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1 INTRODUCTION

1.1 PURPOSE

The purpose of this document is to make potential Sakhalin Energy Investment Company Ltd. contractors and suppliers aware of the Sakhalin-2 Production Sharing Agreement Russian Content requirements and to steer them towards provision of the Russian Content and effective execution of contracts when it comes to Russian Content provision within forthcoming tenders.

1.2 SCOPE

This document is based upon the Sakhalin-2 Production Sharing Agreement and the Contracting and Procurement Procedure. It clarifies the PSA Russian Content definitions, outlines special requirements for preparation of tender proposals and submission of reports under contract execution.

1.3 DEFINITIONS AND ABBREVIATIONS

The Company, Sakhalin Energy	Sakhalin Energy Investment Company Ltd.
RC	Russian Content
PSA	Production Sharing Agreement
Project	Sakhalin-2 Project
RC Plan	The Russian Content Plan, in particular: <ul style="list-style-type: none">• Tender RC Plan; or• Contract RC Plan.
RC Report	Russian Content Report
RC Audit	Audit of supporting documents for RC Reports



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2 GENERAL PROVISIONS

Sakhalin Energy is committed to meeting the Russian Content requirements of the Production Sharing Agreement with the RF Government and the Sakhalin Oblast.

The PSA states that Company shall use its best efforts to maximise the RC in each year of operation and to achieve a level of RC (including labour, materials, and equipment) of seventy percent (70%) over the life of the entire Sakhalin-2 Project, subject to Russian enterprises meeting the price, quality, and timing of delivery requirements.

When awarding contracts and purchase orders, preference shall be given to duly qualified Russian enterprises over any foreign enterprises if the Russian enterprise satisfies the Project requirements as to the price, quality and timing of delivery.

Therefore, the Company requires its contractors and suppliers to make real and meaningful efforts to maximise the utilisation of Russian industrial and human resources in any ensuing contract. In order to direct and control such efforts, tender proposals and, later, contracts shall be accompanied with RC Plans. The assessment of the Tenderer's RC Plan is an important criterion of the proposal evaluation process and determination of the successful bidder.

These recommendations do not provide any new requirements but summarise all RC requirements previously stated in the following major documents:

- Sakhalin-2 Project Production Sharing Agreement;
- the Company's RC Development Policy;
- Contracting and Procurement Procedure; and
- RC Reporting Procedure.



3 RUSSIAN CONTENT

3.1 RC PLAN

The RC Plan is a document to be prepared by a current or potential Contractor (hereinafter referred to as the "Contractor"), and defining the following:

- the Contractor's company structure (for example, for a contractor being a Russian legal entity: (i.e. whether it is an OAO, ZAO, OOO, or sole proprietorship) and documentary evidence of whether the Contractor is a Russian enterprise;
- Russian Content Targets to be achieved by the Contractor during the performance of the scope of work under the Contract;
- resources, methods, and procedures to be used by the Contractor to achieve those targets; and
- description of measures aimed at development of Russian labour (including the plans concerning hiring, training, and certification of Russian nationals) and Russian industry (including investment programmes, utilisation of Russian subcontractors, and creation of joint ventures).

The submission of the RC Plan can be a mandatory requirement for participation in the tender and can be a mandatory requirement for contract award, depending on the scope of work, duration, and value of the contract, availability of RC and RC development opportunities. The obligation to provide RC proposals (RC Plan) within a specific tender is stipulated in the requirements for a tender proposal submitting.

Unless the Invitation to Tender demands otherwise, the Company may set principal requirements for the content of the RC Plan by referring hereto. If the Invitation to Tender includes a requirement for mandatory provision of the RC Plan, each tenderer shall develop the Plan and submit it to the Company as a part of the technical proposal. Evaluation of tenderers' RC proposals is an integral part of an overall tender evaluation process.

There is a difference between the **Tender RC Plan** developed by the potential Contractor during the tender and the **Contract RC Plan**.

The Tender RC Plan (RC Proposal) provided as a part of the Tender Proposal is not subject to change and provides a basis for evaluation of the proposal under RC provision criterion (or criteria).

Upon award of the contract, the Tenderer, on the basis of its RC proposals made during the tender (Tender RC Plan), shall develop and submit for approval by the Company the **Contract RC Plan**, to become an integral part of the contract and contractual commitments of the Contractor.

Generally, the Contract RC Plan shall be provided to the Contract Holder or the Contract Engineer within two weeks from the contract award, unless stated otherwise.

The Contract RC Plan is not an invariable document. The Plan is subject to review (if required) and change (if agreed with the Company) during the contract execution. Changes in the RC Plan may be



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caused by alterations in contract terms, the scope of work or other contractual obligations, as well as by changes in market situations and emergence of new opportunities to increase the RC.

During contract execution, the Company will monitor the Contractor's performance against its Russian Content commitments along with other contractual obligations. Methods and tools for such monitoring are described in detail in Section 8 hereof.

The development of the Russian Content Plan is a mandatory requirement for all tenderers regardless of whether they are Russian or foreign enterprises.

3.2 COMPONENTS OF STANDARD RUSSIAN CONTENT PLAN

The components of the RC Plan and their content may vary subject to the contract terms and type of work performed. A standard RC Plan contains the following sections:

1. the Contractor's company structure;
2. utilisation of Russian labour resources;
3. Russian materials and equipment;
4. subcontracting of services/works; and
5. relevant expenditures.

In each Section of the Plan, the Contractor shall specify clear, achievable, and measurable targets related to the Russian Content. If the contract is a long-term one, RC targets can be lower for the initial stage of the contract with a further progressive increase up to a maximum value during contract implementation of the scope of work. Thereby, it is very important to demonstrate the capability to achieve such targets. Proofs of such capability may include:

- demonstration of capabilities and resources available to the enterprise to achieve the Russian Content targets (e.g. availability of qualified Russian specialists, advanced training, etc.), and demonstration of Russian Content achievements under previous projects, experience of work in Russia and with Russian partners;
- availability of clear methods, practices, and procedures that will enable to achieve declared Russian Content targets; and import replacement programme, personnel training and development plan, plan of replacement of foreign personnel by qualified Russian staff, local supply chain development plan, employment policy—all that can serve as examples of availability of efficient management system and procedures in Russian Content control and provision.

3.3 CONTRACTOR'S COMPANY STRUCTURE

This section describes the Contractor's company structure (for Russian legal entities: (i.e. whether it is an OAO, ZAO, OOO or sole proprietorship) and confirms whether the contractor is a Russian enterprise.

A **Tenderer** is considered a Russian enterprise if:



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- a) at least 50% of its equity is held by Russian natural persons or legal entities or any governmental authority¹, and
- b) it is registered in the Russian Federation as a Russian legal entity.

It should be noted that:

- (i) registration of a foreign company and/or its representative office as a non-resident in Russia does not, in its own right, qualify the Contractor as a Russian enterprise in terms of the PSA;
- (ii) employment of one hundred percent (100%) of Russian staff by a foreign company does not, in its own right, qualify the Contractor as a Russian enterprise;
- (iii) foreign legal entities/joint ventures where the share of the Russian capital is fifty percent (50%) or more shall be deemed foreign.

Specifying the Tenderer's company structure, i.e. whether it is an OAO, ZAO, OOO, sole proprietorship, or Joint Venture, and confirming whether the Tenderer is a Russian enterprise, the Contractor shall submit to the Company two (2) copies of its certificate of incorporation and the list of its shareholders (partners, equity holders, founding members) as documentary evidence that it meets the criteria to be deemed as a Russian enterprise.

3.4 UTILISATION OF RUSSIAN LABOUR RESOURCES

Definition: Russian Labour means employment of Russian Federation citizens.

Targets: the absolute (man-hours) and relative (percentage) quantity of the Russian and foreign labour resources to be utilised for performing works under the contract (including personnel of subcontractors directly involved in the performance of works under the contract).

This section of the RC Plan should contain yearly Russian labour targets as per Table 1 below.

¹ A "legal entity" is not a person. This term is defined by Article 48 of the RF Civil Code and includes both commercial and non-commercial organisations established pursuant to the RF law, i.e. a Russian legal entity. Article 5 of the Law No. 62-ФЗ On Citizenship of the Russian Federation, dated 31 May 2002 contains definitions of the term "citizens" [natural persons] of the RF as 1) "persons having citizenship in the RF prior to this law coming into effect"; and 2) "persons having acquired citizenship in the RF in accordance with this law." Therefore, an enterprise will only qualify as a "Russian Enterprise" if at least 50% of its equity is held directly or indirectly by Russian citizens or by a Russian legal entity.



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Table 1. Utilisation of Labour Resources

No.	Description	Unit of measurement
1.	The total number of (Russian and foreign) man-hours	man-hours
2.	The number of Russian man-hours	man-hours
3.	The target percentage of Russian labour utilisation	percentage (=Item 2/Item 1)
4.	The number of personnel utilised for work under the contract	staffing positions (persons)
5.	The number of Russian personnel utilised for work under the contract	staffing positions (persons)
6.	Share of Russian personnel	percentage (= Item 5/Item 4)

As evidence of capability, one should provide the list of resources and procedures that enable to achieve the values declared, as well as all other procedures related to personnel training and development as applicable.

- Recommended split of Russian vs. foreign employees based on the following:
 - Office and management personnel;
 - HSE;
 - Engineering and technical personnel;
 - other staff.
- Plan of replacement of foreign personnel by qualified Russian staff as related to the personnel training and development plan.
- Employment policy (or a reference thereto), access to local and mainland Russia competent labour resources.
- Personnel training and development plan (including the list of planning activities, schedule, number of personnel, training resources to be used, description of personnel competence assessment system).

3.5 RUSSIAN MATERIALS AND EQUIPMENT

Definition: materials and equipment shall be deemed Russian if they were produced in the Russian Federation. When two or more countries are involved in the production of goods, such goods shall be deemed Russian if the last operations of processing or production take place in Russia. At the same time, operations aimed at ensuring goods' safety, their preparation to shipment (lotting, sorting, pre-packing, packing) and simple assembly operations shall not be deemed processing. So it means that any piece of materials/ equipment is measured on the basis of Rules of origin (defined as Russian/ non-Russian with a view of the origin of production/ manufacturing/ assembling).

Targets: absolute (kilograms) and relative (percentage) target volumes of Russian materials and equipment to be utilised.



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This section of the RC Plan should contain yearly Russian materials and equipment targets as per Table 2 below:

Table 2. Volumes of goods, materials and equipment

No.	Description	Unit of measurement
1.	The total weight of goods, materials and equipment	Kg
2.	The weight of goods, materials and equipment in kilograms for those goods, materials and equipment which are Russian	Kg
3.	The target percentage volume of Russian materials and equipment	percentage (= Item 2/Item 1)

Proof of capability: provide the list of resources, practices and procedures that enable to achieve the values declared.

- list of production facilities of the Tenderer located on the Russian territory and planned to be employed for supplying the Company as per contract;
- List of materials and equipment including the proposed source of materials (Russian or non-Russian)
- List of potential Russian suppliers.
- Import replacement Programme.
- Local supply chain development/vendor development— a plan of domestic production of the required equipment, accessories, spare parts, standard components, assembly, etc.

3.6 SUBCONTRACTING OF SERVICES/ WORKS

Definition: services and works provided by subcontractors shall be considered Russian if they are provided by a Russian company that is deemed to be a Russian according to the criteria for suppliers and contractors listed in the section 3.3.

Targets: specify monetary (in contract currency) and/or relative (percentage of total contract value) Russian Content targets in planned direct subcontracts.

If participation of subcontractors is direct (required for execution of the contract scope), the Russian labour and volume of materials to be submitted by subcontractors should be included in the labour and material targets in sections 3.4. and 3.5 above.

Specialised services required for construction activities, for example NDT, can be the examples of direct subcontracts; and the examples of indirect subcontracts are general civil services subcontracts (telecommunications, public transportation, cleaning of the offices, etc).

Proof of capability: provide the list of the following resources, actions and procedures that enable to achieve the targets:



- the list of works to be subcontracted indicating the list of potential subcontractors for each type of such works; and
- the policy and the procedures of subcontract awarding and subcontractors selection principles.

3.7 RUSSIAN EXPENDITURE

The Russian expenditure is the Contractor's expenditures for Russian labour resources, subcontractors, materials, equipment and services, as well as payments into the budget of the Russian Federation or its constituent entities in monetary terms (presented in the currency of the contract).

In the RC Plan, the Contractor shall include yearly Russian labour and industry involvement targets with the Russian expenditure assessed according to Table 3 below:

Table 3. Cost

№	Description	Unit of measurement
1.	Total contract value	Contract currency
2.	Russian expenditure	Contract currency
3.	The target share of Russian expenditure in the total contract value	percentage (= Item 2/Item 1)

This section shall contain only the expenditures related solely to execution of a contract concluded with the Company; the section shall not include general expenses of the Contractor (unless the Contractor works solely for Sakhalin Energy).

Expenditures may include the following types of payments (please see below examples):

- **Rental Payments.** Rental payments and other similar charges for the use of real property, equipment or other movable or immovable property. Rental payments shall be considered Russian if they are provided by a Russian company that is deemed to be a Russian one according to the criteria for suppliers and contractors listed in the section 3.3. If Rental payments are provided by a Foreign company they shall be considered Foreign.
- **Purchases of Real Property.** Payments made to purchase real property.
- **Materials and Equipment.** Payments and charges for materials, equipment and supplies purchased for use under this Contract's Scope of Work, including, but not limited to, the costs of transporting, expediting, crating, dock charges, inland, ocean and air-freight and unloading at destination.
- **Payments to Subcontractors.** Payments made to Subcontractors for services rendered for this Contract.
- **Personnel.** Without limitation, actual salaries, overseas premiums, normal bonuses, overtime pay, sick pay, vacation pay, holiday pay, disability benefits, social insurance charges, life insurance costs, pension benefits, post retirement benefits other than pensions, medical and dental insurances, severance benefits, moving expenditures and allowance, cost-of-living adjustments, housing allowance and other benefits generally granted to personnel and their



dependants in accordance with ordinary and customary personnel policies in relation to the personnel concerned.

- **Travel and Communications Expenses.** Travel and business expenses of full-time or part-time personnel incurred while away from home for purposes directly related to this Contract, in each case including reasonable communications expenses (including telecommunications and courier service) incurred communicating with, or transmitting documents or other materials to and from, locations where Work is conducted, and bona fide emergency medical and dental care, including any necessary hospitalisation and any special transportation arrangements needed for repatriation, for such personnel whilst away from home to perform Work.
- **Insurance.** Payments for insurance coverage from the third parties or captive insurance companies (not to exceed market rates); provided, however, that such premiums may not be prepaid more than one quarter in advance of the terms stipulated in the contracts.
- **Legal Expenses.** Costs and expenses of litigation, arbitration or legal services undertaken (including fees and expenses of outside legal counsel), and all judgements paid, or settlement payments made in connection with any such litigation or arbitration.
- **Advisers and Consultants.** Fees and expenses of advisers and consultants (including accountants and auditors) retained to provide professional services.
- **Taxes.** Taxes, duties, imposts, levies, assessments, charges, user fees, and other similar charges (including value added tax collected from or paid to the third parties) actually paid in accordance with the laws and regulations of any jurisdiction with authority to impose such taxes, duties, imposts, levies, assessments, charges, user fees, and other charges.
- **Land and Other Property.** Expenditures attributable to the acquisition, extension, or relinquishment of land rights (including right-of-ways) and other property rights.
- **Damages and Loss of Property.** Expenditures necessary for the repair or replacement of property resulting from damage or loss caused by fire, flood, storm, ice, theft, accident or any other.
- **Office, Camps, and Facilities.** Expenditures of establishing, staffing, maintaining and operating any offices, camps, warehouses, housing, communication systems and other facilities serving Operations.
- **Currency Exchange.** Any loss resulting from the exchange of currency required for the conduct of Operations. Any gain resulting from the exchange of currency required for the conduct of Operations shall be deducted from Expenditures.
- **Training.** Expenditures made to provide training for personnel directly assigned to this Contract.
- **Administrative Overhead.** A Contract related portion of administrative overhead in respect of the indirect services and costs related to all personnel and offices of Contractor.
- Other Expenditures incurred by Contractor in accordance with this Contract's Scope of Work.

3.8 CONFIRMATION OF PREVIOUS EXPERIENCE

This section shall be included only in the Tender RC Plan.

This information may be either presented as a separate section of the RC Plan (Previous Experience) or included into the other sections mentioned above as a reference.

Confirmation of the Previous Experience is the information on the results of activities aimed to deliver and develop the national content in the finished or current projects:

- the list of projects with National Content;
- the list of in-Russia projects;
- the list of projects implemented as joint ventures with a Russian or national partner;



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- the list of Russian suppliers and subcontractors, with whom the Company worked or continues to work at the present moment;
- the results of activities aimed at Russian personnel development and training in the recent several years: the number of courses, trainings provided, the number of the personnel trained; and
- examples of participation in local community development, implemented social initiatives, sponsorship.



4 RUSSIAN CONTENT REPORTING REQUIREMENTS

4.1 GENERAL PRINCIPLES

Under the PSA provisions, the Russian Content is measured on an overall quantity basis, i.e. volume of materials and equipment (expressed in weight), man-hours of services and works, as well as in monetary terms.

In an attachment ("RC Report") to each invoice for the Company, each contractor or supplier shall provide actual RC performance information in the form of the Russian Content Report specified in [Appendix B](#) hereto. RC Reports are required even if the actual RC is nil in order to allow for calculation of RC as a percentage of the total man-hours and weight of equipment and materials utilised in the Sakhalin-2 Project. If the contractor or supplier forms RC reports automatically, using information systems, slight deviations from the template are allowed, though the following shall be maintained:

- Report header: name, reference number, and date of the invoice, the Contractor's name;
- structure of indicators, their sequence, and signs. The names can be in one language only (Russian or English); and
- contact information of the person responsible for the report.

The RC Report shall be signed by the responsible person and sealed with the seal of the organisation submitting the report.

The contractor shall submit the RC Report as an attachment to every invoice for a work conducted for the Company. Failure to provide such an attachment, its improper execution, or provision of incorrect data in the RC Report may serve as a reason for refusal to pay the invoice until the errors are corrected. If any inaccuracies in the provided data are discovered, the attachment should be resubmitted, or further calculations should be corrected in order to obtain accurate consolidated RC figures per the contract.

The Company's contractors shall include suitable equivalent RC Reporting clauses in subcontracts in order to ensure provision of RC data from the subcontractors of all levels. If any subcontractor does not provide RC Reports, contractor should prepare estimation for RC numbers for this subcontractor with maximum possible data accuracy and include this estimation in its overall RC Report submitted to the Company. If estimates are used to form the RC Report, the Contractor shall be obliged to inform the Company about it and about the methods used to calculate and check such estimates.

Sakhalin Energy shall have the right to audit the correctness of the Contractor's generation of RC Reports. During an RC audit, the Company shall request the Contractor to provide it with the procedure used to create the RC reports (local regulations or process description) and supporting primary documents for the RC Reports that have been submitted to the Company in order to compare the provided data with the actual ones. The Contractor to be audited shall be informed about the audit in advance not later than two weeks prior to the audit date. Following the results of the RC audit, the Company shall check the quality of the submitted data and, if any problems are discovered, jointly with the Contractor develop a plan to eliminate them.

In some cases concerning the biggest and most significant (in terms of RC development) contracts, the Contractor shall, following the Company's request, submit quarterly reports on the numbers of utilised



personnel using the template given in [Appendix D](#).

Where any additional RC reporting requirements have been included in the contract in line with the relevant RC Strategy (training program, etc.), the Contractor has to provide additional information in accordance with these requirements.

4.2 CONTRACTOR'S STATUS

The Contractor's status (Russian or Foreign) shall be determined according to Clause 3.3. The Contractor shall immediately inform the Company about any changes of the Contractor's shareholders (founding members) and beneficiaries occurred during contract execution.

4.3 RC CALCULATION PROCEDURE

Each RC Report shall contain 6 indicators calculated according to the below requirements.

4.3.1 Total Invoice Value (excl. VAT)

This value shall coincide with the value of the issued invoice (excluding VAT) the attachment to which is the RC Report. This value shall be presented in the currency of the invoice. The symbol or the short name of the currency is mandatorily specified. This indicator is used to control the correctness of RC Report execution.

4.3.2 Russian Expenditure Included in the Invoice (EXCL. VAT)

A portion of the Contractor's expenditure related to works and supplies per the invoice is qualified as the Russian Expenditure.

For a Russian contractor, this indicator equals to the invoice value excluding foreign expenditure (expenditure for foreign capital, foreign materials and equipment, foreign expenditure of subcontractors, etc.). For a foreign contractor, this indicator equals to the Russian expenditure (payments to Russian personnel, expenses for purchasing Russian materials and equipment, Russian expenditure of subcontractors, and payments into the budget of the Russian Federation). Details on the classification are given in [Appendix C](#). The value is given in the currency of the invoice, excluding VAT. The symbol or the short name of the currency is mandatorily specified. The value may not exceed the amount of total expenditure.

Please pay attention that expenditures for services should be defined as Russian/ non-Russian with a view of the owner of services – a services provider. For example, management fee, equipment operational charges, rental payments and other similar charges for the use of real property, equipment or other movable or immovable property shall be considered Russian if they are provided by a Russian company that is deemed to be a Russian one according to the criteria for suppliers and contractors listed in the section 3.3. If Rental payments are provided by a foreign organization they shall be considered Foreign.

4.3.3 Total Man-Hours in the Invoice

This indicator includes the number of man-hours achieved per this invoice, including subcontractors of all levels. The indicator shall include only the man-hours per this invoice and not all the man-hours of the



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contractor during the period (unless the whole contractor organisation worked solely on one contract).

4.3.4 Russian Man-Hours in the Invoice

This indicator includes the number of man-hours worked by Russian citizens per this invoice, including subcontractors of all levels. The value may not exceed the total man-hours.

4.3.5 Total Weight of Goods, Materials, and Equipment per the Invoice

This indicator includes the weight of all materials and equipment supplied per this invoice. This indicator is different from zero only for the invoices for materials and equipment supplied to the Company, or for materials the cost of which is compensated for by the Company according to the terms of the contract.

In order to avoid incorrect interpretation of the indicator:

- the weight of the equipment rented out to the Company is not included;
- the weight of goods, materials, and equipment transported according to the freight forward agreements is not included;
- the weight of products produced by the Contractor using the Company-supplied materials is not included;
- the weight of the soil removed during earthworks, excluding the sale of such soil to the Company, is not included; and
- the weight of auxiliary materials (package, cleaning agents, stationery, etc.) used during provision of services is not included.

The unit of measurement is the kilogramme. Changing the unit to another one (for example, tonnes) is not allowed.

4.3.6 Weight of Goods, Materials, and Equipment of Russian Origin per the Invoice

The weight of the part of materials and equipment mentioned in Clause 8.3.5 which were produced in Russia according to the definition of the Russian origin given in Clause 3.5. The value may not exceed the total weight of materials and equipment.

4.3.7 Additional Notes

In exceptional cases (for instance, when the works performed for Sakhalin Energy form an insignificant part of the total amount of the Contractor's operations), the Contractor's data on the RC may be given as estimates rather than actual amounts. (For example, labour utilisation for a specific kind of works may be estimated by multiplying the total number of producers' employees by the share of this kind of work in the turnover of the Contractor). If this is the case, the principle and procedure for the estimation shall be documented and approved by the Company.

In case of any questions, the Contractor may contact the Company's RC Development Department to clarify its status or the procedure of calculation of an RC indicator by writing to

seic-rcreporting@sakhalinenergy.ru

or calling

+7 (4242) 66-23-60



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APPENDIX A HISTORICAL REVISION CHANGE DETAILS

Rev.	Location of Change	Brief Description of Change
1		The structure of the Russian Content Development Plan, Russian Content reporting requirements, and criteria for recognising a contractor to be a Russian one were specified.
2	3.4 3.5 3.6 3.7 4.1 4.3.2 Appendix B Appendix C Appendix D	Updated the list of personnel types Added clarification to the definition of Russian/ non-Russian materials and equipment Extended definition of Russian / non-Russian services from subcontractors Updated information for the specification of services payments, e.g. rental payments into Russian and Foreign Defined term of notification about upcoming audit Updated information for the specification of services payments, e.g. rental payments into Russian and Foreign Updated hyperlinks and contact information in Notes Updated table "Guidelines for calculation of RC" Updated Russian personnel employment report template



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APPENDIX B CONTRACTOR RUSSIAN CONTENT REPORT FORM

RUSSIAN CONTENT REPORT
ОТЧЕТ ПО РОССИЙСКОМУ УЧАСТИЮ

Attachment to Invoice # / Приложение к Счету № _____ dated / от _____

Contract № (or PO №) / Договор № (или Заказ №): _____

Company Name / Название компании: _____

Table 1: Monetary value

Таблица 1: Стоимость

	Description / Наименование	Value / Значение
1	The total value of this invoice IN INVOICE CURRENCY (EXCLUDING VAT) Общая сумма счета В ВАЛЮТЕ СЧЕТА (ИСКЛЮЧАЯ НДС)	
2	The Russian expenditure related to this invoice IN INVOICE CURRENCY (EXCLUDING VAT) Российские расходы, отраженные в данном счете В ВАЛЮТЕ СЧЕТА (ИСКЛЮЧАЯ НДС)	

Table 2: Labour

Таблица 2: Трудозатраты

	Description / Наименование	Value / Значение
1	The total labour related to this invoice IN MAN-HOURS Общие трудозатраты по данному счету В ЧЕЛОВЕКО-ЧАСАХ	
2	The Russian citizens labour related to this invoice IN MAN-HOURS Трудозатраты граждан России по данному счету В ЧЕЛОВЕКО-ЧАСАХ	

Table 3: Goods, materials and equipment

Таблица 3: Товары, материалы и оборудование

	Description / Наименование	Value / Значение
1	The total weight of goods, materials and equipment related to this invoice IN KILOGRAMS Общий вес товаров, материалов и оборудования по данному счету В КИЛОГРАММАХ	
2	The weight of Russian goods, materials and equipment, related to this invoice IN KILOGRAMS Вес товаров, материалов и оборудования российского происхождения по данному счету В КИЛОГРАММАХ	

Person responsible for this report

Ответственный за данный отчет

Name / ФИО

Contact details (tel, email)

Контактная информация (тел, электр. адрес)

Notes / Примечания:

1/ Monetary and physical values shall be shown in the second column. Currency shall be shown together with monetary values.

Стоимостные и физические показатели указываются во второй колонке. Вместе со стоимостными показателями необходимо приводить символ либо краткое наименование валюты.

2/ For defining of what is related to "Russian expenditure", "The Russian citizens labour", "The weight of Russian goods, materials and equipment", please refer to "Sakhalin-II PSA. Russian Content. General Guideline for Contractors" (№ 1000-S-90-01-M-0051-00-E).

Для определения показателей «Российские расходы», «Трудозатраты граждан России», «Вес товаров, материалов и оборудования российского происхождения», пожалуйста, обращайтесь к документу «СРП по проекту «Сахалин-2». Российское участие. Рекомендации для подрядчиков» (№ 1000-S-90-01-M-0051-00-R).

3/ If services rendered during the period the invoice is made out for do not contain Russian man-hours, goods, materials or equipment; Russian Content Report shall nevertheless be filled out with an indication of the total value of invoice.



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Если по услугам, предоставленным в течение периода, за который выставлен счет, Российского участия не было, отчет по российскому участию, тем не менее, должен быть заполнен с указанием суммы счета и приложен к счету.

*4/ Should you have any questions related to this report, or should you need an electronic version of Russian Content report template, please contact Russian Content Reporting Specialist, Tel. **+7(4242)66-23-60** e-mail: seic-rcreporting@sakhalinenergy.ru*

*В случае возникновения вопросов в отношении составления отчета по российскому участию или необходимости получить электронную версию формы Отчета по российскому участию, просим обращаться по тел.: **+7(4242)66-23-60** к специалисту по подготовке отчетности о российском участии e-mail: seic-rcreporting@sakhalinenergy.ru*



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**APPENDIX C GUIDELINES FOR CALCULATION OF RC FOR RUSSIAN CONTENT
REPORT**

The figures inserted within the Russian Content Report (i.e. monetary value, man-hours and kilograms) shall be calculated in accordance with the following specification.

Attribute	Contractor's expenditures	Russian Content	
Man-hours	Man-hours worked by Russian employees of the Contractor	Russian Content	
	Man-hours worked by other employees of the Contractor	non-Russian Content	
	Man-hours of a subcontractor	Russian employees	Russian Content
		Other employees	non-Russian Content
Materials and Equipment, kg	Weight of materials supplied by the contractor to the Company	Russian origin	Russian Content
		Non-Russian origin	non-Russian Content
	Weight of materials supplied by a subcontractor to the Company	Russian origin	Russian Content
		Non-Russian origin	non-Russian Content
	Weight of materials used during provision of services the costs of which are compensated by the Company	Russian origin	Russian Content
		Non-Russian origin	non-Russian Content
Value	Russian personnel expenditure	Russian Content	
	Foreign personnel expenditure	non-Russian Content	
	Expenditures for the Materials/ Equipment	Russian origin	Russian Content
		Non-Russian origin	non-Russian Content
	Taxes and fees paid into the budget of the RF, its constituent entity, or another territorial unit		Russian Content
	Other indirect expenses and payments	Russian contractor according to Clause 3.3	Russian Content
		Foreign contractor according to Clause 3.3	non-Russian Content
	Profit	Russian contractor according to Clause 3.3	Russian Content
		Foreign contractor according to Clause 3.3	non-Russian Content
	Expenditure for services. e.g. management fee, equipment operational charges, rental payments and other similar charges for the	Russian contractor according to Clause 3.3	Russian Content
		Foreign contractor according to Clause 3.3	non-Russian Content



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use of real property,
equipment or other
movable or immovable
property

Expenditure for
services of a
subcontractor/Payment
to a sub-supplier

Russian contractor according to
Clause 3.3; or Russian origin (for
materials)

Russian
Content

Foreign contractor according to
Clause 3.3; or Non-Russian
origin (for materials)

non-Russian
Content



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APPENDIX D RUSSIAN PERSONNEL EMPLOYMENT REPORT TEMPLATE

The Report shall be submitted by the Contractor to the Company in Excel format, only the grey fields shall be filled in.

Manpower utilization and Russianisation

Contractor's Name:							
Period		Citizenship			Total	Current % of Russian Citizens	
	Personnel involved in Sakhalin 2 project works	Sakhalin Oblast	Other Regions of RF	Foreign			
	Total	-	-	-	-		
Personnel of Contractor		-	-	-	-		
	Office & Management personnel				-		
	HSE				-		
	Engineering & Technical personnel				-		
	Other staff				-		
Personnel of Subcontractors							
	All subcontractors				-		
	Names of Russian subcontractors						