationships

The Project must manage a complex array of stakeholder interests, issues and expectations, and successful stakeholder engagement will require information sharing and coordination among the Project's various functional groups.

Figure 9-1 below maps the relationships between stakeholders and the Project's functional groups. Although the map indicates the stakeholders with whom those functions are most likely to interact, certain communication processes may target all interested and affected stakeholders collectively. The issues and comments from all groups of stakeholders will be recorded in a Stakeholder Database.

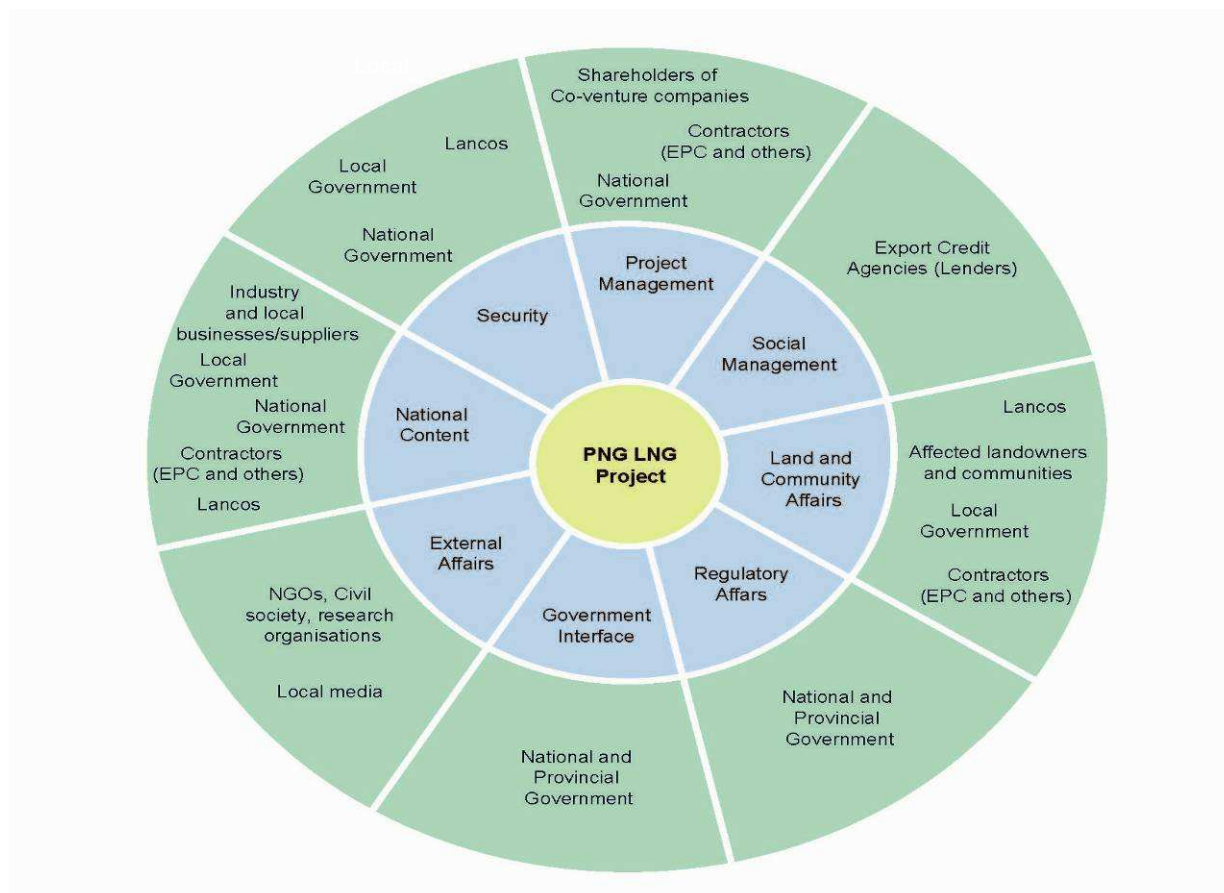


Figure 9-1: Mapping Relationships between the Project's Functional Groups and Stakeholders

### 9.2 Stakeholder Engagement Coordination Team (SECT)

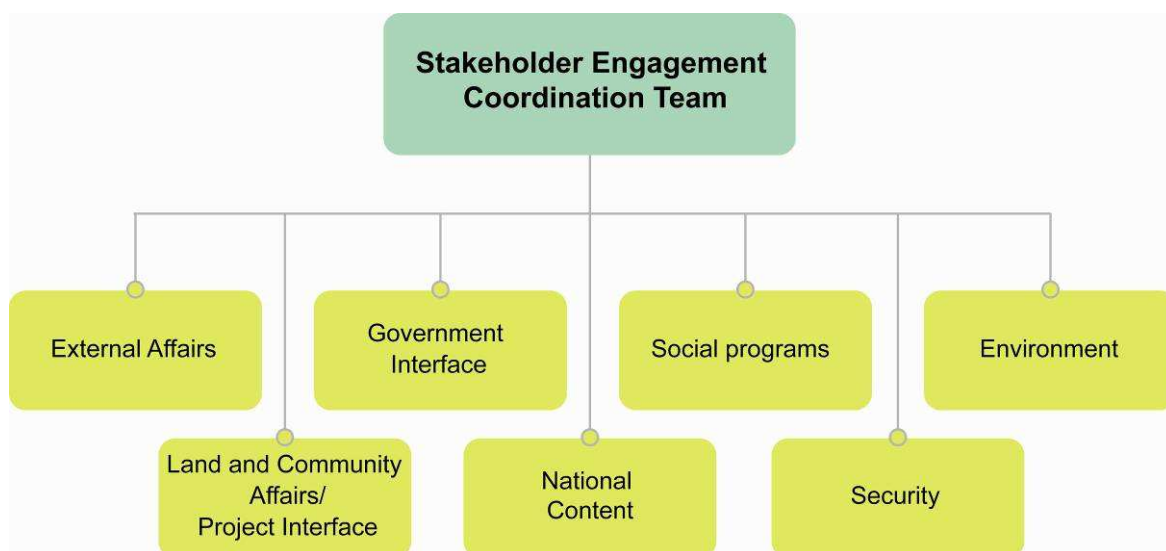
The Company will establish a Stakeholder Engagement Coordination Team (SECT) to take responsibility for making Project-wide decisions related to stakeholder engagement and coordinating tools and activities.

A charter will be developed for the SECT, which is anticipated to include the following elements:

- Meeting regularly to think strategically about planned and current activities and approaches;
- Providing strategic input into planning for Project-wide issues, for example, PNG National elections in 2012;

- Promoting the use of consistent key messages by Project functional groups as part of their stakeholder engagement activities;
- Ensuring that stakeholder issues are recorded and reviewed, and that stakeholders receive an appropriate and timely response to their issues;
- Considering information and making decisions to help the Project achieve its over-arching stakeholder engagement goals;
- Participating in managing and resolving complex issues and/or grievances that may arise over the life of the Project;
- Developing overarching reports on Project progress for key stakeholders;
- Sustaining relationships and maintaining continuity when there are personnel changes – both within the Project and within stakeholder groups;
- Disseminating information across Project functional areas, including to Project employees;
- Ensuring that stakeholder engagement commitments can be implemented, have received the appropriate internal approval, and do not conflict with any other commitments, in such a way that it would be to the detriment of stakeholders; and
- Ensuring stakeholder engagement activity information is documented for project and lender reporting purposes.

The SECT will be led by the Manager for External Affairs, with other team members representing each of the Project’s functional groups. This is illustrated in Figure 9-2 below.



**Figure 9-2: Stakeholder Engagement Coordination Group Representation**

Underpinning the SECT will be a team of operational-level personnel who will provide the necessary local-level information to inform decisions. The information provided to SECT will include that contained in the regular reporting mechanisms outlined in Section 10.4 as well as general ad hoc issues based reporting and serious grievances.

### 9.3 Stakeholder Engagement Implementation

A process will be developed allocating specific issues, roles and responsibilities to the functional groups of the Project. The table below describes the principles and approach for stakeholder engagement activities that will be undertaken by the Project’s functional groups. These are in addition to the overarching stakeholder engagement principles in Section 1.2.

Note also that the Contractor Management Plan – Community Engagement describes in detail The Company’s expectations of Contractors and Sub-Contractors with respect to community engagement, and their specific responsibilities.

**Table 9-1: Summary Table of Principles and Approach for Engagement Across Company Functional Groups and Stakeholders**

<b>Company Functional Group</b>	<b>Stakeholders</b>	<b>Principles and Approach for Engagement</b>
Project Management	Shareholders of co-venture companies. Contractors (EPC and others). National Government.	Develop and maintain constructive relationships and dialogue.
Social Management	Lenders.	Develop and monitor the implementation of the Company and Contractor Environmental and Social Plans.
Land and Community Affairs (L&CA)	The primary activity for L&CA Stakeholder engagement involves an effective, ongoing communications program between the operator and the Landowners, Lancos and local communities.	Establish and maintain meaningful relationships based on respect and open communication with communities in order to manage community expectations and consider community issues.  Ensure security of land access for the Project by working closely with stakeholders to implement fair and equitable compensation for landowners.  Maintain grievance and feedback mechanism.
Government Interface	Gas Coordination office, DPE, DEC, Department of Lands and Physical Planning (DLPP) and Provincial Governments.	To expedite the Project approval process, resolve issues and maintain good working relations at appropriate government levels.
Regulatory Affairs	As per Government Interface.	Ensure compliance with relevant regulatory guidelines and legislative requirements.
External Affairs	Government. Media. Co-ventures. NGOs.	Establish and maintain political support for the Project.  Develop appropriate communication strategies that support both the business interests of the Project and the interests of stakeholders.  Gain and maintain opinion leader trust in the integrity of the Project and subsequent operations.  Establish and maintain community and landowner support for the Project.  Develop harmonious relationships and maintain clear communication on the Project with the local and international NGO community.  Enhance support for field operations by building support for the Project among the citizens of PNG, responding to stakeholder issues as soon as they arise and anticipating other potential issues.  Ensure the long term (30 year) operational impacts are considered when formulating strategies and plans.
National Content	DPE. Department of Labor.	Develop effective implementation strategies that maximize the benefits of corporate contributions to the local population as well as achieving appropriate recognition for these investments.



<b>Company Functional Group</b>	<b>Stakeholders</b>	<b>Principles and Approach for Engagement</b>
	<p>Lancos.  Contractors.  Provincial Governments.</p>	<p>Work with Contractors on workforce development including training and employment and local business development.</p> <p>Develop a Strategic Community Investment program which will focus on health, education, sustainable livelihoods (agriculture) and environment.</p> <p>Work with L&amp;CA who will assist with these programs through identification of opportunities and support for the delivery of programs.</p>
<p>Security</p>	<p>PNG National Police and Military.  Embassy Officials.  Lancos and local communities.  Local security firms/companies.</p>	<p>Meet regularly with police, military, embassy officials, industry security managers, local security firms and Contractor's security firms to ensure that security information is shared and security threats are identified and assessed.</p> <p>Share Company expectations in relation to security and human rights with key stakeholders.</p>
<p>Contractors including EPC (these are not a Project functional group, but will coordinate activities through L&amp;CA)</p>	<p>Lancos and Project - affected landowners and local communities.  Industrial relations and human resources.  Procurement through national and local businesses.</p>	<p>Assist Lancos with local business development to encourage and support competitive and sustainable local business.</p> <p>Establish contracts with Lancos, (Prior to Contractor doing so, L&amp;CA will interface directly with Lancos through LBD Advisor and officers).</p> <p>Promote sustainable businesses by providing training, education and contracting opportunities for Lancos. (Once contract has been established with the Lancos, L&amp;CA will work with Contractors as needed to support Lanco development).</p>

## 10.0 THIRD PARTY GRIEVANCE PROCEDURE

The Project has developed a Third Party Grievance Procedure which will be followed by both Company and its Contractors. The Procedure is consistent with both IFC PS 5 (No. 10 and Guidance 16-18) and Company's Standards of Business Conduct and Best Practices in External Affairs (BPEA). BPEA is implemented as part of Company's Community Awareness element of the Operations Integrity Management System (OIMS) and commits to the following:

*"Communities' expectations and concerns about our operations, including those of our workforce, are recognized and addressed in a timely manner."*

The Procedure includes:

- A mechanism for receiving, investigating and responding to grievances in an understandable, transparent, confidential, culturally appropriate, and timely manner;
- An easily accessible and efficient grievance procedure for affected people and communities;
- Management of grievances at the local level where possible; and
- Improvement of the Project's social performance through the analysis of complaints.

Participation in the Grievance Procedure is voluntary and inclusive. Any person with the right to participate in the procedure will have easy access to it and will be encouraged to use this confidential grievance system.

Company and Contractor *personnel* grievances will not be managed through this procedure, but rather through the worker grievance mechanism of their respective employers.

### 10.1 Objectives

The overall goal of the Third Party Grievance Procedure is to represent a final check and balance in managing the negative effects of potential Project impacts on Project affected stakeholders.

The objective of the Procedure is to receive, respond to and consider as quickly as possible any grievances made to the Project, including grievances towards the Company's activities, personnel, Contractors and Subcontractors.

In addition, this procedure will help to improve the Project's social performance as the number and nature of grievances received is one of the indicators of the Project's employee and Contractor conduct and behavior. Tracking and analyzing the grievances will enable Project personnel to develop corrective actions with the intent to reduce incidences of grievances and improve and maintain good community relations.

The specific objectives are to:

- Establish a mechanism for responding to grievances in an understanding, transparent, confidential and culturally-appropriate way;
- Develop an easy-access, no-cost and efficient grievance procedure for the local populations involved in and/or impacted by the Project;
- Implement effective dialogue and open lines of communication with affected people or people that perceive that they have been affected;
- Help to manage unrealistic expectations and/or negative perceptions from the local populations towards the Project;
- Establish a system of investigation, response and quick grievance resolution;

- Reduce overtime the number of local populations' grievances regarding the Project; and
- Improve the Project social performance through the analysis of grievance.

## **10.2 Distinguishing between grievances and stakeholder issues**

### **10.2.1 Grievances**

A grievance is a formal complaint lodged by stakeholders alleging damage, impact or dissatisfaction. Grievances relate mainly to perceived or observed misconduct by the Company and Contractor personnel during construction and operation. A grievance is submitted in the expectation of corrective action or compensation. Grievances are confidential – the Company does not make them public.

The Third Party Grievance Procedure is mainly for the protection of local people who live or have material interests in the PIA and may come into contact with the Company or Contractor employees and their activities. Other stakeholders directly affected by the Project (this may include absentee landowners or those residing in urban centers) are also eligible to use the Procedure. Some examples of grievances include:

- Negative impacts on or increased risks to specific members of a community, e.g. financial loss, physical harm, nuisance from traffic or dust, misbehaviors from Company representatives;
- Actions by a Company representative leading to danger to Health and Safety or the environment;
- Failure to comply with applicable standards or legal obligations;
- Harassment of any nature;
- Criminal activity, bribery, corruption or fraud; and
- Attempts to conceal any of these.

### **10.2.2 Stakeholder Issues**

Stakeholder 'issues' are defined as questions, comments, concerns, suggestions, contributions and inputs of local and other knowledge to the Project.

Stakeholder issues about aspects of the Project will be captured and responded to as part of the standard and ongoing stakeholder engagement process. All stakeholders (including community members, employees, contractors, local and international NGOs, government, and many others) are invited to submit their issues to the Stakeholder Engagement Office. Stakeholder issues and Company responses to those issues will be made publicly available.

Some stakeholder issues, if not resolved and responded to the stakeholder's satisfaction, may eventually be submitted as a grievance.

## **10.3 Responsibilities**

Company Land and Community Affairs (L&CA) personnel and Contractor Community Affairs Officers (CCAOs) will be the primary interface between the Project and the person raising the grievance.

L&CA will be responsible for the implementation of the Third Party Grievance Procedure including disclosure, reception, registration, assessment, management and monitoring of grievances, feedback to local communities and the person raising the grievance, and coordination of grievance analysis.

CCAOs will coordinate their work with L&CA. This does not prevent the Contractor from initiating the grievance resolution but corrective action taken will be in coordination with L&CA.

## 10.4 Performance Indicators

The following performance indicators will be used to assess the Third Party Grievance Procedure on an annual basis:

- **Participation:** The target is to channel 100% of grievances (except those related to worker issues) through this procedure, before grievances reach the media or the courts;
- **Resolution:** The target is to resolve 75% of grievances (from the Project's perspective) within 30 days, dealing directly with the person raising the grievance; and
- **Recurrence reduction:** Differentiate the number of grievances by categories –compensation, land, environmental, accidental impacts (property, livelihood and wellbeing), health, safety and security, business opportunities and community investments, recruitment of trainees and employees, misinformation or lack of information, and behavior of Project or Contractor personnel. The intention is to learn from grievances and respond to them qualitatively in a manner that, over time, reduces their rate of occurrence.

The performance assessment should lead to continuous improvement of the grievance process throughout the life of the Project, and may lead to policy or procedural changes.

## 10.5 Disclosure

The Project will disclose information about the Third Party Grievances Procedure to all potentially affected persons and organizations. Local populations residing in the Project impact area and other stakeholders directly affected will be informed about the grievance process, including the transparency and fairness of the process, and will be provided with both verbal (via regular stakeholder meetings) and written/visual (newsletters, website, posters, etc.) updates.

Although all employees and contractors will be notified about the Grievance Procedure, most of the disclosure will occur in the cities and villages of the Project area of influence:

- Through field communications by L&CA. This proactive approach with local stakeholders will encourage discussion and resolution of issues to minimize the number of grievances lodged;
- Throughout the Project area, L&CA will ensure that the local population knows about the Third Party Grievance Procedure, feels comfortable to file a grievance, and knows how to do so;
- Community leaders will receive frequent visits from L&CA personnel, especially when there are construction activities in their areas. The local population will be informed that they may express grievances, either in writing or verbally. If they raise a grievance verbally, L&CA personnel will help them put it into written format and will ensure the grievance goes through the appropriate channels;
- Contact details will be published, such as the addresses of L&CA offices, names, telephone numbers and schedules of periodic visits of L&CA personnel to the communities;
- A simplified flow chart of the procedure will be published via newsletters, brochures, and/or posters hung in visible places in the community or village in the local language;
- Information about the procedure will be included in road-shows in local languages;

- Persons expressing a grievance will receive a summary of the grievance and a brief explanation of the procedure (how it works, the timeframe, where and how to file a grievance, possible outcomes);
- There will be no cost incurred for lodging a grievance within the procedure and any personal information will be kept confidential;
- Disclosure will occur in Port Moresby and other parts of PNG for absentee and urban based landowners;
- Disclosure will also occur internally in the Company; and
- The Social Programs Team will prepare a range of reports for management, describing the status of grievances and trends against performance indicators.

## 10.6 Receive

Grievances can be received both verbally and in writing. A number of mechanisms will be available to receive grievances:

- L&CA and CCAO personnel may receive verbal grievances through their periodic visits to communities and in the field;
- Written grievances may be lodged in person or sent to the L&CA offices located at Hides, Moro, Kopi and LNG Facility site, or at the Head Office at Port Moresby, or at the Contractor work area offices;
- L&CA personnel will be in constant communication with local authorities making themselves available to respond to any grievance brought up through community leaders; and
- The Project will establish an email address ([grievance-pnglng@exxonmobil.com](mailto:grievance-pnglng@exxonmobil.com)) which will provide a mechanism by which stakeholders (particularly absentee landowners or other local populations who may not reside near one of the L&CA or Contractor offices) can lodge grievances.

## 10.7 Record and Acknowledgement

All grievances regardless of how they are received will be recorded by either L&CA or CCAOs, using the Grievance Form (see ATTACHMENT 1: Grievance Form). All grievances will be recorded in duplicate in Part A of the Grievance Form. A copy of the form will be provided to the person raising the grievance either at the time of raising the grievance or within seven (7) days of receipt of the grievance. This acknowledges receipt of the grievance and provides the person with a unique identification (tracking) number.

All relevant information will be gathered in accordance with the following grievance documentation principles:

- Objectivity: Report only the facts and avoid subjective opinions and emotion. Focus on who, what, where, and when with respect to grievance elements. Document all facts accurately and fairly and use direct quotes, as much as possible;
- Accuracy and Completeness of Information: Good record keeping is extremely important, including documentation to substantiate the resolution process and outcome:
  - General Information: contact information, issue, location and date;
  - Specific details relevant to the grievance;
  - Getting copies of any documentation the person raising the grievance provides; and

- Keeping records of all correspondence (memos, notes, letters, e-mails, phone messages).
- Evidence: When possible and pertinent, identification of eyewitnesses is important. Note names of all eyewitnesses to the incident that has led to the grievance. If the eyewitness is willing and if the incident warrants it, a signed and dated statement can be obtained as evidence. Other evidence such as pictures can be used to support the information regarding the issue/impacts. L&CA and CCAO will where relevant take pictures of grievances related to physical disturbance and append these to the grievance form; and
- Timely Recording: Record information/issues as soon as possible to ensure accurate account of details.

## 10.8 Register

Once recorded, all grievances will be registered in a centralised Grievance Tracking Database (see Attachment B) managed by the Company. Grievances registered by CCAOs will be provided to L&CA for registration in this Database.

L&CA personnel will enter all grievances into the Database. However, before doing so, L&CA will check the Database to determine if it is a new complaint so as to avoid duplication and to review if there is any context or precedent related to the issue.<sup>4</sup>

Grievances will be classified in the Database in the following categories:

- Compensation;
- Land;
- Environmental;
- Accidental impacts (property, livelihood and wellbeing);
- Health;
- Safety and security;
- Business opportunities and community investments;
- Recruitment of trainees and employees;
- Misinformation or lack of information;
- Behavior of Project or Contractor personnel; and
- Other (details of grievance to be provided).

The Database will have the capacity to organize the grievance by its unique identification number, the date, location, category, name of the person raising the grievance, and status of the grievance.

The Database will be part of the Company central information management system and relevant information will be available from a central location. A hard copy of the Grievance Form and all related documentation will be filed at the relevant L&CA Office.

## 10.9 Assess

Grievances will be reviewed and assessed by L&CA using all available information to determine if it is a grievance related to the Project system (Company operations), a contractor, the government or another external entity. If the grievance is not related to the Company or its Contractors, the person raising the grievance will be informed and reasonable efforts will be made to facilitate involved entities to consider the grievance. In this case, the grievance will be closed out in the Grievance Tracking Database.

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<sup>4</sup> All past recorded grievances must be entered into the Grievance Tracking database.

## 10.10 Management and Response

Depending on the nature of the grievance, the L&CA Manager will assign it to the appropriate Company department or Contractor representative for response and resolution.

### 10.10.1 Grievances the Responsibility of the Company

The assigned Company department will review and investigate the grievance, and provide a response (with a resolution and if necessary a schedule of corrective actions) to the L&CA Manager. The L&CA Manager will ensure a written response will be provided as soon as possible and not more than 30 days after receiving the grievance. If however, more time is required for resolution, L&CA will keep the person raising the grievance informed.

### 10.10.2 Grievances the Responsibility of the Contractor

The assigned Contractor representative will review and investigate the grievance and provide a response (with a resolution and if necessary a schedule of corrective actions) to the L&CA Manager. The L&CA Manager will follow up with the Contractor representative to ensure the Contractor provides a response as soon as possible and not more than 30 days after receiving the grievance. If however, more time is required for resolution, the person raising the grievance and the L&CA Manager will be kept informed. CCAOs will coordinate their work with L&CA

A summary of how the person with the grievance responded to the proposed resolution and any other pertinent follow-up details will be documented. At this stage, Part B of the Grievance Form will be completed by L&CA or CCAOs. This information will be provided to the L&CA Manager and recorded in the Grievance Tracking Database.

In every case, a written response will be provided to the person raising the grievance, however a verbal response will also be given where details need to be explained or where it may be more appropriate in the circumstances (e.g. where the complainant cannot read).

Documents and records relating to grievances registered in the Grievance Tracking Database will be kept for a minimum of 10 years after the resolutions of the grievance.

## 10.11 Monitoring and Evaluation

L&CA and CCAOs will monitor progress of their respective grievance and keep the person raising the grievance informed of its status. Updates will be given on a regular basis and information sharing will not exceed 30 days and will continue until the grievance is resolved.

The L&CA Manager will monitor implementation of the response and corrective action of both Company and Contractor grievances.

Within a month of the response being provided to the person raising the grievance, L&CA personnel and CCAOs will make a visit to verify that the situation has been resolved to the satisfaction of all involved. If required, monitoring will be made on a regular basis which will be determined on a case-by-case basis.

Social Programs will prepare:

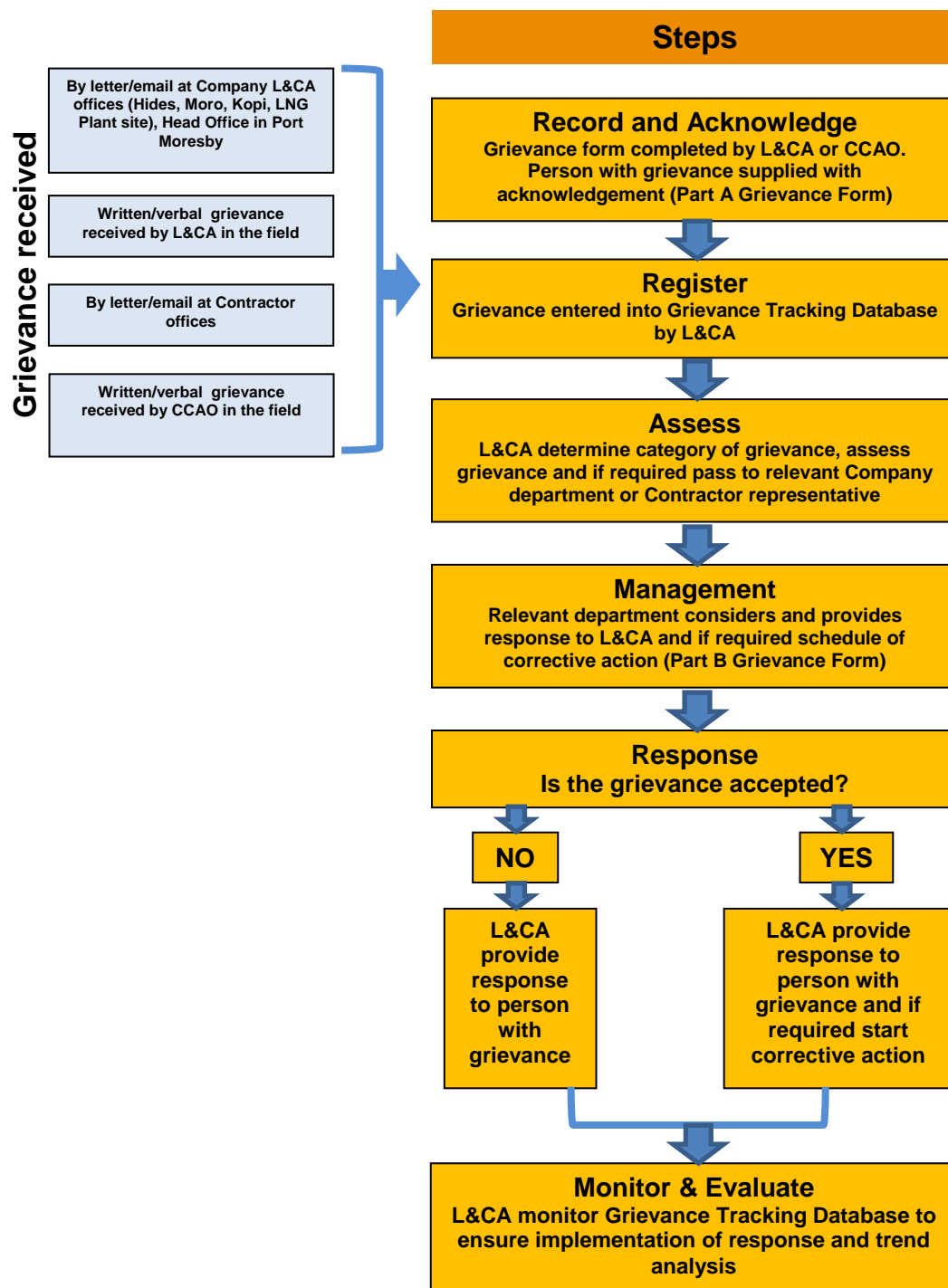
- Monthly reports for management detailing the number and status of grievances and any outstanding issues to be considered;
- A six-monthly trend report, including an analysis of the category of grievances, the risk levels and any mitigation actions taken to reduce them; and
- An annual review of the implementation of the grievance mechanism and the performance indicators.

The L&CA Manager will complete regular reviews of the grievances to provide assurance that the grievances are being considered appropriately.

### 10.12 Training in Grievance Management

L&CA personnel have received on-the-job training related to documenting and managing grievances. In addition, Social Programs will develop a training program for Company and Contractor personnel covering the Grievance Procedure. Training will emphasize that it is acceptable for the local populations to have grievances, that the Company takes a proactive stance to grievances and that all grievances should be directed to either L&CA personnel or CCAOs. Figure 10-1 summarizes the grievance process for the Project.

## PNG LNG Project Third Party Grievance Procedure









**ATTACHMENT 2: SAMPLE GRIEVANCE TRACKING DATABASE FRAMEWORK**

Identification Number	Date	Location	Person with Grievance	Grievance	Responsibility	Category	Follow Up	Date of Response	Response Details	Status
Grievance identification number	Date of receipt	Location of incident	Name and contact details of person with grievance	Description of grievance	The Company/ Contractor / Other (e.g. government)	Compensation Land Environmental Accidental impacts (property, livelihood and wellbeing) Health Safety and security Business opportunities and community investments Recruitment of trainees and employees Misinformation or lack of information Behavior of Project or Contractor personnel Other (describe)	Date to follow up or date of resolution	Date written response provided to person with the grievance	Rejected or accepted and corrective action taken/ to be taken	Pending or closed (if accepted, closed only on completion of corrective action and sign-off from applicant)