



#### DEAR COLLEAGUES,

In line with our leadership commitments to the company employees, the Committee of Executive Directors upheld the earlier decisions regarding the employee value proposition to improve the financial standing of Sakhalin Energy staff.

Despite the rather difficult economic situation, the company resolved to perform an annual salary progression round. Starting from July all company employees will have their wages raised by 2% on average. We are using a differentiated approach where over 12% of employees who have steadily demonstrated excellent performance will have twice or more higher progression rate compared to average.

The company also expects that next year we will be able to get back to the traditional progression rounds at its start.

I am sure that this message will receive a positive response from the staff, strengthening the motivation and commitment, and this will be reflected in the people opinion survey that we plan to launch in September.

We are steadily moving forward, achieving together things that to many may have seemed too difficult or even impossible, with safety always being our priority.

Together we successfully finished the half a year long Winter Safety Marathon – the longest ever HSE event in Sakhalin Energy. Based on the results of all 5 stages of the Marathon, the team tournament winner with the highest score is the PA-B team, with LUN-A coming second and Pipelines Operations Department coming third. Now, when the finish line has been crossed, along with the winning teams, we can announce the individual winners – when reviewing the nominations, we specifically focused on safety leadership skills. All winners received special CEO awards.

– **1st place:** Vitaly Gerasimov, OPF Operations Technician, Sakhalin Energy. Vitaly has been actively engaged in risk assessments and integrated operations planning, and he places a special emphasis on safe working in the process areas of the asset. For his Goal Zero leadership skills and capabilities, the winner has been awarded the first prize of the Winter Safety Marathon – a laptop computer.

– **2nd place:** Andrey Erokhin, sports instructor at Zima Highlands, Sodexo Eurasia. He noticed a person with stroke symptoms just in time and supported that person on the way to a medical facility. For his intervention in an unsafe situation Andrey has received a smartphone.

– **3rd place:** Sergey Che, Millwright – Fitter at Construction Subdivision, SMNM-VECO, LUN-A. Sergey regularly improves the HSE performance and demonstrates his leadership skills. All operations supervised by

him are done safely, with good quality and on time. The bronze winner of the individual championship has been awarded with a gift certificate.

Today we are moving forward to new heights as we begin the corporate Peak championship, which will last through the entire year.

This will be held in two phases, with the first phase beginning on 27 May and ending on 30 September 2021 and the second phase to be held from October through 10 May 2022. We should get the best of our resources and capabilities to make it successful. While keeping the best practices and performance from the Winter Safety Marathon, this championship will cover even more of our activities. For each aspect, specific evaluation criteria have been developed. They are focused not only on safety issues, but mainly on the management of each business unit. This comprehensive event has been designed to raise awareness of and improve communication among all those involved in the Sakhalin-2 project in the following key areas:

- health and safety;
- competence and development;
- leadership;
- corporate social and environmental responsibility.

Like the Winter Marathon, The Peak campaign will be of a competitive nature. All the Company's assets and offices will take part in this competition. A wide range of various training and development tools, such as workshops and business games, webinars led by experts, video reviews involving Sakhalin Energy management, and a professional advice contest, will enable the participants to make a substantial contribution to the team's overall result and show personal qualities.

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safety

(The end. See beginning on page 1)

The emphasis on the development of the team spirit and focus on the continuous improvement will allow us to progress to a new professional level, improve the company's performance and make its operations safer. This will help us to achieve our production targets, with the integrated gas chain turnaround being the most important for the coming months, and will have a positive effect on the delivery of our key investment projects in drilling, greenfield projects, and brownfield upgrades and refurbishment.

Timely diagnostics, maintenance and repairs, which should eliminate the risks of failures and production breakdowns, will also be a key focus area.

I would like to highlight that in addition to the existing practices aimed at maintaining business continuity, we all should also seek new solutions to create new opportunities for growth amidst the ongoing COVID-19 pandemic. This position is the cornerstone of Sakhalin Energy's corporate culture, which needs to be promoted among new team members – company employees, contractors, and subcontractors.

“Energy. Professionalism. Team. The Peak” is the motto of the competition. These four key elements will ensure rapid progress despite the challenges and uncertainties the company will face on its great journey to further development. We will go through it together, and I wish all participants to be always at peak performance in everything they do!

■ Roman Dashkov  
Chief Executive Officer

[customers](#)

# On the Same Wavelength

Sakhalin Energy held a regular meeting with Japanese buyers of liquefied natural gas sold under the Sakhalin-2 project.

The company management annually holds such meetings in Japan, but it was via online session this year due to the COVID-19 pandemic. The meeting was attended by long-term customers from Japan such as Tokyo Gas, Toho Gas, Tohoku Electric, JERA, Kyushu Electric, Osaka Gas, Hiroshima Gas and Saibu Gas, as well as representatives of Sakhalin Energy's shareholders.

The meeting was opened by Roman Dashkov, Chief Executive Officer of Sakhalin Energy. He welcomed the attendees and commented that, despite all external challenges, LNG shipments from Sakhalin-2 project to the Asian market reached the historical maximum of over 11.6 million

tonnes based on the 2020 results. “This became possible thanks to a completed production programme involving maintenance and repair to ensure highly reliable production and low level of equipment failures last year.” The company CEO emphasised that well-coordinated efforts of all company employees and customers when shipping and delivering products was a key to such results.

A welcoming speech on behalf of all shareholders of Sakhalin Energy was made by Elena Burmistrova, Deputy Chairperson of Gazprom Board of Directors. She highly praised the stable gas supplies to the Japanese market and therefore a demand for Sakhalin LNG: “It is currently the closest



Elena Burmistrova



Shinichi Sasayama



Roman Dashkov

export gas cluster for Japan and a guarantee of the stability of the Japanese energy sector. It is noteworthy that even when direct communication was impossible, Sakhalin Energy and its Japanese partners could maintain a meaningful dialogue on all commercial and operational matters.”

Shinichi Sasayama, Senior Managing Executive Officer, Chief Executive of Asset

**In 2020, the share of Sakhalin LNG accounted for about 4.6% of LNG demand in the Asia-Pacific region and about 7.9% of LNG demand in Japan.**

Optimisation and Trading at Tokyo Gas, spoke to the meeting attendees on behalf of the Japanese buyers of liquefied natural gas. He highlighted high price volatility in energy markets in 2020 due to a sharp decline in demand and thanked the management of Sakhalin Energy on their efforts to secure stable LNG supplies during the pandemic. Furthermore, Shinichi Sasayama voiced his confidence in evolving cooperation on the climate issues, which also implied decarbonisation progress. “I hope that together we can implement neutral initiatives that could provide benefit to both parties in line with our goals to reduce greenhouse gas emissions,” Shinichi Sasayama added.

Sakhalin Energy is willing to ensure carbon-neutral LNG supplies based on the clients' requirements. The supply of such lots in the future will become an option for company products to be offered at the buyer's request.

To conclude, the meeting attendees wished each other further success, emphasised the importance of direct communication with partners, and expressed confidence that their mutually beneficial meetings would continue.

■ Marina Semitko





# Eternal Glory to Heroes!

The gloomy weather on 9 May did not stop the Victory Day celebration in Yuzhno-Sakhalinsk this year. Due to COVID-19 restrictions, last year the celebration of the holiday was cancelled. Thankfully, it was resumed: a military parade was held in the Victory Square of Yuzhno-Sakhalinsk, the residents of the region's capital traditionally gave red carnations to the veterans, sang war-time songs, and danced the waltz in the city park. A particularly touching moment

of the day was the ceremony of laying flowers in memory of the soldiers who had died in the battlefields and the veterans who had passed away. Eternal glory to the heroes! We will be forever indebted to them. Sakhalin Energy employees honoured those who had sacrificed their lives for the victory in the Great Patriotic War by laying flowers at the Eternal Flame in the Glory Square.



*"This is a sacred holiday for everyone. There is probably not a single family in Russia that has not been affected by the terrible war in one way or another. Our main task is to stop history from repeating itself. For this purpose, it is important for us to always remember the events of those years. Eternal Glory to Heroes! Happy Victory Day!" – congratulated the participants of the ceremony Timur Gafarov, Sakhalin Energy Technical Director*

*Many Sakhalin Energy employees brought their children and parents to the event. "We remember our history and honour the memory of those who had died for our peaceful life. We must never forget what price had to be paid for peace, how much effort it cost to make it possible for us to live, start families, and raise children," said Evgeny Kovalyov, Head of Corporate Safety division, who participated in the flower-laying ceremony at the Eternal Flame together with his family*



*The company's employees were taken on a tour to the Alley of Heroes of the Soviet Union, which immortalised the names of Soviet soldiers who had showed exceptional courage and bravery in the battles for the liberation of Yuzhno-Sakhalinsk and the Kuril Islands. They were also taken to see the memorial to soldiers from Sakhalin who had been killed in Afghanistan and Chechnya*



*The members of the Committee of Executive Directors and department heads of the company also joined the event*

*Over a hundred representatives of the company's international team came to the memorial complex on Victory Day to pay tribute to the heroes killed in the war and express their gratitude to the surviving veterans*

# Strategic Cooperation

Sakhalin Energy took part in the international Oil and Gas – 2021 Forum. It was held at the Gubkin Russian State University of Oil and Gas with the support of the Ministry of Energy of the Russian Federation.

Platform for strengthening interaction between the business and the academic community in the area of incorporation of research findings into oil and gas industry brought together representatives of relevant line ministries, analytical centres, leading universities and largest Russian and foreign companies of the fuel and energy complex.

challenging year we have been working on strengthening Sakhalin-2 raw material base and developing a multifaceted “green LNG” strategy, thus forming the basis for company’s long-term development.”

“If gas is used for power generation, emissions are 45% lower compared to coal. Given that many coun-

ference – is sharing experience and Sakhalin Energy is always ready to share it. To motivate participants to actively discuss the issues listed in the agenda and generate new ones, Alexander stated: “We remain the leaders in the industry because we are not afraid to go forward and are continuously improving,”- he addressed the audience, motivating them to actively discuss the issues on the programme.

The discussion covered various topics of the modern fuel and energy complex including the global challenges and opportunities of the oil industry, gas processing and petrochemistry, flue gas treatment technologies, alternative energy sources including green and blue hydrogen, peculiarities of development of the carbon-neutral LNG market – this is by no means a complete list of the raised issues.

“It is obvious where the world is heading – both producers and consumers. This is the path to a low carbon economy. Our company tracks the situation and plans its activities accordingly. For instance, development of the green LNG strategy is in progress and it has several areas. First, compensation based on natural potential or carbon credits. Second – reduction in greenhouse gas emissions and prevention of such emissions. This is a matter of choice for each country and each company. We can and must be ‘at the tip of the spear’ and comply with the global trends,” – Alexander Singurov made comments on Sakhalin Energy position.

The upstream session on geology and field development was attended by Alexey Khabarov, Sakhalin energy’s Head of Capability and Subsurface Information division. During the presentation, he spoke about 4D seismic and its capabilities and focused on the seismic surveys that were conducted at the Sakhalin-2 project in 2010-2015. This is by far the most informative way to monitor the progress of field development. It makes it possible to trace the progress of oil and gas displacement fronts and pressure



## LNG AS A KEY TOPIC

At the opening of strategic panel session, Victor Martynov, Rector of Gubkin Russian State University of Oil and Gas noted that the Forum had been confined to the Year of Science and Technologies, declared in the Russian Federation in the current year. In fact, it combined two key events in the industry Youth Scientific Conference Oil and Gas – 2021 and Technical Scientific Conference “Current Issues of Russian Oil and Gas Complex Development”. “Organisers received more than 1200 scientific papers on 24 areas of research, which, undoubtedly, will enrich the sectoral science. Owing to epidemiological situation, the Forum is held in a mixed format – we had more than 500 connections just during the plenary discussion. I do hope that next year the Forum would be entirely live, and our students would have an opportunity to have a proper internship directly in oils and gas companies, so coronavirus would not prevent us from training professionals”, said Victor Martynov.

During the discussion, the participants of the panel deliberated on a wide range of issues related to transformation of the global oil and gas industry, innovative technologies, digitalisation of production processes and, indeed, the effect of the pandemic on energy markets.

“Year 2020 became a challenge and test for the entire fuel and energy complex,” said Alexander Singurov, Prigorodnoye Asset Manager in his address to the Forum. “The results of our work demonstrate how effective were the actions taken. In the beginning of the pandemic the company established the General Coordinating Committee and three task forces that ensured business continuity in all areas of activity. The company took the unprecedented steps to ensure safety of personnel both during observation and at production facilities and offices. Despite the limitations, we managed to conduct safe gas production chain major turnaround using new digital technologies and having organized company-based engineering support centres. We continued work on localisation of resources under the Sakhalin Industrial Park project. Moreover, during the

tries, especially in Asia, are still using coal, a stable LNG demand growth up to 3-4% per annum could now be projected. Previous year 2020 demonstrated the existing trends. Consumption of almost all energy sources declined during the pandemic. However, LNG demand increased by 1%. Of course, the Russian Federation has placed a special emphasis on the development of this avenue of industry,” said Cederic Cremers, Country Chair Shell Russia.

“Transition of the energy sector is inevitable. It entirely depends on you if this process would be an evolution or revolution. You are the key players in this transition,” said Alexander Singurov to future oil and gas specialists and wished them continuous improvement and sparkles in their eyes.

## IN LINE WITH GLOBAL TRENDS

Agenda of the second day covered sessions on the key oil and gas areas: upstream, midstream and downstream.

Downstream aroused a special interest of the Forum participants and representatives of the Gubkin University. Igor Mescherin, Session Moderator and President of the National Chamber of Engineers stressed the importance of interaction between the scientific community and companies that takes place at the Forum and opened the session: “This is an opportunity for students to get familiarised with a real industrial practice and for teaching staff – to meet with business representatives. Today we can all expand our knowledge and competencies and hopefully to make new business acquaintances,”- opened the session Igor Mescherin.

Alexander Singurov, Deputy Production Director, Prigorodnoye Asset Manager attended the Forum as a special guest. Alexander Singurov noted that any con-



changes; to update geological and hydrodynamic models; and to refine production forecasts. In his report, he stressed the importance of digital technologies, multidisciplinary approaches and information integration in the development of the oil and gas industry.

Many speakers from science and industry noted an increase in the innovative activity of Russian companies. Some of which are directly engaged in implementation of national projects. To the credit of the domestic oil and gas business, the pandemic that began last year not only did not stop innovation processes, but also stimulated their development by the companies in the industry. However, participants of discussion believe we should not relax under the tough international competition conditions. It is necessary to further combine the achievements of academic science and practical experience of Russian business.

■ Natalia Gonchar, Alyona Olovyanishnikova



## Investor Day at Gazprom

Gazprom has held the 16th annual Investor Day. During the event, the company positively assessed the prospects for natural gas production in the face of the transition to a low-carbon economy and now expects to strengthen its position in the global market. The Investor Day is an important event for summing up the results of the previous year, communicating targets for the current year and long-term plans.

The Investor Day 2021 was held online. It was attended by Chairman of the Gazprom Management Committee Alexey Miller and Deputy Chairpersons of the Management Committee Oleg Aksyutin, Elena Burmistrova, Vitaly Markelov, and Famil Sadigov, who are in charge of long-term development, export, domestic market, and finance, respectively.

Speaking to the audience, Alexey Miller stressed that despite the challenges of the pandemic, Gazprom has ensured business continuity, demonstrated the flexibility of the corporate governance system, and maintained a stable position in the markets. The Chairman of the Management Board emphasised that the holding company intends to adjust its development strategy and focus on the development of new processing facilities: "This is due to the fact that natural gas from the fields in Eastern Siberia is multicomponent and contains ethane. The company also produces ethane-containing gas in increasingly deeper layers in Western Siberia".

During the Investor Day, particular attention was given to Gazprom's work in the field of sustainable development and adaptation to the requirements of a low-carbon economy, which is the goal of the key countries-importers of Russian gas. Being a gas producer with the lowest carbon footprint of gas production in the industry, Gazprom has great prospects in this respect. The Sustainable Development Policy, approved by the company in view of the trend towards a low-carbon economy, defines its goals and obligations in areas such as social and economic development, corporate governance

improvement, environmental protection, resource and energy conservation, and energy efficiency. "Environmental performance is the foundation for all our business processes. It is integrated with the entire corporate governance system. Gazprom is already developing scenarios for the company's sustainable development until 2050, taking into account the low-carbon economy trend," pointed out Alexey Miller.

In this regard, Deputy Chairman of the Gazprom Management Committee Oleg Aksyutin stressed that the use of hydrogen could become an additional tool for low-carbon development. "Currently, natural gas is the raw material for producing more than 75 % of all hydrogen in the world. At this stage, Gazprom's priority is to develop the hydrogen production from natural gas. In the future, we are going to produce hydrogen without carbon dioxide emissions. According to independent estimates, today it is much cheaper to do it with the use of natural gas and carbon dioxide capture technologies than using renewable energy sources," explained Oleg Aksyutin.

In addition, it was noted that LNG projects open up promising opportunities for supplying a fundamentally new product to the market – carbon neutral LNG. "The first such transaction was implemented jointly with Shell quite recently: an LNG cargo was delivered to the customer on 8 March 2021," said Elena Burmistrova, Director of Gazprom Export. "CO<sub>2</sub> emissions along the entire chain of LNG production, transportation, and consumption were offset by appropriate certificates. This area gives us great potential for meeting the

expectations of our buyers who share our desire to protect the environment as much as possible."

Elena Burmistrova positively assessed the prospects for selling Russian gas in the European market, since the decrease in domestic production due to the abandonment of coal and nuclear generation in the EU has contributed to the growth in demand for imported gas. As an energy carrier, natural gas guarantees the stability of the energy system; in addition, it is fully compatible with the most ambitious climate targets.

In her speech, Elena Burmistrova informed investors about Gazprom's status in international markets and gave a detailed account of pipeline gas and LNG supplies, market forecasts and prospects for developing activities in these areas. In particular, speaking about the development of the LNG business, she said: "For us, LNG business is an important element of diversification of sales markets and expansion of gas supply methods. In comparison with pipeline gas, the volumes of liquefied gas supplied by Gazprom Group are relatively modest. At the same time, 2020 was a breakthrough year for our activities in the LNG trade. We doubled both the volume of LNG sales – to 7.4 million tonnes, and the number of countries in our buyer portfolio – to 14."

We managed to achieve these indicators thanks to a significant increase in trading activity in the spot and short-term markets. Another factor that contributed to this success was that LNG supplies had reached a plateau under long-term contracts of Gazprom Group. In addition, in 2020 a new

LNG operating centre started working at Gazprom Export in St. Petersburg. It closely cooperates with offices in London and Singapore, aiming to strengthen Gazprom's presence in the global LNG market and prepare a launchpad for the implementation of new LNG projects in Russia. The key element of this plan is the complex of facilities for the processing of ethane-containing gas and the production of LNG in the Leningrad Oblast.

In his address, Deputy Chairman of the Management Board Vitaly Markelov, who is in charge of production operations, focused on the issues of import substitution, stressing that Gazprom is reducing the sanction risks associated with the use of foreign equipment. To this end, the holding company has organised systematic work aimed at import substitution and reducing dependence on imported technologies, equipment, and services. Work is carried out in all areas of Gazprom's production activities – from geological exploration to hydrocarbon processing. "Particular attention is paid to the most knowledge-intensive and high-tech areas: the production of liquefied natural gas and subsea hydrocarbon production," underlined Vitaly Markelov.

Gazprom's presentation prepared for the Investor Day highlights the company's intention to increase gas production by 23 % (to 615 billion cubic metres) and pipeline gas exports by 33 % (to 264.7 billion cubic metres) by 2030 compared to 2019. For more information, visit Gazprom website.

■ Prepared by Olga Moreva based on materials from gazprom.ru

[Green LNG](#)

## When Neutrality is Worth its Weight in Gold

The Sakhalin Oblast Government held a round table entitled "Low Carbon Development of Russia: Priorities and Opportunities of the Sakhalin Oblast". The event brought together representatives of the region's executive authorities, academia, community and business.

In his opening speech, the Minister of Environment of the Sakhalin Oblast, Aleksander Matnenko, stated that the meeting is held as part of the Climate Week whose goal is to raise awareness and coordinate the efforts of the government, business and community to solve a number of environmental issues. He said that the Sakhalin Oblast is taking part in a national experiment designed to form a system of carbon pricing and carbon unit trade. In addition, the region is to reach carbon neutrality by 2025.

During the round table, experts from Moscow and Sakhalin talked about global warming, considered the issues related to the development of carbon markets around the world and in the Asia-Pacific, evaluated the prospects for low carbon development of the Sakhalin Oblast economy and discussed the implementation of the regional programme to convert motor vehicles to natural gas and the forest conservation project. The participants also took interest in the review of literature and information resources on climate change prepared by the Sakhalin Regional Universal Research Library.



The reports of the representatives of regional energy sector companies, which not only contribute the most to greenhouse

gas emissions but are also trying to reduce their carbon footprint by implementing a system of various measures, received much attention from the audience.

A perfect example of such constructive and responsible approach is the activity of the Sakhalin-2 project operator. According to Andrey Samatov, Head of Sakhalin Energy Environmental Protection Division, the company remains one of the industry leaders in



terms of reduction of greenhouse gas emissions, mainly due to the increased reliability and efficiency of the equipment used, optimisation of technological processes, gas flaring management, oil-associated gas utilisation, as well as leak control and prevention.

The strategy includes four key lines of work. The first involves environment-based solutions including measures to increase greenhouse gas absorption, such as reforestation and planting of new forests. The next is the work to raise the efficiency of production processes involved in the reduction of specific emissions. The third block encompasses commercial activities related to carbon-neutral LNG supply. The fourth is progressive solutions to create an "energy cocktail" based on alternative technologies that drastically reduce greenhouse gas emissions. These may involve the use of renewable energy sources, hydrogen, and conversion of sea and land transport to liquefied natural gas.

As Andrey Samatov pointed out, the company supports initiatives to create voluntary carbon markets (carbon credits), climate-related projects and the use of alternative energy sources in the Sakhalin Oblast and all over Russia, and aims to synchronise its efforts with the authorities to achieve the fastest and strongest effect from their implementation.

■ Pavel Ryabchikov

# Review of the Long-Term Programme for LNG Production Development in Russia

In March of this year, the Russian Federation government presented a long-term programme for the development of liquefied natural gas production in Russia (hereinafter, the programme), following the goals of the country's energy strategy, the scenario conditions for forecasting energy consumption in the world, and the current climate agenda. It is assumed that the programme will enable unlocking the resource potential of the main gas producing regions of the Russian Federation, increase LNG export, and create thousands of new jobs.

According to the research done by analytical agencies, by 2030 total world energy consumption may increase by 16 % compared to the current values. Analysing the dynamics of the global consumption of minerals, analysts concluded that natural gas is the only fossil fuel, the consumption of which will continue to grow, according to forecasts until 2040.

At the same time, the global energy community faces two major tasks: to create economically affordable and competitive energy sources with a high degree of supply security; and to implement a climate agenda, giving preference to energy sources that help reduce emissions of pollutants into the atmosphere. Being a more environmentally friendly fuel in comparison with coal or oil for instance, natural gas can also be used in the future as backup power generation source in renewable energy sector.

The programme describes two scenarios for the dynamics of natural gas and LNG consumption: "high" and "low". The "high" scenario implies the accelerated transition of countries and various sectors of the economy to gas consumption, while the "low" scenario suggests that most developing countries refuse to implement the green agenda and, as a result, decide not to support renewable energy sources and the policy of regulatory restrictions on coal consumption.

According to the "high" scenario, the global demand for LNG in 2030 should amount to approximately 718 mln tonnes. The programme predicts that the target volumes of LNG production in Russia up to 2035 will be in the range of 80 to 140 mln tonnes per year. It is indicated that an increase in LNG production to 140 mln tonnes by 2030 will lead to an increase in its export and will secure at least US\$150 billion of investments in the Russian economy.

## RESOURCE BASE FOR PROMISING LIQUEFIED NATURAL GAS PRODUCTION PROJECTS

The raw material base is undoubtedly the most important factor in ensuring the LNG production. Geographical distribution of gas reserves in Russia is uneven (see Table 1).

Taking into account logistics and resource capacities that have not been reserved for other projects, the programme identifies Yamal and the Gydan Peninsula (located at a considerable distance from the Unified Gas Supply System zone), the north of the Krasnoyarsk Territory, the coast of the Far East, including Sakhalin Island, as well as the Arctic Ocean shelf as the regions for the potential development of large-scale LNG production.

The use of these RF regions for the development of LNG production is appealing from the point of view of not only logistics and resource capacities, but also climatic features. Depending on the average temperature value, they will contribute to an increase in the competitiveness of Russian LNG to a larger or smaller degree by reducing the cost of production in comparison with regions with a warmer climate.

## ACTIVE AND ANNOUNCED LNG PROJECTS

The LNG projects included in the programme are subdivided into the following categories:

- Active projects: their capacities have already been launched and are producing liquefied natural gas. At the moment, the category includes three plants with a total design capacity of 27.66 mln tonnes per year.

- Projects under construction: a final investment decision on their construction has been made, or they are being constructed. It is planned to commission two projects with a total capacity of 21.3 mln tonnes per year by 2025.

- Probable, possible, and potential projects: they are characterised by high, medium, and low probability of implementation, respectively. The total capacity of such projects is estimated from 218.5 to 235.5 mln tonnes of LNG per year.

A comparison of the forecasted world LNG demand in the "high" scenario as well as the energy strategy production target and the total capacity of existing and announced LNG projects (excluding potential) in Russia is shown in Figure 1.

## SMALL- AND MEDIUM-SCALE LNG PROJECTS

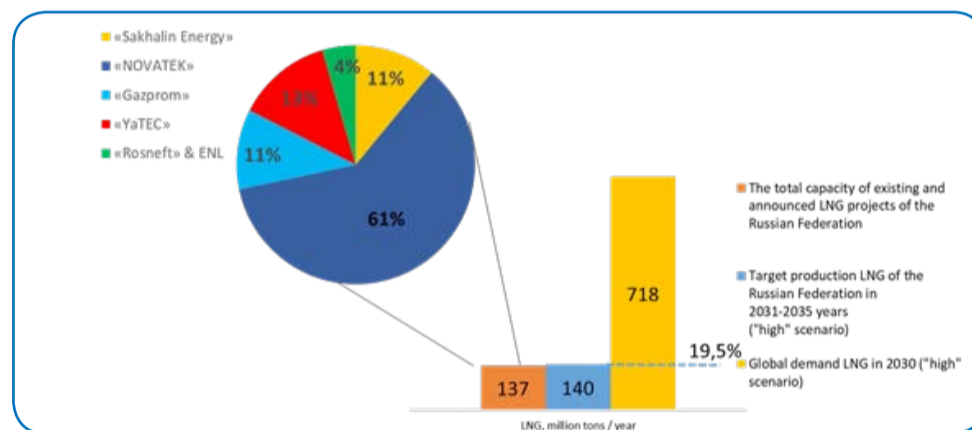


Figure 1. Target volumes of LNG production in the RF according to the energy strategy

Small-scale LNG projects can achieve productivity of up to 80 thousand tonnes per year. The programme contains a list of 13 small-scale LNG facilities operating in Russia with a total capacity of about 291 thousand tonnes per year, including the gas liquefaction complex of PSK Sakhalin in Yuzhno-Sakhalinsk with the capacity of 6.2 thousand tonnes per year. Today, 65 projects for the construction of small-scale LNG plants are at various stages. 17 of them, including an LNG complex in Poronaysk, Sakhalin Oblast, are currently at the planning and construction stages. Small-scale production is taking an increasingly significant place in the entire structure of LNG production, which is associated with the expansion of the areas of LNG and natural gas application. The development of this area in Russia is of great importance, both economically and socially.

Medium-scale LNG projects include those with a production capacity ranging from 80 thousand to 2 million tonnes per year. 42 projects for the creation of medium-scale LNG production facilities with a total capacity of about 6.2 million tonnes of LNG per year were announced in the Russian Federation as of January 2020. Among them, 14 projects with a total capacity of about 4.8 million tonnes per year are being implemented (at the design or construction stage, including the expansion of existing production capacities and surveying); 28 projects are currently at the Front-End Engineering Design (FEED) stage (proposal, agreement of intentions, feasibility study).

RF Region	AB <sub>1</sub> C <sub>1</sub> + B <sub>2</sub> C <sub>2</sub> stocks, trillion m <sup>3</sup>	Raw material base for LNG projects, trillion m <sup>3</sup>
European part, including the shelf of the Caspian Sea	7.5	—
Western Siberia	45.8	4.9
Eastern Siberia	9.2	0.6
Far East (mainly the shelf of the Sea of Okhotsk)	1.8	0.7
Arctic shelf	8.8	3.9
<b>TOTAL</b>	<b>73.1</b>	<b>10.1</b>

Table 1. Gas reserves in Russia and raw material base for LNG projects

The key customers and owners of the new facilities are Gazprom, NOVATEK, and Cryogas.

## TECHNOLOGICAL DEVELOPMENT AND HUMAN RESOURCES TASKS

Given the strict contractual requirements in the LNG industry and intense international competition, Russian producers face the following challenges:

In technological development area:

- ensure technological independence;
- reduce costs for the development and optimisation of technical and technological solutions by creating mathematical models of the processes occurring in the equipment;
- ensure stable operation quality of LNG production units;
- learn to manufacture non-available equipment units;
- create digital twins to improve the energy efficiency of LNG projects.

In human resources area:

- train qualified personnel in the processing and liquefaction of natural gas at discipline departments of specialised higher educational institutions;
- ensure advanced training of personnel at LNG production, storage, offloading, and transportation facilities, as well as at engineering companies;
- develop and obtain approval for an educational standard on the use of natural gas as motor fuel.

## ACTION PLAN

In addition to measures currently taken to support the LNG industry in Russia, the programme provides for the implementation of an action plan to further realise the industry potential. The plan includes 21 steps in the

following four areas:

- development of large-scale LNG production projects;
- manufacture of equipment (as part of the import substitution programme) and development of technologies for the implementation of LNG production projects;
- use of LNG for autonomous gasification, as well as the creation and upgrade of thermal and electric power generation facilities;
- use of LNG as motor fuel.

The plan involves the development and implementation of tax, regulatory, and other incentive measures in the area of LNG production and use, monitoring the current and forecast status of the industry. It is planned to monitor the implementation of the planned activities annually.

As follows from the above, comprehensive government and financial support is essential for the successful implementation of the described programme and the construction of the declared capacities according to schedule. This will allow Russia to almost triple the volume of LNG production by 2035, stimulate the development of domestic technologies, create new products and new jobs, gasify remote regions, and resolve other economically and socially significant problems.

■ Prepared by Maxim Bakulin, Dmitry Shubny, Alexey Nesterov, based on the materials of the long-term programme for the development of liquefied natural gas production in the Russian Federation

## “When Talking about Employee Motivation, We Have to Understand the Business Context”

Given its high-tech production process and highly qualified personnel, Sakhalin Energy often attracts close attention of its competitors. In the light of the escalating war for talent, we have discussed employee engagement and motivation with HR Director Alexander Sheykin and his Deputy Natalia Petrovicheva.



– Alexander, could you please share your understanding of the need for employee engagement and motivation?

**Alexander Sheykin:** “Employee engagement is, without doubt, one of the pillars of efficient work of any production company. Our Journey Book states that people are the main assets of Sakhalin Energy and the foundation of our business.

When talking about employee motivation and retention, we have to understand the business context. We are pioneers of LNG production in Russia, and over the years we have developed unique competencies in many areas of the oil and gas industry. However, as the number of Russian LNG projects grows, staff turnover is becoming the norm. Obviously, this process needs to be managed, not only to mitigate risks, but also to create new opportunities for business and people. Managed turnover entails, first and foremost, career opportunities and development of professional and leadership competences for those staying with the company.

If we look at the turnover statistics, in the recent years it has been within the industry norms (about 4%) – it means that for now we’ve been able to keep it at a manageable level.”

– But the competition on the labour market continues to intensify... What are the company’s employee motivation strategies?

**Alexander Sheykin:** “Modern challenges require appropriate and proportionate solutions. The issue of competition on the labour market is closely monitored by the Chief Executive Officer and all members of the Committee of Executive Directors. As for strategies, I’ll outline several key directions.

To effectively manage personnel flow, we need to see bottlenecks – that is, risks – and have a plan of actions. And to achieve this, together with line managers we will continue using a systematic differentiated approach to working with staff, identifying the most sensitive areas and fields, developing preventive measures, and controlling their implementation.

Another key to the stability of our company is adequate succession planning and reliance on the internal skill pool. Today, we need to focus on helping line managers engage and develop their subordinates, preparing successors (including by transferring knowledge from foreign experts to their Russian colleagues).”

I am sure there are other areas you are working on.

**Alexander Sheykin:** Yes, you are right. For the Sakhalin-2 project, the company seeks to employ Russian citizens, mainly residents of the Sakhalin Oblast. This approach is dictated by the company’s HR policy and provisions of the Production Sharing Agreement. Today, more than half of all our Russian employees are Sakhalin residents.

The “Sakhalinisation” of the staff requires, among other things, awarding educational grants, internships, development of young specialists, cooperation with local educational facilities to improve the quality of training for it to meet the needs of the company.

We are also focusing on further improvement of the corporate culture in the context of the new business reality. Under the new conditions, the planned introduction of a combined work schedule can become a significant competitive advantage. We believe that our employees will welcome this step, as it will allow them to be more flexible with their time.

Another promising initiative is the creation of a single educational cluster for the children of our employees. It will exist on the basis of the International School and the

Children’s Centre, which will allow children to develop in a unique multicultural environment while their parents are working. We also plan on reintroducing regular staff surveys to assess engagement. There are also a couple of other ideas underway.”



– Natalia, let’s move from the big picture to the details and talk about people, their aspirations and needs. What is essential for keeping them motivated?

**Natalia Petrovicheva:** “Motivation is a complex, multifaceted phenomenon. In the war for talent, the compensation and social package is an important, but not a

deciding factor.

For instance, last year became a real challenge for the company. The lockdown, remote work, prolonged rotations, restrictions on travelling, social distancing, concern for our loved ones – all this put a burden on the employees. It was not easy, but we successfully stood this test and can be proud of ourselves. Despite the “perfect storm” that was 2020, we have managed to achieve record LNG production levels – 11.6 mln tonnes. I would like to take this opportunity to thank our staff – our heroes – for this feat!”

Unfortunately, the pandemic turned out to be a marathon rather than a sprint. To stay in shape, we need to recharge and restore our resources.

– What gives us energy and, in turn, motivation?

**Natalia Petrovicheva:** “Firstly – the environment we work in, the non-tangible corporate culture, the very soul of the company. Depending on how well-suited a person is to this corporate culture, the more effective they will be working. The mismatch between personal and corporate values can lead to decreased motivation and performance, as well as stress. And the opposite is true: the alignment of values ignites a fire within the person, gives them energy, and encourages them to take on new responsibilities and achieve new goals. Our corporate culture is unique. In our corporate “DNA”, we have inherited the best qualities of our “parents” – shareholders.

From the very start, our culture has enabled development, proactiveness, and open dialogue. Personally, I am very enthusiastic about working for such a unique company.”

– Apart from the environment in which we work, what else is worth to look out for?

**Natalia Petrovicheva:** “The tasks. Importantly, they need to be in the zone of proximal development, inspiring, and challenging yet achievable. It is also not less important to be able to see the results and learn something new. In today’s world, interdependence is a normal state of being within an organisation. Trust, ability to resolve conflicts in a constructive way, mutual support, humour – these are the elements of teamwork that give us energy and bring joy from cooperative labour.

Finally, I would like to stress the importance of line managers. It is the leaders that create work atmosphere. So, the “manager-employee” interactions affect greatly our motivation in most cases.

Every manager strives to make sure their unit shows consistently great results and employees stay engaged and motivated. Such employees are determined to achieve re-

This April, the company hosted a series of workshops for managers on employee engagement diagnostics and management, namely on the development of motivational dialogue skills. The exercises were conducted by Marina Samokhvalova, a professional consultant on organisational effectiveness, learning and development:



“I have been introducing motivational dialogue skills in Russia for over 15 years now. During this time, I have taught hundreds of managers from various companies, including Shell representative offices. This technique calls for individual work of a manager with their subordinates, aimed at identifying the key needs of

employees and developing an action plan for improving the aspects of the work environment that need improving. Managers who regularly conduct motivational dialogues with their employees emphasise the positive influence of this practice on the relationships and climate in the team, personnel engagement and loyalty of employees to the company.”

Since the beginning of the year, training in motivational dialogue skills has been received by managers of the company’s production facilities (offshore platforms, the OPF, the Prigorodnoye production complex) and office units.

Today, the company’s specialists are preparing additional sessions on the method of motivational dialogue. Managers who wish to participate can sign up for training at [SEIC-Learning-Development@sakhalinenergy.ru](mailto:SEIC-Learning-Development@sakhalinenergy.ru).



Participants in the motivational dialogue skills workshop

sults, overcome difficulties, and find innovating solutions to the most challenging problems.”

– As a rule, new employees are fully engaged and focused on success, but as time passes this enthusiasm wears off. Why is that?

**Natalia Petrovicheva:** “That happens because, on the one hand, people’s personal motives change – their needs, aspirations – and, on the other hand, organisational factors change as well – priorities and goals of the unit, work conditions, including changes in the team and in the management. The new workplace situation may not correspond with the person’s current interests, cause dissatisfaction and decrease productivity.

In order to be able to assess the situation correctly and make the right managerial decisions, leaders need to understand what’s important to their employees, to what degree their needs are being met, and what steps need to be taken to encourage engagement.”

■ Prepared by the HR Business Operation, Learning and Development Division

# Recipe for a Happy Child

Our new interview, or rather, two interviews at once, was prompted by 1 June... You might say, "The first day of summer is quite a pleasant occasion," but we have chosen a more important event: International Children's Day. So let's try to look at this holiday from different perspectives. Our interlocutors will help us with this.

**ANASTASIA KIKTEVA,  
MINISTER OF EDUCATION  
OF THE SAKHALIN OBLAST**



– Anastasia, every child, as well as every adult, enjoys a wide range of rights that the state grants them from birth. The right to education is among the basic ones. What does it mean, and how is it protected?

– The right to education is a fundamental right of every child since the exercise of other rights largely depends on it. Indeed, it is very important to get a high-quality affordable education aimed at well-rounded personal development.

And I don't mean only availability of kindergartens and schools, but also activities beyond the classroom that a child can and should participate in, taking into account his or her potential skills, aptitude, or health conditions. Therefore, for me, protecting children's right to education means the accessibility of the learning process for all categories: not only for gifted students, but also for children with disabilities. In this context, it is very important that we are implementing a number of projects within the framework of the National Education Project which allow us to address this issue. We will consider the goal achieved only when every parent can safely say that their child is getting education in accordance with his or her interests and capabilities.

– When bringing a child to an education facility, many parents believe that teachers should not only teach, but also give their children proper upbringing. In your opinion, do schools need to be involved in this?

– There are different points of view on this, but let's refer to the definition of education. In one of the laws of the Russian Federation, it is understood to be a continuous process of upbringing and teaching – that is, we see that it even mentions upbringing first as an integral part of this sphere. No doubt, when talking about education, to a certain extent we substitute it with studying, acquiring knowledge, but this knowledge must have a certain human quality. And it is the process of upbringing that adds this quality.

Let's consider the following example: when a teacher talks about the events of the Great Patriotic War, should it be considered teaching or upbringing? On the one hand,

a child learns something new, on the other hand, at this moment we instill certain values into the younger generation, which makes students self-confident and, as a result, more successful in the future. So in this sense, the line is very thin.

– Those who studied in Soviet schools remember well the expression 'second mother'...

– You are right, this is how they often called the homeroom teacher who was closest to the students. Nowadays the role of these teachers at school is gaining importance. And this is not a coincidence. Routinely working with children every day, teaching and giving them upbringing is a huge responsibility, and it certainly requires special training of mentors and their special support. In this regard, as part of the presidential initiative, homeroom teachers have been receiving increased payments since last year.

– Childhood Navigators, a project of the Russian Ministry of Education, involves the creation of a position of advisers to the Director for Pedagogical Work in schools. Does it mean that the workload on homeroom teachers will decrease?

– Sakhalin Oblast was chosen among the first ten pilot regions to test this pedagogical model. Unlike the homeroom teachers' responsibilities, the tasks to be performed by these new school employees will include optimising all pedagogical work and bringing it in line with the latest changes in legislation.

They will be viewed as tutors who can speak the same language as children, kind of similar to pioneer leaders. The project creators envision that these specialists will be students of pedagogical universities, which will make it possible to tackle several issues at once: on the one hand, the upbringing of children, on the other hand, providing a 'smooth' introduction into the profession for students majoring in teaching. It is planned to adopt this system in all schools of Russia in a few years.

– Let's shift from the general to the specific: what does the regional education system focus on today?

– There are many things we focus on, actually. Rapid advancements in technology and the pandemic have created 'the new normal',

the cornerstone of which is the Internet and big data. Today's first-year pupils start school with already solid digital competences. So it is no wonder that there is now a new multi-dimensional environment in which education develops. This environment is natural, understandable, and appealing to young people; it encourages them to engage in a wide range of activities, to innovate and interact. In addition, the large amounts of data pertaining in the regional education system must be properly analysed to allow us to make the right managerial decisions. Therefore, digitalisation is a new reality of our lives and education, rather than a short-term trend.

– But that is not the full list of focus points, is it?

– You're right, it is not. No one can say with confidence what the labour market will be like even in five or ten years. Some traditional professions are dying out, others are

important part of our work. The teacher's duty and gift is to be able to identify such children among other school students, to help them develop their talents, to show the way for self-fulfilment. The problem is it's not enough to discover a talent – it needs to also be developed and improved.

At the same time, it is important to not equate giftedness with academic achievements: giftedness is the potential, the capabilities of a student, and academic achievements are the progress made during the learning process. This implies the need to create an individual academic path for each talented child. This cross-function should be carried out by joining forces with the Ministry of Culture, the Ministry of Sports, and the Agency for Youth Affairs.

– Speaking of partnerships. Do you think business participation in education can be productive?



being transformed by technology, and new professions are constantly emerging. We can't tell the students exactly what career to pursue. But we can help them realise what global challenges we are facing today, what skills and personal qualities they need to develop in order to be in demand on the constantly changing labour market. This is what career guidance is designed for. After all, the wrong choice of a university or a field of study most often turns into wasted years. Career guidance tools should foster learners' self-discovery and help them to take a more careful look at their future by exploring different career options. This career guidance format will ultimately lead to children making informed decisions with pre-formed plans for achieving career success.

One of the features of our time is attention to gifted children. That is why building a support system for talented kids is also an im-

– It's a very important and philosophical question. Despite the fact that education is a strategic task of the state, its very process is determined by the society's and employers' demands. So the system definitely can't develop without partnerships. Sakhalin Energy is a striking example: the company took an active part in the preparation of the WorldSkills Russia Regional Championship this year. Thanks to the support of the company, the new Oil and Gas Production competency took place in the Far East for the first time. Career guidance and the readiness of Sakhalin Energy's management to employ the winners of the competition and further assist them in entering universities are evidence of how the strategy for the development of regional education allows us to move forward together.

– In our wish to protect children, we, the adults, are striving to give them an opportunity to learn an in-demand trade. To do this,



# Childhood

many parents send their children to receive higher education outside the region. What are the chances of young people from the island to become young professionals in the Sakhalin Oblast and find a job here?

– When talking about our children getting higher education, it is important to make sure that children in regional universities do not feel cut off from the so-called ‘centres of scientific thought’. Many steps have been taken towards this. In particular, a multi-university project was launched last year in the region at the initiative of the Governor Valery Limarenko. At the first stage, young Sakhalin and Kuril residents got the opportunity to receive state-subsidised education at Sakhalin State University while simultaneously acquiring knowledge at 14 best universities of the country under the Double Diploma programme. The list of partners of Sakhalin State University (SakhSU) includes Moscow State Uni-



versity, Tomsk State University, Russian University of Transport, Gubkin Russian State University of Oil and Gas, etc.

– Upon completion of the training, graduates will get a higher education diploma from Sakhalin State University and a diploma of the other university with qualifications entitling the graduate to exercise a professional activity. Thanks to cooperation with the universities of Russia, Sakhalin youth will be able to choose extended training programmes without leaving the region. Graduates who have received better education will be able to fulfil their potential in breakthrough projects in the island region.

– Nevertheless, those who would like to become sought-after specialists on the labour market will have to deal with a competitive environment...

– I would say this may even be helpful for those who want to become one. I am very glad

that the island region joined the Worldskills Russia Young Professionals movement in 2016. This gave a great impetus to the development of the system of secondary vocational and higher education. This year, during the regional stage of the Championship, we tried to capture current trends of the future labour market by including the skills not yet taught as academic subjects in the educational establishments of the island (BIM technologies, video game design and 3D modelling, unmanned aerial vehicle control), but already targeted by many employers. The region took part in the Worldskills Russia National Championship for the first time in 2021, and some of our participants became winners.

– So the seeds fell on fertile ground... To get excellent results next time as well, young people need to recharge during the summer. What can the regional education system offer Sakhalin children to diversify their leisure activities during the holidays?

– This year, same as last year, we are at risk of spreading the coronavirus infection. At the same time, despite the COVID-related restrictions, in 2020 we were the only region to start the summer wellness campaign on 1 June and carry it out in full. We had to attract additional resources (both labour, i.e. pedagogical, and institutional) to make it happen.

We applied several tools that were new for us, and we plan on using them again this year: for example, these include the launch of short-term additional education programmes at cultural and sports institutions, as well as in Quantorium centres. These two-week programmes allowed the children to try out new educational fields (without having to spend a long time at the facilities) and to make a conscious choice of a field to develop in for the next academic year.

We plan to provide about 55 thousand children – no less than in previous years – with all kinds of recreational opportunities in the course of the summer wellness campaign. Moreover, additional summer camps and units are scheduled to open in the region. For instance, a summer camp at the Gagarin City Park for Recreation and Leisure in Yuzhno-Sakhalinsk first started operating and became very popular last year. Upon agreement with the regional department of Rospotrebnadzor, we managed to open the Sakhalin Artek camping site this year. A total of more than 300 children’s summer camps will operate in the region this summer. Thus, a time for rest, recharging and enjoyable experiences is awaiting our children, during which they will get to strengthen their resolve to continue their studies next year.

**VLADIMIR KUZNETSOV,  
MINISTER OF HEALTH  
OF THE SAKHALIN OBLAST**



– Vladimir, as a member of the medical community, what risks to children’s health do you consider the most urgent in today’s world?

– Actually, children are much better protected from all kinds of diseases than adults. That is just how the nature works. But at the same time, young age is characterised by risks associated with various injuries, poisonings – in a word, with the lifestyle of the younger generation enjoying their strength and energy and yet lacking attention and critical thinking.

Unfortunately, the cases of child road traffic injuries have become more frequent in the Sakhalin Oblast. They are often caused by carelessness, both of drivers and children. This is a large and complex problem, and the regional Ministry of Health pays special attention to its solution. Preventive work in schools and childcare facilities can do a great job, but the parental influence should not be underestimated either.

– Given today’s trends, does distance learning pose a risk for schoolchildren’s health?

– It is not dangerous by itself. The main negative consequences are associated with the fact that children hardly change their body position, and their eyes experience increased stress. Children spend a lot of time in front of their computers, smartphones, and TVs, including outside of educational activities. This is not good for a developing body. People in general should move, and children should move even more. At school, they have the opportunity to do this during breaks, PE lessons, or after classes. The classroom furniture is also designed with children’s anatomical features in mind.

There cannot be regular breaks at home. This is what causes severe eye strain, posture disorders, carpal tunnel syndrome, and plenty of other undesirable effects. Regular workouts can be a solution, as well as choosing high-quality furniture and equipment that does not tire the eyes too much.

– Tell us about healthcare in Sakhalin schools and childcare facilities.

– There are doctors’ (or the so-called paramedic) offices in the education facilities of the island. Technically, they belong to the system of the Ministry of Education, but we do not divide children based on their being at school or childcare. That is why we actively cooperate with the Ministry of Education. We use the same methods in our work and try to pay attention not only to vaccinations and check-ups, but also to immediate health care. We strive to ensure that the personnel who work in these offices do not feel cut off from the healthcare system. It is important to establish regular communication between the specialists and their colleagues from children’s health centres, so that a child could be

sent to a healthcare facility for a follow-up examination in due time, if necessary.

The feedback mechanism is no less important: after the treatment, we send related data to the healthcare workers at the education facility. This allows us to reduce physical load on the child and take better care of them. To date, the system has been well-developed, and it works quite efficiently.

– Let’s move on to the federal healthcare agenda: the national projects are one of its key items. Within their framework, what tasks concerning children are being worked on in the island region? Do businesses participate in this work?

– We are implementing two projects within the framework outlined by you, namely Demography and Healthcare. The idea of caring for children is a thread running through both of them. These national projects have their own target indicators, and the performance of the Sakhalin Oblast presents the region in a very favourable light not only against the Far Eastern regions, but also many Russian regions in general. This applies, for instance, to infant mortality – we have achieved the minimum indicator; the same holds true for cardiovascular diseases, respiratory diseases, etc.

However, it would be premature to say that everything is great. I am very grateful to businesses, including Sakhalin Energy that allocates funds for preventive activities. Thematic videos, programmes and print media certainly do good, as the information they spread helps children to keep away from the hospital wards. Also, thanks to the support from the company in purchasing up-to-date medical equipment for healthcare facilities, including children’s hospitals, we are improving the environment and quality of the treatment.

The good thing about it is that this support is a systematic activity rather than a one-time effort; moreover, the company takes note of our wishes. This is what I call a productive partnership – offering help where it is needed.

– Summer, a time of children’s outdoor activities and countryside trips, is right around the corner. As you know, forewarned is forearmed. What should parents pay special attention to during this period?

– First, do not forget about timely vaccination against tick-borne encephalitis. Vaccination does not mean your child will not get sick from a tick bite, but if it happens, the disease will be milder and not require deep immobilisation. Children will be able to safely go to the country, go hiking, and enjoy their rest during the summer.

The second thing to bear in mind is the bites of insects, snakes, and other fauna. I recommend using special protective products, including sprays and creams, to avoid bites. However, if your child does get bitten, you need to promptly seek treatment. One should also remember about protection against hazards related to swimming, sunburns, and heatstroke. If adults keep these traditional risks in mind and neutralise them in time, children’s holidays will not only be fun, but also safe.

– What would you wish children?

– Childhood is a great time when you can and should discover new opportunities: have a shot at creative activities or music, play sports, go to the country. The world is not limited to the screens of smartphones and laptops – you will always have time for that. Go outside, seek real-life communication, take the chance to get to know yourself and the world around you. I think this is the most important thing.

■ Prepared by Marina Semitko,  
Pavel Ryabchikov

# Excellent Performance!

personnel

Effective teamwork is one of the key features of the Sakhalin-2 project. It results from a combination of many factors, collaboration being probably the most important of them. Indeed, a team will successfully accomplish any task if each of the members is ready to cooperate with the partners and uses all available resources to achieve the common goal. A vivid example of such approach to work is the first ever specialised discipline Gazprom-Class workshop in the Far East – professional guidance event held by Sakhalin Energy specialists with the support of Gazprom Dobycha Shelf Yuzhno-Sakhalinsk. Our colleagues told the graduates about the Educational Grants Programme.

The visit of Sakhalin Energy experts was an interesting event for the children: the only business representatives that had visited the workshop before were Gazprom Dobycha Shelf Yuzhno-Sakhalinsk specialists. In a more general sense, the event is not only an evidence of a new approach to corporate cooperation, but also a proof that business is becoming increasingly aware that the staffing issue is a matter of joint and coordinated efforts of all regional oil and gas companies.



The competition under the Educational Grants Programme for Sakhalin school leavers has been run by Sakhalin Energy since 2003. Over the time, more than 150 students have taken part in it. Today, 23 programme participants are getting education at Russian universities with the company's financial support. Detailed information on the criteria for participation in the competition, the list of required documents, the content and timing of the competition are available on the Educational Grants Programme page of the Jobs and Career section on the company's website.

Gazprom-Class is an all-Russian project aimed at building a promising skill pool for Gazprom's subsidiaries. The project is being implemented in 26 educational institutions in different regions across the country, including from 2015 in Yuzhno-Sakhalinsk Lyceum №1 by Gazprom Dobycha Shelf Yuzhno-Sakhalinsk.

Only most motivated children, capable of successful professional skill development, are admitted to participating in the specialised workshop and receiving vocational guidance. Among Sakhalin Energy representatives at the first meeting with the selected students was Sergey Ledin, Head of the Organisation Development, Compensations and Benefits Division.

He told the students: "As a parent, I understand perfectly well how important it is for you to plan your future, to have a life goal, to set tasks before yourselves and fulfil them consistently, one by one." Sergey Ledin presented an appealing prospect – the Sakhalin Energy Educational Grants Programme, which gives young Sakhalin residents not only a great opportunity to get higher technical education in the oil and gas sector



**VICTORIA MEN, ENGINEER OF PRIGORODNOYE ASSET PRODUCTION SUPPORT SUBDIVISION:**

"I am from Korsakov. I became a participant of the Educational Grants Programme a few years ago. I got a Bachelor's degree in oil and gas business at the Far Eastern Federal University, and a Master's degree in the same area at the Gubkin Russian State University of Oil and Gas. During four years at university, I received state scholarship and financial support from the company. In the beginning, I thought it would be very difficult to meet the obligations that come with the educational grant, but I can assure you that it is totally achievable.

I completed all four internships at the company, three of which in the Pipelines Subdivision. During that time, I visited different production facilities, gained valuable experience, and collected data for my diploma thesis. I was set tasks that I hadn't come across at university, and now this experience is really valuable in my work. At Sakhalin Energy, I met young specialists who had already been employed by the company after participating in the grant programme.

I graduated from university during the COVID-19 pandemic. I was afraid I might have difficulty in getting a job. Thankfully, even the challenging circumstances did not affect my employment. Now I work at Sakhalin Energy under another programme, aimed at developing young specialists.

I am grateful to Sakhalin Energy for the opportunities that have been helping my professional development since school. This has made a huge difference for me."

and related areas relevant to the company, but also to get employment in the industry after graduation.

During the session, this year's school-leavers showed interest in information about the programme opportunities and requirements. They were also captivated by Victoria Men, a young Sakhalin Energy specialist, who shared her personal story.

Victoria's example proves that having determination, any school-leavers can participate in the Sakhalin Energy Educational Grants Programme and use its benefits. All they need is to believe in themselves, develop their strengths, and keep moving towards their goal.

■ Pavel Ryabchikov

## Promptly and Mistake-Free

Sakhalin Energy acted as a partner of the 2021 Drilling Skills Championship.

Ten students of the Technical Oil and Gas Institute of Sakhalin State University (SSU) took part in the competition. The young people demonstrated their professional skills on the AMT-231 simulator – a visualised computer model of a rig and a borehole, which makes it possible to perform various processes in real and accelerated time. It is designed for simultaneous use by 15 persons. The model allows for real-time monitoring of the contestants from a remote computer connected to the simulation server.

The first Drilling Skills Championship was held in 2019, where students competed in the drilling tools tripping operations (the event was cancelled in 2020 due to the pandemic restrictions). The participants of the 2021 Drilling Skills Championship faced a more difficult task. They had to perform well deepening, which includes a set of operations: rock destruction, cleaning the bottom hole and the borehole from cuttings, and lowering the drilling tool to the bottom. In preparation for the championship, students attended specially organised extra classes.

"The contestants committed to the training," says Yakov Pyak, Head of the Sakhalin Energy Professional Training Subdivision. "It's great that young people are enthusiastic about their future occupation and understand that they need to make every effort to become good professionals. Next year, the SSU Technical Oil and Gas Institute plans to develop well control skills in the event of gas, water and oil showing\*, in particular, train well killing operation. Gas, water and oil showings are a serious problem; many remember the accident that occurred on the Deepwater Horizon drilling rig in the Gulf of Mexico. Oil workers realise that this is not only a disaster documentary, but a real-life drama that could have been avoided. Therefore, it is better to correct mistakes in a simulator than at a well in real life."

The criterion for evaluating the students' performance was clear-cut—to complete the task promptly and without mistakes. By the decision of the jury, which included Egor Dudochkin, advisor to the company's technical directorate,



Drilling Skills 2021 winner Anastasia Rogotneva

third-year Anastasia Rogotneva showed the best results, first-year Andrei Rusetsky showed the second result, and Izatbek Abdimalip, a student of the Polytechnic College of SakhSU, won bronze. All competitors received prizes from the company. And the winner was

invited to participate in the Sakhalin Energy Internship Programme.

\* Gas, water and oil showing is an equipment-controlled release of oil, gas, or water from a reservoir into a well through the wellhead to the surface during the workover, development, or drilling of the well.

■ Elena Gurshal

## New Rails for Safety

Fire protection system is one of the key elements of the Sakhalin-2 integrated safety and security. Igor Abramov, Head of Fire Safety, Well Blowout Safety and Emergency Response Division, told us about the plans for the system upgrade project.

– Igor, what are the requirements to be met by our fire protection system?

– Oil and gas production projects are classified as highly hazardous production facilities and are marked by a high level of fire risk. As a rule, the fire protection system of these objects consists of three main components: fire prevention systems, systems of fire protection and administrative and technical measures. Each of them includes a wide range of elements, such as fire alarm control panels, communication lines, fire detectors, etc.

The main tasks of the fire protection system are to early detect the fire, analyse the explosive gas leakage level at the production sites, alert the personnel and promptly activate the fire extinguishing systems. Its efficiency and reliability depend not only on the safety of production facilities, but also on the lives of people working on them.

The cost of an error on the shelf is particularly high. Such factors as the remoteness of offshore platforms from the coast, technological equipment in large quantities concentrated in a small area and a high fire and explosion hazard of hydrocarbons increase the likelihood of a cascading accident. That is why all elements of the project's fire protection system are subject to strict requirements in terms of seismic activity, corrosion resistance and climate appropriateness.

– New requirements for the fire protection system of highly hazardous production facilities came into force on the territory of the Russian Federation on 1 March 2021. Tell us what has changed.

– The main novelty is the transition to a fire protection system based on the so-called addressable fire alarm control panels and fire detectors interconnected by a digital communication line. It is the most reliable and efficient system up to date, but to introduce it, we will have to significantly upgrade the already existing one. We will need to re-create the architecture bearing in mind both the new requirements of the Russian regulatory documents and the requirements of international fire safety standards applied by the company.

It will be based on the use of detectors that analyse various fire factors: the presence of flame, heat, smoke, or gas components. In my opinion, this is more efficient, since it is much easier to read the data from one

system than from several systems, not to mention the maintenance and procurement of the necessary equipment and spare parts.

– What is your plan for dealing with such a large-scale task?

– The task is really challenging; therefore, before we start working, we must make detailed assessments. First of all, we plan to carry out an analysis of the project's current fire protection system; subsequently, we will begin developing a programme for the transition to a new system. We are at the very beginning of a long journey so far, but we have already reached agreements with the Projects Department and the Engineering and Maintenance Department. Work is under way with the production facilities.

– Do you consider this upgrade an opportunity to contribute to the Russian content development in the Sakhalin-2 project?

– Certainly. SakhInfo-Service, a company from Sakhalin, has been involved in the fire protection system upgrade at the storage facilities of the LNG plant and at the Yunona camp, as well as on the territory of the housing complex for the Sakhalin Energy employees. The element base of the new system has been provided by Rubezh, a Russian group of companies which successfully exports its products.

I would like to note that the domestic fire safety market has experienced drastic changes over the past 15 years. The level of Russian expertise has grown remarkably. Many strong players have appeared; their products are highly competitive with foreign counterparts in terms of quality and reliability and are also much cheaper.

Since today the full range of equipment we need is produced in Russia, we plan to make the new system completely Russian element-based. In addition, we will involve domestic companies in the design and maintenance of the new system. This will allow us to minimise the risks associated with the restrictions imposed by sanctions and the coronavirus pandemic; it will substantially reduce costs and encourage growth of the share of Russian content in the segment.

■ Prepared by Virginia Lakomova

## First on the Project

Sakhalin Energy is generally known for drilling extended-reach drilling (ERD) wells offshore Sakhalin Island. Several of the company's wells have even become record holders in length. When drilling such wells, Sakhalin Energy uses the most advanced technologies and equipment, including rotary steerable systems advanced LWD (logging while drilling) tools\*.

Rotary steerable systems for drilling reservoirs in the horizontal (lower) part of the well using geosteering are predominantly manufactured overseas. Therefore, the possibilities to increase Russian content in this area are very limited. Nevertheless, specialists of the



Technical Directorate (TD) decided to consider the possibility of using a domestic downhole drilling motor (DDM) for directional drilling in the upper sections of wells. After analysing the offers in the market, the TD experts selected a DDM manufactured by Radius-Service.

Using the Russian downhole drilling motor together with all associated risks required amending the drilling programme. In particular, it was necessary to check the compatibility of the new equipment with oil-based drilling fluid, since the inner part of the DDM stator contains elastomers, the physical and mechanical properties of which can change under the influence of the flushing fluid and, as a result, cause motor failure. After a detailed study of the effect of the drilling fluid on the properties of the rubber compounds, an appropriate elastomer compatible with the drilling fluid was selected by the manufacturer.

As a result, the Radius-Service's downhole drilling motor was used this year. Such domestically produced equipment was used for the first time on the Sakhalin-2 project. It has successfully drilled over a thousand meters at the well of the Piltun-Astokhskoye-B oil and gas production platform without non-productive time.

\* LWD (logging while drilling) tools is a symmetrical rotary unit with a screw gear driven by the pressure of the supplied fluid.

■ Denis Altuna

## Double Win

Sakhalin Energy has won the 2020 Russian Business Leaders: Dynamics and Responsibility Contest organised by the Russian Union of Industrialists and Entrepreneurs (RUIE). Company's efforts have been recognised in two award categories: Contributing to Regional Social Development Facing the COVID-19 Pandemic, and Human Resource Capacity Building. Alexander Shokhin, RUIE President, has officially endorsed contest results.

The contest is held annually to recognise dynamically growing companies based on their economic, social and environmental performance. One of the contest's key objectives, aside from identifying leaders in corporate social responsibility, is to ensure their best practices can be replicated.

“Even in these challenging times, as the pandemic has had a negative impact on all Russia's economic and social sectors, Sakhalin Energy has spared no effort to implement its social investment initiatives in the host region, as well as to build its HR capacity, including learning and career growth opportunities”, says Natalia Gonchar, Head of Corporate Affairs Department.

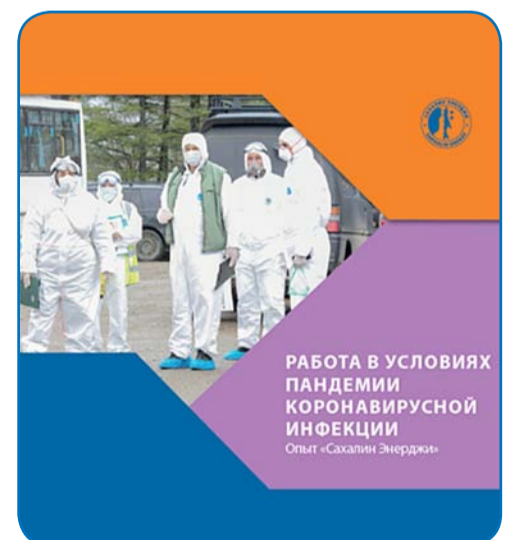
In 2020, Sakhalin Energy's priorities included supporting healthcare organisations and vulnerable population groups. Not only did the Company continue implementing its existing social programmes, but it also launched new community support initiatives to miti-

gate the impact of the COVID-19 pandemic.

Being presented with the highest award for its HR efforts reaffirms Sakhalin Energy's commitment to building an effective human resource management system compliant with the most stringent international

**Russian Business Leaders: Dynamics and Responsibility is one of the most prestigious contests aimed at assessing the dynamics of economic and social development of domestic companies. It has been held annually since 2006 by the Russian Union of Industrialists and Entrepreneurs based on openly published social and economic performance indicators of companies and promotes their sustainable development, which meets the long-term economic interests of business.**

award



The company's experience during the pandemic is presented in a collection of cases combining twelve effective practices in the prevention and control of coronavirus infection

standards and conducive to company's operational excellence.

This year's award recipients include Russian Railways, Sibur, Lukoil, Metalloinvest, Rostelecom and other Russian companies.

■ Marina Semitko

# The Paths We Take

Johann Wolfgang Goethe claimed: "Knowing is not enough; we must apply. Willing is not enough; we must do." It is difficult to argue with a genius. And this is the last thing our colleagues are going to do. Today we present an interview about different paths that meet at the same point – Sakhalin Energy. We continue our a new column featuring company employees with PhDs.

## MARAT YAMBAEV, HEAD OF THE PILTUN- ASTOKHSKOYE ASSET DEVELOPMENT DIVISION (PILTUN AREA)

Marat graduated from the Gubkin Russian State University of Oil and Gas with a degree in Oil and Gas Field Development and Operation.

He qualified for the PhD degree at the All Russian Oil and Gas Scientific-Research Institute after Academician A. P. Krylov. The subject of his PhD thesis is related to the study of enhanced oil recovery technology based on the thermogas method.



– What made you decide to pursue the PhD degree?

**Marat Yambaev:** "When I was in my fourth year at university, higher education system started reforming, and the Bachelor's and Master's degrees were introduced. It was utterly impossible to understand the transformation in the training of specialists and, if you ask me, the new system had no advantages over the basic five-year education. The benefits of a Master's degree also seemed doubtful. My two internships in gas fields helped me realise: the key to effective and successful management of field development is a deep understanding of the processes occurring in the subsoil. That was the reason why I decided to apply for a postgraduate degree. Not everything worked out as I had originally planned, but I achieved my goal."

## NIKOLAY MULYUKIN, HEAD OF DRILLING SUPPORT SUBDIVISION

Nikolay graduated from the State Academy of Oil and Gas (now the Gubkin Russian State University of Oil and Gas), and then from the Gazprom VNIIGAZ postgraduate school. The title of his PhD thesis is

"Increasing the Efficiency of Additional Recovery of Residual Gas Reserves in the Conditions of a Watered Reservoir."



**Nikolay Mulyukin:** "Getting a PhD is not part of the job description; rather, it is an opportunity for self-development, time for reflection, and a chance to expand your professional competencies. Fresh out of university, I worked as a junior researcher at the All-Russian Research Institute of Natural Gases and Gas Technologies (VNIIGAZ). My mentor, and later scientific advisor, was Rudolf Ter-Sarkisov. I was working on experimental and theoretical substantiation of new ways to increase the efficiency of additional recovery of residual gas reserves (trapped and free low-pressure) in watering gas reservoirs. It was part of a major scientific project, which was being jointly developed by scientists from several departments of the institute. The first results of my research laid the foundation for my future independent work on studying the processes of additional recovery of hydrocarbon reserves from productive reservoirs of gas fields at a later stage of their development."



## OLGA ELCHENINOVA, CATEGORY I ENGINEER OF PRODUCTION CONTROL AND OPTIMISATION SUBDIVISION

Olga graduated with honours from Sakhalin State University with a degree in Physics. She completed

her postgraduate programme in Solid Earth Physics. Olga worked on her PhD research for four years, at the same time teaching at the university. The title of her thesis is "Prediction of Earthquake Spectra Based on Macroseismic Data". In the last year of her work on the thesis, Olga was assigned to the Schmidt Institute of Physics of the Earth of the Russian Academy of Sciences (Moscow), where she completed and defended her thesis.

**Olga Elcheninova:** "I am happy that I had an opportunity to meet the luminaries of Earth physics and seismology while preparing my thesis. After the defence, I returned to the university to pursue my teaching career and was appointed the head of the Physics Department. I also continued my scientific work with the Far Eastern Branch of the Russian Academy of Sciences, where I processed data on earthquakes in our region. When SSU opened an oil and gas department, I worked as Deputy Dean and taught Theoretical Physics and Mechanics. To make the most of my time, I entered Ufa State University. After graduation, I taught disciplines related to the development of oil and gas fields and was elected Head of the Oil and Gas Engineering Department. However, my training was purely theoretical, and I needed practical knowledge and experience. That is why after 13 years of teaching, I came to work at Sakhalin Energy."



## LYUDMILA KHIMCHENKO, CATEGORY I REPAIR ENGINEER

Lyudmila graduated with honours from the National Research Tomsk Polytechnic University. She has a Master's degree in Engineering and Technology in the field of

Electrical Power Engineering. The title of her PhD thesis is "Improving the Accuracy of Determining the Location of Damage to Overhead Power Lines Based on the Parameters of Pre-Emergency and Emergency Modes."

**Lyudmila Khimchenko:** "As a student, I participated in various conferences and seminars. Since I had already made my first steps in science and the subject of my research was interesting and had practical value, I went on with the postgraduate education. In the first year of my studies, I was invited to work at Sakhalin Energy. Having moved to the island, I continued my postgraduate course by correspondence, but that did not stop me from working on my thesis, and three years later I successfully defended it. I worked as an Electrical Engineer for almost ten years; now I lead the Overhaul and Equipment Shutdown Subdivision. The range of tasks I deal with is very wide: I resolve organisational issues, plan, prepare, and execute overhaul operations, make estimates, interact with different units of Sakhalin Energy."

## ROMAN KUNAEV, LEAD CHEMICAL ENGINEER OF OILFIELD CHEMISTRY SUBDIVISION

Roman graduated from Volgograd State Technical University with a degree in Chemical Technology and Biotechnology in 2004–2007, he studied full-time at the postgraduate department, majoring in Organic Chemistry, under the guidance of Professor, PhD in Chemistry Gennady Butov. The title of Roman Kunaev's thesis is "Synthesis of Adamantyl-Containing Ketones Based on 1,3-dehydroadamantane and 5,7-dimethyl-1,3-dehydroadamantane and Their Properties."



**Roman Kunaev:** "It was the logical conclusion of my postgraduate study. In late 2007, I successfully defended my thesis, received a diploma and a PhD in Chemistry, specialising in Organic Chemistry. In the last year before the defence of the thesis, I also prepared an abstract, a presentation, received a patent for the synthesis of new compounds, and wrote two articles for the Journal of Organic Chemistry. It was not easy at all: I made conducted tests and experiments, synthesised starting and intermediate substances, new compounds. My aim was to confirm the structure of the compounds, using sophisticated analytical techniques such as IR spectroscopy, NMR spectroscopy, gas chromatography-mass spectroscopy. Frankly, I do not know how I managed to do it all. I am very grateful to my colleagues at the university for their support and help."

– Sounds like the music of the spheres: beautiful, but difficult to comprehend. Could you explain the gist of what you have just said in simple terms?

**R. K.:** "Some derivatives of adamantane compounds are used as medicines. For example, everyone knows rimantadine (treats and prevents influenza), adamantyl bromophenylamine (boosts the immune system, it was widely used as a doping for athletes), amantadine (used for the treatment of Parkinson's disease). Who knows, maybe some of the compounds I synthesised will also be used as medicines in the future."

– Which of your achievements, personal and professional, are you proud of?

**M. Ya.:** "The defence of a PhD thesis has always been regarded as a qualification exam, sort of quality mark. Mastering the profession of an engineer, completing an in-depth study of all aspects of the discipline, and finding an application for your knowledge is a great achievement in itself. But a true professional is a person who respects an alternative point of view, is ready to share their knowledge and help young specialists. Maybe it sounds pretentious but to me, an engineer is a person worth admiration."

**N. M.:** "I was lucky to take part in the search for ways to increase the efficiency of additional recovery of trapped and free low-pressure gas, this is one of the priorities in the gas industry at the moment. As estimated by VNIIGAZ, by the end of the development of three large fields only (Medvezhye, Urengoykoye (Cenomanian), and Yamburgskoye), the residual reserves will amount to about 1 trillion cubic metres, up to 50 % of which will be trapped gas in the watered zones of the reservoir. There is so much work to be done in this area. That is why I hope that even bigger successes are yet to come."

**O. E.:** "I am very lucky that I had a chance to communicate and work with professionals. I am proud that many of the people whom I once taught have made successful careers and hold high positions, including in our company."

**L. Kh.:** "While working on my thesis, I developed and patented several formulas, which I am very proud of. As concerns professional achievements, Sakhalin Energy provides many opportunities for self-fulfilment. As a young specialist, I was in charge of a controller replacement project at onshore processing facility (OPF), the PA-B and LUN-A platforms. After its successful completion, I realised that I could overcome any challenge and accomplish any task. By the way, it was during that very project when I defended the thesis."

**R. K.:** “I am proud of my family. I am a happy father of four daughters. Today, a large family is the exception rather than the rule. No matter how busy I am at work, I make every effort to find time for my nearest and dearest. And I am happy when I manage to do that.”

– **Anton Chekhov wrote: “Knowledge is of no value unless you put it into practice.” Do you agree with this statement? To what extent are science and production inter-linked in the company?**

**M. Ya.:** “I can’t fully agree with the author. Of course, practice allows us to consolidate the knowledge we have gained and improve our thinking ability. However, I believe that we normally retain profound knowledge acquired as a result of studying the discipline, even without constant practice, for many years. For instance, when discussing the risks of waterflooding at high pressures in our oil fields recently, I recalled the peculiarities of the distribution of the temperature field in pore media.”

**N. M.:** “Practice helps to consolidate and deepen theoretical knowledge, analyse the results obtained, teaches us to draw conclusions and formulate problems. It is one of the drivers for continuous improvement, expanding the horizon of an engineer’s knowledge and competencies. For example, when preparing strategic and annual plans for the development of the company’s licensed areas, the Technical Directorate closely interacts with leading Russian research teams and international research centres. The plans are developed based on the drilling data of each well, seismological studies of reservoirs, geophysical and special studies in the boreholes of wells, and hydrocarbon production data. This is exactly how the unified process chart and projects for the drilling of new and workover of existing wells were developed. These documents were prepared by employees of the relevant subdivisions of the Directorate with the support of the Shell and Gazprom research teams. They incorporate new scientific approaches and modern technologies in the field of offshore ERD well drilling and completion, as well as the development of oil and gas fields from fixed offshore platforms. The documents were approved by the

company and received positive conclusions of state expert examination reviews.”

**O. E.:** “I use the scientific approach when addressing any problem, since the operating mode of a well can only be changed if this is properly justified. To do this, I often have to collect and process a large amount of data, build or update models.”

**L. Kh.:** “The theme of my thesis has little to do with my work in the company. However, my work in science has taught me to be methodical and organised, disciplined, to study all issues in-depth; it has developed my skills of structured and analytical thinking. This all is definitely of great help to me now. I would not dare to argue with Anton Chekhov, but I would add that you know best what you learned and figured out on your own, rather than what you were taught.”

**R. K.:** “Scientific knowledge of chemistry (both inorganic and organic) and analytical methods helps me in resolving production problems, since science and production are inseparable. For example, the Oilfield Chemistry Subdivision has an agreement with the Institute of Chemistry of the Far East Branch of the Russian Academy of Sciences (Vladivostok). Several laboratories of the institute provide assistance to the company in solving production problems with the use of advanced analytical equipment. For example, they help us with the determination of the residual content of the corrosion inhibitor in the glycol solution, circulating between the OPF and the LUN-A platform, the composition of scale deposits and sediments taken from equipment on the PA-A and PA-B platforms, as well as the composition of paraffinic deposits from offshore oil pipelines (samples are taken at the Chayvo pig receiving area).”

– **What advice could you give to aspiring scientists?**

**M. Ya.:** “Science knows no boundaries, and it should be treated as an improvement tool. It is similar to sports – both foster discipline, responsibility, and diligence. I wish patience and success to everyone who has decided to follow this path.”

**N. M.:** “Don’t be lazy!”

**O. E.:** “Knowledge is invaluable, but it cannot benefit society without a tool – human being.”

**L. Kh.:** “Believe in yourself and never stop. Absorb new information like a sponge and take every opportunity to gain knowledge. My motto is this: if I have learnt something new (even though it may not be related to work), today have been not in vain.”

**R. K.:** “Don’t give up; keep moving forward.”

– What “why” question do you have no answer for?

**M. Ya.:** “More often than not, this question is related to socio-psychological aspects, interaction between people and their behaviour, rather than to physical phenomena or economic prerequisites.”

**N. M.:** “I think that a question to which there is no answer yet is exactly what you should search for. And to be the first one to answer it.”

**R. K.:** “This is a difficult question. As far as I know, you can determine the cause of any problem using the five “whys” method, and I use it both at work and in everyday life.”

– **If you had an extra five hours a day, what would you spend them on?**

**M. Ya.:** “I have never had enough time to read fiction and historical books, so if I had at least a couple of hours to spare, I would start to catch up on that.”

**N. M.:** “6–8 hours for sleep, 8–9 hours for work, 1–2 hours for sports and learning. As for the rest of the time, I spend it with my family. I would devote these additional hours to my family and friends.”

**O. E.:** “I would learn all the tips and tricks of black and white photography.”

**L. Kh.:** “I would spend this time on reading books, both professional publications and fiction. I am very interested in psychology and human relationships. And of course, I would spend more time with my family. After all, it is my family that gives me strength and energy.”

**R. K.:** “I don’t think it’s about the amount of time. It doesn’t matter how many hours there are in the day; the most important thing is how you use them.”

■ Prepared by Elena Gurshal

## Company's Day Online

Sakhalin Energy held a business day at the Sakhalin State University. Cooperation between the company and the University in the field of graduate employment has a long history. This year, the event was hosted online for the first time.

These days, we have gotten used to communicating remotely, and this format definitely required additional preparation from the organisers and participants from the company. In a ‘live’ conversation, a speaker can instantly respond to someone’s remark or answer an unexpected question. Virtual communication implies a more thorough preparation since you should anticipate all twists and turns, predict questions, and phrase the answers in the most precise way possible.

Therefore, it makes perfect sense that one of the topics of the Business Day was directly related to the work of IT specialists in an oil and gas company. Egor Novinenko, Head of Application Subdivision, told the students about the ways information technology helps Sakhalin Energy to tackle complex tasks in the age of digitalisation and remote work, and about the type of skills required of a contemporary IT specialist.

To help university students understand in which areas they will be able to realise their potential, Sakhalin Energy specialists from the Production and Human Resources Directorates told them about the company’s assets, achievements, and projects. In his speech, Alexey Marchenko, Head of the Piltun-Astokhskoye Asset Development Division (Astokh Area), devoted considerable attention to the technical component of the Sakhalin-2 project.

The students learned about rare and new professions needed for the project, about the Internship, Graduate Development, and Traineeship Programmes. The last one focuses on professional development and further employment for young residents of the region with vocations relevant to the company’s needs. By the way, the CVs short-listing process for those wishing to participate

in this programme is now in full swing.

The benefits of such events are unmistakable: every Business Day is a chance to replenish the external skill pool. We keep CVs of talented young people in order to consider them as candidates for jobs in the company after they graduate.

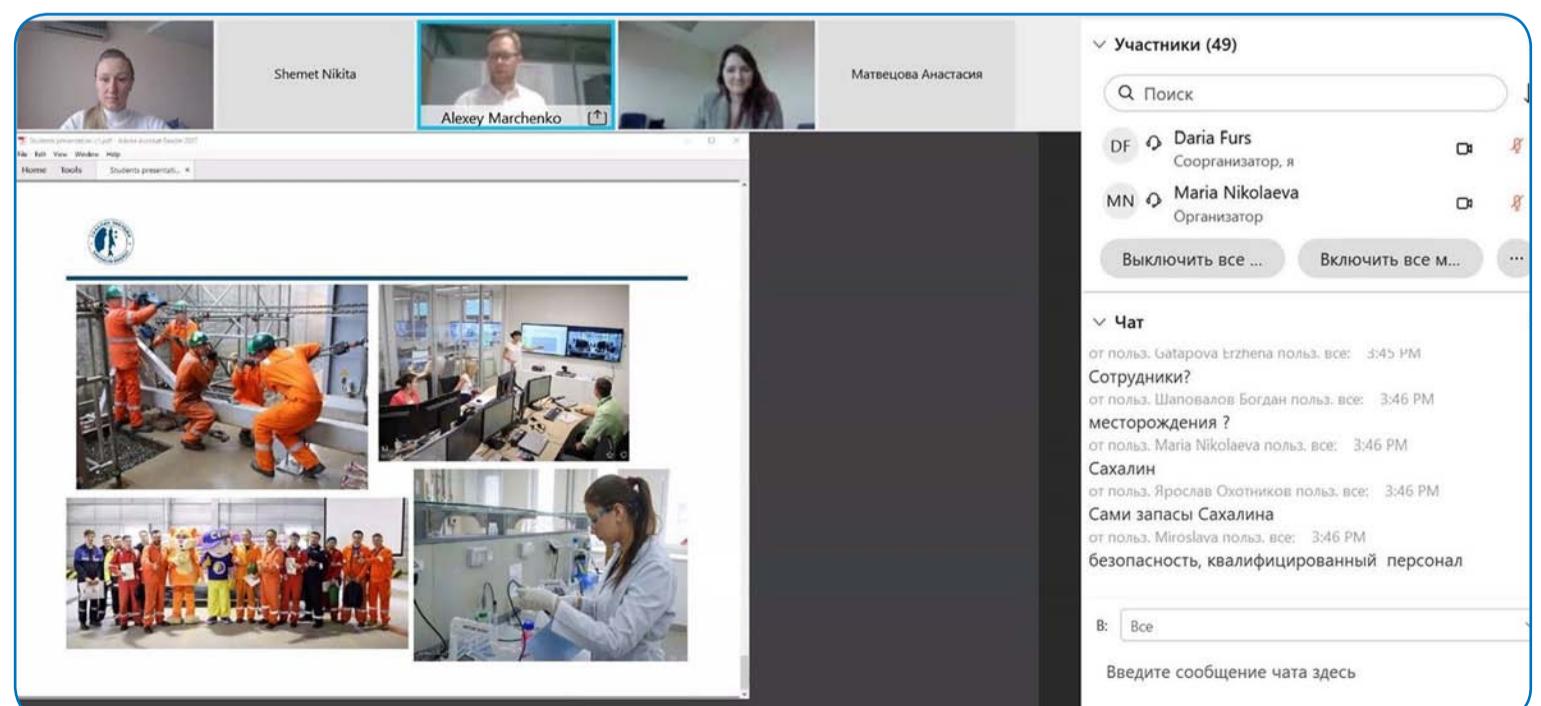
Sergey Ledin, Head of Organisation Development, Compensations and Benefits Division, noted that about 400 Sakhalin Energy employees are graduates of the Sakhalin State University, and several people are currently participating in the Graduate Development Programme. Sergey urged the students to take an active part in such

### personnel

events. “First of all, you must find the answer to the following question: ‘What can I do now to get an interesting and prestigious job tomorrow?’ Business Day helps to inform you about all the opportunities offered by the company for the employment and development of young professionals. There is a saying that if you try, there are two possible outcomes: ‘it works out’ or ‘it doesn’t work out’. But if you do not try, there is only one outcome,” he added.

The experience of hosting an online Business Day at the Sakhalin State University helped Sakhalin Energy specialists to organise and hold a similar event on for students of the Far Eastern Federal University.

■ Maria Nikolaeva



# Business Bible

King Hammurabi created his famous code of laws when he ruled in the 1780s B.C. It shows that the idea to formalise the human rights was around as far back as in Ancient Babylon. So, even if we limit the topic of discussion to the relationship between business and human rights, we would still have to cover an ocean of information. And we would need a knowledgeable person to navigate us through its waters. Today, this person is Valentin Zhovtun, Lead Social Performance Adviser at Sakhalin Energy.



– Valentin, almost ten years ago, on 16 June, the UN Human Rights Council unanimously adopted the Guiding Principles on Business and Human Rights. Was this a wake-up call for business?

– I wouldn't say that this one event drastically changed the relationship between society and business. The adoption of the Guiding Principles was preceded by an immense amount of work to strengthen human rights.

– I hope we won't have to dive into Roman law, trial of Socrates, and similar historical events of importance?

– No, we don't have to go that far back – it's not ancient history. Instead, we can start with 2005, when the UN Commission on Human Rights made a decision to develop a uniform international standard that would encompass key principles of doing business with regard to human rights and define the scope of relevant responsibilities of enterprises. This task was taken on by John G. Ruggie, Professor of International Affairs at Harvard University, who describes himself as committed to "principled pragmatism". The amount of work he had accomplished was truly colossal. The discussion of the future standard engaged several thousand transnational corporations and their subsidiaries, as well as a variety of international institutions and experts.

– I've read that when attempting to define a common solution, John Ruggie had to regretfully acknowledge – one size does not fit all.

– And yet he managed to do that! The draft of the document was developed in 2009. The author presented it to the Human Rights Council and was tasked with...

– Let me guess: testing the theory in practice?

– Exactly. He needed to make these principles implementable. Fun fact: it was at this stage when Sakhalin Energy was invited to join the efforts. It was selected as one of five corporations to pilot test the Guiding Principles' corporate out-of-court grievance resolution mechanisms.

– Was this one of John Ruggie's principles?

– Yes. Following his principles, enterprises should have mechanisms for handling grievances that primarily tackle two key tasks: first – identify cases of negative social impact of company activities, second – prevent aggravation of harm by addressing the issues early on.

Even before testing Ruggie's principles, our grievance procedure was already being actively used in real work. By that time, Sakhalin Energy had already finished the active construction stage and was gradually transitioning into the operational stage. The implementation of the Sakhalin-2 project employed more than a hundred contractor organisations and over 20 thousand workers from different parts of Russia and other countries. Additionally, we were not only already working with grievances, but were also applying a proactive approach. The company was analysing grievances to identify possible social risks and was cooperating with project groups and contractors to prevent similar problems in the future.

– So, you were basically not learning from the trial, but actually sharing the existing experience?

– Yes, pretty much. John Ruggie's representatives gave a positive feedback on our company's work in this area. Which is saying a lot, since they were experts who had worked with hundreds of companies all around the world, including oil and gas corporations.

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**The Guiding Principles on Business and Human Rights were approved by the UN on 16 June 2011 and serve as key international standards on human rights for states and businesses.**

– Is it difficult to put out a fire before it spreads?

– It's definitely easier than putting out one that is already burning high. Implementation of such a large-scale project is bound to have major social impact. Sakhalin-2 assets were essentially constructed all over the island. The potential impact area covered over 60 settlements. To foresee possible social issues, we used impact assessment, which was carried out by the company during early project stages, and regular impact monitoring.

– At the time, not all islanders had a positive attitude towards the project, and it did not stem solely from fear of change.

– As I've already mentioned, the company employed contractors of various backgrounds. Some believed that, since it was such an ambitious construction project, social issues were secondary. For instance, some contractors started using roads that went through settlements for their own needs. And it was timely reports from the residents that alerted the company to these issues and allowed us to introduce remedial and preventive actions: repair the existing roads and build bypasses. There was also a task force that monitored speed limits.

– I remember that there was a popular motto in Sakhalin Energy: "Welcome to Complain".

– It is true. The thing is the company has never tried to avoid grievances – rather we have looked at them as a symptom that something is wrong and needs amendment. A disease is easier to prevent than to treat.



Sakhalin Energy takes part in the session "Dialogue between Regions: Experiences, Challenges, Innovations – Eastern Europe" as part of the 8th UN Entrepreneurship and Human Rights Forum. Geneva, November 2019

As we started transitioning to the operational stage, the grievances began to decline in number and change in terms of the nature of issues.

– Let's go back to Ruggie's principles: so, does it mean that the company was ahead of time?

– In a way. But we were not the only one. We creatively adopted the experience of our shareholders and other large oil and gas projects. Also, don't forget about the Principles for Responsible Investment that were applied to Sakhalin Energy by our lending banks.

– Another new approach – banks imposed not only monetary but also ethical requirements...

– As weird as it may sound, all banks care much more about their reputation rather than their money. When the reputation gets damaged, a bank becomes less financially stable.

– The Bible features Ten Commandments. Are the Guiding Principles on Business and Human Rights as succinct?

– Well, there are slightly more of them – 31. But it is actually quite a short document. It comprises three sections: the state's duty to protect human rights, the corporate responsibility to respect them, and access to remedy for all stakeholders whose rights have been violated.

**The company's commitments to human rights are reflected in its Human Rights Policy. They are aligned with the Statement of General Business Principles and the Code of Conduct and are incorporated in the relevant policies and procedures of the company.**

– Like Earth resting on three pillars...

– Right! But each of the three provisions provides a series of recommendations, following which companies can meet the highest standards of respecting human rights. For example, business enterprises should have policy commitment to respecting human rights and tools for controlling relevant impact. They need to carry out consultations with potentially affected groups and other relevant stakeholders, and have in place the aforementioned mechanisms for addressing grievances from these stakeholders.

– Is the company entitled to influence contractors in this regard?

– It is important to understand that the operator bears responsibility for the entire project, including all aspects of its implementation.

– So, the company cannot "wash their hands of" consequences like Pontius Pilate?

– Until recently, for instance in 1970s–80s, major corporations were able to get away with it, when their contractors in less developed countries violated human rights. But as time went on, the society, governments, and other stakeholders started to realise that due diligence of contracting organisations was directly influenced by the actions and policies of their bosses. This is actually one of the provisions in the Guiding Principles – enterprises must provide for human rights responsibilities of their business partners as early as the contract signing stage.

– Does Sakhalin Energy represent the Guiding Principles in the international and domestic business environments?

– Yes, of course. In particular, our company contributed to the development of the Oil and Gas Sector Guide on Implementing the Guiding Principles (published by the European Commission) and actively participates in a number of international and Russian initiatives in this area. We eagerly share our experience at various conferences and events organised by the Russian Union of Industrialists and Entrepreneurs, UN Global Compact, and other institutions. We are regular participants of the UN Forum on Business and Human Rights, and for a long time, we were members of the UN Global Compact Human Rights Working Group. It's important to note that there are plenty of theoreticians in this area, but practitioners are a rare species and are worth their weight in gold.

– And lastly, I have to ask about plans for the future.

– I think it is best to quote the author of the Guiding Principles who hopes that they will create a "global platform for action, on which cumulative progress can be built, step-by-step, without foreclosing any other promising longer-term developments." John Ruggie said, "This is not the end, but it is perhaps the end of the beginning."

■ Prepared by Elena Gurshal



# Back to the Future: A Vaccine for Normal Life

From the moment COVID-19 appeared in the Sakhalin Oblast, regional authorities have spared no effort to develop an efficient system for protecting island residents from this dangerous infection. The next task has been mass vaccination against the coronavirus. We asked the guests of our column to share preliminary results of the work in this area.

**DEPUTY HEAD OF THE SAKHALIN OBLAST GOVERNMENT  
VLADIMIR YUSHCHUK**



– Vladimir, the decision to get vaccinated is, of course, purely voluntary. However, when people are given a clear explanation as to why vaccination is important, the consent threshold lowers significantly. So, why do Sakhalin residents need to get vaccinated?

– The first reason is quite simple and perhaps even trivial: we need vaccination to live our lives safely, without the risk to contract the disease or infect our colleagues and family. What's interesting is that the ones who spread the disease the most – children and young people – usually don't experience any symptoms.

The second reason is also quite obvious: after getting vaccinated, we don't have to wear face masks and keep social distancing any longer. In other words, it would allow us to go back to normal. In order for that to happen, people in our region and all over Russia need to develop herd immunity, which directly depends on the results of the vaccination campaign.

– Based on its rates and statistical data, when can we expect to see herd immunity in our region?

– We can confidently talk about its development when 60% of all Sakhalin and Kuril adult population gets vaccinated. This number can be applied to both communities at large and staff of individual companies.

Let me remind you that the Sakhalin Oblast is among leading Russian regions in terms of vaccination rates. If we look at the prognostic curve projected by the vaccination rate digital monitoring system, the herd immunity of our island population will develop roughly by late July – early August of this year. That sounds good to us. We will also do our best to beat this prognosis and reach this goal by June – July, so that we can travel around the country without restrictions, send children to summer camps, and welcome guests from other regions of Russia. After all, summer is the perfect season for that, when the island's nature is at the peak of its beauty.

– The task to speed up vaccination rates was set by Sakhalin Oblast Governor Valery Limarenko. How does the Government plan to achieve this goal? Do you plan to organise on-site vaccination at production facilities by mobile teams?

– Ramping up vaccination rates is an important and complex task. The first thing we did to tackle it is roll out 98 vaccination stations all around Sakhalin. But that's not enough. We need to raise awareness on where and who can get vaccinated, why it's important, and what advantages the vaccination brings. That requires a widespread awareness campaign, that is currently underway.

Another important direction that we are currently working on is vaccination of personnel. As practice shows, people are much more willing to get vaccinated at work. Let me remind you that 60% herd immunity enables safe communication and performance of work tasks without major restrictions.

We receive a lot of requests for staff vaccination from employers who are interested in this opportunity. We have all the necessary resources for on-site vaccination, such as mobile stations and teams which deliver the vaccines in accordance with the regulations for transportation of such substances. This process has already been streamlined.

– How effective are the vaccines administered in the region against new mutated COVID-19 strains?

– To vaccinate residents of the region, we primarily use Sputnik V which develops immunity against all known COVID-19 strains. This has been confirmed by the State Research Centre of Virology and Biotechnology VECTOR.

It is worth noting that since the start of the vaccination campaign in the Sakhalin Oblast, there has not been a single fatal outcome among the vaccinated – and we have administered over 60 thousand doses. As for complications, their percentage is minimal – literally tenths of a percent. Among them the most common is the general feeling of being unwell: some experience body temperature elevation, others – body aches. But all these symptoms go away on average after eight hours. That is why we are completely confident in the safety and effectiveness of the vaccine.



**MINISTER OF HEALTH OF THE SAKHALIN OBLAST  
VLADIMIR KUZNETSOV**

– Vladimir, we were one of the first Russian regions to launch vaccination campaign against COVID-19. That's a good reinforcement to avoid the third wave of the infection...

– Undoubtedly, the best protection against the infection is to ensure high vaccination rates. As you may know, the first shipment of the vaccine was delivered to the region in early December last year and included only 42 doses. It was used to vaccinate the medical workers who came in direct contact with infected patients, that is, worked in the red zone. Afterwards, thanks to a fruitful cooperation with the Russian Ministry of Health on one hand, and arrangement of an efficient vaccine supply and distribution chain on the other hand, we received even bigger batches from the federal centre than other regions and were able to become one of the leaders in vaccination rates. Without doubt, one of the keys to achieving this result was timely

arrangement of vaccination stations in all municipalities, as well as people's interest in getting vaccinated. On average, around a thousand island residents get the vaccine per day.

Our region is doing quite well in this regard, and it is crucial now. The biggest concern for us as the medical workers is the explosive outbreak of the infection. And when a person is vaccinated, the risk of virus contraction or transmission is minimal thanks to the newly produced antibodies, which help the immune system to resist the infection.

– Is the creation of vaccinated personnel groups in regional facilities and companies on the rise? Do these organisations actively cooperate with the Sakhalin Ministry of Health?

– We have great examples of such cooperation – for instance, with Sakhalin Energy. The company sends us lists of employees and we allocate the necessary number of doses for them. Then there are two ways for them to receive the shots: in one of our vaccination stations, or on-site (when there are enough employees, we send a team to carry out all the procedures on the company premises). We are grateful to all who wish to get vaccinated, thus protecting themselves and others, and are happy to accommodate them. When enterprises reach 60% herd immunity (accounting for those who have already been infected, this number can be 50%), we will be able to talk about getting back to normal operation.

– Can foreign citizens get vaccinated?

– Not yet, unfortunately. We are still awaiting the decision of the Ministry of Health, which for now states that Russian citizens get vaccinated first, then – everyone else. The number of COVID-19 vaccines in our country continues to increase (in May, the federal centre reported that 56 million doses entered the so-called civilian circulation), so we hope that the Ministry will change their policy and we will be able to start vaccinating foreign nationals working in the Sakhalin Oblast. It's an absolute must for developing herd immunity in our island region. Besides, vaccination of this social group would improve the international reputation of our vaccines.

– Summer is the holiday season. Which countries should Sakhalin residents avoid considering the emergence of new coronavirus strains?

– There are several countries that have done pretty well in their efforts against COVID-19. For example, Israel has already reached herd immunity and is now cancelling anti-epidemic restrictions. Cyprus has opened its borders to Russian tourists with vaccination certificates, having acknowledged the effectiveness of our vaccine.

Every week, Tatiana Golikova, Deputy Prime Minister of the Russian Federation, heads meetings that define the list of countries that are open or not recommended for travel. This information is regularly reported by the media.

Then again, Russia also has many interesting, magnificent places to visit, Sakhalin being one of them. If you still decide to spend holiday abroad, try to avoid crowds, keep social distance, wear a mask, and use hand sanitiser – this will minimise your risk of contracting the virus. And if you are already vaccinated, the chance of infection will be close to zero.

– Even with the new COVID-19 strains?

– Yes, even in this case. Our vaccines protect against all new strains of the virus. This is a very important aspect closely monitored by Russian scientists. If a new "non-covered" strain emerges, you will need to get re-vaccinated. It is likely that in the future we will have to get vaccinated against the coronavirus every season, like with flu. Perhaps, annually or once every two years – it will depend on the recommendations of virologists.

# Life-Saving Facts

Medical professionals say that with every person receiving a COVID-19 vaccine, we get one step closer to normal life. That is inspiring. At the same time, this is not the only benefit of vaccination. Let's learn details from the Head of Sakhalin Energy Corporate Health Section Konstantin Kokorin.



– Konstantin, the COVID-19 pandemic started over a year ago. It hasn't been the most wonderful experience, but at least scientists have studied the virus and learned more about its behaviour. So, what are the biggest risks of COVID-19?

– Well, first and foremost – people die from it. But that's not all: today the medical community is carefully analysing the after-effects experienced by former COVID-19 patients who have seemingly recovered from the disease, such as fatigue, concentration difficulties, cardiovascular issues. There is a whole range of potential complications; not to mention that the virus can "awaken" dormant chronic diseases.

Apart from that, doctors are digging deep into the neurological complications, negative impact on people's emotional and mental state. For example, there has been numerous cases of patients having suicidal thoughts at the peak of the infection.

– Does the vaccine protect against these complications?

– Certainly.

– Can Sakhalin Energy employees get vaccinated at the production facilities?

– Yes, they can, but for now it is only possible at one facility. The General Coordinating Committee decided to arrange the company's vaccination station at the Prigorodnoye production complex. The vaccination campaign began on 23 April and is now carried out every Friday by the Korsakov Central District Hospital's mobile team.

– Why is it limited to only one facility?

– For now we are looking at how the administration of the first and second vaccine shots influences people's condition and ability to work, so that mass vaccination does not disrupt operational continuity. So far, we are optimistic: people are happy to get vaccinated and we don't see any negative consequences. But a longer-term monitoring is required, so we continue observing.

– Where can the employees of other facilities get vaccinated?

– There are several options. The first one is to register for vaccination on the State and Municipal Services portal (Gosuslugi). The second one is to directly contact the medical facility that you are affiliated with, as a resident of the Sakhalin Oblast. The third option is to get vaccinated at one of the mobile stations rolled out throughout the region.

– According to the estimates of the Gamaleya Research Institute of Epidemiology and Microbiology, the vaccine devel-

oped by Russian scientists is able to provide at least a 2-year-long protection against COVID-19...

– Yes, that's the estimated effective period. Time will tell how things turn out in practice. In keeping with the best traditions of Russian medicine, employees of the laboratory developing Sputnik V first tested the vaccine on themselves and evaluated the level of antibodies produced in response to the vaccination. Today, there is proof that nine months later the immune response remains strong. So, we can actually say that the vaccine definitely works during this period.

– Can you advise our readers on which vaccine to choose?

– Everyone should make a personal informed choice based on the data available in open sources and the doctor's recommendations. Doing the research is especially important as there are contraindications specific to each individual. But I do insist – get vaccinated! This is the way to protect yourself and the people around you.

– Let's look at the situation from the inside, literally – what happens in our body after a dose of the vaccine is injected?

– Let's talk about this in allegories. Upon entering the body, the vaccine does not start the infection; it simply informs the immune system of the real enemy – it basically forms a training camp, at which our immune system tests battle tactics. But unlike the real enemy, the injected "combat vehicles" are incapable of inflicting any damage. So, our immune system's task is to use this advantage, learn the opponent's weaknesses and commit its features to memory.

As for the live virus, our body is like a shelter to it. You have to understand that this life form does not aim to kill us – it simply strives to survive in our bodies as long as possible. And those "mobile quarters" that it enters before its harmless doppelganger are especially suitable. However, when this uninvited guest faces trained and armed

"military forces", it has no choice but to surrender. The larger these "forces" are, the better we are protected.

I'd like to add that sufficient herd immunity raises the chances that during next potential wave of infection, our medical facilities will not get overcrowded and the healthcare system will be able to respond promptly and help people.

– But still... What if we encounter the virus before getting these "trained and armed military forces"? How can we help our body recover after the disease?

– Not going to lie, that's exactly what happened to me: I got infected last November. I had rather mild symptoms: loss of smell and slight fever without any grave consequences. I am 54, and people my age usually have it much worse when infected. I attribute the fact that it did not seriously impact my health to my lifestyle: I do morning exercises (and did not skip them even when sick), take contrast shower to boost the immune system – it needs to always be in good shape. In other words, I don't let my body go slack, because I know that if you don't work for it, it won't work for you.

Also, don't underestimate a healthy diet. Eat fibre- and vitamin-rich food, include protein in your meals, don't skip breakfast and lunch, while keeping dinner on the lighter side. These are clichés but they do work and they keep you healthy.

I also recommend going for Nordic walking, swimming, cycling – it's important that the chosen physical activity is enjoyable. And, as Winston Churchill said, be optimistic, for the rest is meaningless. Life is a miracle, and stress and negative emotions are most often a product of our interpretation of what's going on around us. The coronavirus is not the first major test for humanity, and I am sure that optimists survive in such situations.

■ Prepared by Pavel Ryabchikov

## A World of Opportunities

After a year of working remotely, the corporate Children's Centre located in the Zima Highlands Residential Complex has recently re-opened its doors.

The grand re-opening turned out to be an interesting day – it's hard to tell what there was more of: happy smiles, shining eyes, or surprised shouts. Though, from the adult standpoint, the most numerous were the children's discoveries: teachers set out tasks in various developing situations, and children needed to find solutions in teams. That is a truly important result: the Centre created an environment for our pre-schoolers that stimulates them to ask the right questions and find original ideas.

In the two months since the Centre resumed its normal operation, its students have implemented many ideas: built a spaceship for an alien that had crash-landed on Earth, explored the Wonders of the World in the interactive tour, tried their

hand in different professions, found a soldier's lost letters and delivered them to his family. The children also dived into the underwater world and actively participated in the cleaning up of the planet.

The developing environment, including multilingual, provides opportunities for children to explore, think, and communicate, while the interactive educational format allows teachers to create an individual learning route for each child. The educators plan the process with due consideration of the balance between learning objectives and children's interests. In the Centre, the stu-



dents choose an activity of their liking, and each their day is filled with exciting discoveries and fun games. The Centre hosts an art studio, a dancing club, and sports classes.

The parents are also actively involved in the Centre's activities: together with the children, they prepare presentations for conferences and reports on their favourite books, help with finding materials to make costumes designed by the child, and create artistic masterpieces.

The joint focus of the company, parents, and teachers on the common result is the foundation for the children's proper development. What's more, the unique developing environment of the Children's Centre and the International School provides great opportunities for creating an integrated polylingual and multicultural space for children. If you wish to visit it – our doors are open!

■ Prepared by Compensation and Benefits Sector HR Directorate

our children

corporate culture

## One Dress Does Not Fit All Codes

There are hardly any outfits that can fit any occasion – from a party to a business meeting. The opposite is more often true: the clothes that are suitable for a night out with friends are unlikely to be appropriate in a more serious setting.

In May, the company updated its Internal Working Rules. One of the provisions of this corporate document reminds employees about the need to follow the business dress code. In short: our dress code is based on international standards that, in particular, require understated clothes and footwear and lack of flashy accessories.

The full list of recommendations regarding the colours and types of fabric, and other company requirements is available in the Employee Appearance memo. These simple instructions will tell you what you can wear to work, and what does not fit the business dress code. They also include information on appropriate clothes for remote work (when it comes to face-to-face and online meetings). Take note of these recommendations, and you can be sure that your appearance won't raise any questions.

All the information is presented in the Internal Working Rules on the company's internal website (the HR Policies and Procedures section, the Labour Organisation, Performance Management subsection).





# Gray Whales: An Alarming Sign

The new IUCN-backed study finds that gray whales are at high risk from ship strikes in the North Pacific Ocean. We asked Andrey Samatov, Head of Sakhalin Energy Environmental Protection Division, how relevant this topic is to the island and the company.

– **Andrey, what prompted the scientists to conduct the study? Has something happened requiring immediate response?**

– The information was published in the Endangered Species Research journal in 2020. It was not an ad hoc study, but rather a collection, synthesis, and analysis of available data. The International Union for Conservation of Nature (IUCN) and the Western Gray Whales Advisory Panel (WGWAP) are concerned about this issue, since there exists a potential risk of gray whales being hit by marine vessels. In fact, this threat concerns all large marine mammals.

Experts assessed the shipping density in the North Pacific Ocean, analysed the vessel traffic, and compared this information with data on the feeding, migration, and breeding areas of whales. The authors mapped specific geographical areas where gray whale habitats intersect with high-density vessel traffic areas. Based on these “heat maps”, they identified locations that signal a conservation concern, both in terms of ship strikes and exposure to elevated underwater noise from vessels.

– **To sum up, can the study be regarded as a continuation of the systematic work on the conservation of marine mammals? I can’t help citing a line from John Donne’s poem: “... send not to know for whom the bell tolls...”**

– Yes, in fact it is an alarming sign. Breeding off the coast of California, gray whales migrate annually to feed in northern latitudes and then back. As a result, they are at high risk from large ships operating in the Bering Sea (including the Aleutian Islands), the Gulf of Alaska, along the entire west coast of North America, as well as near Kamchatka and in the Okhotsk Sea in the Russian Far East.

Specifically, Gregory Silber, member of the IUCN Western Gray Whales Advisory Panel, pointed out: “Fatal or debilitating ship strikes of gray whales are more common than strikes of other North Pacific whales, such as humpback, fin and blue whales. The number of strikes of gray whales may range from the tens to low hundreds every year.”

– **Have there been any whale strikes in the Sakhalin offshore energy development area?**

– Thankfully, there haven’t been any, knock on wood! By the way, this fact was noted in the results of the study. Randall Reeves, WGWAP Chair and a co-author of the paper, stressed: “Important efforts have been made by companies like Sakhalin Energy to manage vessel routing and speed in their areas of operation, explicitly to mitigate the risk of striking gray whales, and to date, the company has not recorded any vessel strikes of marine mammals.”

– **Andrey, as far as I know, the company has been closely cooperating with the WGWAP for many years already.**

– WGWAP has provided independent scientific advice to Sakhalin Energy and other players on how to minimise risks to gray whales and their habitat off Sakhalin Island, in the Sea of Okhotsk.



– **How has the coronavirus pandemic affected the implementation of the Gray Whale Monitoring and Marine Mammals Protection Programme? Have you cut back on the programme?**

– No, we have managed to implement it without drastic changes. Marine mammal observers were placed on board the vessels serving the platforms as usual. The monitoring

part of the programme was also implemented in full: in the Piltun area, monitoring was carried out from the shore, and in the Morskoye area – from the company’s support vessels.

– **You have already referred to Dr. Reeves, one of the co-authors of the research paper. I would like to quote another of his statements. He wrote: “...The abundance of gray whales in the North Pacific is slowly increasing, but so too is vessel traffic and other pressures that put the species’ long-term recovery at risk”. Do you share his concern?**

– The company has identified potential threats from the implementation of offshore oil and gas projects, assessed all risks, and now manages them in the course of production operations. The gray whale monitoring programme has been run by the company for many years, in fact, since the launch of the Sakhalin-2 project. It has provided up-to-date data on the quantitative, demographic, and individual characteristics of gray whales, and has enabled us to better understand the ecology of these animals, the natural and anthropogenic factors that influence the species. Based on the information obtained, the company has developed and is implementing a Marine Mammal Protection Plan (MMPP), which includes measures to preserve the gray whales and wildlife in general in the Sea of Okhotsk.

Even so, there are substantial uncontrollable risks that require particular attention. These are posed by transport ships, fishing vessels and fishing gear, whaling in Alaska and Chukotka, ecological tourism and other factors. “Our” Sea of Okhotsk gray whales also migrate to the coast of North America and the individuals that return to us for feeding and their number differ from year to year. Therefore, it is quite probable that they become the targets of whale hunters or die after being hit by vessels. It is impossible to determine this for certain. That is why, such studies help states, society, scientists, and companies engaged in other types of economic activity to get an insight into the problem in order to find a joint solution.

■ Prepared by Elena Gurshal



## Reach Out!

Nowadays, many business coaches stress the importance of feedback. It is presented primarily as a way to motivate subordinates and improve their performance, thus boosting customer service. This has been the experience of the Commercial Directorate’s Continuous Improvement Implementation team.

The team consists of employees from different units of the Directorate that united to share their experience and practices, foster a creative atmosphere, and support their colleagues’ efforts in developing initiatives. To achieve these objectives, it’s important to get people’s feedback, but not everyone is ready to give answers to a direct question, like “What would you want to improve?”. And not everyone has the time to write lengthy explanations. So, what’s the solution? Talking to people!

In personal communication, people are more likely to be open and eager to share useful information. We often call our colleagues regarding work matters and use this opportunity to talk about continuous improvement. Thanks to these impromptu brainstorming sessions, we have expanded the content of our bulletin with video-presentations by business coaches with tips on improving work processes. We have also learned that our audience is more interested in first-hand information from their colleagues, so we started to incorporate written and video interviews, articles with interesting insight shared by representatives of the Directorate. Not so long ago, we tested another new format – we recorded a fitness break video with members of our team. We also pay attention to engagement metrics: we track how many people read the bulletin, and ask them to like the issues they enjoyed.

Yet, when we analysed the existing feedback channels, we realised that they were not enough. It is important to make

the process less formal, so that it does only cover training information and business lifehacks, but also inspires people and boosts their morale. That is how we came up with the idea of a quarterly celebration of the Commercial Directorate’s achievements. It involves not only publication of a news page on our colleague’s progress in continuous improvement, but also a meeting of the Directorate staff, during which they share their experience of implementing initiatives. It is a fast-paced, dynamic event that only takes 15 minutes: the Directorate’s management thanks everyone for the accomplished work, awards the winners, and presents incentive prizes to the nominees.

We are constantly learning new things, putting them to test, and are now ready to share some recommendations on how to give and receive feedback in a more constructive and efficient way. We would advise you to consider the following:

**Motive.** Ask yourself: why am I giving/asking for feedback (to improve a particular situation, for motivation, for better performance, etc.).

**Approach.** Stay positive and focus on improvement. It does not mean that the feedback should always be positive – it must be fair, well-balanced, and non-offensive.

**Timeliness.** Remember the saying, “a spoon is dear when lunch time is near”: prompt feedback is always more accurate and detailed.

## continuous improvement

CI is for People. CI is for You.

Dear Colleagues!

Thank you all for your proactive participation in CI activities and initiatives registration.

Great work done at the beginning of year 2021 and we're waiting for your newly generated ideas and more contribution in CD CI future activities!

We are happy to present you CD CI Achievement Board Q1 2021.

**CD CI WALL OF FAME Q1 2021**

@Aleksandrov, Leonid LA SEIC-CDI is awarded as the best CD CI newsletters' reader, follower and practitioner of advice and recommendations on how to improve CD CI culture!

@Mikhlin, Andrey SEIC-CDI is awarded as the best article writer for CD CI newsletters. Andrey shared his interesting view about "Formula for Better Change of the Process".

**BEST CI NEWSLETTER FOLLOWER**

@Lukin, Evgeny SEIC-CDI AND @Anfilov, Evgeny YA SEIC-CDI

**BEST CI ARTICLE WRITER**

@Ziper, Alexey AZ SEIC-CDI AND @Marinova, Katalin SEIC-CDI AND @Lyubina, Alena AL SEIC-CDI are another team members who are awarded as the best team supporters in terms of new initiatives involvement and support related to commercial shipping issues and LNG shipping schedule optimisation.

**BEST INITIATIVE SUPPLIERS**

@Fedorovskiy, Alexey SEIC-CDI AND @Chernov, Alexander CI-CDI AND @Kuznetsov, Maria SEIC-CDI are awarded as the best initiative suppliers who has registered the biggest number of process improvement, cost avoidance and revenue generated initiatives in CD.

**BEST TEAM SUPPORTERS**

**Regularity.** Feedback requires constant attention; it can be provided in a formal or informal manner – it’s up to you.

**Honesty.** Base your feedback only on your own opinion, not other people’s conclusions; speak only for yourself. That’s the path to honest relationships built on mutual drive towards improvement.

Books and articles about business say that, when done right, feedback can lead to extraordinary performance. That is the result we are striving for, and we are interested in the experience of other directorates. If you have something to share, we will be happy to collaborate. Reach out any time!

■ Alina Azizova, Nadezhda Obschina

# Celebration of Hard Work

The participation of the Prigorodnoye production complex team in the May's Subbotnik is a good tradition, which this year was even more rewarding. On the eve of Victory Day, the employees did not only go out to clean up the territory – they planted trees. The morning of the working day also began unusually...



On 7 May, Alexander Singurov, Deputy Production Director, Prigorodnoye Asset Manager, and Olga Svetova, Facilities Services Team Administrator, boosted festive mood of the staff in view of the upcoming Victory Day. They presented their colleagues with St. George ribbons and sweet treats



Specially trained dog Windy also got her presents... She regularly helps security staff to search for prohibited substances at the plant's security gate



Thanks to the efforts of Subbotnik's participants, the territory of the LNG plant has been decorated with about 30 trees: firs, pines, and rowans



Within two hours, Prigorodnoye team made the production area of the LNG plant, the territory of the oil crude oil export terminal as well as the general area, Yunona camp and other sites spotless and in perfect order. Spring Subbotniks have been at the asset since 2013

sport

award

## “Did I Let You Down, Senpai?”

The team of young athletes from Sakhalin demonstrated good results in the Far Eastern Kyokushin tournament. Nikita Shimko, Rotating Equipment Mechanical Supervisor and a part-time coach, Chairman of the Sakhyokushin club, shared the details with us.

– Nikita, tell us about the victories of the trainees of your club.

– The Far Eastern Tournament is a significant milestone. More than 800 athletes took part in the competition. Our delegation was small, just six people. My student, Yuri Sklyankin, took second place (age 14 – 15; under 40 kg weight category), showing true mettle. Yuri was awarded the first-class sportsman title and became a Candidate for Master of Sport (CMS). Elizaveta Tolstova (age 10 – 11; under 30 kg weight category) managed to get through to the semi-finals; she placed fourth and qualified for the CMS. Nikita Isachenko (age 16 – 17; under 65 kg weight category) from Korsakov, trained by my colleague Artyom Khvorikov, took fourth place as well. The kids who did not make it to the podium have gained experience of participating in competitions of this level.

– So you think the experience is the main result. What about striving to win?

– It is hard for children to participate in big tournaments. I even invite a sports psychologist to work with them before important matches. When the kids see so many competitors in a huge hall where up to a dozen fights take place at the same time, they can get confused, frightened, and show worse results. In such cases, quantity should translate into quality: to achieve this, you need to build your character, learn to keep your emotions in check. I try to psych up my students the right way: I tell them not to be afraid of losing, as no one will scold them for it.

– It seems to me that they feel not a fear of losing, but rather a sense of duty to you, a sense of responsibility you have instilled in them.

– Maybe. At the end of a fight, they always ask me, “Senpai\*, did I let you down?”

– How did you start practising Kyokushin? It is called one of the hardest and toughest varieties of karate. Why did you make this choice?

– My father brought me to the club when I was six years old. When I was eight, I decided to quit karate. My dad is a wise man: he gave me time to have some rest and then sent me to a dance class. After the first rehearsal, I went back to my previous training. I became a Master of Sport and a winner of the Far Eastern tournament, in which my trainee later won a silver medal. Then I became a coach.

– How do you manage to combine work with coaching?

– Andrey Berezovsky, my best friend, and colleague helped me; we covered each other’s shifts. I have been working at the LNG Plant since March, so I can dive into to my passion after a shift ends.



Nikita Shimko with his pupils

– When you put children into some kind of boundaries, you have to teach them discipline. How do you do that?

– It’s the famous carrot-and-stick method. Everyone needs an individual approach. Apart from that, I invent nominations for them, for example, Student of the Month. Thus, even those who used to be lazy try to win a prize.

– The project of the club, Karate for Everyone!, was supported by Sakhalin Energy in the framework of the Energy Social Initiatives Fund. What did you manage to do thanks to its implementation?

– First of all, we have bought new equipment. You can imagine how much stuff we need to train three hundred children! We now have the opportunity to practice better combinations, connecting moves and punches. We have purchased tatamis, and now we can hold outdoor events and competitions. Moreover, we invited Maxim Dedik\*\* to conduct a workshop.

– Translated from Japanese, Kyokushin means ‘society of ultimate truth’, or ‘union of seekers of ultimate truth’. Have you found yours yet?

– I think so. For me, coaching children is not a way to make money; I put my heart and soul into it – I live and breathe training. I try to not only teach them how to deliver and hold a strike, but also prove that without discipline there can be no victories neither in sports nor in life. I stick to this rule myself. Thanks to the classes, we are improving and striving for perfection. Our goal is not to defeat the opponents, but to defeat ourselves, our weaknesses, and shortcomings.

\* Senpai is a respectful form of address to the mentor in all karate styles and in some other martial arts.

\*\* Maxim Dedik, the World Champion (IFK), the World Championship silver medallist (IKO), the European Champion (IFK) and the multiple Champion of Russia in Kyokushin karate. The International Champion, Black Belt, 4th dan.

■ Prepared by Elena Gurshal

## Journalism, a Sport-Like Passion

The Corporate Affairs Department has summarised the results of this year’s first round of the I Am a Journalist corporate competition.

The way directorates alternated on the victory podium when points for news were being calculated can be compared to a verbal relay race: the company’s units took turns pulling ahead, offering the readers interesting and useful information. Finally, the finish line! The HSES Department was the first to cross it. The winner was just two news ahead of the silver medallist, the Human Resources Directorate. The Production Directorate rounded out the top three. It was a really hot race!



At the awards ceremony, Timur Gafarov, Technical Director, noted that the competition was very important for the development of effective internal communications. “This is a great opportunity for us to maintain communication between the key

divisions of the company. And it is a special honour to be the leader in health and safety communication,” added Timur Gafarov, presenting the winner’s Challenge Cup to Jane Alcock, HSES General Manager.

Now, let’s look back at the topics with which the HSES Department team crossed the finish line. Thanks to our colleagues from this department, we washed our hands more often, read about preventing the spread of the coronavirus infection and vaccination, took part in various stages of the Winter Safety Marathon, were – and still are – proud of those who took part in the #I Am Goal Zero project, learned about the Green LNG strategy, found out how to protect ourselves from chronic fatigue and backache.

We wish other divisions of the company to be even more active and find newsworthy stories that would be interesting for their colleagues. Let us remind you that the winner is determined by adding up the number of posts and publications in all Sakhalin Energy corporate media outlets (daily news screen, Vesti newspaper, the company’s website).

Take part in the I Am a Journalist competition, send your news to ea@sakhalinenergy.ru and bring your team to the coveted finish line!

■ Elena Glavanova

contest

## Through the Lens of a Young Photographer

We continue accepting applications for the 2021 The World Through a Lens photo contest. We have already received about thirty entries.

Among them is the first entry in the new category called Young Photographer. The 8-year-old contestant who took the picture of an evening landscape shared her emotions: “I love taking pictures of the sea, because it is always beautiful, no matter the weather!” She will receive a special prize of the photo contest.

The category is designed for children, and there is good reason for this: taking photos helps developing imagination and creative thinking which impacts the future of a child. Let us remind you that for the first time we welcome children from 7 to 18 years of age

to participate in The World Through a Lens photo contest. The Young Photographer category accepts photographs on any subject, taken by children of employees from Sakhalin Energy, recruitment agencies, and contractor organisations.

Apart from that, this year participants can submit their pictures to compete in the following categories: Art Photography, Wildlife, Pets, Lifestyle, Microworld, Landscape, Portrait, Sakhalin Energy, Street Photography, and Ecology.

We appreciate enthusiasm and creativity of everyone who has already entered the

contest. We are looking forward to seeing new entries and new contestants. Go for it! Try your hand at the art of photography! Photos are accepted until 1 August 2021 at: ea@sakhalinenergy.ru. Please do not forget to include the subject of the letter: Photo contest If you have questions about participation in the contest, please call: 66 2544, 66 2711, 66 2032.

■ Yulia Vatutina

As part of the photo contest, a workshop dedicated to the Children’s Day is planned. The event will take place on 6 June in the Gagarin City Park of culture and recreation. For more information, call 66 2544.



Evening by the Sea, Young Photographer category



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