

Esso Highlands Limited



Papua New Guinea LNG Project

**Environmental and Social Management Plan
Appendix 22: Community Engagement
Management Plan**

PGGP-EH-SPENV-000018-026

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ACRONYMS

Acronym	Definition
CCAM	Contractor Community Affairs Manager
CCAO	Contractor Community Affairs Officer
CCAT	Contractor Community Affairs Team
CP	Contractor Plan
ESMP	Environmental and Social Management Plan
IFC	International Finance Corporation
LBD	Local Business Development
LNG	Liquefied Natural Gas
OIMS	Operations Integrity Management Plan
PNG	Papua New Guinea
SECT	Stakeholder Engagement Coordination Team
SEP	Company Stakeholder Engagement Plan
SMP	Social Management Plan

KEY DEFINITIONS

Contractor Plan: A Plan to be prepared by Contractor. To be used by Contractor to describe how the mitigation measures outlined in this Plan will be implemented.

Notification: An outcome of monitoring expected of Contractor when Company needs to be notified immediately of a specific event or situation.

Verification: The primary method of monitoring expected of Contractor to a) confirm that relevant mitigation measures have been applied and b) that the measure has been effective. Contractor will be responsible for developing appropriate verification methods and systems.

Work: Refer to the *Definitions and Interpretation* section of Attachment IV - Principal Document.

1.0 OBJECTIVES

Esso Highlands Limited (Company) has developed this Community Engagement Management Plan as part of its Environmental and Social Management Plan (ESMP) outlining a range of mitigation measures designed to avoid or reduce undesired community engagement management impacts during construction. This document establishes a basis and template for use by the Contractor to develop their own plans outlining not only mitigation measures but to also incorporate the roles and responsibilities described in the ESMP.

The objectives of the Community Engagement Management Plan are:

- Establish and maintain positive community relations through effective communication and consultation. In doing so, Contractor shall coordinate its work with Company and align its practices with those described in the Company’s Stakeholder Engagement Plan (SEP); and
- Effectively manage community grievances and comply with the Project Community Grievance Procedure outlined in Section 11 of the SEP.

This Plan should be read in conjunction with other environmental and social management plans (EMPs and SMPs).

This Plan should also be read in conjunction with the Minimum Health Requirements for Project Execution (PG-PDS 71-99-03)¹.

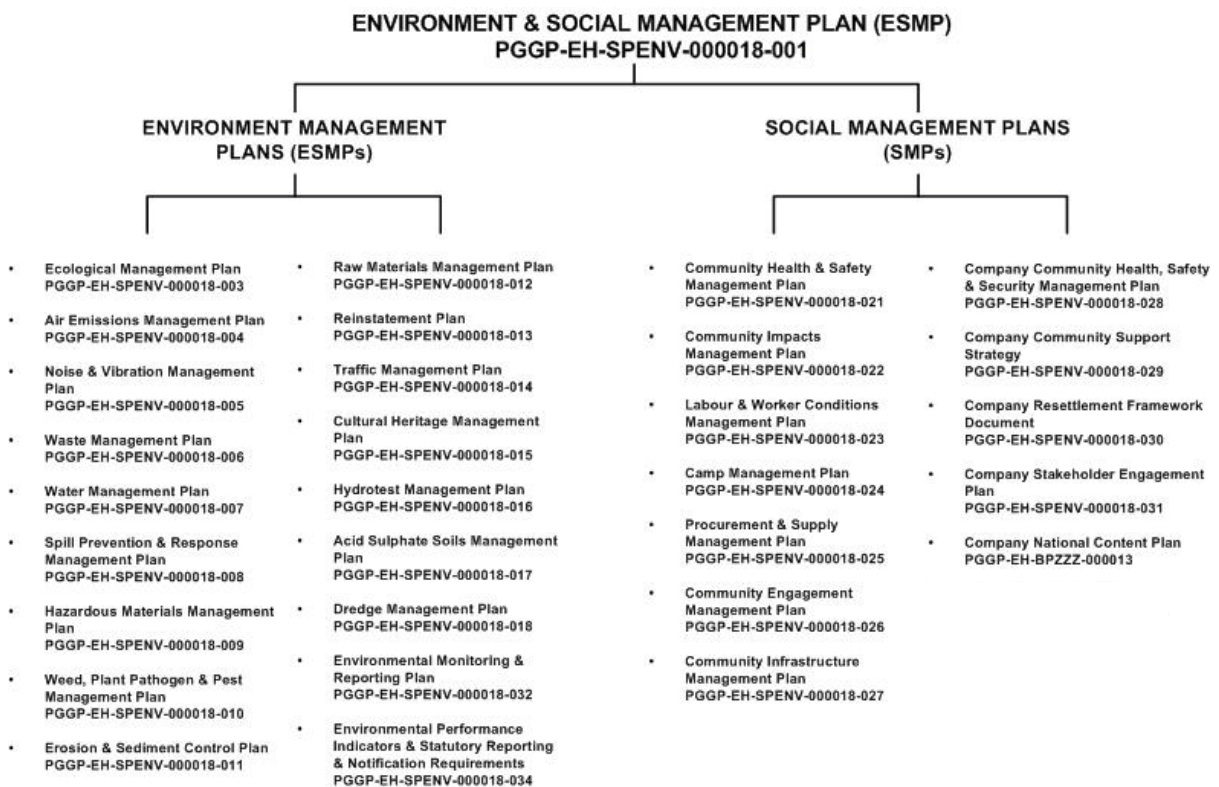


Figure 1: Environmental and Social Management Framework

¹ This document is also for use in managing Contractor obligations and the Company may vary this to suit the needs of the Project.

2.0 LEGAL AND OTHER REQUIREMENTS

Legal and other requirements applicable to this Plan are identified in Attachment 1.

3.0 SURVEYS

No surveys are required to be carried out by the Project in relation to the implementation of this Plan.

4.0 MANAGEMENT AND MONITORING

Figure 2 presents a flow chart summarising key management steps associated with implementation and review of this Plan, including steps to allow for continued improvement.

Each Contractor shall develop a Contractor Plan which shall, at a minimum, incorporate the community engagement measures described below. The Contractor shall not be limited to these measures.

4.1 Community Engagement Responsibilities

The Contractor shall assume the following responsibilities:

4.1.1 General Responsibilities

- Contractor shall establish a community affairs team (CCAT);
- Contractor shall be responsible for community affairs as it relates to industrial relations, human resources, procurement, and sub-contracting associated with the Contractor's Work;
- Contractor shall establish community affairs office(s) as appropriate to support the Contractor's community affairs activities. Such offices shall be located at sites that facilitate effective management of community affairs, industrial relations, recruitment and hiring without disrupting the Work;
- Contractor shall work with appropriate community leaders to reduce the adverse effects of their activities on the community, and to facilitate resolution of community unrest and disruptions resulting from Contractor's performance of the Work;
- Contractor shall confirm that its personnel and the personnel of its sub-contractors are appropriately qualified and trained to be aware of, and manage local cultural issues to the extent required to minimize and manage local community disruptions arising as a result of Contractor's performance of its Work. Company, as required, shall provide induction materials and necessary briefings to Contractors;
- When requested by Company, Contractor shall participate in the Project-wide Stakeholder Engagement Coordination Team (SECT); and
- Contractor shall comply with the Project Community Grievance Process.

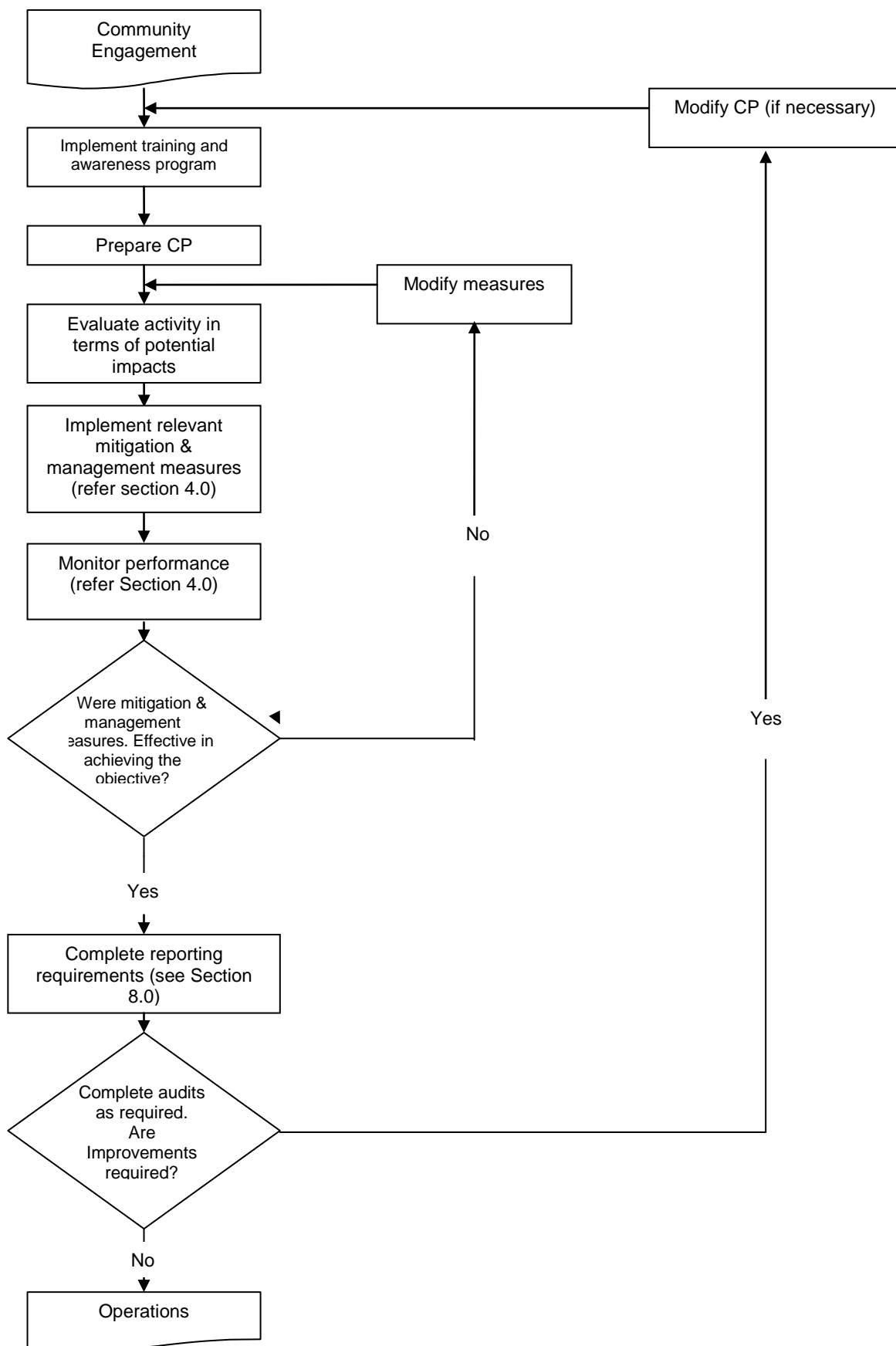


Figure 2: Community Engagement Process

4.1.2 Contractor and Company Relationship

- Contractor is expected to follow all Company policies and commitments made and documented by Company, including those outlined in this document;
- Company and Contractor shall agree community relations and development objectives;
- Company and Contractor shall discuss the practicality of Contractor being expected to address issues that are outside the Project Impact Area;
- Contractor shall not make any direct agreements with local communities without prior approval of such actions with Company;
- Contractor is expected to alert Company to any possible breaches of the Foreign Corrupt Practices Act;
- Contractor shall not undertake activities that could be construed as part of the Company's public consultation and disclosure effort without prior consent from Company;
- Contractor shall participate with Company in periodic meetings with the Papua New Guinea (PNG) Government and present Contractor's workforce development and Local Business Development (LBD) plans and results; and
- Contractor shall refer all relevant and appropriate requests from interested parties, non-government organisations and the media to Company.

4.1.3 CCAT and Company Relationship

- CCAT shall coordinate its work with Company;
- CCAT shall provide information relating to actions and activities that involve Company stakeholders. This information shall be provided in a timely and regular manner to Company for key program activities (such as construction front start up, road restrictions, bridge modifications/upgrades, etc.);
- CCAT shall be proactive and available to participate in Company's public consultation and disclosure activities. This participation, will allow specific Contractor questions (such as design, construction techniques and operational processes) to be answered and must be coordinated with Company in advance;
- CCAT shall address day to day interactions between the construction staff and landowners in conjunction with Company; and
- CCAT shall attend all coordination meetings requested by Company.

The relationship between CCAT and Company is shown in Figure 3.

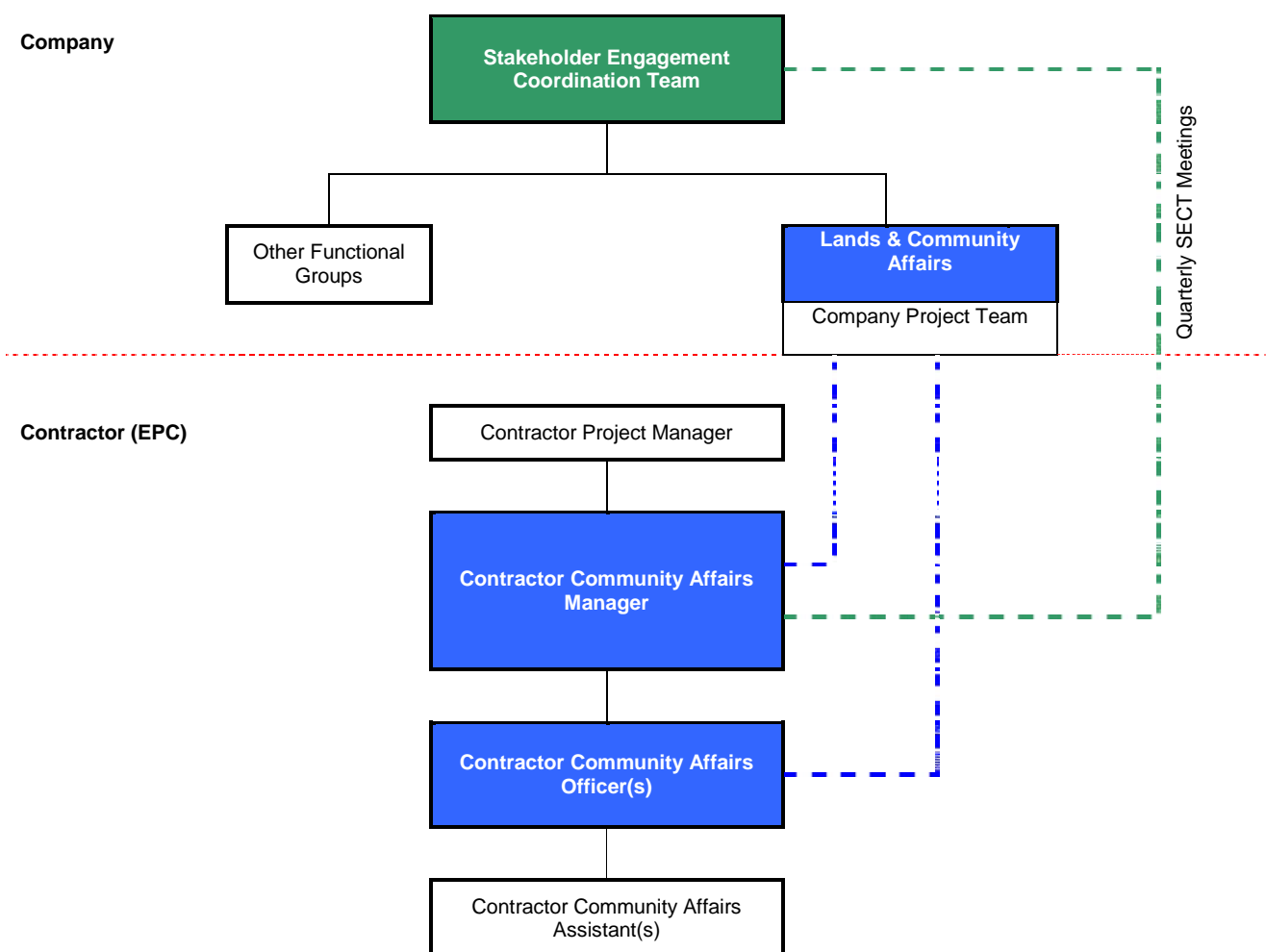


Figure 3: Relationship between CCAT and Company

4.2 Contractor’s Community Affairs Team (CCAT)

The CCAT shall:

- Along with Company provide communities in the Project Impact Area with regular information on the progress of Work and the implications for these communities;
- Inform the Company of any community related issues that may impact construction;
- Monitor implementation and effectiveness of mitigation measures;
- Identify any significant new issues that may arise during the construction;
- Manage any grievances between the Contractor and communities in accordance with the Community Grievance Procedure; and
- Assist in identifying opportunities for construction activities to deliver benefits to local communities.

Key personnel in this team include:

4.2.1 Contractor Community Affairs Manager (CCAM)

The CCAM is ultimately responsible for the implementation and success of the Contractor Plan. As a result the CCAM shall be in place early enough to oversee development of the Contractor Plan and carry out community liaison in relation to preparatory construction activities.

The CCAM shall at a minimum:

- Develop the Contractor Plan in consultation with Company;
- Manage and provide clear direction to the Contractor's CCAOs;
- Ensure that the agreed community relations and development objectives and targets are achieved;
- Comply with the Project Community Grievance Procedure (Section 11 of SEP), ensuring that:
 - Company is advised of grievances in the time frames required by the agreed notification process;
 - Appropriate corrective action is taken to avert recurrence or escalation of a grievance;
 - Resolution of grievances is provided to the person raising the grievance and Company within 30 days;
 - The Grievance Form is completed and provided to Company as required, for registration into the centralized Grievance Tracking Database; and
 - Issues raised are recorded and referred to the appropriate Contractor department.
- Review weekly updates and monthly community relations reports from CCAOs;
- Liaise regularly with Company, as appropriate;
- Provide weekly updates and monthly community relations reports to Company;
- Participate as required in Project-wide Stakeholder Engagement Coordination Team (SECT) meetings;
- Develop and conduct internal training on community relations to raise the understanding and awareness of Contractor employees;
- Conduct regular monitoring of the Contractor Plan and report findings and opportunities to Company as part of the monthly reporting process; and
- Assist the National Workforce and LBD Coordinators in promoting national workforce and LBD on behalf of the Contractor.

4.2.2 Contractor Community Affairs Officers (CCAOs)

CCAOs shall report to the CCAM. CCAOs shall have appropriate language skills and necessary cultural/gender sensitivity and dispute resolution training. The CCAOs shall be in place at least 30 days prior to the start of Work.

CCAOs shall at a minimum:

- Consult with communities and provide their contact details;
- Co-ordinate their work with Company;

- Make sure that the local community is updated on Project progress and any possible impacts;
- Communicate technical information in simplified and understandable terms to assist communities in understanding the construction process;
- Respond in a timely manner to enquiries related to Contractor; and
- Comply with the Project Community Grievance Procedure (Section 11 of SEP), ensuring that:
 - All grievances are recorded on the Grievance Form;
 - CCAM is advised of grievances in the time frames required by the Social Risk Matrix;
 - All grievances are investigated and findings and recommendations are made to the CCAM;
 - Resolution of grievances is provided to the person raising the grievance and Company within 30 days; and
 - Issues raised are recorded and referred to the appropriate Contractor department.
- Provide weekly updates and monthly community relations reports to the CCAM;
- Raise awareness among Contractor employees of Community Relations (as outlined below);
- Manage expectations on employment opportunities by providing information on the level and duration of employment requirements; and
- Assist in national workforce and local business development programs.

4.3 Training on Community Relations

Company and/or Contractor shall be responsible for ensuring that its workers, subcontractors and visitors receive adequate awareness training on community relations, so as to be aware of health, safety and security issues as well as the standard of conduct expected when engaging with the community. Induction training shall be provided and will cover at a minimum:

- General liaison and interaction with communities along the pipeline route and in the vicinity of construction camps and facilities;
- Cultural sensitivities;
- Awareness-raising on health, safety and security considerations;
- Project Code of Conduct (refer to Labour and Worker Conditions Management Plan); and
- Where applicable, Camp Rules (refer to Camp Management Plan).

Additional training on community relations may be delivered through:

- Tool Box Meetings;
- Safety, Security, Health and Environment Safety Committee Meetings;
- In-House Training / Seminars;
- Notice Boards; and
- Newsletters.

Contractor shall provide details of the nature and scope of training on community relations in its Contractor Plan and outline its connection with training required in the Camp Management Plan and Labour and Worker Conditions Management Plan. Company shall provide induction materials and necessary briefings to Contractor for the purposes of training.

4.4 Health and Safety Implementation

Company and/or Contractor shall be responsible for demonstrating that all practicable steps have been taken to ensure the health and safety of both workers and communities in the Project Impact Area.

Company Lands and Community Affairs and CCAT will play an important role in ensuring community safety by providing safety briefings to communities e.g., schools in the project impact area. These briefings will cover topics such as safety in and around construction camps, work sites (especially with regard to trench safety, pipeline lay-down areas, construction plant and machinery) and traffic safety.

The details of the Contractor's responsibilities with respect to health and safety are outlined in the Minimum Health Requirements for Project Execution and the Community Health and Safety Management Plan.

Contractor will detail the nature and scope of training on community health and safety in the Contractor Plan and outline its connection with training required by the Community Health and Safety Management Plan.

4.5 Other Community Preparation Activities

Company will be responsible for community preparation activities prior to and during Contractor mobilization as described in the Company Stakeholder Engagement Plan.

4.6 Contractor Local Community Support

4.6.1 Assistance for Local Community Projects

In consultation with Company, Contractor shall provide assistance for approved Contractor sponsored community projects through financial donations, supply of materials, equipment and manpower.

The nature of such projects and the Contractor's annual budget shall be determined by Contractor's project management, in consultation with Company.

4.6.2 Engagement and Support of Local Businesses

In order to support and assist the development of local businesses, attempts shall be made to procure goods and engage services from local businesses. Contractor must familiarise and comply with the LBD requirements in the National Content Co-ordination Procedure and the Procurement and Supply Management Plan.

Contractor shall work with the local Representative Lancos and any other local businesses identified as beneficial to the success of the Project, to implement capacity building programs to advance their technical, operational, and business management capabilities.

4.7 Contractor Grievance Management

4.7.1 Approach

CCAT shall comply with the Community Grievance Procedure from the Company Stakeholder Engagement Plan (SEP) which requires interaction, consultation, targeted information and timely resolution of legitimate grievances. This approach is aimed at building a reputation of responsiveness, concern and responsibility among the community, with a view to building and sustaining their tolerance for the construction and operations.

Contractor should aim to foster a sense of working with the local community and demonstrate that the Project takes a proactive stance to grievances.

4.7.2 System

Contractor shall establish a grievance management system and database which complies with and has the flexibility to feed information into the Project Community Grievance Procedure outlined in the SEP. Company will provide Contractor's Community Affairs team with training on the Community Grievance Procedure.

The Contractor Plan shall set out the practical details of the Contractor grievance management system, however in order to ensure that all grievances are handled in alignment with Project wide processes, the Contractor shall:

- Record all grievances using the template Grievance Form in Appendix A of the SEP;
- Provide Company with Part A and subsequently with Part B of the Grievance Form for data entry into the centralized Grievance Tracking Database; and
- Assess grievances using an agreed assessment matrix and advise the CAM of the grievance in the time frame required by the assessment.

All grievances shall be investigated and a response (outlining a resolution) shall be provided by contractor as soon as possible and not more than 30 days after receiving the grievance. If more time is required for resolution, the person raising the grievance and Company shall be kept informed.

This does not prevent Contractor from initiating the grievance resolution but any corrective action taken must be in coordination with Company.

4.7.3 Publication

Project shall ensure that the details of the Community Grievance Procedure are publicized at community meetings and via posters to all communities in the vicinity of the working area, construction camps, and close to roads that shall experience significant increases of traffic movements.

In addition the Project shall ensure that the local populations residing in the Project Impact Area receive necessary information to contact the Community Affairs team in case of a grievance. The Contractor Plan shall indicate a procedure to achieve this, i.e., through meetings, community pamphlets, etc.

5.0 ROLES AND RESPONSIBILITIES

Contractor shall ensure sufficient resources are allocated on an ongoing basis to achieve effective implementation of this Plan.

The Contractor Plan shall describe the resources allocated to and responsibility for the execution of each task and requirement contained therein, and shall describe how roles and responsibilities are communicated to relevant personnel.

Company shall ensure sufficient resources are allocated on an ongoing basis to achieve effective implementation of Company's responsibilities in the Community Engagement Management Plan.

6.0 TRAINING, AWARENESS AND COMPETENCY

Contractor shall ensure that all personnel responsible for the execution of the tasks and requirements contained within this Plan are competent on the basis of education, training and experience.

The Contractor Plan shall describe the training and awareness requirements necessary for its effective implementation.

Contractor's training activity associated with the Contractor Plan shall be appropriately documented by means of a training needs assessment, training matrix/plan and records of training undertaken.

As mentioned above, to assist the Contractor, Company may provide induction materials and necessary briefings to the Contractor.

Project shall ensure that personnel responsible for the execution of tasks and requirements in the Community Engagement Management Plan are competent on the basis of education, training and experience.

Project training activity associated with the Community Engagement Management Plan shall be appropriately documented by means of a training needs assessment, training matrix/plan and records of training undertaken.

7.0 PERFORMANCE INDICATORS

Table 1 outlines the indicators for measuring and verifying performance in relation to community engagement. However Contractor may, subject to agreement with Company, modify or add to these indicators to enhance the Contractor's Contractor Plan based on learnings from the performance indicators.

Table 1: Performance Indicators

ID#	Performance Indicator	Measurement	Internal Assessment Frequency*	Relevant Management Plan Objective†
1	Maximise use of the Project Community Grievance Procedure.	100% of grievances (except those related to worker issues) channelled through the Community Grievance Procedure.	Monthly	2
2	Resolution of Community Grievances.	75% of grievances resolved (from the Project perspective) within 30 days, categorised according to cause of grievance.	Monthly#	2
3	Disruptions to work.	Number of hours lost due to community disruption categorised according to cause of disruption (to be coordinated with Security departments to ensure consistent reports).	Monthly	2
4	Compensation payments.	Amount of compensation paid as a result of Project impacts other than pre-construction land compensation.	Monthly	2

* Frequency is determined by Company and may vary subject to Contractor's performance.

† See Section 1.0.

Company will report on this using the centralized grievance database and discuss performance with Contractor.

8.0 REPORTING AND NOTIFICATION

Contractor's Community Affairs team shall provide Company with:

- Notification of any incidents (environmental and social) and grievances in accordance with an agreed assessment process;
- Weekly updates outlining the major types of incidents and grievances with a brief description of the actions taken to manage these. These updates will

also include Part A and or Part B of the Grievance Form for data entry into the centralized Grievance Tracking Database; and

- Monthly community relations reports:
 - The monthly report shall provide a more detailed summary of community incidents and grievances that have arisen over the past month, including details of each incident, how it was dealt with in the short term, any pattern, the effectiveness of current mitigation measures to deal with recurring incidents and recommendations on managing these;
 - The monthly report will also include an analysis of grievances that have been received during the course of the month, their category, risk level and what corrective action has been taken to respond to these grievances; and
 - The report will, as appropriate, also recommend how the actions or activities that led to the initial grievance can be avoided or minimised in future.

Company will use the monthly report to evaluate the Contractor's fulfilment of the Contractor Plan in line with performance indicators described in Table 1.

ATTACHMENT 1

LEGAL AND OTHER REQUIREMENTS

Contractor shall comply with applicable Papua New Guinea (PNG) Laws and Regulations, applicable International Finance Institution requirements and applicable International Treaties and Conventions. In addition, Contractor shall comply with certain other requirements defined by Company.

The following requirements form the basis of this Plan, however Contractor should not rely upon them as an exhaustive list of legal and other requirements.

PNG Laws & Regulations

PNG laws relevant to community engagement include:

- The PNG Constitution;
- Environment Act 2000; and
- Oil and Gas Act 1998.

International Treaties and Conventions

Typically, international conventions and treaties mandate actions that the signatory countries must undertake and they do not require direct action by private companies, however some treaties and conventions may require direct action by private companies.

There are no international treaties and conventions relevant to the construction phase from a community engagement perspective.

International Finance Institution Requirements

International Finance Corporation (IFC) Performance Standard 1: Social and Environmental Assessment and Management Systems and a relevant objective is:

- To ensure that affected communities are appropriately engaged on issues that could potentially affect them.

Requirement 19 of this Performance Standard states *“When local communities may be affected by risks or adverse impacts from a project, the engagement process will include consultation with them. ...Community engagement will be free of external manipulation, interference, or coercion, and intimidation, and conducted on the basis of timely, relevant, understandable and accessible information.”*

Requirement 23 of this Performance Standard states *“The client will respond to communities’ concerns related to the project. If the client anticipates ongoing risks to or adverse impacts on affected communities, the client will establish a grievance mechanism to receive and facilitate resolution of the affected communities’ concerns and grievances about the client’s environmental and social performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project. It should address concerns promptly, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, and at no cost and without retribution. The mechanism should not impede access to judicial or administrative remedies. The client will inform the affected communities about the mechanism in the course of its community engagement process.”*

IFC Performance Standard 4: Community Health, Safety and Security and a relevant objective is to:

- To avoid or minimize risks to and impacts on the health and safety of the local community during the project life cycle from both routine and non-routine circumstances.

IFC Performance Standard 7: Indigenous Peoples and relevant objectives are to:

- To establish and maintain an ongoing relationship with the Indigenous Peoples affected by a project throughout the life of the project; and
- To foster good faith negotiation with and informed participation of Indigenous Peoples when projects are to be located on traditional or customary lands under use by the Indigenous Peoples.

International standards that will be followed by the Project, relevant to community engagement include:

- International Finance Corporation, 'Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets' (IFC, 2007); and
- The Core Values of the International Association for Public Participation (IAP2).

The IFC principles recommend:

- **Early engagement:** Commencing engagement early is critical in building trust, mutual respect and in establishing relationships with communities. The development and implementation of the CCEP will ensure that consultation activities are proactive, planned and delivered in a timely way.
- **Long-term view:** Establishing and maintaining relationships is a long-term investment. To enhance the value of community relationships, the CCEP will take a long-term view to engagement.
- **Tailored at each phase of project:** The CCEP will be tailored to each phase of the project. In developing the CCEP, activities, issues and stakeholders associated with the phase will be considered and built into the engagement activities for that phase.
- **Proactive, not reactive:** The CCEP will set a proactive path for consultation and will consult in a strategic manner, as opposed to being reactive and responding to grievances as they arise. A proactive approach to consultation will build credibility and relationships with the community.
- **Managed as a business priority:** The CCEP 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.

Other Requirements

Company will follow Company's Operations Integrity Management System (OIMS). The following OIMS element applies to community engagement:

Element 10: Community Awareness and Emergency Preparedness

10.1 Community expectations and concerns about our operations, including those of the workforce, are recognized and addressed in a timely manner.

The Project will also follow the Company's Best Practices in External Affairs (BPEA) regarding Community Relations Management. The BPEA provides, "[w]herever Company

operates around the world, we form collaborative partnerships and consult with community leaders to help build economic and social capacity that benefits communities and our business over the long term. Our BPEA initiative, which is part of our OIMS, is our strategic planning tool for global external affairs."