



**Sakhalin Energy  
Investment Company Ltd.**

# CODE OF CONDUCT

*HOW TO PUT OUR VALUES AND PRINCIPLES  
INTO PRACTICE EVERY DAY*

2012

## A MESSAGE FROM CEO



Our core values underpin everything we do. These shared values are the very foundation of our Statement of General Business Principles. We are judged by how we act. Our good reputation will be maintained if we all act in accordance with the laws and the ethical standards laid out in these business principles.

I believe it is necessary to provide our people, wherever they work, with more

detailed guidance on the universal standards of behaviour expected of them. This document, Sakhalin Energy's Code of Conduct spells out these details and provides that assistance. It is based on our beliefs and values and it applies our principles to everyday business life.

We attach the utmost importance to the Code because it helps to further clarify the standards we expect. Everyone here at Sakhalin Energy must follow its requirements. At the same time, Sakhalin Energy expects the same level of ethical behavior from its business partners.

We want to foster a culture of openness where people feel free to ask questions if they are unsure how to comply with the Code in a specific situation. We also want people to feel free to raise any concerns that the Code may have been breached by someone at Sakhalin Energy. You have a responsibility to report any suspected non-compliance. The Code explains how to do this by providing details of the whistle blowing/grievance procedures.

Our reputation and our future success are critically dependent on compliance, not just with the law but with the highest ethical standards. A reputation for integrity is a priceless asset. This Code of Conduct is a greater commitment to integrity by all of us and will help us safeguard that asset.

Thank you for your continued commitment.

Andrei Galaev

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### INTRODUCTION

The Code of Conduct (hereafter – Code) rules and guidelines are a must for all persons representing Sakhalin Energy Investment Company Ltd. (hereafter – Sakhalin Energy or company). Nobody is exempt from complying with the Code. Therefore please read, understand and adhere to the given rules and guidelines. By reading and understanding our<sup>1</sup> core values and business principles we shall avoid situations that may harm you, stakeholders and Sakhalin Energy business interests.

#### WHAT... is the Code of Conduct?

The Code of Conduct crystallises the basic rules, standards and behaviors necessary to compliance with our Statement of 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.

The Code of Conduct 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. We also trust you to exercise your judgment in deciding if the Code covers any issue in sufficient detail to help you make the right decision at a local level.

#### WHO... is the Code of Conduct for?

For all persons representing Sakhalin Energy, including but not limited to all employees, agency personnel and contractors staff representing Sakhalin Energy.

Contractors or consultants who are our agents or working on our behalf or in our name, through outsourcing of

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1. In this publication, the expressions 'we', 'us' and 'our' refer to Sakhalin Energy Investment Company Ltd. in general or those who work for the company.

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.

#### WHY... do we need a Code of Conduct?

To ensure an agreed standard of professional and ethical conduct is constantly maintained amongst all our stakeholders.

To describe the behaviours expected of our employees and how these behaviours relate to our business principles and core values.

#### Our business principles cover the following areas:

1. Economic
2. Competition
3. Business integrity
4. Political activities
5. Health, safety, security and the environment
6. Local communities
7. Communication and engagement
8. Compliance

Statement of General Business Principles is available on company's web-site ([www.sakhalinenergy.com](http://www.sakhalinenergy.com))

#### Our core values:

- Honesty
- Integrity
- Respect and care for people
- Individual accountability and good teamwork
- Professionalism and continuous improvement

#### HOW... can the Code of Conduct help you?

Inside the guidelines you will find practical advice on the laws and regulations governing our daily business practice, expectations set by the business and guidance on how we should interact with each others.

To help you understand and live up to the Code, we are offering training and education along with relevant information and contacts. These courses and contacts will provide you with access compliance expertise on all the subjects covered by the Code.

If a violation of the relevant laws or policies is proven, appropriate action will be taken. At the same time, anyone who files a report with the intention of spreading falsehoods or to threaten or damage any employee's reputation, will also be subject to disciplinary action.

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 places high emphasis on the grievance management mechanisms and makes every effort to facilitate an open dialogue with its employees, contractors and public. Concerns and/or grievances can be raised to:

### **Whistle blowing focal point:**

- e-mail: [whistleblow@sakhalinenergy.ru](mailto:whistleblow@sakhalinenergy.ru)
- anonymous telephone call:  
+7 914 759 9966 (29-99-66)

### **Community grievance channel:**

- e-mail: [grievancereport@sakhalinenergy.ru](mailto:grievancereport@sakhalinenergy.ru)
- anonymous telephone call:  
+7 4242 66 24 00 (66-24-00)
- more information can be found on company's web-site: [www.sakhalinenergy.com](http://www.sakhalinenergy.com)

### **Media and representation focal point:**

- e-mail: [external-affairs@sakhalinenergy.ru](mailto:external-affairs@sakhalinenergy.ru)

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

## PEOPLE AND RESPECT FOR HUMAN RIGHTS

### WHAT'S IN THIS CHAPTER?

- Human rights
- Equal opportunity
- Harassment
- Working in communities

Sakhalin Energy endeavors to comply with principle of respect, support and promotion of human rights in all its activities. Sakhalin Energy personnel are a key factor of the company's 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 behavior standards. Discrimination and harassment are unacceptable.

### 1 HUMAN RIGHTS

Sakhalin Energy conducts its activities in a socially responsible manner with respect to fundamental human rights, as set out in the following sources: the United Nation's Universal Declaration of Human Rights, guiding global principles on business and human rights, United Nations the Global Compact principles, core conventions of the International Labour Organisation and the International Organisation for Standardisation's ISO 26000 Guidance for social responsibility, and voluntary principles on security and human rights.

Sakhalin Energy is committed to protecting its people and facilities in a manner that upholds respect for human rights. This means taking steps to ensure that risks are assessed and monitored, and that management and third-party security providers understand the impacts their decisions and actions can have on people and communities.

Sakhalin Energy has incorporated its commitments on human rights into its general business principles, and relevant policies and procedures across a range of areas, including the following:

- sustainable development;
- health, safety, environmental and social performance;
- human resources;
- contracting and procurement;
- security.

### YOUR RESPONSIBILITY

- You should understand the human rights issues where you work, and follow Sakhalin Energy's commitments, standards, and policies on this topic.

- Demonstrate respect and fairness in your interactions with employees and external parties consistent with Sakhalin Energy core values and the Statement of General Business Principles.
- Treat all others with respect and impartiality.
- Find out about local behaviors, practices and customs that may differ from those you are used to, be sensitive to differences and be prepared to adapt your behavior accordingly if travelling or working in another office or country.

### 2 EQUAL OPPORTUNITY

Sakhalin Energy is committed to creating and complying with lawful human resources policies and practices in all aspects of employment, including recruitment, selection, hiring, evaluation, promotion, training, discipline, development, compensation and termination.

The company complies with the applicable laws in all the countries in which it operates.

Sakhalin Energy will ensure that its employment-related decisions are based on relevant qualifications, performance and other job-related factors.

We do not tolerate unlawful employment discrimination of any kind.

#### YOUR RESPONSIBILITY

- Respect everyone you deal with and behave fairly towards them, according to Sakhalin Energy's core values and general business principles.
- You should understand the value of diversity and you should never discriminate.
- Decisions on hiring, evaluation, promotion, training, development, discipline, compensation and termination must be based on qualifications, merit, performance and business considerations only.
- Do not discriminate according to race, color, religion, age, gender, sexual orientation, marital status, disability, ethnic origin, or nationality.

### 3 HARASSMENT

Sakhalin Energy will not tolerate harassment. No action, conduct, or behaviour which is humiliating, intimidating, or hostile will be permitted.

You should be especially sensitive to actions or behaviours that may be acceptable in one culture but not in another.

#### YOUR RESPONSIBILITY

- Challenge someone if you find their behavior 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, assume that it is.
- Never distribute or display offensive or derogatory material, including pictures or cartoons.
- Don't 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.
- Be familiar with local legislation and local cultural factors that may affect decisions.

### 4 WORKING IN COMMUNITIES

When working in the community, Sakhalin Energy puts its human rights standards into practice according to the company's general business principles, sustainable development policy, and social performance standard.

The company bases its community relations strategy on stakeholder engagement, complex assessment of social and environmental impacts, development and adoption of mitigation measures, and social and environmental monitoring.

By taking this approach, the company takes no investment or operational decision without making adequate assessment of the impact on communities and the environment.

Construction camps and accommodation facilities will be managed in such a manner as to minimise potential direct and indirect adverse impact on nearby community infrastructure and public/private services.

The company developed a unique three-level system of direct communication with communities. The system levels are:

- company;
- community liaison organisation; and
- information centers based in local libraries in 23 Sakhalin communities.

Implementation of social investment/development programmes, that are linked to the company'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 community development programmes.

### YOUR RESPONSIBILITY

- 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.
- Comply with no fishing, gathering and hunting requirements during construction.
- Do not approach domestic animals. Be aware that areas north of Nogliki are used by domestic reindeer herders. Under no circumstances should workers intentionally disturb or otherwise approach these animals without the permission and knowledge of the reindeer owner.
- 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.
- Comply with waste management requirements. Do not dump or otherwise toss any form of solid waste, general refuse, and/or hazardous (e.g., oily) wastes in other than approved disposal containers/bins.
- Report to line manager and follow notification procedures described in the Project Treatment Plan for Objects of Culture in the event when potential objects of cultural heritage are discovered in the project area.

## HEALTH, SAFETY, SECURITY, ENVIRONMENT AND SOCIAL PERFORMANCE

### WHAT'S IN THIS CHAPTER?

- Health, safety, security, environment and social performance

Sakhalin Energy aims to operate in environmentally and socially responsible ways. Health, safety, security, environmental and social performance are key factors in evaluating and rewarding our employees and in selecting contractors and suppliers.

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## HEALTH, SAFETY, SECURITY, ENVIRONMENT AND SOCIAL PERFORMANCE

Sakhalin Energy is committed to excellence in all its business activities, including health, safety, security, environmental and social performance (HSSE and SP). The company aims to play a leading role promoting best practice in the industry on these issues. We set targets for improvement and agreed-upon measures to appraise and to report our performance.

Sakhalin Energy endeavours to provide a safe, secure, and healthy working environment for all its employees, contractors and suppliers. This means, among other matters, striving to ensure a workplace is free from substance abuse, meaning free from the use of illegal drugs, the misuse of legal drugs and other substances, and the abuse of alcohol.

All facilities owned and operated by the company must operate with all the necessary permits, approvals, and controls designed to protect health, safety, and the environment and minimise community impacts. We are also responsible for fostering awareness and trustworthy behaviour amongst our suppliers and customers.

We provide ongoing trainings, to ensure our commitment to excellence in HSSE and SP management is reflected throughout Sakhalin Energy. Performance in HSSE and SP issues are the main factors we use to evaluate and to reward employees, and to select contractors.

We believe that all accidents and occupational illnesses and injuries are preventable.

### COMMITMENT

In Sakhalin Energy we all commit to:

- Pursue the goal of no harm to people.
- Protect the environment.



- Respect our neighbours and contribute to the societies in which we operate.
- Use material and energy efficiently when providing products and services.
- Develop energy resources, products and services consistent with these aims.
- Strive to prevent and mitigate all negative HSE and social impacts of our business operations.
- Publicly report on our performance.
- Play a leading role in promoting best practice in our industries.
- Manage HSSE and SP matters as critical businesses activities.
- Promote a culture so staff share this commitment.

### **POLICY**

Sakhalin Energy:

- Has a systematic approach to HSSE and SP management designed to ensure compliance with the law and achieve continuous performance improvement.
- Sets targets for improvement and measures, appraises and reports performance.
- Requires contractors and subcontractors to manage HSSE and SP in line with this policy.
- Will use its influence to promote this or an equivalent policy in company related activities which are not under its direct control.
- Engages effectively with neighbours and impacted communities.
- Includes HSSE and SP performance in the appraisal and reward system for all staff.

### **YOUR RESPONSIBILITY**

- Follow the HSE life saving rules.
- Intervene in unsafe or non-compliant situations.

- Make sure hazardous materials are handled and disposed properly and safely.
- Alert immediately of any situation which could potentially harm people or damage the environment.
- Use personal protective equipment required for the task you are undertaking.
- Make sure you don't carry out tasks for which you are not trained, competent, medically fit and sufficiently rested and alert.
- Be fit and ready to carry out your work duties at all times while at work or on Sakhalin Energy business.

### PERSONAL AND BUSINESS INTEGRITY

#### WHAT'S IN THIS CHAPTER?

- Bribery and corruption
- Conflicts of interest
- Gifts and hospitality
- Insider dealing
- Political activity and payments to political parties
- Money laundering

Sakhalin Energy does not tolerate bribery, insider dealing, market abuse, fraud or money laundering. Facilitation payments are bribes and must not be paid. You must also avoid any real or potential conflict of interest, or the appearance of a conflict, and never offer or accept inappropriate gifts or hospitality. Remember, even unsubstantiated claims of corruption can damage the company's reputation and business.

### 1 BRIBERY AND CORRUPTION

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.

Our policy makes no distinction between bribes and so-called 'facilitation' payments, which are also prohibited.

We comply with all national and international laws and regulations (with respect to improper payments to foreign officials).

#### YOUR RESPONSIBILITY

- Don't offer, accept, solicit, or pay bribes, or make facilitation payments.
- Don't use political or charitable donations as a substitute for bribery; always remain in accordance with applicable law.
- Don't use agents to indirectly offer or accept bribes, or facilitation payments.

### 2 CONFLICTS OF INTEREST

A conflict of interest happens when your personal relationships, participation in external activities, or interest in another venture influence or could be perceived to influence your decisions.

Sakhalin Energy respects its employees' right to privacy in their personal affairs and activities. However, it is possible that an employee's personal or family activities may raise an actual or potential conflict with their duty of loyalty to Sakhalin Energy. Actual conflicts must be avoided and potential conflicts must be declared, recorded and resolved. This includes any personal interest that may affect employees' impartiality in any matter relevant to their duties. Employees should promptly disclose these facts or circumstances to their line managers.

#### YOUR RESPONSIBILITY

- Declare to your line manager or supervisor any matter that could influence or be perceived to influence your decisions or actions at Sakhalin Energy.
- Give your line manager all the relevant facts if you believe there is an actual or potential conflict of interest.
- Register all actual or perceived conflicts of interest in the electronic conflict of interest register.
- Withdraw from decision-making that creates, or could be perceived to create, a conflict of interest.
- Be impartial, professional and competitive in your dealings with contractors and suppliers.
- Register Conflict of Interest if you plan to use your knowledge or position for external material gain.

- You can be active in your own time in community, government, educational and other non-profit organisations if you comply with relevant laws, regulations, and the policies of Sakhalin Energy.
- You can acquire interests in other businesses and perform external professional activities in your own time if no actual or potential conflict of interest would result. If in doubt, please consult your line manager or supervisor.

### 3 GIFTS AND HOSPITALITY

Sakhalin Energy discourages its employees from accepting gifts and hospitality from business partners.

Sakhalin Energy recognises that the occasional acceptance or offer of modest gifts and hospitality may be a legitimate contribution to building a good business relationship. However, it is important that gifts or hospitality never influence business decision-making processes, or cause others to perceive the offering of these items as having an influence on the outcome.

#### YOUR RESPONSIBILITY

- Gifts and hospitality must never influence your business decisions and must not place you or Sakhalin Energy under any obligation.
- Decline gifts and hospitality if you would feel uncomfortable telling your line manager or supervisor, colleagues, family, friends, or the public that you had accepted them.
- You and your family members must never, in connection with conducting Sakhalin Energy business, offer, give, seek or accept:
  - illegal or inappropriate gifts and hospitality;
  - cash or cash equivalents;
  - personal services;
  - loans;
  - events or meals where the business partner is absent; or
  - gifts and hospitality during periods when important business decisions are being made.

### 4 INSIDER DEALING

Inside information is defined as any information about the shareholders of Sakhalin Energy and any of their affiliates, which is not generally available to the public and could affect the market price of the securities of any of these companies, or information a reasonable investor would consider important in deciding whether to buy, sell or hold such securities.

It is a criminal offence to deal in securities of Sakhalin Energy's shareholders on the basis of inside information. Sakhalin Energy requires employees to abide by these rules, not only to protect our reputation, but also to protect them against unfounded allegations of improper behaviour.

#### YOUR RESPONSIBILITY

- Seek advice from legal counsel if you are considering a transaction in securities and have any doubt about its propriety.
- Don't buy, sell or engage in any other dealings in the securities of Sakhalin Energy's shareholders or their affiliates while you possess inside information about that company. This applies even if you are no longer a Sakhalin Energy employee.
- Don't engage in any dealings involving a company outside Sakhalin Energy while you have inside information or confidential information about that company.
- Don't engage in speculative dealing, such as entering into a swap, spread betting, short sales or similar arrangements affecting the securities of Sakhalin Energy's shareholders or their affiliates.
- Don't spread false information or engage in other activities to manipulate the price of publicly listed securities.

### **POLITICAL ACTIVITY AND PAYMENTS TO POLITICAL PARTIES**

Your political activity and any payments to political parties are at risk of being perceived as being made on behalf of Sakhalin Energy, and may affect our business or reputation.

Sakhalin Energy does not make payments to political parties, organisations or their representatives, or take part in political activities.

#### **YOUR RESPONSIBILITY**

- Become familiar with all laws and regulations that restrict any company'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 EA manager before 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.

### **6 MONEY LAUNDERING**

Money laundering occurs when the criminal origin or nature of money or assets is hidden in legitimate business dealings, or when legitimate funds are used to support criminal activities, including the financing of terrorism. Offences covered by anti-money laundering legislation include: prejudicing or obstructing an investigation, and failing to report suspicious activity.

#### **YOUR RESPONSIBILITY**

- Sakhalin Energy employees must make proper enquiries about the origin of all monies and property we receive or procure, and the appropriateness of the destination for the money we forward by any means of distribution, for transactions in which you are involved.

### NATIONAL AND INTERNATIONAL TRADE

#### WHAT'S IN THIS CHAPTER?

- Antitrust and competition laws
- Export controls and sanctions
- Import controls and sanctions

Sakhalin Energy is committed to free, fair, and ethical enterprise. You must follow all applicable trade laws and ensure Sakhalin Energy's core values are applied in all your dealings. A failure to comply with these laws and regulations can severely damage our business and expose us to criminal charges. You could face dismissal, fines, and imprisonment.

### 1

### ANTITRUST AND COMPETITION LAWS

Antitrust laws protect free enterprise and prohibit behavior that limits trade or restricts fair competition. Applicable to every level of business, these laws combat illegal practices such as price-fixing, market-sharing, bid-rigging conspiracies, or behaviors aimed at achieving or maintaining a monopoly. Sakhalin Energy does not tolerate violation of antitrust laws.

It is crucial for everyone in Sakhalin Energy to understand what these laws mean and to comply with both the letter and the spirit of the law.

#### YOUR RESPONSIBILITY

- Do not agree, even informally, with competitors on pricing, production, customers or markets without a lawful reason. Always get legal advice on whether a practice is lawful.
- Decisions on Sakhalin Energy's pricing, production, customer, and market information must be made by Sakhalin Energy alone.
- Do not discuss with competitors:
  - which suppliers, customers, or contractors Sakhalin Energy has dealt with or will deal with; or
  - which markets Sakhalin Energy intends to sell into, or on what terms Sakhalin Energy will strike a deal.
- Leave industry meetings if competitively sensitive issues arise, and ensure your departure is noticed.
- Report the matter to Sakhalin Energy's legal department.
- Tell Sakhalin Energy of any potentially anti-competitive practices you are aware of, even if you are uncertain whether or not such practices are legal.

### 2

## EXPORT CONTROLS AND SANCTIONS

Export controls and sanctions laws give countries legal control over the sale, shipment, electronic transfer, or disclosure of information, software, goods and services across national borders. Export controls, such as discussions or visual inspections, concern not only traditional shipping methods but also electronic transfers. Sakhalin Energy could face criminal charges, fines, and loss of export privileges if you do not comply with the relevant controls and sanctions. You could also face dismissal, fines, or imprisonment.

### YOUR RESPONSIBILITY

- Think carefully about the potential impact of export controls and sanctions laws before transferring goods, technology, software or services across national borders.
- Remember that controls and sanctions (or embargoes) can be imposed against countries, entities, individuals and goods.
- Know which of these controls or sanctions may result in restrictions or prohibitions on the way you conduct business.

### 3

## IMPORT CONTROLS AND SANCTIONS

Import controls and sanctions laws give countries legal control over the purchase, shipment, electronic transfer, or disclosure of information, software, goods and services into their jurisdiction. Import controls apply to Sakhalin Energy as a company and to you personally. Sakhalin Energy could face legal consequences, including fines and loss of privileges if you do not comply with the relevant controls and sanctions. You could also face dismissal, fines, or imprisonment.

### YOUR RESPONSIBILITY

- You must meet import requirements when bringing goods or services into a country, and ensure duties, levies, and taxes are paid.
- You must not bring restricted goods into a country without declaring them.
- You must seek legal advice if you have doubts about an item for import.
- You must not import prohibited goods.
- Failure to observe import controls and sanctions laws can cause operational delays and damage business.

# SAFEGUARDING INFORMATION AND ASSETS

## WHAT'S IN THIS CHAPTER?

- Protection of assets
- Intellectual property
- Personal use of IT
- Data privacy and protection
- Records management

Intellectual, physical, and financial assets of the corporation are valuable and must be preserved, protected, and properly managed. Personal data and intellectual property must be safeguarded. Information technology (IT) and communications facilities should be used responsibly. Records must be accurate and appropriately retained. Fraud, theft, abuse, or misuse of Sakhalin Energy's assets is unacceptable.

## 1 PROTECTION OF ASSETS

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

A Sakhalin Energy asset may be of considerable value – whether they are financial, physical, or intellectual property assets. The intended use of these assets is only to advance the goals and business of Sakhalin Energy. These assets must be secured and protected, in order to preserve their value.

We are all personally responsible for appropriately safeguarding and using Sakhalin Energy's assets. We expect others to show the same respect for Sakhalin Energy physical and intellectual assets.

Sakhalin Energy is required to comply with the accounting and financial reporting rules and regulations that apply to the jurisdictions in which it operates, the rules and regulations provided for or implied by the Production Sharing Agreement with the Russian party, and with any applicable international rules and regulations.

### YOUR RESPONSIBILITY

- You must use Sakhalin Energy assets only to accomplish its business purposes.
- You must protect Sakhalin Energy assets against waste, loss, damage, misuse, theft, misappropriation, or infringement.
- You must use Sakhalin Energy assets appropriately and responsibly.
- You must respect the physical and intangible assets of others.
- Secure relevant approval for every transaction beforehand.
- Ensure truthful and accurate records of all transactions (including those giving rise to liabilities) are maintained, in documents, company accounts, and financial statements.



### 2 INTELLECTUAL PROPERTY

Intellectual property includes patent rights, trademarks and service marks, domain names, copyrights (including software), and rights for design, database extraction, knowhow or other confidential information (sometimes called 'trade secrets' or 'proprietary information'), and items under intellectual property-related agreements.

Intellectual property assets and rights play an important role in enabling Sakhalin Energy to retain its leadership and competitive edge in the industry and reap value from ongoing investment in innovation.

#### YOUR RESPONSIBILITY

- Sakhalin Energy employees must always pay proper attention to creating, protecting, and exploiting Sakhalin Energy's intellectual property and avoiding infringement of the intellectual property rights of others.
- Sakhalin Energy employees are required to comply with the company's information security policy and information classification standard. These documents demonstrate how each of us is expected to contribute to maximising the potential commercial value and other benefits from the intellectual property of Sakhalin Energy.

### 3 PERSONAL USE OF IT

Employees who access Sakhalin Energy information technology (IT) and communications facilities for personal use are required to do so in accordance with Sakhalin Energy's ethical standards, and in line with all prevalent legal, regulatory, ethical, cultural or social codes in the workplace. In addition, it is important to remember that IT and communications facilities are increasingly global in nature. Data may be processed and stored in another country, where different and more stringent codes may apply.

#### YOUR RESPONSIBILITY

- All Sakhalin Energy employees must recognise the negative impact on both the individual's and the organisation's reputation that would accrue from any improper use of Sakhalin Energy's IT and communications facilities.

### 4 DATA PRIVACY AND PROTECTION

Data privacy and protection laws safeguard information about individuals. This information includes name and contact details, employment and financial information, and 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.

#### YOUR RESPONSIBILITY

- Reasonable security safeguards should protect personal data against risks such as loss, destruction, unauthorised access, unauthorised use, modification or disclosure.
- Those with access to personal data must only use it in a way authorised by applicable law.
- If in any doubt about the handling of personal data, consult company's legal adviser or HR business partner.

### 5 RECORDS MANAGEMENT

The Sakhalin Energy defines a record as a sub-set of information created or received as evidence of a business activity or required for legal, tax, regulatory or accounting purposes or important to Sakhalin Energy business or corporate memory. Some examples of records are: contracts, audit reports, financial information, product specifications; corporate policies, guidelines and procedures; minutes of meetings.

Electronic records must be treated the same as records in any other format. Sakhalin Energy recognises that electronic records present specific risks and challenges. Sakhalin Energy must be able to retrieve records quickly and reliably. When the retention period for each record is over, appropriate disposal is required.

#### YOUR RESPONSIBILITY

- Protect records to ensure they cannot be subject to unauthorised access or interference.
- Dispose appropriately of records after the requirement for their retention has expired and you have determined that no preservation hold exists for those records.

### COMMUNICATIONS

#### WHAT'S IN THIS CHAPTER?

- Business communications
- Public disclosure

How you talk about the company reflects back on the image of Sakhalin Energy. Ensure the way you communicate adheres to all rules and guidelines and that it is both necessary and appropriate. Failure to safeguard sensitive information can damage Sakhalin Energy's reputation and its ability to effectively conduct business.

### 1 BUSINESS COMMUNICATIONS

Your communications are a reflection on Sakhalin Energy. Ensure your communications are necessary and appropriate. Ensure you adhere to all rules and follow all guidelines. Failure to safeguard information can damage Sakhalin Energy's reputation and its ability to conduct business effectively. Inappropriate, inaccurate or careless communication can create serious reputation, liability and compliance risks for you and Sakhalin Energy.

#### YOUR RESPONSIBILITY

- All employees and contract staff are required to take care when communicating both internally and externally, especially when the communication is a written document, including email.

### 2 PUBLIC DISCLOSURE

Any oral or written communication made publicly on behalf of and about Sakhalin Energy and Sakhalin-2 project is a public disclosure.

Information disclosed must be true, accurate, consistent and not misleading.

All Sakhalin Energy employees, including contractors, should comply with the provisions of Sakhalin Energy Media and Representation Policy when deciding to discuss company's activities with the media and/or their representatives and during any public events.

#### YOUR RESPONSIBILITY

- Approve any information disclosure to media or public with external affairs department.
- Provide complete, factually correct and comprehensible information, if you are requested to assist in making a public disclosure.
- Know your source of information and check the accuracy of it. 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 shareholders, 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 with other persons 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.

