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APPENDIX 1

Road Transport HSE Management Standard Overview

Purpose

The nature of activities undertaken by Sakhalin Energy generates a requirement for extensive road transport operations throughout Sakhalin Island. The combination of road and environmental conditions, remote locations and local driving standards make the risks associated with road transport significant. For these reasons, all road transport activities shall comply with the controls identified in this Standard. Adequate steps should be taken by both staff and contractors to continually reduce the risks associated with road transport operations to a level that is 'as low as reasonably practicable' (ALARP), and to ensure the health and safety of personnel using road transport in the course of their duties.

The broader objectives of Road Transport HSE Management are to:

- Define Sakhalin Energy's expectations for road safety;
- Pursue the goal of zero Road Traffic Incidents (RTI), by changing attitudes and performance in road safety, both within the Company and by its contractors, and within affected communities on the Island;
- Contribute to a public/private partnership addressing road safety throughout Sakhalin Island.

Who is this for?

- *Managers/Department Heads;*
- *Transport Area Supervisors;*
- *Drivers;*
- *Contract Holders;*
- *(Sub) Contractors.*

What situations are covered?

The requirements of this Standard and of all of its appendices apply to:

- All land transport operations undertaken by Sakhalin Energy;
- All land transport operations undertaken by (sub) contractors on behalf of the *Company*.

Staff or (Sub) Contractors, shall not drive Company vehicles on non-work related travel unless assigned as part of their remuneration package.

Deviations

(Sub) Contracts not exceeding three months:

- Are not required to have Sakhalin Energy's In-Vehicle Monitoring System (IVMS) in their vehicles unless requested by the Sakhalin Energy Road Safety Manager.
- Are permitted to use Heavy Goods Vehicles which have a right hand drive steering wheel.


Above deviations for vehicles can only be granted once a year.

Drivers and vehicles from Mode 3 (Sub) Contractors or Buyers:

- Are allowed to enter "Sakhalin Energy" **non-industrial** sites only if the driver and vehicle are fully compliant with Russian Federation legal road safety requirements.
- Are allowed to enter "Sakhalin Energy" **industrial** sites if the driver and vehicle are fully compliant with Russian Federation legal road safety requirements and Section 35 on "Specific Requirements – Vehicles operating in Hazardous Areas" as described in [Appendix 6](#).

The Road Transport HSE Management Standards do not apply to:

- Contracted services where staff or loads are transported simultaneously also for other customers without entering Sakhalin Energy Industrial sites (Mode 3 (Sub) Contractor);
- (Sub) Contractor vehicles used solely within city limits for less than 12 days per year;
- Industrial Equipment and Tracked Vehicles (unless for personnel transport);

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- Commuting in private vehicles;
- Private use of vehicles allocated by Company or contractor to specific individuals;
- Bicycles and non-motorised Vehicles;
- Non-work related travel by Senior managers and their spouses, when company cars are assigned as part of their remuneration package, i.e. when the vehicle is used outside of working time or for non-work related journeys. In such cases only RF law applies.

1. Manage Land Transport in compliance with:

- a. Russian Federation law (overview is provided in Legal Requirements for Road Transport¹), and
- b. Lender and Shareholder requirements defined in International Requirements for Road Transport. Requirements 2 to 7 shall be established and maintained in accordance with requirement 1.

2. Implement requirements in accordance with the following Appendices and requirements:

- a. Drivers and Driving - Appendix 4;
- b. Safe Journey Management- Appendix 5;
- c. Land Transport Vehicles - Appendix 6;
- d. Loads Transported by Road - Appendix 7;
- e. Gatekeeper Specification – Appendix 8;
- f. Sakhalin Energy Life Saving Rules;
- g. In-Vehicle Monitoring System Standard;
- h. Vehicle Compliance Monitoring Procedure;
- i. Transport Operating Procedure (Sakhalin Energy only).

3. Roads and Environment.

- a. Where road closures and diversions cannot be avoided, the Project, via CLOs, will advise local Sakhalin communities and explain the reasons for doing so. Note that road closures must also receive prior authorisation by local authorities.
- b. Known high-risk locations for Sakhalin Energy, including public and third party roads, Shall be mapped geographically in order that these locations can be considered under the Sakhalin Energy Safe Journey Management Requirements.
- c. Road Risk Assessments should be done at regular intervals at a frequency to be determined by usage, local climatic conditions, and risk exposure levels.

For Sakhalin Energy owned and maintained roads:

- d. Maintenance proposals shall be approved by a Competent Highway Civil Engineer.
- e. A road condition feedback and corrective action system shall be in place.
- f. Drivers shall report problems with road condition, layout and signage.

4. Road Safety Monitoring Team (RSMT)

The Sakhalin Energy Road Safety Monitoring Team is responsible for assessing compliance of vehicles and drivers with RF requirements and Sakhalin Energy Road Transport Standards. This includes:

- a. Checking compliance with Life Saving Rules, checks on vehicle suitability and condition, loading and load securing, vehicle and driver documentation, vehicle speed and driver behaviour. Feedback on the results of these checks, both positive and negative, will be given to drivers and their managers / Contract Holders.
- b. All drivers shall obey requirements of the RSMT e.g. stop when requested and provide the required documents etc.

5. Community Road Safety

- a. Sakhalin Energy participates in the Sakhalin Road Safety Partnership (which is part of the Global Road Safety Partnership), a combined initiative with the Sakhalin Oblast Administration, to work towards identifying and implementing specific road safety projects.

¹ Underlined items in this document refer to Sakhalin Energy Controlled Documents.

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- b. Sakhalin Energy makes available Company buses to transport staff to and from work free of charge, with drop-offs at key points in Yuzhno town centre, the main Sakhalin Energy office buildings, Zima housing complex and Prigorodnoye locations.
- c. Sakhalin Energy and its contractors shall not cause significant and material adverse impact to roads. In such cases, remedial action must be taken by the party responsible for the damage.

6. Improvement Planning

- a. Road Safety is championed by the Sakhalin Energy Chief Executive Officer (CEO) and oversight for continuous improvement is provided by the Road Safety Steering Committee, chaired by the CEO.
- b. The Road Safety Steering Committee shall review the Sakhalin Energy Road Safety Plan on an annual basis and ensure that key actions, key performance indicators (KPIs), and targets are included in the annual Corporate HSE Plan, and track implementation.
- c. KPIs and related monitoring outcomes shall be included in performance reports to Lenders.
- d. Road Safety Steering Committee has authority to request actions required to improve Road Safety across all activities in Sakhalin Energy;

7. Verification and Review

- a. Sakhalin Energy and its (Sub) Contractors shall implement a system for vehicle condition monitoring and monitoring their Drivers' performance e.g. IVMS data. Feedback shall be given both to correct unsafe driving habits and praise for defensive driving.
- b. Contractors shall establish their own system of monitoring road transport operations including for their Sub-Contractors to ensure Sakhalin Energy road transport requirements are being met. The system established shall provide documented evidence of monitoring, performance achieved and continuous improvement actions.
- c. Sakhalin Energy shall undertake regular road safety inspections/audits, including Corporate Gatekeeper reviews.
- d. All, incidents and near misses shall be reported by drivers (including those involving Sakhalin Energy staff, Contractors, its Sub-Contractors, third parties, plant and equipment or personnel). The responsible Road Transport Managers shall ensure reporting to Sakhalin Energy within 24 hours.
- e. All Road Traffic Incidents, including those involving contractors, shall be investigated in line with the [Incident Reporting and Follow-up Standard](#), with Medium or High potential risk RTIs to be reviewed by the Road Safety Steering Committee or CEO.
- f. Sakhalin Energy shall report performance against targets included in the Road Safety Plan and annual Corporate HSE Plan, in accordance with the [HSE Monitoring and Reporting Standard](#).
- g. Sakhalin Energy shall Identify Road Safety performance improvement opportunities during annual [Management Reviews](#).