



Sakhalin Energy Limited Liability Company

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Code of Conduct

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DOCUMENT REVISIONS HISTORY

Rev.	Location of Change	<i>Brief Description of Change</i>
01		Updating of the local normative acts in accordance with establishing Sakhalin Energy Limited Liability Company



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CODE OF CONDUCT

1 INTRODUCTION

The Code of Conduct is a highest level document which sets high standards and shows you how to achieve them, it serves as a common reference point for anyone about what is expected of us in a specific situation.

The Code of Conduct crystallises the basic rules, standards and behaviours necessary to compliance with our General Business Principles. It provides requirements and guidance, expressed as clearly, concisely and consistently as possible, within a single, company-wide document for all our employees on a number of company-wide risk areas.

1.1 PURPOSE

The Code of Conduct is to provide greater clarity about the standards you are expected to follow and the behaviours you are expected to adopt. Not just to make sure we comply with all relevant legislation and regulations, but to make sure that our individual behaviour is in line with the Sakhalin Energy Limited Liability Company (hereinafter – Sakhalin Energy or the LLC) core values – honesty and integrity, respect and care for people, professionalism and individual accountability, continuous improvement and teamwork.

The Code of Conduct crystallises the basic rules, standards and behaviours necessary to achieve those objectives.

The Code of Conduct is a definitive statement of Sakhalin Energy's response to many different issues and questions; a valuable toolkit that can help you put our Business Principles into practice.

1.2 SCOPE

The Code does not provide exhaustive information about every single Sakhalin Energy standard or policy. You are responsible for understanding and complying with the details of the policies relevant to your role and work area.

Code of Conduct – is an integral part of our corporate governance and culture.

The specific principle which covers compliance with legal and regulatory requirements underpins all the legal requirements covered in the Code.

1.3 TERMINOLOGY

Bribery means any offer, authorisation, payment, promise to pay or giving of anything of value to a Government Official, either directly or indirectly, in order to secure an improper advantage or to corruptly influence any decision, act or omission of an act or a decision by such Government Official in violation of that Government Official's official duty and/or law.

Conflict of Interest means a situation where two or more competing interests conflict and impair an individual's ability to make objective decisions. Generally a Col arises when private interests in any way interfere with Sakhalin Energy's interests.

Corporate assets mean financial, physical, or intangible, and can include buildings, equipment, funds, software, know how, data, patents and other intellectual property.

Donation means a voluntary transfer of funds or property which is made for charitable purposes without expectation of any benefit of any kind accruing to the donor or any organisation designated by the donor. A donation may take various forms, including cash offering (transfer of funds), services, new goods, etc.

Facilitation payment means a minor payment (usually to a low-level public official), which is not officially required, to enable or speed up a process which it is the official's job to arrange. This Code (as well as RF legislation) makes no distinction between bribes and facilitation payments, which are also prohibited.



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Government Official¹ (GO) means:

- Official or employee of any government, or any agency, ministry, department of any government (at any level);
- Any person acting in an official capacity for a government regardless of rank or position;
- Official or employee of a company wholly or partly controlled by a government;
- Political party and any official of a political party;
- Candidate for political office;
- Officer or employee of a public international organisation, such as United Nation or the World Bank;
- Immediate family member (meaning a spouse, dependent child, or a household member) of any of the foregoing.

Harassment means any action, conduct or behaviour which any individual or group of individuals finds unwelcome, humiliating, intimidating or hostile.

Insider information means information about Sakhalin Energy's shareholders and any of their affiliates, which is not generally available to the public and which could affect the market price of the securities of any of these companies, or to which a reasonable investor would attach importance in deciding whether to buy, sell or retain such securities.

Intellectual property (IP) means creations of the mind including patent rights; utility models; trademarks and service marks; domain names; copyright (including copyright of software); design rights; database extraction rights; rights in know-how or other confidential (sometimes called 'trade secret' or proprietary) information; and rights under IP-related agreements.

Kickback means an illicit payment or remuneration of any kind (in the form of the giving or accepting of money, gifts, or anything of value) made to someone in return for favourable treatment, transaction and/or appointment.

Social performance means Sakhalin Energy's commitment to ongoing engagement with local communities and Project stakeholders, the minimisation of adverse social impacts and where reasonably practicable the promotion of benefits to communities and being a good neighbour.

Public disclosure means any written or oral communication made publicly on behalf of and about Sakhalin Energy and Sakhalin-2 project.

1.4 USER NOTES

It is the duty of each employee to behave in a manner that ensures compliance with the Code. Sakhalin Energy expects the same level of ethical behaviour from its business partners. E.g. contractors or consultants who are our agents or working on our behalf or in our name, through outsourcing of services, processes or any business activity, will be required to act consistently with the Code. Independent contractors or consultants will be made aware of our Code.

Disregard of the principles and requirements stated in the Code is considered a reason for appropriate disciplinary actions including dismissal, and in cases of serious misconduct besides termination of your labour agreement with Sakhalin Energy, if proven appropriate you potentially may be subject of further investigation by law enforcement agencies, criminal proceedings up to imprisonment.

A controlled copy of the current version of this document is located in Unica and is available via the Sakhalin Energy intranet. Before using this document it is your responsibility to ensure that

¹ Definition of Government Official does not apply to any Directors, officials, employees or authorised representatives of OAO Gazprom or any affiliates of OAO Gazprom including Gazprom Sakhalin Holdings B.V. for the purposes of this Procedure.



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any hard or electronic copy is current. The Document Custodian should be contacted for assistance and any feedback.

The Code of Conduct makes reference to several procedures and policies. In case there is any discrepancy between the Code of Conduct and the referenced document the Code will take precedence.

If a violation of the relevant laws or policies is proven, appropriate action will be taken. You can be absolutely sure that retaliation of any kind directed against anyone who reports an issue concerning the Code of Conduct will not be tolerated.

Sakhalin Energy will protect its employees against retaliation; in turn, it expects employees who know or suspect that retaliation has taken place to report it through:

- email whistleblow@sakhalin2.ru
- anonymous telephone call +7 914 759 9966 (29-99-66)
- the Whistleblowing focal point.

Business ethics are principles that guide the way the business behaves. For achievement of Sakhalin Energy business objectives, employees at every level should be committed to the highest ethical standards in their day-to-day activities. To ensure the agreed standard the following documents are adopted by the LLC:

- Code of Conduct;
- Conflicts of Interest Procedure;
- Anti-bribery and Corruption Procedure.

To help you understand and live up to these procedures, Sakhalin Energy provides relevant courses: Code of Conduct and Conflict of Interest, and Anti-bribery principles.

These courses are mandatory for all employees to pass every two years and are available in both Russian and English.

In addition it is mandatory for any new employee to pass corporate training that includes basic information about the Code.



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2 ROLES AND RESPONSIBILITIES

For the purposes of current procedure all job titles are indicated in accordance with the organizational structure effective on the date of procedure issue. In case of changes in organizational structure job titles shall be interpreted in accordance with incorporated changes.

As a company-wide document, the Code of Conduct does not provide detailed guidance about compliance with every local legal requirement in the different countries in which we operate. As a Sakhalin Energy employee, you are responsible for compliance with the local laws and regulations in force, which apply to your work from time to time, as well as with the Code. Violation of these principles and requirements will result the appropriate disciplinary actions and/or other consequence management means.

You are responsible for understanding and complying with the details of the policies relevant to your role and work area. You are also trusted to exercise your judgement in deciding if the Code covers any issue in sufficient detail to help you make the right decision at your level.

Included are the links to help you access further information, and advice on where to get help, on the subject areas covered in the Code of Conduct and what they mean to you personally.

The Code of Conduct does not remove the need for us all to exercise good judgement – it just makes it easier for every one of us to do so.

Sakhalin Energy expects the same level of ethical behaviour from its business partners and suggests using whistleblowing / grievance channels if they believe the LLC's Business Principles and this Code are breached.

At the same time, each employee takes responsibility to provide high quality and reliable information.



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3 SAKHALIN ENERGY GENERAL BUSINESS PRINCIPLES

3.1 LIVING BY OUR PRINCIPLES

Our shared core values of honesty and integrity, respect and care for people, professionalism and take individual accountability for performance, supported by good team work and continuous improvement, underpin all the work we do and are the foundation of our Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in the conduct of its business at all times.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to live by them or by equivalent principles.

We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overall success of Sakhalin Energy.

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as with the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of Sakhalin Energy employees to report suspected breaches of the Business Principles to Sakhalin Energy.

3.2 OUR VALUES

Sakhalin Energy employees share a set of core values:

- honesty and integrity,
- respect and care for people,
- apply professionalism and take individual accountability for performance,
- continuous improvement and team work.

We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

3.3 SUSTAINABLE DEVELOPMENT

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

3.4 RESPONSIBILITIES

Sakhalin Energy recognises six areas of responsibility. It is the duty of management to continuously assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

a. To owners

To protect owners' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To the Russian Party



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To respect our obligations towards the Federation of Russia and the Sakhalin Oblast and to protect its rights under the Production Sharing Agreement entered into by Sakhalin Energy and those parties.

c. To customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

d. To employees

To respect the human rights of our employees and to provide them with good and safe working conditions, competitive terms and conditions of employment.

To promote the development and best use of the talents of our employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns. We recognise that commercial success depends on the full commitment of all employees.

e. To those with whom we do business

To seek mutually beneficial relationships with contractors and suppliers to promote the application of these Sakhalin Energy General Business Principles or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

f. To society

To conduct business as responsible corporate members of society, to observe the laws of the Russian Federation and the other countries in which Sakhalin Energy operates, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

3.5 SAKHALIN ENERGY GENERAL BUSINESS PRINCIPLES

Principle 1: Economics

Long-term profitability is essential to achieving our business goals and to our continued growth. It is a measure both of efficiency and of the value that customers place on Sakhalin Energy's products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities.

Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

Principle 2: Competition

Sakhalin Energy supports free enterprise. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

Principle 3: Business Integrity

Sakhalin Energy insists on honesty, integrity and fairness in all aspects of our business and expects the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made.

Employees must avoid conflicts of interest between their private activities and their part in the



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conduct of the LLC's business. Employees must also declare to their employing company potential conflicts of interest. All business transactions on behalf of Sakhalin Energy must be reflected accurately and fairly in the accounts of the LLC in accordance with established procedures and are subject to audit and disclosure.

Principle 4: Political Activities

a. Of companies

Sakhalin Energy act in a socially responsible manner within the laws of the Russian Federation and the other countries in which we operate in pursuit of our legitimate commercial objectives.

Sakhalin Energy does not make payments to political parties, organizations or their representatives or take part in party politics. However, when dealing with governments, Sakhalin Energy has the right and the responsibility to make our position known on any matters, which affect us, our employees, our customers, our shareholders or local communities in a manner that is in accordance with our values and the Business Principles.

b. Of employees

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

Principle 5: Health, Safety, Security and the Environment

Sakhalin Energy has a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

To this end, Sakhalin Energy manages these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally. We continually look for ways to reduce the environmental impact of our operations, products and services.

Principle 6: Local Communities

Sakhalin Energy aims to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general well-being of the communities within which we work.

We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities.

In addition, Sakhalin Energy takes a constructive interest in societal matters, directly or indirectly related to our business.

Principle 7: Communication and Engagement

Sakhalin Energy recognizes that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

Principle 8: Compliance

We comply with all applicable laws and regulations of the countries in which we operate.



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4 PEOPLE AND HUMAN RIGHTS

4.1 RESPECT FOR HUMAN RIGHTS

Sakhalin Energy conducts its activities in socially responsible manner with respect to fundamental human rights, set out in UN Universal Declaration of Human Rights, Core conventions of the International Labour Organization, UN Guiding Principles on Business and Human Rights, The UN Global Compact principles, ISO 26000 Guidance on Social Responsibility and Voluntary Principles on Security and Human Rights.

Sakhalin Energy approach to respecting human rights consists of several core elements, including adherence to corporate policies, compliance with applicable laws and regulations, regular dialogue and engagement with our stakeholders and contributing, directly or indirectly, to the general wellbeing of the communities within which we work.

Sakhalin Energy has established and maintains appropriate procedures to evaluate and select major suppliers and contractors, and other business partners based on Sakhalin Energy's human rights and social performance policies, and to monitor their performance where appropriate.

For more information refer to:

- Human Rights Policy [SEIC-CA-00017](#)
- Sustainable Development Policy [SEIC-CA-00006](#)

YOUR RESPONSIBILITIES:

- Understand the human rights issues where you work and follow Sakhalin Energy commitments, standards and policies on this topic;
- Demonstrate respect and impartiality in your interactions with employees and external parties consistent with Sakhalin Energy core values and Sakhalin Energy General Business Principles;
- Consider other's opinion;
- Find out about local behaviours, practices and customs that may differ from those you are used to, be sensitive to differences and be prepared to adapt your behaviour accordingly if travelling or working in another office or country.

4.2 EQUAL OPPORTUNITY

Sakhalin Energy personnel are key factor of the LLC success. The key qualities of each Sakhalin Energy employee are professionalism, responsibility, initiative, integrity; strive for development and improvement of efficiency, compliance with ethics and behaviour standards.

Sakhalin Energy will ensure that its employment-related decisions are based on relevant qualifications, performance and other job-related factors. The LLC provides equal opportunity to all job applicants and employees through clearly defined and consistently applied employment and performance standards and management systems. We will not tolerate unlawful employment discrimination of any kind.

HR management processes are established and implemented throughout the LLC. Sakhalin Energy has built the system of human resources development based on technical, leadership and personal competences assessment. The system and the processes' communication guarantee equal approach and opportunities to assessment, development and growth across the LLC.

Sakhalin Energy places high emphasis on the HR grievance management process and makes every effort to facilitate an open dialogue with its employees and respects their rights. HR grievance management process is governed by the LLC's policy under which the following key areas are considered: compliance with rules, policies; infringement of the employees' rights provided by law; violation of employment agreements, other issues affecting interests and



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violation of labour and personal rights of the employees during employment in the LLC.

You may raise your concerns on the issues as stated above by filing a grievance to the functional mailbox SEIC-HR-Grievances@sakhalin2.ru.

YOUR RESPONSIBILITIES:

- Ensure your own employment-related decisions, including hiring, evaluation, promotion, training, discipline, development, compensation and termination of employment are determined by merit and business considerations alone;
- Apply related local (RF labour) legislation that may have an impact on workplace decisions;
- Be familiar with local cultures that may affect decisions;
- Report equal opportunity concerns through the available confidential channels;
- Comply with Internal Working Rules;
- Develop own professional skills, share experience and knowledge with colleagues;
- Bear personal responsibility for your performance;
- Do not tolerate unlawful discrimination of any kind;
- Do not allow exerting pressure for development of solutions violating the General Business Principles and ethics standards;
- Contact Human Resources Directorate if you have questions about the potential applicability of laws.

4.3 HARASSMENT

Sakhalin Energy will not tolerate harassment in the workplace. Certain actions and behaviours are also illegal in many countries. Both Sakhalin Energy and the individual may be subject to criminal and civil penalties if found to be in breach of a legal requirement. You should consult your HR Business Partner and Legal Directorate.

The impact on Sakhalin Energy can be serious: degradation of our reputation, personal depression and disruption or non-performance of work.

If you feel you have been harassed, there are a number of ways to raise the issue both informally and formally. In most instances, the line manager or HR Business Partner should be the first point of contact. However, if none of those people is thought appropriate you are invited to use the whistleblowing/grievances procedures.

YOUR RESPONSIBILITIES:

- Adapt to local legislation, cultural, behaviours, practices and customs that may differ from those you are used to and may affect decisions;
- Challenge someone if you find their behaviour hostile, intimidating, or humiliating;
- Do not physically or verbally intimidate or humiliate others;
- Never make inappropriate jokes or comments. If you are unsure whether something is inappropriate, refrain to do it;
- Never distribute or display offensive or derogatory material, including pictures or cartoons;
- Do not be afraid to speak up and tell a person if you are upset by his or her actions or behaviour. Explain why you find their conduct unacceptable, and ask the person to stop;
- Speak to your line manager, HR Business Partner, Audit Manager or Whistleblowing focal point, or report by using Sakhalin Energy confidential email whistleblow@sakhalinenergy.ru, or website: or by telephone +7 914 759 9966 (29-99-66) if the harassment continues.

4.4 WORKING IN COMMUNITIES

When working in communities, Sakhalin Energy implements human rights standards via



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General Business Principles, Human Right Policy, Sustainable Development Policy and Social Performance Standard where the whole range of the commitments in this area is systematised and consolidated.

This strategy is based on stakeholder engagement, complex impact assessment, development and implementation of mitigation measures, social and environmental monitoring. Corporate social responsibility is also one of the most important areas.

Such an approach means no investment or operational decision is made without adequate environmental and social (community) impact assessments.

Project assets, construction camps and accommodation facilities will be managed in such a manner as to minimise potential direct and indirect adverse impact on communities. The LLC developed a unique system of direct communication with communities.

Implementation of social investment/development (SI/SD) programmes, that are linked to the LLC's strategy, contribute to sustainable development of the region we operate in. Special focus is made on developing strategic partnerships with external stakeholders to enhance positive impact of SI/SD programmes.

The following types of activities and initiatives are excluded from the LLC's funding:

- Religious or political organisations or parties; and
- Group or individual travel when that is the sole project outcome.

Sakhalin Energy works pro-actively towards prevention of grievances through implementation of impact mitigation measures and community engagement/liaison activities that enable Sakhalin Energy to anticipate and address potential issues before they become grievances.

However, if any grievance is raised by community with regards to project activities, it is to be coordinated and addressed via Community Grievance Procedure.

For more information refer to:

- Human Right Policy SEIC-CA-00017
- Sustainable Development Policy SEIC-CA-00006
- Social Performance Standard 0000-S-90-01-O-0021-00-E
- Community Grievance Procedure SEIC-CA-00005
- Treatment Plan for Objects of Cultural Heritage 1000-S-90-04-P-7069-00-E

YOUR RESPONSIBILITIES:

- Promote and keep positive interactions with local communities/residents and maintain a high degree of public courtesy and respect;
- Demonstrate respect to local traditions, customs, etc.in the communities we are working with;
- Comply with protection of the natural environment principles;
- Comply with waste management requirements;
- Comply with no fishing, gathering and hunting requirements during construction;
- Do not approach domestic animals (including domestic deer) which are kept by local residents without permission or knowledge of the owners;
- Behave with no harassment of marine and land mammals, birds, and reptiles including chasing animals and land wildlife, with cars, snowmobiles, on foot, etc., or otherwise deliberately frightening them with sudden noises and lights;
- Report to line manager and follow notification procedure in the event when potential objects of cultural heritage are discovered in the project area.



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5 HEALTH, SAFETY, ENVIRONMENT, SECURITY AND SOCIAL PERFORMANCE (HSES&SP)

5.1 HEALTH, SAFETY, ENVIRONMENT, SECURITY AND SOCIAL PERFORMANCE

Sakhalin Energy is committed to achieving excellence in all its business activities, including health, safety, environmental, security and social performance (HSES&SP). Sakhalin Energy's overriding goal is to operate in environmentally and socially responsible manner and thereby:

- Do no harm to people;
- Protect people and the environment;
- Comply with all HSES&SP laws and regulations;
- Pursue the goal of safeguarding people, assets, information and reputation.

To demonstrate this commitment, we report HSES&SP performance publicly and regularly. Sakhalin Energy aims to provide a safe, secure and healthy working environment for all its employees, contractors and suppliers and to minimise community impacts. We believe that all accidents and occupational illnesses and injuries are preventable. Sakhalin Energy develops and uses energy resources, products, and services consistent with the goals outlined above, and is committed to contribute to sustainable development.

Sakhalin Energy seeks to ensure the security of business processes in all spheres of its business, and is committed to protecting our people and facilities and maintaining asset integrity in a manner that upholds respect for human rights, to ensure that risks are assessed and monitored and that our management and third-party security providers understand the impacts their decisions and actions can have on people and communities. Basic LLC's principles and activities for protection from external and internal threats are defined in Security Policy.

Sakhalin Energy aims to play an industry-leading role in promoting best practice. Sakhalin Energy has adopted a systematic approach to HSES&SP management and has established an assurance process for legal compliance in HSES&SP and continuous improvement in performance.

Sakhalin Energy owned and operated facilities must operate with the necessary permits, approvals and controls that are designed to protect health, safety and the environment. Sakhalin Energy contractors and other business partners are expected to commit to the same levels of HSES protection as Sakhalin Energy.

We set targets for improvement and agree measures by which we appraise and report performance. We also take responsibility for fostering awareness and responsible behaviour amongst our suppliers and customers.

We provide ongoing training to ensure that our commitment to excellence in HSES&SP management is reflected throughout Sakhalin Energy. Health, safety and environmental performance are key factors in evaluating and rewarding our employees and in selecting contractors.

To ensure our security contractors act consistently in compliance with human rights standards stated herein, Sakhalin Energy incorporates relevant contractual clauses in the contracts, and provides trainings for its security contractor's personnel.

For more information refer to the:

- Sakhalin Energy Commitment and Policy on Health, Safety, Environment and Social Performance [SEIC-HS-00045](#)
- HSE&SP Management System [0000-S-90-04-P-0006-00-E](#)
- Security Policy [0000-S-90-04-P-0439-00-E](#).

YOUR RESPONSIBILITIES:

- Act in line with the HSE & SP Policy and its intent;
- Comply with the requirements of the HSES&SP management system at your place of work;
- Follow the HSE Life saving rules;
- Comply with the law, standards and procedures;



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- Intervene in unsafe or non-compliant situations;
- Respect our neighbours;
- Make sure you are familiar with the laws, regulations, policies, and procedures that apply to your job;
- Make sure you handle and dispose of hazardous materials properly and safely;
- Alert your supervisor or manager immediately to any situation which involves the discharge of a hazardous substance or which could potentially harm people or damage the environment;
- Use personal protective equipment required for the task you are undertaking;
- Follow the LLC's procedures for making immediate reports of workplace injuries, unsafe work practices or conditions, or any other type of safety or environmental hazard as well as of breaches of HSES&SP laws and/or requirements;
- Do not carry out tasks which are not safe for which you are not trained, competent, medically fit and sufficiently rested and alert;
- Be in compliance with the Security Policy.

5.2 SUBSTANCE ABUSE

Sakhalin Energy is committed to providing a safe and productive work environment for its employees and contract personnel. This means striving to ensure, among other things, that the workplace is free from substance abuse; that is the use of illegal drugs, the misuse of legal drugs or other substances, and the abuse of alcohol.

Subject to the legislative requirements, an employee who declares a dependency on drugs, alcohol or both will be treated in the same way as an employee with any other illness. We provide employees with health education programmes to raise awareness of the consequences and dangers of drug use and alcohol abuse.

You should inform your Supervisor/Manager when taking prescribed medication or other drugs as treatment for a health condition which can affect your performance (for example medications causing drowsiness, affecting the capability of driving or operating machinery, etc.).

Subject to legal requirements, Sakhalin Energy may conduct unannounced screenings or searches for drugs and alcohol on LLC locations. Searches might include personal effects, desks, lockers and other LLC property. The failure of an individual to consent to a search will be considered as serious misconduct.

In situations, which give cause for concern either in the workplace or after accidents or near misses, Sakhalin Energy will at its discretion require an employee to undergo a medical examination, including a blood test for alcohol.

For more information refer to the:

- Occupational Health and Hygiene Standard 0000-S-90-04-O-0270-00-E

YOUR RESPONSIBILITIES:

- Fit and ready to carry out their work duties at all times while at work or on Sakhalin Energy business;
- Aim at recognising a dependency condition early;
- Advise your line manager, your HR Business Partner or both of any drugs or alcohol dependency condition and of any current medical treatment you are receiving for dependency; or if you are in a safety sensitive job or location and you are taking prescribed drugs, so that further professional advice can be sought if appropriate;
- Comply with a rehabilitation programme;
- Co-operate in a reasonable search and 'with cause' testing;
- Do not use, possess, keep, sell, distribute illegal drugs and misuse legal drugs or other substances, because it is prohibited;
- Do not being at work or on Sakhalin Energy business while impaired by drugs or alcohol or with illegal drugs present in their systems;
- Do not ignore a case of substance abuse if you witness one.



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6 PERSONAL AND BUSINESS INTEGRITY

6.1 BRIBERY AND CORRUPTION

Sakhalin Energy has a clear position on bribery and corruption: we do not offer or accept bribes. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form (including favours) by our employees, is unacceptable. Sakhalin Energy promotes its policy on bribery and corruption amongst its business partners, contractors and suppliers. Sakhalin Energy complies with all national and international laws and regulations with respect to improper payments to Government officials.

Acts or allegations of bribery can do serious damage to our reputation. That is why Sakhalin Energy requires compliance with its policy on bribery, corruption and facilitation payments from business partners, including its agents, representatives, contractors and suppliers. This applies to transactions with a foreign or domestic Government Official or employee or with any private company or person, and whether in the conduct of domestic or international business. Sakhalin Energy senior management should proactively promote the Sakhalin Energy anti-bribery policy with third parties and encourage their employees to do the same. They should also ensure that charitable donations are not used as a substitute for bribery.

For more information refer to:

- Anti-Bribery and Corruption procedure [SEIC-RA-00008](#)

YOUR RESPONSIBILITIES:

- Use caution when giving or receiving gifts or entertainment to or from Government Officials or other business contacts;
- Seek advice from your line manager if you are unsure about giving or receiving a gift or anything of value, or providing entertainment;
- Satisfy yourself about the status and probity of any agent and make sure the agent understands the Sakhalin Energy position on bribery and facilitation payments;
- Report any concerns you may have about corrupt activities, either within the LLC or in dealings with third parties, to your line manager or, if appropriate, through the Sakhalin Energy Whistleblowing Hotline;
- Do not give, offer, accept, solicit or pay bribes or make facilitation payments kickback or other improper payment for any reason;
- Do not use political or charitable donations as a substitute for bribery;
- Stay in accordance with applicable law;
- Do not use agents to offer or accept bribes or facilitation payments indirectly.

6.2 CONFLICT OF INTEREST

Conflict of Interest occurs when your personal interest, relationships (including close family members - spouse, child, parent or sibling), participation in external activities or interest in another venture influence or could be perceived to influence your decisions or professional judgment in the fulfilment of obligations to the LLC. It is your duty to make business decisions in the best interest of Sakhalin Energy not based on your own personal interests.

Potential conflicts of interest may include, but are not limited to:

- Financial interest / participation in business;
- Gifts and hospitality (Giving and Receiving);
- Other employment;
- Private use of contractor / supplier;
- Secrecy, inventions, copyrights and designs;
- Shares, land and mineral rights;
- Other, e.g. conflicting roles of employees and family members in the same company.



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It is not possible to list all situations or relationships, which may create a conflict of interest or the appearance of one, so each situation must be evaluated on its particular facts. You may obtain advice from GRA or Legal Directorate to help determine if a conflict exists.

You must avoid conflict of interest, but if it happened you must declare to Sakhalin Energy potential conflicts of interest. Sakhalin Energy relies on its employees' good judgment in the exercise of their responsibilities in the best interests of Sakhalin Energy and its reputation.

For more information refer to:

- Conflict of Interest Procedure [SEIC-RA-00005-E](#)

YOUR RESPONSIBILITIES:

- Excuse yourself and anyone who works for you from making decisions that may create a conflict of interest with your personal interests;
- Disclose any information that might give rise to a possible conflict of interest using [Electronic Col Register](#);
- Seek guidance from your line manager if you have any doubts about the confidentiality of information or the propriety of your ownerships or dealings. As a guide, ask yourself the question: would I feel comfortable explaining any actions to my work colleagues, friends or the media?
- Be impartial, professional, and competitive in your dealings with contractors and suppliers;
- Be aware that the acceptance of any offer of future employment, consultancy or directorship with a Sakhalin Energy contractor, supplier, customer, competitor or business partner constitutes a potential conflict of interest;
- Do not get involved in the hiring, supervision, management or career planning of any relative or in financial controlling and auditing or human resources discussions regarding any relative;
- Do not make improper use of your position in Sakhalin Energy, or of confidential information you have gained, to achieve personal interest or indirect gain;
- Do not allow your relationships with contractors and suppliers to influence business decisions made on behalf of Sakhalin Energy;
- Do not accept gifts or hospitality that might place you under an obligation.

6.3 GIFTS AND HOSPITALITY

Sakhalin Energy discourages its employees from accepting gifts from its business partners. It is recognised that the occasional acceptance or offer of modest gifts and hospitality may be a legitimate contribution to good business relationships. However, it is important that gifts or hospitality never influence business decision-making processes, or cause others to perceive an influence, it shall not create any conflicts of interest and must not place you or Sakhalin Energy under obligation. Hence that should be taken into consideration in order to protect our reputation, but also to protect you against unfounded allegations of improper behaviour.

If you are not clear how to treat gifts and hospitality, please seek advice from your line manager, Financial Controller or the GRA Manager.

You may accept or offer a gift or meals related to a business context of a value not exceeding the set limit **with prior approval of Line Manager and/or Budget Holder**; this **does not need to be reported via Electronic Col register** (although voluntary reporting is a good practice).

The following can be offered or accepted by any Sakhalin Energy **employee with prior approval of the relevant director or head of the directorate and shall be reported via electronic Col register** whether accepted or not:

- Hospitality events, including invitations to meals and entertainment, exceeding value limit per individual per occasion.

The following can be offered or accepted by **the relevant director or head of the directorate only with prior approval of the General Director** and shall be reported via electronic Col register whether accepted or not:



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- Tangible gifts of estimated value exceeding value limit per individual per occasion.

Items that cannot be accepted / offered under any circumstances follow with or without approval irrespectively its value include:

- cash or cash equivalents (including gift vouchers);
- loans;
- personal services (incl. transport for non-business purposes);
- illegal or inappropriate gifts and hospitality;
- gifts and hospitality during periods when important business decisions are made (e.g. tender valuation);
- expenditures for family and members or guests accompanying the Government Official;
- expenditures for additional day of travel to tourist destinations or visits to family or friends;
- other (more details available at the Sakhalin Energy's [intranet page](#))

For more information refer to:

- Conflict of Interest Procedure [SEIC-RA-00005](#)
- Anti-Bribery and Corruption procedure [SEIC-RA-00008](#).

6.3.1 Dealing with Government Officials

The general rule is that gifts and hospitality events for Government Officials can be paid for out of the LLC's funds only in connection with good faith promotion, demonstration, or explanation of Sakhalin Energy products or services, or the execution or performance of a contract (incl. those pursuant to Production Sharing Agreement), and must be reasonable in amount.

No expenditure on gifts and hospitality for any Government Official may be made for the purpose of influencing any official action or to procure any improper advantage.

No high value gifts (exceeding the set value limit) shall be made to Government Officials, excluding very limited exceptional cases specified in Anti-Bribery and Corruption procedure.

For more information refer to:

- Anti-Bribery and Corruption procedure [SEIC-RA-00008](#)

YOUR RESPONSIBILITIES:

- Use sensible judgement in deciding what is reasonable and do challenge yourself before accepting or offering a gift or hospitality:
 - Could my acceptance or offer lead to an obligation or imply an obligation?
 - Is this gift or hospitality a 'reward' for a business transaction?
 - Is this gift or hospitality excessive in value?

If the answer to any of these questions is 'yes', the gift including corporate gifts which feature the logo of the presenter (diaries, calendars, etc.) or hospitality should not be offered or accepted.

- Report and discuss all gifts or hospitality given or received (offered or accepted) with your line manager and register them using the Electronic Col register <http://sappport.sakhalinenergy.ru:50100/irj/portal>.
- Take into consideration the policy of the recipient's company;
- Make Sakhalin Energy policy on gifts and hospitality clear to your business partners at the beginning of every new business relationship;
- Seek approval in advance of offering gifts or hospitality;
- Make gifts or offer hospitality only in compliance with applicable laws and regulations;
- Be aware of the potential conflict of interest if you accept gifts or hospitality;
- Understand local customs for the giving or receiving of gifts, entertainment or benefits, tips and fees;
- Involve senior management in making decision regarding final selection of the guests invited to Sakhalin Energy hospitality event;



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- Do not exchange gifts, regardless of their value, in your home, they should be exchanged on the expectable premises only (e.g. LLC's premises);
- Do not be embarrassed to decline any offer by referring to the Sakhalin Energy policy in cases when offers exceed value limit – this will be understood by the business counterparty – who in most cases will be subject to similar rules;
- Do not give or receive a gift or a favour that you would feel uncomfortable explaining to your work colleagues, your family or the media;
- Do not differentiate between the giving or receiving of gifts and hospitality directly or via an intermediary

6.4 INSIDER DEALING

You may have an access during their work to confidential or 'inside information' that you must protect and never spread it or use it for your own benefit. If you use 'inside information' for your own benefit or recommend that another person who trade shares or other securities this is a criminal offence.

If you spread false information or engaging in activities designed to manipulate the price of publicly listed securities that is called 'market abuse' and also illegal.

The consequences of non-compliance may include criminal prosecution and fines for both the LLC and the individual.

YOUR RESPONSIBILITIES:

- Protect confidential or 'inside information' about Sakhalin Energy and do not disclose it at any time;
- Seek advice from Legal Directorate if you are considering a transaction in securities and have any doubt about its propriety;
- Do not buy, sell or engage in any other dealings in the securities of Sakhalin Energy's owners or their affiliates while you possess 'inside information' about that LLC. This applies even if you are no longer a Sakhalin Energy employee;
- Do not engage in any dealings involving a company outside Sakhalin Energy while you have 'inside information' or confidential information about that company;
- Do not engage in speculative dealing, such as entering into a swap, spread betting, short sales or similar arrangements affecting the securities of Sakhalin Energy's owners or their affiliates;
- Do not spread false information, market rumours or engage in other activities to manipulate the price of publicly listed securities

6.5 POLITICAL ACTIVITIES AND PAYMENTS TO POLITICAL PARTIES

Sakhalin Energy does not make payments to political parties, organisations or their representatives or take part in public politics. The LLC funds and resources may not be used to contribute to any political campaign, political party, political candidate or any of their affiliated organisations.

If you wish to engage in activities in the community, including standing for election to public office, you will be given the opportunity to do so if it is a right conferred by law or is considered appropriate in the light of local circumstances. However your political activity and payments may be perceived as those of Sakhalin Energy and may impact Sakhalin Energy business or reputation. Therefore you must ensure your personal political activities are not represented to be those of Sakhalin Energy.

The participation of Sakhalin Energy employees, including contributions of time or money, is carried out entirely on their own account and their political opinions do not represent Sakhalin Energy positions. Sakhalin Energy employees will not be reimbursed by Sakhalin Energy for any personal political contributions, expenditure or gifts.

A Sakhalin Energy employee may only represent a Sakhalin Energy position with the approval of the External Affairs Manager. Any subsequent external written or verbal communication must be in accordance with the LLC Media and Representation Policy.

All information to be released into the public domain should be first reviewed by External Affairs.



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YOUR RESPONSIBILITIES:

- Become familiar with all laws and regulations that restrict any LLC's involvement in political activities, including your engagement in lobbying for Sakhalin Energy to promote its legitimate concerns;
- Make clear that you are speaking on your own account and not on behalf of Sakhalin Energy when you engage in personal political activity;
- Seek approval from the External Affairs Manager before respond to media or engaging on behalf of Sakhalin Energy with Government Officials regarding political activities;
- Keep in mind Sakhalin Energy's reputation, and how the public would perceive your actions, when engaging with Government Officials;
- Do not use your position in Sakhalin Energy to try to influence any other person (inside or outside Sakhalin Energy) to make political contributions or provide support to any political parties or politicians;
- Do not make any contributions or incur expenditure using a Sakhalin Energy account for any political campaign, political party, political candidate;
- Do not use or allow to be used any Sakhalin Energy assets or resources, for example, work time, telephones, communications services or meeting rooms for any political campaign, political party, political candidate or any of their affiliated organisations;
- Do not use charitable donations as a substitute for a political payment.

6.6 MONEY LAUNDERING

Money laundering is a generic term used to describe the process of hiding the criminal origins of money or money's worth (the 'proceeds' of crime) within legitimate businesses or business activities. It also describes the use of money of legitimate origin to support terrorism. Anti-money laundering provisions are designed to help prevent legitimate business from being used by criminals for this purpose, and to assist law enforcement agencies to trace and recover criminal assets and terrorist funding. Sakhalin Energy tries to avoid suspicious transactions or incidents not to be involved in money laundering as it is a criminal offence.

The offences covered by anti-money laundering provisions include:

- Money laundering: acquiring, using or possessing criminal property; concealing the nature, source, location or ownership of criminal property; converting or transferring criminal property or removing it from a country; facilitating the acquiring, retention, use or control of criminal property; and assisting terrorist financing in any other way;
- Tipping-off: disclosing (in particular, to the subject) anything likely to prejudice an investigation;
- Prejudicing an investigation: falsifying, concealing, destroying or disposing of relevant documents;
- Failure to report: not reporting a suspicion when there are reasonable grounds to know or suspect that someone is laundering money.

In practice, this means you must make proper enquiries about the origin of all monies and property we receive or procure, and of the appropriateness of the destination of money we forward in any way, on transactions in which you are involved.

It should not be assumed that this applies only to finance staff. Business people or lawyers may be the first to hear how a transaction is going to be organised.

You are not required to identify money laundering, but you do have a duty to identify suspicious activity, which may be money laundering or terrorist financing. You also must conduct a counterparty due diligence to understand the business and background of our business partners and to determine the origin and destination of money and transactions.

A combination of any number of potentially high-risk transactions should naturally increase the level of suspicion.

YOUR RESPONSIBILITIES:



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- Be aware that you have an obligation to identify and internally report suspicious transactions or incidents of money laundering;
- Contact the Finance Controller or GRA Manager for advice and assistance;
- Do not knowingly deal with criminals or the proceeds of crime;
- Do not try to investigate a case of money laundering yourself;
- Do not report your suspicions externally – the Finance Controller will take responsibility for this;
- Do not notify your suspicions to the other party to the transaction.

6.7 FINANCIAL ACCOUNTING AND REPORTING

Sakhalin Energy has a wide range of financial information stakeholders such as lenders, Russian party (federal and regional), shareholders, tax authorities hence financial information is subject to different audits such as two audits under Production Sharing Agreement (PSA), shareholders' management reporting audit, lenders' audits. Sakhalin Energy financial information is subject to government reporting and should be fair, true, correct, consistent and complete.

In operating financial information we are committed to comply with Sakhalin Energy accounting policy, accounting and financial reporting rules and regulations that apply to the jurisdictions in which we operate, in particular Russian tax requirements, International Financial Reporting Standards and PSA with the Russian Party.

Sakhalin Energy internal controls must enable us to demonstrate that entries in our financial reports are correct and made in accordance with applicable regulations. Financial processes must be designed and operated in accordance with the Sakhalin Energy procedures relating to managing finance processes.

YOUR RESPONSIBILITIES:

- You shall properly manage financial records. Sakhalin Energy expects you will only execute transactions, and access assets, in accordance with your management's general or specific authorisation or delegation of authority. Sakhalin Energy also requires that once a transaction has been approved and carried out it be submitted for inclusion in its accounts and records.



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7 NATIONAL AND INTERNATIONAL TRADE

7.1 ANTITRUST AND COMPETITION LAW

More than 100 countries throughout the world, including Russia, have developed antitrust (or competition) laws. Antitrust laws prohibit a variety of practices that restrain trade or restrict free and fair competition, such as price-fixing conspiracies and acts designed to achieve or maintain monopoly power. A number of countries make antitrust violation a criminal offence, with imprisonment of individuals and heavy financial penalties for the companies involved.

Antitrust laws apply to every level of business in the countries in which Sakhalin Energy operates. The laws apply not only to Sakhalin Energy but also to our competitors, suppliers and business customers.

Although the laws may differ from country to country, some of the most common illegal antitrust activities that LLC is committed to avoid include:

- Agreements between competitors that have, or are intended to have the effect of fixing, stabilising or raising prices or profit margins, including agreements on price initiatives or price targets, ranges or recommendations;
- Agreements between competitors not to compete for certain customers or accounts, or in certain geographic areas;
- Agreements between competitors regarding bid pricing or other terms and conditions of a bid – or agreements not to compete for certain bids;
- Agreements between competitors to reduce production or output;
- Agreements between competitors about which suppliers or customers they will not deal with;
- Agreements with independent dealers or resellers to fix the minimum resale price of a product.

It is vital that everyone in Sakhalin Energy understands what these laws mean and complies with both the letter and spirit of the law - not only to avoid infringement but also to ensure that suppliers or trade customers are not engaging in anti-competitive activities that could damage our business.

YOUR RESPONSIBILITIES:

- Make sure that Sakhalin Energy decisions about pricing and customers are independent and taken by Sakhalin Energy alone;
- Make sure that all decisions about how Sakhalin Energy will or will not bid are independent and taken by Sakhalin Energy alone;
- Make sure that decisions about where Sakhalin Energy will or will not compete are independent and taken by Sakhalin Energy alone;
- Make sure there is a legitimate and lawful reason for any discussion with a competitor, supplier or contractor;
- Do not share pricing information (as well as any other sensitive information) with a competitor;
- Do not enter into an agreement or undertaking, or share information, with a competitor about the customers or geographic markets you engage with;
- Do not discuss any aspect of bidding with any of Sakhalin Energy's competitors;
- Do not discuss the need to rationalise production capacity, or to reduce oversupply in the market, with anyone outside Sakhalin Energy.

7.2 INTERNATIONAL TRADE

Most countries, including Russia, impose some form of legal control on the export and import of goods, works and services from/into their jurisdiction. Many countries are also signatories to international export and import control treaties which together place restrictions on exports/import of goods, technology and software.

Although Russia, which is a principal place of business for Sakhalin Energy, is not a formal member of the EU and OECD, it signed or joined some of the conventions and other regulatory instruments issued by these institutions. Most of the aforementioned rules are applicable to Russia and incorporated into its national legislation. Therefore Sakhalin Energy is committed to comply with them.



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7.2.1 Export control and sanctions

If your work involves the sale, shipment, electronic transfer or disclosure of technical information, software, goods or services across national borders between Sakhalin Energy and third parties, you are required to keep up to date with applicable rules and regulations and ensure the LLC follows them.

Export controls compliance refers to:

- Exports and re-exports of goods, technology and software to specific countries, entities and individuals, and for certain end-users;
- Imports from a sanctioned country;
- Disclosure of certain technology and software source codes to nationals of a prohibited country;
- Involvement of nationals of the country imposing sanctions in any business dealings with the sanctioned country or with persons in the sanctioned country;
- New investments or other transactions with a sanctioned country, persons in the sanctioned country and sanctioned individuals.

For more details see the Trade Controls Manual [0000-S-90-01-O-0030-00-E](#).

7.2.2 Import control and sanctions

If your work involves the purchase, shipment, electronic transfer or disclosure of technical information, software, goods or services across national borders you must comply with all applicable import rules and regulations.

Sakhalin Energy operations involve the import of raw materials, feedstock and finished products from many countries. Failure to observe import control laws and sanctions can cause operational delays, severely damage our reputation and create substantial legal exposure for Sakhalin Energy including criminal and civil fines and loss of privileges and, for individuals, fines and imprisonment.

It is also important to remember that Sakhalin Energy staff entering any country may be subject to personal import restrictions in respect of goods in their baggage or on their person.

YOUR RESPONSIBILITIES:

- Seek advice from Legal Directorate or GRA Manager whenever the legality or propriety of any prospective transaction or course of conduct is subject to question or doubt;
- Remember that an export and import can be made electronically, through discussions and by visual inspection, as well as by traditional shipping methods;
- Think carefully about the potential impact of export and import control laws and sanctions before transferring goods, technology or software across national borders whether physically, electronically, or by verbal or visual disclosure;
- Know your customer and seller – who they are, what they do, where they are based, and how they will use your goods, technology, software or money;
- Make sure that you observe all legal requirements concerning presentation and declaration of goods at importation, including relevant documentation;
- Attend an awareness session as advised by your Legal Directorate or GRA Manager to keep up to date with changes in the rules;
- Be aware of which countries have been sanctioned by your country of nationality or citizenship;
- Do not get involved in any aspect of business with a country that has been sanctioned by the country of your nationality or citizenship;
- Do not export items into a sanctioned country or into a country that has imposed such sanctions;
- Do not import items from a sanctioned country or from a country that has imposed such sanctions;
- Do not attempt to import prohibited goods or restricted goods from a country without properly declaring them to the Customs authority;
- Make sure that all duties, levies or other legitimate import taxes are paid.



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8 SAFEGUARDING INFORMATION AND ASSETS

8.1 PROTECTION OF CORPORATE ASSETS

Sakhalin Energy assets have considerable value – whether financial or physical assets or intellectual property – and are intended to be used only to advance Sakhalin Energy business purposes and goals. The LLC is also committed to maintain asset integrity in the course of its activities. These assets must be secured and protected in order to preserve their value. Such assets include buildings, sites, equipment, tools, supplies, communication facilities, funds, accounts, computer programs, information, technology, documents, know-how, data, patents, trademarks, copyrights, time, and any other resources or property of Sakhalin Energy. You are entrusted with Sakhalin Energy assets in order to do your jobs. We adhere to personal responsibility for safeguarding and using Sakhalin Energy assets appropriately.

Sakhalin Energy respects the physical and intellectual assets of others. Consequently, it is expected that you never intentionally damage or misappropriate the physical assets of others; infringe valid patents, trademarks, or copyrights of others; misappropriate confidential information in violation of the rights of others; or use or disclose confidential information of others without proper authority. The LLC expects others to show the same degree of respect for Sakhalin Energy physical and intellectual assets.

Assets management should be realised according to proper authorities delegation and transactions should be properly authorised.

For more information refer to

- Manual of Authorities 0000-S-90-01-P-0084-00-E
- Computer and Telecom Equipment Operation Policy 0000-S-90-01-P-0497-00-E

YOUR RESPONSIBILITIES:

- Use Sakhalin Energy assets only for business-related purposes;
- Take care to prevent waste, loss, damage, misuse, theft, misappropriation, or infringement of Sakhalin Energy assets;
- Obtain appropriate permission / authorisation for the use of Sakhalin Energy assets;
- Prepare, maintain or submit accurate records regarding the use of Sakhalin Energy assets, in accordance with applicable laws, external requirements and the LLC processes;
- Record time worked accurately;
- Comply with specific restrictions placed on the use and transfer of Sakhalin Energy assets;
- Follow established guidelines and procedures in respect of authorities and approvals for dealings with third parties that involve Sakhalin Energy assets;
- Prepare business records and documents accurate, reliable and timely of, including those that relate to expenses incurred by you on behalf of the LLC.

8.1.1 Intellectual property

Intellectual property (IP) assets and rights play an important role in enabling Sakhalin Energy to retain industry leadership and derive competitive value from continued investment in innovation. You are required to comply with the Information Security Policy and Information Classification Standard which demonstrate how each of us is expected to contribute to maximising the potential of IP for Sakhalin Energy.

You must always give proper attention to creating, protecting and exploiting Sakhalin Energy IP, and to avoiding infringement of the IP rights of others.

For more information refer to:

- Procedure for Use of the Sakhalin Energy Brand and Communication Style Guide 0000-S-90-01-P-0214-00-E;
- Information Security Policy 0000-S-90-01-P-0094-00-E;
- The Information Security Classification Standard 0000-S-90-01-O-0005-00-E.

YOUR RESPONSIBILITIES:



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- Consult Legal Directorate before receiving, disclosing, or agreeing to receive or disclose, information provided in confidence;
- Ensure that all employees and contract staff have legally binding undertakings addressing their obligations regarding the ownership and confidentiality of IP received during or arising from their engagement;
- Report to Legal Directorate at the first opportunity instances in which third parties appear to be using Sakhalin Energy IP without authority;
- Use trademarks and domain names only in accordance with Sakhalin Energy Communication Policy;
- Do not conduct research, development or commercialisation activity on any new or modified product or process without proper consideration being given to the risks posed by third party IP.

8.1.2 Personal use of IT and communications

Sakhalin Energy provides employees with IT facilities and does not prohibit using IT in personal reasons, but it shall not disrupt your and your colleague's job responsibilities. Sakhalin Energy expects you will apply high ethical standards, comply with applicable laws and regulations and support Sakhalin Energy information security requirements. It is also important that the personal use of Sakhalin Energy IT and communication facilities does not incur substantial cost or negatively affect productivity.

While in the workplace, you are expected to be fully engaged in your work and not undertake personal activities beyond a reasonably modest level. Sakhalin Energy expects that you will devote the necessary time to your work in order to fulfil your job responsibilities.

Personal use of IT and communications may be monitored by Sakhalin Energy.

For more information refer to:

- Standard on Protection of Personal Data [0000-S-90-01-O-0025-00-E](#)
- Computer and Telecom Equipment Operation Policy of the LLC [0000-S-90-01-P-0497-00-E-E](#)

YOUR RESPONSIBILITIES:

- Recognise the negative impact on both individual and the organisation's reputation that improper use of Sakhalin Energy IT and communication facilities may cause.

8.2 DATA PRIVACY AND PROTECTION

The personal data includes information about individuals such as name and contact details, employment and financial information, age and nationality. Information on race or ethnic origin, religion or philosophical beliefs, health or sexual orientation, criminal behaviour or trade union membership is sensitive personal data and subject to stricter controls.

Sakhalin Energy respects any individual's general right to privacy of their personal data and adheres to all applicable laws on the use of personal data. Such attitude is also expected from you.

For more information refer to:

- Standard on Protection of Personal Data [0000-S-90-01-O-0025-00-E](#)

YOUR RESPONSIBILITIES:

- Collect personal data for the purpose only permitted by law;
- If you have access to personal data use it in a way authorised by applicable law;
- Do not use the personal data that became available to you without proper authorisation;
- If you are in any doubt about the handling of personal data, consult Legal Directorate or your HR Business Partner.

8.3 RECORDS MANAGEMENT

Records are valuable LLC's assets and must be properly managed. Sakhalin Energy defines a Business record as fixed valuable information that can be uniquely identified (including, but not limited to



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identification of attributes). Business records can be presented by both documents and data. They are considered to be valuable and important information when this information:

- is created or received as evidence of a business activity;
- OR is required for legal, tax, regulatory or accounting purposes;
- OR is a reason for business decisions;
- OR which is of importance to Sakhalin Energy business or corporate memory

Paper records and electronic ones (including images, instant messaging, email messages, voice recordings or electronic files) shall be treated in the same way. Sakhalin Energy must be able to retrieve records quickly and reliably. When each record's retention period is over, appropriate disposal is required.

Falsification of records or misrepresentation of facts may constitute fraud and can result in civil and criminal liability for both individuals and the LLC. Information which is just temporarily required for doing business should not be treated as Business records and should be disposed by the owner as soon as no longer required (for example, punch lists).

Sakhalin Energy applies a risk-based approach to Records Management that identifies the areas of highest exposure and ensures records are managed in a secure, consistent and auditable manner.

For more details refer to:

- Information Security Classification Standard 0000-S-90-01-O-0005-00-E
- Information Security Policy 0000-S-90-01-P-0094-00-E
- Records Management Procedure 0000-S-90-01-P-0276-00-E

YOUR RESPONSIBILITIES:

- Make sure you understand the difference between a record and information of temporary nature;
- Identify, classify and store records in line with the formally established LLC standards and procedures;
- Protect records to ensure they cannot be subject to unauthorised access or interference;
- Prevent records from accidental amendment or deletion;
- Avoid duplication unless absolutely necessary, clearly mark copies as such to avoid confusion, preferably use links to documents (shortcuts). Keep any duplicates or local copies made for working purposes for as short a period of time as possible;
- Ensure that team members have not previously created a record prior to initiating a new document;
- Suspend scheduled disposal and modifying of records in the event of reasonably anticipated litigation, government or regulatory investigation, or tax audit;
- Act reasonably, competently, in good faith and in line with legal advice in making decisions concerning the preservation of information;
- Make sure that you preserve all relevant information (even that of temporary value) if the subject matter becomes subject to litigation, governmental or regulatory investigation, or tax audit;
- Dispose appropriately of records after the requirement for their retention has expired and you have determined that no preservation hold exists for those records;
- Do not forget to transfer custody of all relevant records if you change your job within Sakhalin Energy or if you leave your job with Sakhalin Energy;
- Do not forget that the determination of what is a record is based on content and that both paper and electronic record (including email) must be managed. All e-mail messages should never be considered to have equal retention value, each email should be retained individually.



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9 COMMUNICATION

9.1 BUSINESS COMMUNICATIONS

Your communications are a reflection on Sakhalin Energy. Failure to safeguard information or inappropriate, inaccurate or careless communications can create serious liability and compliance risks for you and Sakhalin Energy, can damage our reputation and our ability to conduct business effectively. That is why all employees and contract staff are required to take care when communicating both internally and externally and particularly when the communication is a written document (including email).

Sakhalin Energy sets out the rules and principles that should be applied to your business communications with both staff in Sakhalin Energy and third parties. These rules and principles have been designed to minimise liability and compliance risks. They apply to communications in any format or medium, including electronic documents, instant messages, websites, postings on the web, paper documents, facsimile and telex messages, voice, and voice mail recordings.

For more details refer to:

- Information Security Classification Standard 0000-S-90-01-O-0005-00-E
- Information Security Policy 0000-S-90-01-P-0094-00-E
- the LLC Media and Representation Policy SEIC-CA-00007

YOUR RESPONSIBILITIES:

- Comply with speech etiquette: ensure your communications are necessary and appropriate;
- Take care when writing and sending;
- Ensure you adhere to all rules and follow all guidelines;
- Ask yourself 'Would I be comfortable if this communication appeared on the front page of a newspaper or was produced as evidence in legal proceedings?';
- Ask yourself 'Do I need to make this communication and what is the most appropriate way of communicating?';
- Make sure that your written communications contain a clear statement (in a footer on an email or on your Sakhalin Energy's headed paper) identifying your employing company as Sakhalin Energy and giving those details required by local law, as well as your contact details;
- Check that you are authorised to make a particular commitment to share a particular piece of knowledge;
- Obtain legal advice to avoid accidentally creating legally binding commitments when discussions or negotiations continue over a long period of time;
- When sharing knowledge with a third party on 'need to know' basis only;
- Ensure proper information classification and if required encrypt your correspondence;
- Remember that communications with a competitor can violate antitrust laws;
- Do not use ambiguous language, do not mislead;
- Do not assign blame or be judgemental ('it was his fault');
- Do not brag or overstate, write speculative opinions;
- Do not engage in 'chit chat' or 'casual conversation' on sensitive or confidential matters or joke about serious matters;
- Do not make decisions for companies that you do not work for – in general, your activities in respect of any companies other than your employing company are advisory only;
- Do not share knowledge when this is prohibited or restricted:
 - in the context of a commercially-sensitive or price-sensitive project;
 - by law;
 - by an agreement, notably confidentiality or joint venture agreements;
 - for fiscal reasons (the information may have a commercial value so that sharing it has fiscal consequences).

9.2 PUBLIC DISCLOSURE

Any written or verbal communication made publicly on behalf of and about Sakhalin Energy and



CODE OF CONDUCT

Sakhalin-2 project is a public disclosure. Information disclosed must be true, accurate, consistent, complete and not misleading (stating all material facts).

All external communications (including but not limited to, employee participation in exhibitions or conferences, public speeches and/or presentations at public functions or ceremonies) must be formally cleared by External and Corporate Affairs Department prior to release as per LLC Media and Representation Policy. Sakhalin Energy's External and Corporate Affairs Department must be consulted prior to any engagement with the media including, for example, press conferences or interviews.

For more details refer to:

- Media and Representation Policy [SEIC-CA-00007](#)

YOUR RESPONSIBILITIES:

- Protect Sakhalin Energy's reputation and ensure compliance, public disclosures must only be made by authorised spokespersons;
- Approve any information disclosure to media or public with External and Corporate Affairs Department;
- Provide complete, factually correct and understandable information if you are requested to assist in making a disclosure;
- Know and check the accuracy of your source information and review what has been previously disclosed, to ensure completeness and consistency, before seeking authorisation to make a disclosure;
- Always keep confidential information about Sakhalin Energy, its owners and their affiliates and other subjects and parties (e.g. related to grievances, etc.) confidential unless you are specifically authorised and/or permitted to communicate to with other people and/or report internally or externally;
- Report the loss or theft of information about Sakhalin Energy, its shareholders and their affiliates (such as the theft of your computer) to your line manager immediately;
- Do not conceal facts or omit information that may be relevant to a disclosure – always tell the whole story.