



APPENDIX 1

HSE Monitoring and Reporting Standard overview

Purpose

1. To monitor and measure the key characteristics of Sakhalin Energy operations with *Significant HSE Risk*¹, in order to determine the extent to which Sakhalin Energy's HSE objectives are met, including evaluation of compliance with legal and other requirements.
2. To report this information internally to support *Management Review* and continual improvement.
3. To report required information to external stakeholders including Regulatory Authorities, Shareholders, Lenders, and Public.

Who is this for?

- *Directors;*
- *Managers;*
- *HSE Professionals.*

What situations are covered?

This document applies to all Sakhalin Energy *Assets, Facilities*, operations, *Projects* and activities, including activities undertaken by contractors on behalf of the Company.

Requirements

Managers are *Accountable* for requirements 1 to 7 in their own organisation:

1. **Monitor and Report HSE performance** in compliance with:
 - a. Russian Federation law (overview is provided in Legal Requirements for HSE Monitoring and Reporting²) including Permits and Licences, and
 - b. Lender and Shareholder requirements as defined in International Requirements for HSE Monitoring and Reporting.
 - c. The following requirements 2 to 7 of this standard shall be established and maintained in accordance with requirement 1.
2. **Implement responsibilities** and requirements defined in Roles and Responsibilities for Industrial Environmental Control (IEC), and Roles and Responsibilities for HSE Monitoring and Reporting.
 - a. The Company recognizes and respects the rights of workers to report health and safety matters to the relevant authorities.
3. **Determine key characteristics** of operations that can have a significant HSE impact and are required to be monitored and measured.
 - a. These shall include characteristics that are:
 - required for monitoring under Permits, Licences and other Legal requirements,
 - required for monitoring under adopted Lender, Shareholder and other international requirements,
 - indicated for monitoring in the HSE Case, such as Safety Critical Elements,
 - necessary to determine the extent to which Sakhalin Energy's HSE objectives are met in line with the HSE Plan.
 - b. Document these key characteristics in the following locations:
 - IEC Monitoring Programmes for Assets,
 - Sanitary Monitoring Programmes for Assets,

¹ Italicized terms in this document are included in the [Sakhalin Energy HSE Glossary](#).

² Underlined items in this document refer to Sakhalin Energy Controlled Documents.



- Biodiversity Strategy Reports (inclusive of Biodiversity Monitoring Programmes),
Note: HSE Monitoring Overview is a summary of the above.
 - Sakhalin Energy HSE Plan and supporting regular reports on HSE and Process Safety KPIs,
4. **Implement Monitoring Programs and HSE Plan** to measure key characteristics, as listed above.
 - a. Where required, use and maintain calibrated or verified monitoring and measurement equipment. Retain associated records of equipment calibration or verification.
 5. **Collect, analyse and report HSE performance** as defined in the [HSE Data Management and Reporting Procedure](#). This includes:
 - a. Data collection systems, including Environmental Reporting System, Fountain Impact, STOP reporting, HSE Critical Elements maintenance, Unsafe conditions/acts, and other sources,
 - b. Data review, including the Critical Review Process as per Sakhalin Energy Data Controls Assurance Plan,
 - c. Data revisions,
 - d. Data analysis to assess compliance with mandatory requirements, the effectiveness of operational controls, and effects of industrial activities on receiving environment,
 - e. Data submission, including performance reports for internal use and submission to Regulatory Authorities, Shareholders, Lenders, and Public.
 6. **Manage and retain records** in accordance with Standard for document retention in the company central archive (1000-S-90-01-O-0014-00-E).
 7. **Conduct performance review** in accordance with Management Review (0000-S-90-04-P-0227-00-E) and initiate action for continual improvement.