



DECEMBER 2021

VESTI

Sakhalin Energy



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Windy is familiar to all LNG plant employees and many visitors of the production facility. Despite her self-explanatory name, she is not all air-minded, but smart, calm, has good manners and a rare capacity for work. In short, she is a dream of an employee...

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congratulations

DEAR COLLEAGUES!

I sincerely wish you all a Happy New Year and a Merry Christmas! Today, as is tradition, we look back at what has been done, and can state with certainty that we successfully met all challenges faced by the company in 2021.

This year will remain in our memory as a time of successfully implemented strategic plans. One such plan was the largest turnaround in the history of Sakhalin Energy. I am sure that the overhaul and upgrade of key process equipment will ensure the long-term operation of the company production facilities without the need for preventive maintenance in 2022.

The company made significant progress in such areas as business profitability growth, HR management, continuous

improvement and digitalisation. Under the global energy transition, Sakhalin Energy is focusing on improving energy efficiency by implementing the best available tools to reduce carbon emissions. The company will make a significant contribution to the development of the low-carbon economy of Russia and importing countries of the Sakhalin-2 project by ensuring Green LNG supplies.

The success of our business was highly appreciated by our shareholders. It clearly demonstrates that the company has chosen the right path to ensuring process leadership.

Dear friends, I would like to thank the whole team of Sakhalin Energy for your best efforts made in 2021. My special congratulations to the shareholders and partners of the company. May our cooperation remain just as constructive and fruitful! I wish for every day of the new year to be interesting and successful. I wish you and your families happiness, prosperity and good health! Happy holidays!

■ Roman Dashkov,
Chief Executive Officer

**Sakhalin Energy
won over
20 federal
and international
awards this year**

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CURRENT EVENTS

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November

The IV Regional Mother Tongue Sakhalin Indigenous Minorities Children and Youth Conference took place

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November

Sakhalin Energy provided sanitary vehicles to Korsakov Hospital. Two vehicles were purchased under the agreement concluded between Sakhalin Energy and the Sakhalin Oblast Ministry of Health

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December

The Regional Festival Museums in the 21st Century took place in Sakhalin. Sakhalin Energy was one of the organisers of the cultural event

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December

Sakhalin Energy shared its experience in HSE at the Russia and CIS Industry Leaders Forum

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December

Meetings of the Supervisory Board and the Board of Directors for the Sakhalin-2 project were held to discuss the company's performance for 2021



Looking to the Horizon

The Committee of Executive Directors shares its plans for the horizon of our common victories and congratulates Sakhalin Energy employees on a Happy New Year!

GRZEGORZ KULAWSKI, PRODUCTION DIRECTOR: “My end year reflection must start with a huge thank you for the performance of the PRD and overall SEIC team in 2021. It was another unprecedented year of delivery: with much improved safety results, biggest ever Turnaround of the Integrated Gas Chain (IGC) completed fully, breakthrough in the rate of OPFC construction progress, Continuous Improvement value contribution above plan and other successes. Overall, I am proud of the total performance – hats off to the team!

In 2022, HSSE remains our overriding priority and a pre-condition for all the work we do – as always. We need to adjust our focus where the risk profile is changing. Updating our COVID-19 management framework is a really important task – in line with the approved strategy based on immunity levels.

Our critical delivery goals for the coming year include: executing our maintenance plans, top quartile reliability of our production system, achieving RFSU in the OPFC project, Molikpaq rig project progress, CUI programme proceeding at an accelerated pace.

In 2022 I want us also to put more effort into the structural improvements towards our aspiration of being the prime integrated operator in the region. This starts with focus on development of our people, in professional and leadership skills. It involves work on strengthening our asset management processes and becoming a more pro-active organization, including moving to the 4/8 year turnaround cycle, and improvements in project maturation based on lessons learned. Many improvements in our core delivery processes should be supported by digitalization, where I'd like us to progress faster.

There will be no shortage of challenges in 2022, but I am confident our team will rise to the occasion – as we always do! I wish you and your loved ones a safe, successful and a very Happy New Year!”

ALEXANDER SHEYKIN, HR DIRECTOR: “It is fair to say that 2021 has once again demonstrated the truth of the company's core principle – that staff are the backbone of our business.

It is thanks to the well-coordinated teamwork, dedication and professionalism of our staff that we have successfully met numerous challenges, delivered the biggest turnaround in our history, switched to new helicopters and much more. And all this has been achieved in the face of COVID-19 restrictions, which are no longer an extraordinary circumstance for us.

It may be said with certainty that the world is changing rapidly, and a return to the days before COVID-19 is simply not possible. Therefore, we are laying the foundations and shaping the future of our company together; it is up to us to look ahead 20 years in order

to shape medium-term plans and define objectives for next year. All of our company's core values, which are employee-oriented, and our strong corporate culture will remain relevant in this new period. It's a very interesting time, a time of change!

In 2022, of course, we have to ensure the invulnerability of the company facilities, and this can only be achieved by achieving collective immunity, which is formed to a greater extent through vaccination.

So, I wish everyone sound health, a safe road to success, clear goals, forward-looking plans and exciting work in a new, clearly challenging but optimistic year!”

TIMUR GAFAROV, TECHNICAL DIRECTOR: “Despite all the challenges faced over the past year, the Technical Directorate has once again proven capable of effectively solving the tasks at hand without either slowing down the pace of implementation or compromising the quality of any design solutions related to all its key projects. Oil, gas, and condensate production figures are in line with the forecast provided in the latest field development document. All this has been made possible through comprehensive reservoir management practices and lean production techniques applied across the entire range of operations, including well logging and drilling.

Among the most significant results of the concerted and targeted efforts made by all the Directorate's divisions in 2021 have been the successful completion of the well integrity testing campaign (99% efficiency achieved) and the round of alternative geological, reservoir simulation, and geomechanical modelling (the company's long-term production forecast, hydrocarbon volumes, and all major development solutions have been confirmed). I would like to highlight the exceptional results of drilling LA-524 and LA-525, the ultra-ERD wells drilled ahead of schedule and with cost savings, as well as the PB-353 well, which is nearing completion. Significant progress has been made on the path towards digitalisation of all reservoir management processes. This has resulted in the eWellBook project, one of the company's tools, winning the Best Digital Solutions for the Oil and Gas Industry contest held as part of the Smart Oil & Gas: Reliable Data federal IT forum. These and many other achievements give us a confident outlook for the future and allow us to count on the full-scale achievement of our goals.

The key growth focus areas for the year 2022 include further updating the alternative models as an element of openness and comprehensive verification of the company's plans in the area of field development, implementing the entire WRFM campaign scope at the LUN-A and the PA-B, conducting 4-D seismic monitoring to optimise field development, performing a reserves estimation exercise and updating the Reservoir Management Plan for the



Piltun-Astokhskoye field, with the main activities to be completed by late 2022, carrying out the Assess phase of the strategic growth projects within the existing licence (FB-1 and Dagi 22 at the Lunskoye field along with FB-2 and the Lower Nutovian formations at the Piltun-Astokhskoye field). Further implementation of the digitalisation agenda with a large-scale deployment of visual management tools and in-depth multivariate analytics will remain a focus area. To that end, it is intended to use big data, machine learning, and AI.

As far as promoting and developing Russian Content in the field of R&D is concerned, special mention must be made of a downhole tracer survey pilot project currently being planned and an ambitious digital core analysis program. Establishing an industry-wide competence centre is yet another important area of focus. Specifically, this effort will contribute to the improvement of educational programs for training specialists in offshore oil and gas development, including the preparation of a refresher course in oil and gas production technology. Another pillar of the project will be participation in developing WorldSkills professional standards to organise competitions for professions in the field of offshore oil and gas development and introduction of corporate professional standards for such sought-after specialisations as “well engineering, construction, and maintenance engineer” and “oil and gas production technology engineer”.

Surely, one of our priorities remains the continuous development of the technical team to make sure that each team member meets the highest international standards while maintaining the team’s creative spirit and our shared commitment to continuous improvement!

On New Year’s Eve I would like to thank all of you for your great work and wish you and your families peace, love and prosperity, the best of health, and renewed vigour. May the coming year be memorable for each of you in that it will bring new victories, achievements, success, and professional growth.”

ANDREY OKHOTKIN, COMMERCIAL DIRECTOR: “Dear friends, as promised 12 months ago, the past year has brought many surprises, with the chief among them being the rise in spot LNG prices. It sounds like a joke, but it isn’t: summer 2021 prices increased at least tenfold compared to the same period in 2020! However, apart from additional profits, these jumps also bring with them overall high market turbulence and are indicative of the fragile state of the global economy and global politics.

It is therefore logical that 2022 will require a lot of work, cohesion and innovation from us. We have to develop a strategy to renegotiate long-term LNG prices, ensure uninterrupted planning and delivery of cargoes to our buyers amid severe COVID-19 restrictions, and make significant progress on projects targeting the supply of feed gas and liquid hydrocarbons later this decade and early next decade.

In addition, there is an exciting journey into the future of the company within an overarching strategy for its development and transformation. This work has already begun, and we are waiting for all of your intellectual energy in creating the image of Sakhalin Energy 2041.

Dear colleagues, New Year not only requires of us the reconciliation of business tasks, but also gives us the warmth of family, friends and like-minded people. A turbulent world that tests our traditional values expects us to love, care for our neighbour and sacrifice ourselves. I wish all of us a Merry Christmas and more victories in the New Year!”

TODD PERKINS, FINANCE DIRECTOR: “The 2021 year has been my first year in Sakhalin Energy and a time of constant challenge to ensure business continuity during the COVID-19 pandemic.

This period has demonstrated the amazing ability of the remarkable team in the finance directorate, including Supply Chain Management department, and other parts of the company to adapt to the new reality – including in external markets. I believe that this ability to respond to challenges if due by and large to the qual-

ity of our people and processes – built up over the last decades!

2021 also marked the end of our mega-scale Project Finance when the company made the final repayment of its loan, a loan which was a land mark at the time of its signing, and in many ways was a critical piece as we established our LNG business, leveraging our international reach with particularly strong support from our Japanese shareholders. Lenders’ involvement, their support and of course their challenge, has encouraged the company to maintain world-class standards in all the areas of the company activity – from financial performance to technical integrity and environmental and social accomplishments, in both the construction and production phases of the project. Our dedication and commitment to high quality standards in implementing day-to-day tasks – have not only helped us achieve outstanding performance levels but fulfil our loan obligations and build a reputation of a reliable borrower and supplier of LNG. Thanks for your support and cooperativeness in achieving this milestone!

We should remember that during this year we both kept the core business going whilst at the same time delivering a large number of key initiatives. Our continuous improvement initiatives continued very successfully and we completed contributing over \$125 mln in 2021 value impact.

Looking forward to 2022 we have a great foundation on which to build for an even better year ahead. The largest turnaround event in our history is behind us and the external market continues to support our revenues, but let us not lose focus on delivering our business both safely and as cost effectively as we can.”

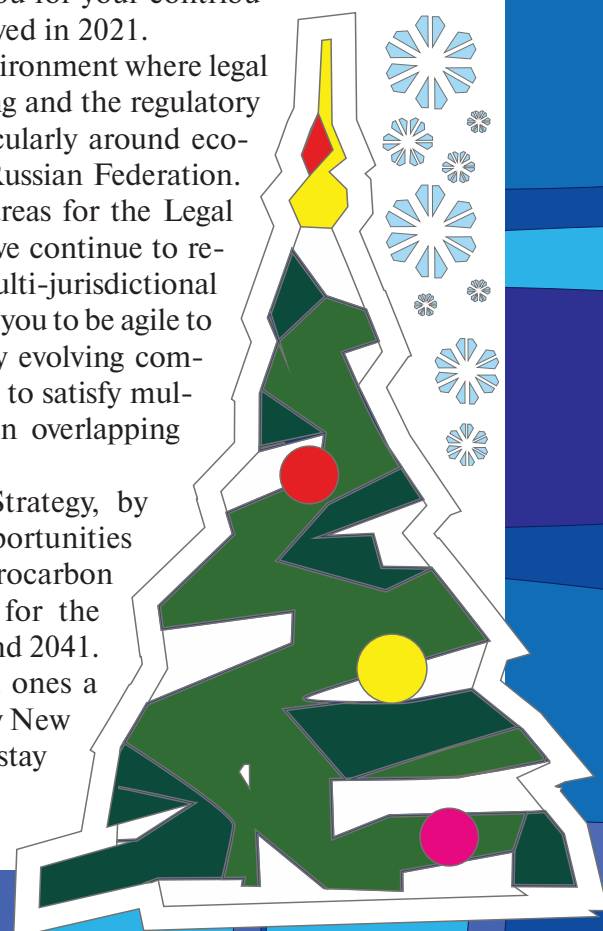
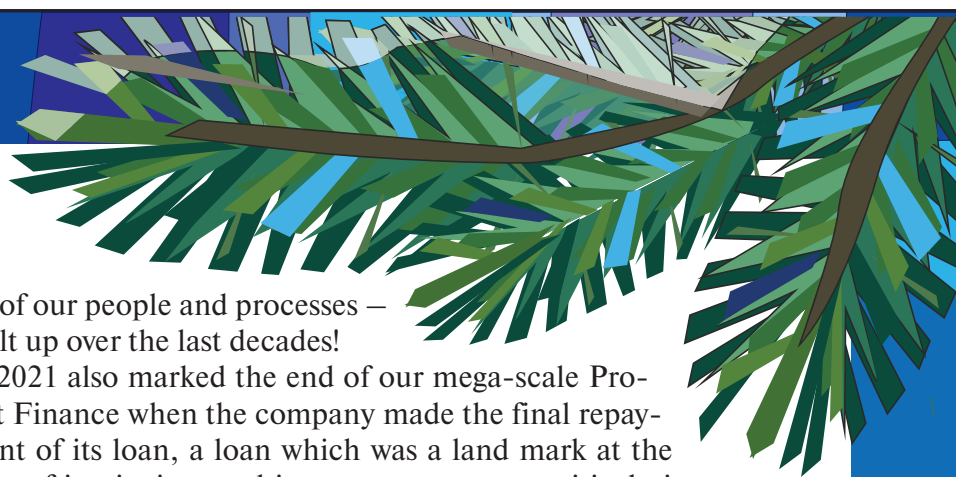
KAISER LONE, LEGAL DIRECTOR: “To say that COVID-19 pandemic has changed the world would be an understatement. We have seen a significant transformation in every aspect of our lives during the last year and half. Apart from being forced to lead a more virtual existence, each one of us has been impacted by this pandemic in one way or the other. Despite the challenges associated with COVID-19 pandemic, we have demonstrated resilience and continued to operate our core business without any disruptions whilst delivering a large number of key initiatives and projects, including successfully completing the largest turnaround during the history of the company and delivering the first Green LNG cargo to the Asia-Pacific region. I would, therefore, like to take this opportunity to thank everyone of you for your contributions for the success we achieved in 2021.

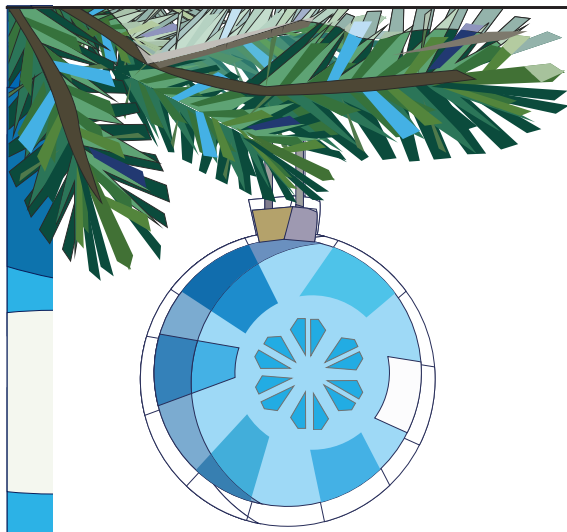
We live in a geopolitical environment where legal risks are continuously changing and the regulatory landscape is hardening, particularly around economic sanctions against the Russian Federation. One of the important focus areas for the Legal Directorate is to ensure that we continue to remain compliant with our multi-jurisdictional compliance obligations. I urge you to be agile to adapt and adjust to constantly evolving compliance requirements required to satisfy multitude of regulators with often overlapping compliance requirements.

Unlocking our Growth Strategy, by maturation of in license opportunities and attraction of outside hydrocarbon resource base, is important for the survival of our company beyond 2041.

I wish you and your loved ones a Merry Christmas and a Happy New Year. Please continue to be stay safe.”

■ Prepared by Marina Semitko





During the meeting dedicated to the balanced production and consumption of natural gas in Sakhalin, considering the supply of gas through the Sakhalin-Khabarovsk-Vladivostok main gas pipeline, it was noted that today the island region is completely self-sufficient in natural gas through its own production, in particular, due to the implementation of the Sakhalin-2 project by Sakhalin Energy. Deliveries of gas to consumers in the region are made as royalty obligations under the Government Order in force until 31 December 2023, and the extension of the agreement with the operator is under consideration. According to Alexander Novak, in the near future, the project of construction of the necessary gas infrastructure of Sakhalin Island and a number of islands of Kuril Ridge will be finalised.

The Deputy Prime Minister held an additional meeting on the development of the gas infrastructure of the region. It was stated that there are now 26 gasified settlements and 29 thousand gasified subscribers with an annual supply volume of about 1 billion cubic meters of natural gas. Together with

The Task Has Been Set

Roman Dashkov, Sakhalin Energy's Chief Executive Officer, took part in workshops on the development of the fuel and energy complex of Sakhalin and Kuril Islands, held by Deputy Prime Minister Alexander Novak. The meetings were attended by Valery Limarenko, Sakhalin Oblast Governor, and Vitaly Markelov, Deputy Chairman of Gazprom Board of Directors.



Gazprom, the region is actively implementing the current programme for the development of gas supply and gasification for the period up to 2025; the volume of investments is estimated at 33.2 billion rubles. By the beginning of 2026, all areas of the region, including the Kuril Islands, are planned to be provided with pipeline or liquefied gas through the construction of small LNG production plants as well as LNG terminals.

The meeting focused on the development of gas supply and sufficient backfill. Accord-

ing to experts, economic growth dictates that the demand for gas in the Sakhalin Oblast will increase by one and a half times by 2025. In the next five years, it will be twice as much.

As Alexander Novak, Deputy Prime Minister of the Russian Federation noted, the overall gasification potential of the Sakhalin Oblast is far from being exhausted. "By 2025, the goal is to ensure 100% gas supply of the Sakhalin Oblast," — summarised the discussion the Deputy Prime Minister.

■ Prepared by Marina Semitko based on public materials

meeting

event

An Impetus for a Green Agenda

In November in Moscow, Alexander Sergeev, President of the Russian Academy of Sciences (RAS) and Roman Dashkov, Sakhalin Energy's Chief Executive Officer, signed a Cooperation Agreement on scientific, technical, innovation, information and analytical and expert activities.

The document is a follow-up to the agreements reached during the Sakhalin Oil and Gas 2021 Far Eastern Energy Forum and reflects the prospects for cooperation in the field of fuel and energy research and materials science.

Key areas of cooperation between the RAS and Sakhalin Energy will be carbon footprint reduction, decarbonisation, soil and assets stability in the permafrost zone, etc.



In addition, the agreement provides for the preparation of proposals related to environmental management, implementation of environmental, social, agricultural and other programmes, projects and initiatives, including those implemented jointly with the Sakhalin Oblast Government.

"The challenges that oil and gas companies face today in the green agenda require scientific justification and the development of new mechanisms, methodologies and regulations for their subsequent deployment within the enterprises in the new environment. Today's signing is a clear example of cooperation between business and basic science, which I am sure will give a strong impetus to solving knowledge-intensive tasks towards a climate-oriented energy mix of the Russian fuel and energy sector. In the context of the developed scientific and technical base, we can count on the formation of a system of accounting and control of carbon units and its further verification by the international expert community, which will subsequently ensure the implementation of our approaches on a global scale," said Roman Dashkov.

"The decision to sign this agreement is dictated by today's reality. Sakhalin Energy, being the largest business in Sakhalin, demonstrates its commitment to low-carbon development. This area of cooperation with the company is among the strategic interests of the Russian Academy of Sciences, and corresponds with the priorities of effective development of the Russian economy," said Alexander Sergeev.

■ Olga Moreva

"There Can Be No Tolerance in Matters of Compliance with Safety Rules"

In November, Sakhalin Energy held a Goal Zero seminar bringing together corporate leaders in the field of safety. The participants discussed the current HSE performance as well as the necessary actions to improve it.

"Safety is a key priority for company management and all shareholders," said Chief Executive Officer in his welcome address. "We have everything — from policies, procedures and regulations to the required PPE. But accidents still happen at our facilities because the human factor remains the main risk in the system. It is the most difficult to deal with, as it implies building and maintaining a culture of overall safety and individual responsibility common for all, including contractors. It is constant, daily work on yourself, on your development and improvement. Each of us personally and we, as a company should refer to the best Russian and international experience, analyse and combine to be ready to solve problems in a multitasking environment," noted Roman Dashkov.

"If we admit a situation where we have to choose between following safety rules or continuing to work, It means that we initially went the wrong way. There can be no tolerance in matters of compliance with safety rules! Obtaining licenses to conduct activities, we confirm our readiness to comply with them. All the regulations are written in blood, and it's not a metaphor; it's an industry experience," he added.

HR Director Alexander Sheykin emphasised the role of leaders in ensuring safety, which should be a thread con-



necting all activities. "The importance of education in this area cannot be overemphasised. I urge line managers to organise the training process so that theory brought concrete results into practice," the HR head outlined the priorities for further development.

"It is difficult to work under parallel standards — the requirements of the Russian Federation and international analogues. We must create a base of harmonised standards that will cover all areas of our activity," stressed Evgeny Udovenko, Head of the Engineering and Maintenance Department.

One of the most pressing topics of the Goal Zero seminar was the health of employees. "A healthy and happy person, working much more efficiently, brings much more value to the company," claims Denis Smirnov, Head of Production Department (Onshore Assets). It is necessary

to pay special attention to the living conditions of personnel at remote assets. "The new reality", which is now commonly referred to, is essentially no longer new. We live in it and have to take into account and minimise the risks associated with it, both in planning and in operation," he said.

"We cannot ignore external factors and closely monitor regional, national and global developments. Over the last two years, the company has reviewed and reassessed many processes. On the one hand, long shifts can result in accumulating fatigue. On the other hand, the arranged temporary accommodation facilities (TAFs) reduce the associated risks. Of course, we will continue to optimise our activities, applying a stepwise approach in lifting the imposed restrictions. The management places particular emphasis on measures to maintain the health of employees. But here, too, a lot depends on the individual — the rejection of bad habits, a healthy lifestyle — these are the decisions that we make ourselves and which lie at the heart of taking care of your health," concluded Roman Dashkov.

Concluding the seminar, the Chief Executive Officer of Sakhalin Energy stated that an open dialogue had taken place, but the main work following the seminar results will continue in all divisions of the company.

■ Natalia Gonchar

goal zero



Journey Book: Familiar yet Fresh

corporate culture

*My finish line is the horizon, my ribbon, the edge of the earth.
I must be first at the horizon!*

Vladimir Vysotskiy

The idea of some overarching corporate document outlining Sakhalin Energy's near-term development plans was first raised by the Committee of Executive Directors back in 2007.

This fact has been carefully documented with an email from a director to his colleagues on 19 April proposing the creation of a "booklet for all staff to inform them of our goals, strategies and actions for the next five years". Some of the chapters proposed at that time ("HSE and Security", "People", "Compliance", "Growth Strategy") are still part of the company's Journey Book (JB), while others have been significantly changed. But the creation of a strategy document for all staff, setting out plans in key areas of our activities, can generally be considered a starting point.

It's been almost 15 years since then we have started year-round crude oil supplies, launched Russia's first LNG plant, became the best in all sorts of ratings and even moved on to a new reality, in which we have also managed to get used to and have done many things that fall under the definitions of "unique" and "record-breaking". The Journey Book has been with us the whole time, meticulously recording our plans and their subsequent implementation.

It would seem that there is nothing fundamentally new to come up with in the preparation of the document that is repeatedly discussed. It turns out that not

only can we do this, but we must, if we are still committed to being the premier energy supplier in the global market.

The first key innovation, proposed at the Board of Directors Offsite Meeting by CEO Roman Dashkov and unanimously supported by all Board members in attendance, is the involvement of Shareholders in the discussion of the corporate Journey Book.

The second innovation is the involvement of Sakhalin Energy's eighth "director" in the development of the JB. Keep calm colleagues, the corporate governance model has not (yet) changed that much and the company has no a secret director. To discuss the Journey Book with the CED members in more detail, it was decided to invite a "collective director" represented by Alexander Singurov, Deputy Production Director, Prigorodnoye production complex Manager, and his team. With the new Journey Book, the company thus ensures that plans at all levels of governance are worked out in greater depth.

Another fundamental difference is that in the new version, in addition to our usual 5-year plans and long-term strategy, we will talk about a longer-term outlook – a 20-year horizon. And not

just to talk but try to visualise and shape accordingly.

These were the objectives of the Forum 100 extended session, held at the end of November in the Stolitsa Business Centre in Yuzhno-Sakhalinsk. For the first time, representatives of Sakhalin Energy's shareholders, the regional authorities, represented by the Sakhalin Oblast Government and led by Governor Valery Limarenko, and the Mayor of Yuzhno-Sakhalinsk, Sergey Nadsadin, joined the meeting in this format.

Roman Dashkov, Sakhalin Energy's Chief Executive Officer, said the company's huge potential requires constant attention, analysis and proactive approach. "When operating in the Sakhalin Oblast and making plans for the long term, one cannot do without dialogue with the regional authorities. Shared interests, as well as an understanding of regional goals and objectives, will enable us to consolidate and rank the development priorities of both the company and the region as a whole. In doing so, one of the key areas of joint activities should be the localisation of business and the implementation of climate projects. This will keep Sakhalin a centre of competence for oil and gas activities on a company-wide basis and build on decades of experience," Roman Dashkov said in his opening speech.

Sakhalin Oblast Governor Valery Limarenko, in turn, expressed his support

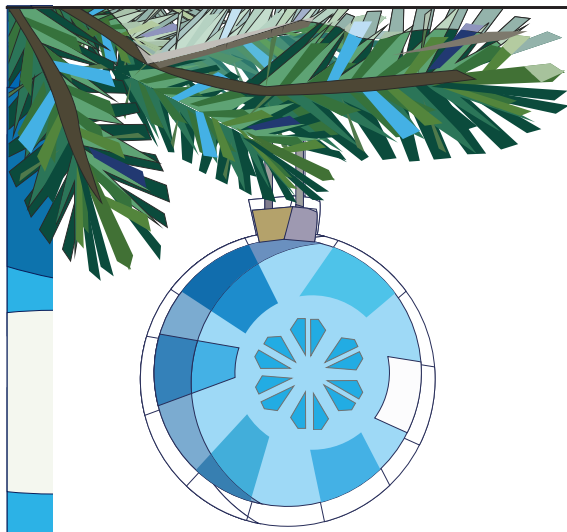
for the Sakhalin-2 project and shared the island's development plans, which are based on three key theses – business diversification, economic decarbonisation and creation of a comfortable living environment. Investment projects, including upgrade and construction of logistics hubs, the oil and gas projects and green energy, were examined in detail. "The government is always keen to support business development in its territory. We therefore have a number of objectives that we will work towards together with Sakhalin Energy. On our part, we will do everything necessary to find a platform on which the company and other market players can operate sustainably," said the Governor.

The Mayor of Yuzhno-Sakhalinsk, Sergey Nadsadin, briefed the audience on the concept of developing urban infrastructure based on environmental standards and creating a logistics hub. The topics raised resonated with Sakhalin Energy's employees, residents of Yuzhno-Sakhalinsk, who were actively involved in discussing plans for its optimisation, including the transport system, education, medical services, construction of new housing and others.

The agenda for discussing plans for the development of the region and the island's capital was smoothly replaced by the formation of a unified image of Sakhalin Energy for the next 20 years horizon. The outcome of this meeting will be a new Journey Book 2022–2026 providing a view of the key milestones for long-term planning up to 2041. And only the clear "filling" of each of these areas through the prism of the implementation of the company's growth strategy will be the key to the right path to the core of the corporate "sun".

■ Natalia Gonchar





new year's "peak"

Dear colleagues, the year 2021 is running out. It is time to pause for a second, look back on the path we have travelled and realise what a tremendous job we have done by uniting our efforts, and what significant goals we have achieved. It is time to take stock and think about how we can become better still – there is no limit for perfection, especially when it comes to Sakhalin Energy.

This past year, like the year before it, was full of challenges. Despite the persisting unfavourable epidemic situation, we continue implementing measures and programmes aimed at maintaining a high culture of production and labour safety, and we are actively involved in new ambitious projects, including the Peak Corporate Championship. We have learned to work in a close-knit team. We have become more resistant to stress. Despite working remotely, we remain leaders in our teams and pillars for our loved ones to lean on.

So let us move forward, to new heights, to our goals! May success accompany you throughout 2022! Happiness, peace and prosperity to your families! After all, if you are happy at home, you will be happy and efficient at work. Think positively and inspire others to do likewise!

We are immensely proud to be part of the amazing united team of Sakhalin Energy!

■ Prigorodnoye production complex team

* * *

The Commercial Directorate team wishes all Sakhalin Energy employees a Happy New Year!

2022 is the year of the Tiger, whose main attribute is believed to be curiosity. It is fearless and always ready for new discoveries, so the coming year brings promises of positive changes in all areas of life. Those who respond to external changes promptly and confidently, showing flexibility and good prioritisation skills, will definitely succeed.

In the New Year, we wish for everyone to remain professional and optimistic, to be able to rise to upcoming challenges and remain committed to Goal Zero. Take care of one another, but also take care of Sakhalin Energy with an aim to strengthen its leading positions on the Asia-Pacific market and in the global oil and gas industry, and continue implementing the corporate Green LNG strategy.

May 2022 be a breakthrough and success for all of us and may our KPIs exceed our targets! Let us get to the Peak and stay on top!

Trust Is the Key

A delegation headed by Chong Soo Park, the Chairman of the Presidential Committee on Northern Economic Cooperation of the Republic of Korea, visited the Prigorodnoye production complex.

The guests were greeted at the LNG plant by Alexander Singurov, Deputy Production Director, Prigorodnoye production complex Manager, and Andrey Okhotkin, Commercial Director. After a safety briefing, the delegation got acquainted with the activities of the Sakhalin-2 project operator. Alexander Singurov spoke in detail about the operation of the complex and the specifics of gas liquefaction using the dual mixed refrigerant technology. During the presentation, he mentioned the supply of Sakhalin LNG to South Korea. "We have been successfully supplying liquefied natural gas to the South Korean market for more than a decade, and our partnership with KOGAS Corporation, one of the largest buyers of LNG in the world, is of great importance to us. We do hope that further cooperation between the countries will become stronger and develop, including that within the framework of the climate agenda," – said Alexander Singurov. He added that, in October this year, the company delivered the first carbon-neutral / offset LNG cargo to the Asia-Pacific region.

During the meeting, the parties highlighted the importance of international efforts in combating climate change, including in making the world economy greener. In turn, Chong Soo Park expressed interest of the Korean party in co-



operation with Russian companies in relation to green hydrogen production and supply projects.

A bus tour around the complex was the final event of the visit. The delegation saw production facilities and equipment, learned about unique operations carried out as part of the largest shutdown of the integrated gas chain in the company's history, which took place this summer.

The head of the delegation left a note in the distinguished visitors' book: "It is a great honour for me to visit the Prigorodnoye production complex. I hope that we will continue developing cooperation between Korea and Russia on LNG and energy in general. I want to emphasise that trust is the key," said Chong Soo Park.

Upon leaving the Prigorodnoye production complex, the visitors thanked the company's employees for organising a working visit to the Russia's first LNG plant and wished the Sakhalin-2 project team further success.

■ Alyona Olovyanishnikova

meeting

With attention to the staff

Roman Dashkov, Sakhalin Energy Chief Executive Officer, held a meeting with the company's expatriate staff.

During the open dialogue, the participants exchanged opinions on the prospects of the company's development and current business lines, including carbon-neutral energy. The meeting participants discussed the role of foreign specialists in the development of the Russian staff, emphasizing the importance of strengthening communication between employees and line managers, especially at remote facilities.

The informal meeting agenda included topics related to the preservation of the multicultural environment for the expatriate personnel and members of their families, taking into account the specificities of the Russian legislation. Roman Dashkov stressed that the company would continue to support expatriate personnel in the conditions of corporate culture adaptation to the new business reality.

At the end of the event, the participants noted the need for such meetings – it was decided to hold them regularly.





spotlight interview

“Well Integrity as an Object of Synergy of Best Practices”

Timur Gafarov, Sakhalin Energy Technical Director, talks about the development of a standard on the extension of the life of wells drilled on the shelf of the island as part of the Sakhalin-2 project – the first standard of the kind in the history of the Russian oil and gas industry.



– The words “the first in the history” express the significance of the achievement and give special weight to this news. Still, I have a question: why did Sakhalin Energy do it the hard way instead of following the beaten track?

– The answer is simple: we were the first in Russia to start the construction of offshore wells. The production of oil from the Molikpaq platform started in July 1999. Consequently, we are the first Russian subsoil users to face the question of how to extend the safe operation life of the wells in the Piltun-Astokhskiye and Lunskiye fields after the expiry of the term established by the law.

– In Sakhalin Energy, internal regulations are normally developed on the basis of federal laws and regulations, as well as the international experience of the company’s shareholders. Why did this particular document require a special approach?

– You have defined the basis for the development of the company’s regulatory documents absolutely correctly. This is where we started. The project team focused its efforts on harmonising international and Russian standards. A well is one of the key facilities of offshore stationary platforms, that is why the production of the planned amount of hydrocarbons, as well as the industrial and environmental safety of the platform as a whole fully depend on its technical condition. Each technical device (this is exactly what a well is, in fact) has a standard service life. If it is not defined by the technical documentation, the law establishes it as a twenty-year period, after which the device is to be replaced with a new one, or its operating time is to be extended after an expert examination followed by a positive conclusion.

To assess the situation, discipline experts and specialists of the company’s Technical Directorate analysed the applicable Russian legal requirements, the corporate regulations, and the methods

for appraising the technical condition of Shell wells. The company also engaged experts from Gazprom VNIIGAZ* in the fulfilment of the task. The joint work resulted in the preparation of a conclusion stating that the basic requirements of Russian and international standards for assessing the technical condition of wells were the same. This confirms that Sakhalin Energy’s well integrity monitoring solutions are perfectly in line with oil and gas industry best practices. There was only one gap: the company did not have a procedure for extending the life of wells beyond the standard service period. Given that it is impossible to take into account the specific features of onshore and offshore oil and gas fields in one document, the law prescribes an expert examination, but does not define the exact procedure for it.

– How do our shareholders resolve this issue when they face it?

– There is no clear-cut answer to this question either. Shell’s documents do not set a standard service life upon which it is necessary to follow extension procedures. A certified expert evaluates each well based on monitoring data and makes a conclusion on the nature and scope of necessary repair work, after which the well can be put into operation again. Gazprom has developed a procedure for extending the life of wells in underground gas storage (UGS) facilities and is actively using it, since the company has a long history, and their wells – a long service life. Sakhalin Energy’s wells drilled from stationary offshore platforms differ from Gazprom’s significantly in that they have a different purpose (hydrocarbon production), different structures, complex trajectories, considerable drilling depths, high flow rates, and a multicomponent composition of produced fluids. In addition, they are located in unique natural sites. Based on the above, we could not possibly use the existing procedures – they would have to be adjusted to the conditions of the Sakhalin-2 project, taking into account all its specific features.

– Did you manage to overcome the blind area?

– It was a challenge for the project team. It took a huge amount of work to combine the requirements of the Russian legal and regulatory framework and Sakhalin Energy’s internal regulations and formulate the Procedure for Extension of Safe Operation of Wells in the Piltun-Astokhskiye and Lunskiye Licence Areas. The project team analysed a large array of scientific and technical data in Russian and foreign scientific publications and studied Shell’s and Gazprom’s relevant corporate documents. Thanks

to this, it was possible to synchronise the Russian and international approaches to ensuring the integrity of wells throughout the period of their operation. In addition, we were able to fill the gap caused by the lack of a methodology for extending the life of offshore wells in Russia.

The project team has developed a procedure that defines methods for diagnosing surface and underground well equipment, an algorithm for calculating the residual resource and determining, on this basis, the period for extending safe operation of wells in the Piltun-Astokhskiye and Lunskiye licence areas. This document has already received positive feedback from Russian companies that specialise in conducting industrial safety expert reviews to extend the service life of technical devices, which, as I said earlier, include wells. This is how we developed the standard.

– Timur, as far as I understand, this document was created to address not only legal, theoretical, but also quite practical issues. Am I right?

– This document is designed for the practical resolution of the topical theoretical problems. A well is an expensive complex facility that contains a set of surface and subsurface equipment. According to theory, this equipment can only be operated for 20 years. In practice, however, a well retains its technical characteristics thanks to constant monitoring, timely maintenance, and repair, which allows its safe operation beyond the period established by the regulator. On one condition: the safety of the well needs to be proved. The standard we have developed resolves this problem and ensures the efficient use of the company’s well stock, minimising the cost of equipment replacement, in full compliance with the established legal requirements. The standard consists of two main parts: the programme for well monitoring during its operation period, and the life extension procedure itself.

– Did you include the well monitoring programmes in the standard to ensure that the surface and subsurface equipment is in good working order throughout the life of the well?

– The alpha and omega of Sakhalin Energy’s production activities are safety in general and industrial safety in particular. Therefore, each of the monitoring programmes is a complex system that provides for a multi-stage check of all equipment units and the maintenance of each particular well. It includes the collection and analysis of well monitoring parameters, periodic testing of well serviceability, scheduled maintenance of individual units of well equipment, geophysical studies of the technical con-

new year’s “peak”

Dear colleagues, Happy New Year to you all! May 2022 be an excellent launch pad for new achievements, discoveries and victories! May any undertaking be crowned with success, may all your plans and dreams come true! Good health to you and your loved ones. May you always have true friends, reliable colleagues, and pleasant and effective teamwork! May the year be generous with joy, happiness, inspiration, may it bring new opportunities for personal growth and development! We wish for you to conquer any Peak you set your heart on!

■ Technical Directorate team

dition of the well, analysis of the operational and technical documentation, visual measurement, and non-destructive control methods, and much more. The obtained monitoring results serve as baseline data for assessment necessary for well life extension.

– Who will make the decision?

– In accordance with the Russian laws, the decision is to be made by experts from a specialised organisation certified by Rostekhnadzor. They will conduct instrumental examination of surface equipment and geophysical studies of casing strings, assess the residual life of the well, and then issue an opinion on the feasibility of extending its service life based on the newly developed standard.

– You have put clear signs and landmarks on the unbeaten track. What do you plan to do next?

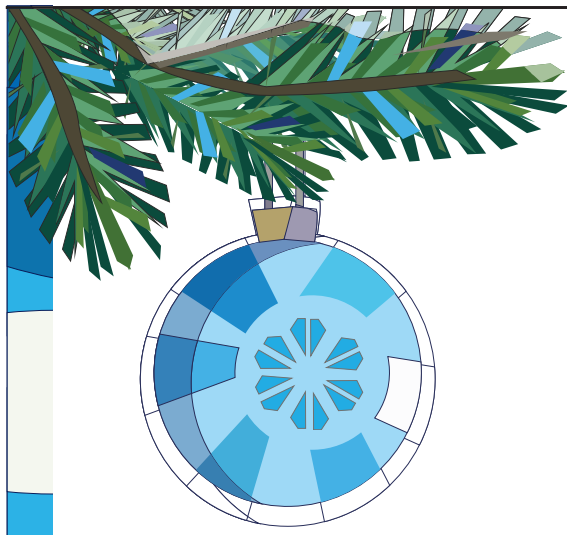
– At the moment, the standard is at the stage of final approvals. When it has been approved, it will be applied in practice. This will allow Sakhalin Energy to resolve priority tasks related to compliance with Russian and corporate requirements for ensuring the integrity of wells, industrial and environmental safety during their operation and the operation of the offshore platforms in general.

– This is this year’s last issue of the Vesti. According to the long-standing tradition, you are supposed to extend greetings of the season to your colleagues and employees of the company.

– First of all, I would like to thank everyone who took part in this project – the well-united, creative team of specialists from many units of the Technical Directorate, the Industrial Safety Department, the Financial and Commercial Directorates, as well as contractors – Gazproektengineering, VNIIGAZ, Industrial Risk Research Agency, and SakhTechControl. A Happy New Year to all of you! I do not think that it will be a bed of roses (on the contrary, I am sure it will be quite challenging), but we will cope with all difficulties and overcome all obstacles like we have done many times before. We will do it because we are a team! I wish you all happiness, good luck, and success!

* Gazprom VNIIGAZ is the leading gas industry research institute, a part of Gazprom.

■ Interview by Elena Gurshal



new year's "peak"

The company's Corporate Security team sincerely wishes all colleagues and partners a Merry Christmas and a Happy New Year!

Despite all the difficulties and challenges, the year 2021 brought many joyful, memorable events and work accomplishments that were made possible through our coordinated teamwork. We thank the management and specialists from related functions for their professional support and active involvement in ensuring corporate security!

We believe that the coming year will be one of the most successful for our company in achieving our goals and boosting team spirit among our employees. Our participation in the Peak Corporate Championship will undoubtedly be instrumental in accomplishing just that.

In the coming year 2022, we wish everyone optimism, happiness, harmony, friendly relationships in your teams as well as professional and personal development!

* * *

Dear colleagues! On behalf of the team of the **OPF Booster Station Construction Department**, we congratulate you on the upcoming New year and Merry Christmas!

At the end of the year, it is customary to sum up the results. Following this tradition, we note that in the outgoing year 2021, our project has made significant progress, we have embarked on a serious stage — commissioning. And this despite the conditions that the ongoing coronavirus pandemic continues to dictate to us.

The new year 2022 brings with it not only new goals and objectives, but also new challenges, which, no doubt, our team will cope with! The main thing to remember: together we will be able to conquer any "Peak"! On the eve of a wonderful holiday, we wish you happiness, prosperity and a cozy winter vacation spent with your family and friends!

* * *

Happy New Year, lots of joy and high hopes! We believe that The Peak will lead us to the top!

The team's full of vigour — determined to win.

Our sights are set upwards, holding on to the dream!

No hurdles can stop us — we'll leave them behind.

Team spirit gives courage, faith will us unite! Let our wishes come true with the clink of the flutes

And the chime of the clock raise up our hopes high!

We'll achieve new successes, no doubt to this truth!

Hush! Hear it knocking? The New Year is nigh!!

■ Internal Audit Subdivision team

Keywords of the Year



RECORDS

January looks very much like the two-faced Janus, after whom it was actually named. On the one hand, it is a festive month with a series of holidays and celebra-

tions, beginning with the New Year's Day. On the other, it is the time to analyse the achievements of the past year and assess the prospects of the year to come. Despite the COVID-19 pandemic and the economic crisis, the company has sustained its business continuity and reached an all-time high, having produced and offloaded 178.6 standard shipments (more than 11.6 million tonnes) of liquefied natural gas to customers. This is a record annual production figure in the entire history of the Sakhalin-2 LNG plant.



PERSONNEL

The first month of spring is not only the time when nature begins to awaken, but also the start of a new cycle of opportunities for young people. Sakhalin Energy is actively

strengthening partnerships with the government and educational institutions of the region to ensure that young Sakhalin specialists have a choice of jobs and are in demand in the local labour market. To this end, the company provided considerable support in the organisation of a competition in the new Oil and Gas Production competence as part of the 6th Regional Worldskills Russia Championship. This is one of the most promising areas and, at the same time, an effective mechanism for solving a task of developing a skilled and in-demand personnel.



REPORTING

Sakhalin Energy was one of the first Russian companies to publish and present its Sustainable Development Report. The 2020 issue was devoted to continuous improvement. The company firmly adheres to the policy of constant improvement and transformation in all the areas outlined in the report: business, environmental and social activities. The document was developed in accordance with the international standards of the Global Reporting Initiative (GRI). In its preparation, various interaction mechanisms were used, including discussions with staff, electronic surveying, and dialogues with stakeholders. The latter were held in an online format for the first time since the company joined the sustainable reporting initiative.



UNIQUE

Sakhalin Energy completed the largest scheduled gas infrastructure shutdown in the history of the Sakhalin-2 project. About 3,000 technicians were engaged.

More than 1.2 million man-hours were worked without any lost time incidents. These are unprecedented figures compared to the indicators of the previous years. But even more impressive are the technical operations performed at the company's production facilities during the shutdown. In particular, the replacement of two of the four LNG loading arms at the Prigorodnoye LNG jetty was at the centre of attention of federal and regional media. It was the first time ever that such large-scale lifting operations had been performed in Russia.



RUSSIAN

In September, within the framework of the Sakhalin Oil and Gas 2021 Far Eastern Energy Forum, the company significantly expanded its partner network by signing more than ten

cooperation agreements with Russian companies, including those registered on Sakhalin, in a number of promising areas. Engagement of domestic enterprises (Sakhalin Turbina Service, GeoSplit, TMK, AKROS, and others) in the Sakhalin-2 project, along with the localisation of businesses, will provide a competitive advantage to Sakhalin Energy and contribute to sustainable development of the region.



CARBON NEUTRAL

In October, Sakhalin Energy delivered the first shipment of carbon-neutral / offset liquefied natural gas to the Asia-Pacific region. The supply of green LNG is in

line with long-term policy focused on reaching high environmental responsibility standards and meeting new market requirements. The company's commercial strategy envisages making carbon-neutral / offset LNG a standard offer in the nature-based gas portfolio of the Sakhalin-2 project.

Sakhalin Energy, together with its partners — the Chief Directorate of MChS of Russia for Sakhalin Oblast and the regional Ministry of Education — strives to instil safety standards into the widest possible audience. The Safety Day, celebrated



SELEBRATING SAFETY

in Sakhalin Oblast on a regular basis, contributes significantly to the accomplishment of this task. This year — for the first time ever —

the municipal stage of the large-scale competition was held in the format of online testing. Teams from 15 districts of the island entered the finals. This event is unique for the Far East. For several days, children immerse themselves in an atmosphere of safety. They gain new knowledge and immediately use it in practice under the supervision of experts. Then they share their skills with friends and family. This results in a living chain that promotes safety.



PLAN

In December, the fourth Sakhalin Indigenous Minorities Development Plan was signed. Over the 15-year history of the public-private partnership between

the Sakhalin Oblast Government, Sakhalin Energy and the Regional Council of Authorised Representatives of Sakhalin Indigenous Minorities, the Development Plan has not only been recognised as an example of best practices at the national and international levels, but also received high praise among the indigenous peoples themselves. The main advantage of the document is that it provides for effective and transparent procedures at all stages of its implementation. This gives the representatives of the Sakhalin ethnic groups an opportunity for further sustainable development.

■ Prepared by Elena Gurshal



award

A Parade of Awards

If you think of all the awards the company received in 2021, you'll see a whole cluster of trophies flashing before your eyes that gather into a bright kaleidoscope of fantastic colours of the new reality.

JANUARY

Sakhalin Energy received the status of National Project Partner for its contribution to the implementation of the goals and objectives of the Ecology, Culture, Demography and Education national projects.

FEBRUARY

The company was named of the best Russia's employers. The results of 2020 Russia's Best Employer rating exercise have been issued by HeadHunter – a major Russian online recruitment company.

Sakhalin Energy topped Shell's Gas System Reliability Rating. The Rating includes three categories: Production Vs. Plan, Compliance with Technical Requirements, and the Number of Un-scheduled Shutdowns. Shell's Asset Management team highlighted the company's key achievements in their letter with congratulations.

MARCH

The Russian Pobeda (Victory) Organising Committee under the President of the Russian Federation awarded the CEO of Sakhalin Energy Roman Dashkov with a commemorative medal "75 Years of Victory in the Great Patriotic War 1941–1945". Along with the medal, Roman Dashkov was presented with a certificate For Active Participation in Patriotic Education and Addressing the Social and Economic Issues of Veterans signed by Vladimir Putin.

Sakhalin Energy was praised by Shell's production technology and well drilling managers for the company's outstanding achievements in well integrity in 2020. The company was recognised as the best in the Well Integrity category of Shell's Rating.

APRIL

Sakhalin Energy won the Leaders of Russian Business: Dynamics and Responsibility 2020 contest of the Russian Union of Industrialists and Entrepreneurs. The company was recognised in two categories: For Contribution to the Social Development and Support of Territories Amid COVID-19 and For the Development of Human Resources.

Sakhalin Energy won an award in the 2021 Best Corporate Media contest held by the Russian Association of Communication Directors and Corporate Publishing. *The Wise Seal* by Vladimir Sangi published with the company's support to celebrate the 85th anniversary of the iconic author of Nivkh literature was recognised in the Effective Tool for Building Corporate Culture and Promote Socially Responsible Business Principles category.

MAY

Sakhalin Energy was announced as the winner of KonTEKst, the All-Russian PR Projects Contest held with the support of the Russian Ministry of Energy. The company was recognised in four categories. New Reality: Anti-Virus Communications Project was named

the best anti-crisis PR initiative. Winter Safety Marathon won as the best informational support project. Two projects shortlisted for the KonTEKst award, #EnergyWithoutBorders (youth engagement and HR development) and Sakhalin Energy Vesti Newsletter, were awarded 2nd class diplomas in the Corporate Media category.

JUNE

Vesti, Sakhalin Energy corporate newspaper, became the winner of The Union of Word and Goodness, the All-Russian Charity and Patronage Award. The company was recognised in the Corporate Media category for promoting the linguistic rights of indigenous minorities of Sakhalin Oblast and popularising endangered native languages.

SEPTEMBER

In 2021, in honour of Oil and Gas Industry Workers Day, six Sakhalin Energy employees were awarded certificates of merit from the Russian Ministry of Energy (Andrey Vada, Oleg Strelnikov, Igor Zinovenko) and letters of appreciation from the Russian Ministry of Energy (Vladimir Voloshanenko, Sergey Karpol, Andrey Kovarin).

Sakhalin Energy was assigned Class A1 in the 2021 Russian Business Anti-Corruption Rating compiled by the Russian Union of Industrialists and Entrepreneurs.

Sakhalin Energy became the only Russian company whose experience had been included in the UN Annual Global Compact Best Practices for 2021.

Sakhalin Energy ranked first among oil and gas enterprises in the 2020 social performance rating of the largest Russian companies as published by the AK&M agency.

OCTOBER

Sakhalin Energy was assigned the highest level of sustainability disclosure (RESG 1) in the ESG Reporting Rating by AK&M rating agency.

For the fifth year in a row, the company topped the list of 100 key enterprises and won the main category of the Labour Productivity: Russian Industry Leaders 2021 All-Russian award.

Sakhalin Energy was named the winner of the 1st Going Carbon Neutral: Best Practices regional competition. The company was awarded for a special contribution to improving the efficiency of environmental safety in the region.

Sakhalin Energy's eWellBook Project won the Best Digital Solutions in Oil and Gas Industry competition, held as part of the Smart Oil & Gas: Reliable Data IT Forum.



Sakhalin Energy CEO Roman Dashkov was presented with a commemorative medal "75 Years of Victory in the Great Patriotic War 1941–1945" by Sakhalin Oblast Governor Valery Limarenko in a festive ceremony

Natalia Gonchar, Head of Sakhalin Energy's Corporate Affairs Department, won the main nomination – Best Corporate Social Responsibility Director of the Top 1000 Russian Managers Award. The award recognises business leaders with the highest professional reputation who have made a notable contribution to the development of their companies, industry and the Russian economy.

NOVEMBER

The company's Sustainable Development Report is leading in the Best UN SDGs Strategy and Performance Elaboration category of the Change Management. Visionaries Award. Another award was granted to the company in the Business. Ecology category for the implementation of the Biodiversity Conservation Action Plan.

DECEMBER

The World Petroleum Council honoured Sakhalin Energy with the highest award of the World Petroleum Council Excellence Awards, which recognises outstanding projects in the oil and gas industry. The company's practice of engagement with Sakhalin indigenous minorities was recognised as the best in the Social Responsibility category.

Evgeny Kovalyov, Sakhalin Energy's Head of Corporate Safety division, became a laureate of the international HSE DAYS project and was among the top 20 HSE managers. The prestigious platform brings together HSE professionals, bearers of best practices, whose experience contributes to achieving Goal Zero.

Sakhalin Energy became one of the leaders in the WWF and Creon Group Environmental Transparency Rating – the company shared the third and fourth places with Surgutneftegaz. Each participant was assessed in three categories: logical management, environmental impact and level of information disclosure. In addition, this year the organisers took into account the fact that the company has an assessment of climate risks.

■ Prepared by Marina Semitko

new year's "peak"

Dear friends! New Year's Eve is a high time to highlight the main achievements of the outgoing year and see what heights have been achieved.

In a nutshell: the largest shutdown in the history of the company was carried out without any loss of working time, and more than 50 million steps were taken as part of the the "Peak" corporate championship together with colleagues.

The Engineering and Maintenance Department wishes all colleagues a Happy New Year and Merry Christmas!

We sincerely hope that many of us will be able to spend the New Year holidays with family, relatives and friends. Next year, we are focused on fruitful collaboration to ensure the safety and reliability of production. We wish you health, prosperity and achievement of new heights!

* * *

The Project Delivery Department team would like to extend season's greetings to all Sakhalin Energy's employees!

This year, the department has put in an excellent performance: The LNG/OET project delivery team and the CUI project delivery team at the OPF had worked for 15 and 5 years, respectively, with no lost time incidents. There is a huge amount of work behind those achievements: mastering new focus areas, an innovative approach, progressive management and, at the same time, balanced decision-making and high professionalism aimed at the overall success of our company.

In the new year, we wholeheartedly wish the whole Sakhalin Energy team to conquer new heights, and every employee – good health, prosperity, and every success in all their deeds and endeavours!

* * *

The Approvals and Compliance team would like to wish our colleagues and partners a Merry Christmas and a Happy New Year!

We all know that a New Year has always stood for renewal and change. So, let 2022 be a better, more successful, happier, and brighter year, and let the words "pandemic" and "coronavirus" be a thing of the past! From the bottom of our hearts, we wish you to continuously raise the level of professionalism and self-improvement, to work safely and effectively, while observing the principles of the Goal Zero program, and to move to new heights in the fulfilment of your objectives!

We are confident that all participants in the Peak Corporate Championship will make it to the finals with dignity, continuing to bolster team spirit and participating in the competition's events. Increase individual engagement, improve personal contribution to the achievement of good results by your team and the company as a whole. Let everyone be healthy, optimistic, and full of positive emotions in the coming year!



Optimisation Leaders

Every year, the Technical Directorate conducts two rounds of evaluation of business process optimisation projects and awards the winners with special prizes. The incentive programme helps to promote a culture of lean production and continuous improvement, aiming to transform routine work and make it easier, more effective, and less costly.

The second evaluation round of 2021 finished in early November. All in all, the Lean Production Committee of the Technical Directorate evaluated 18 projects. The three initiatives which received the most votes are briefly described below.

new year's "peak"

Dear colleagues, friends! In the past year, the Peak corporate championship has helped to strengthen our focus on safe work performance. In turn, this has increased our "appetite" for new achievements in occupational safety, as well as employee involvement in this process. We are grateful to each and every participant in the Peak corporate championship and wish all colleagues tremendous success! May our journey continue and lead us to even greater heights! **The team of the Legal Directorate** wishes everyone good health. Take care in the coming year 2022!

* * *

Dear colleagues! **The Pipelines Subdivision team** wishes you a Happy New Year, and new interesting and successful projects! May the coming year bring you career growth and pleasant surprises that will add variety and colour to your life. Happiness, inspiration and good luck to you in 2022!

Optimisation of the Well Completion Process in the Lunskeye Field Through the Use of the Gravel Packing Method

A team of employees from the Well Design, Construction and Maintenance Department and the Engineering and Technical Support Department jointly developed an initiative to upgrade the concept of lower completion of wells, which initially consisted of three stages. The wells in the Lunskeye field are getting longer and longer, so any reduction in the number of trips will significantly cut the time and financial expenditures. After conducting a detailed risk assessment of the proposed options, preference was given to the safest initiative, which eliminated the stage of cleaning the wellbore above the zonal isolation valve as a separate run, and combined it with intermediate well completion. It is important that the change in the process does not affect the quality of the well completion programme implementation.

Introduction of Russian Software for Building Hydrodynamic and Integrated Field Models

The company uses Shell's Dynamo software as its primary tool for hydrodynamic modelling. However, Shell intends to decommission it in the next few years. To find and introduce alternative software, a project was initiated to switch to a commercially available modelling product with similar functionality that could replace Dynamo software (for detailed information about this initiative, see The Wind of Change Can Be Fair article below). The project was implemented by employees of three major company units – the Technical Directorate, the Commercial Directorate, Finance Directorate, and the Information Technology and Information Management Department.



Optimisation of the Duration of Hydrodynamic Studies of Production Wells on the Molikpaq Platform

Previously, it took 72 hours to shut in wells in the Astokh area to record the pressure build-up curve (PBC). When hydrodynamic well studies of increased duration do not result in obtaining additional information, it basically leads to unjustified losses in oil production. Yet the possibility of reducing the time of such studies had never been given much consideration before. Until a team of employees from the Geology and Mining Department analysed historical data on well testing in the Astokh area and made a conclusion that the shut-in time of most wells to record the PBC could be reduced by 30–60% without compromising the study results. Thanks to this initiative, it was possible to increase oil production.

The management of the Technical Directorate is happy to congratulate the winners of the second project evaluation round and expresses gratitude for their initiatives, excellent performance, and valuable contribution to the continuous improvement of work processes.

Traditionally, the projects that entered the finals of the two evaluation rounds will compete for the title of the Best Business Process Optimisation Project of the Year 2021. See the next issue of the Vesti to learn the results!

■ Ekaterina Govorkova

The Wind of Change Can Be Fair

We often project one of the many wise quotes of Confucius – "God forbid that you live in an era of change" – onto various circumstances, invariably interpreting it in a negative way. For the Sakhalin Energy team, leaving the comfort zone (which is another way of saying "change") is a common practice. In 2019, the company launched a project to switch to a new modelling software, which resulted in the selection of a Russian software product – tNavigator. The project is now in its final stage. Artem Borodin, Senior Reservoir Engineer, will tell us about it in more detail.

– Could you please explain what the tNavigator software is used for?

– It is mainly designed for integrated modelling from reservoir to surface networks. In general, a reservoir simulation model implies a mathematical representation of physical processes taking place during oil and gas fields development. This is a common practice in oil and gas companies, an essential stage in reserves estimation, as well as field development planning.

– So it's about digital operations after all. Then why were you not happy with the term "digital twin" I used when talking about the oil and gas field?

– This term is practically never used in the industry. We say "models", not "digital twins". In the mass media, the term "digital twins" is used to describe a range of models that vary substantially in nature and purpose – from core models to digital copies of surface facilities.

– What are they used for?

– For a very wide range of tasks. For example, to estimate oil and gas reserves, define the optimal location of new wells, or provide a long-term forecast of

hydrocarbon production.

– You need to first leave point A to be able to get to point B. What software has been used in the company for the listed tasks?

– Since the beginning of the Sakhalin-2 project development, the company has been using the Dynamo software package for simulation modelling. This is a Shell's toolset which is now planned to be gradually phased out and replaced by other software.

– Which of the advantages of the new product are the most important to the company?

– tNavigator is used, among others, for the reservoir management plans (RMP) development, where simulation modelling is a mandatory part. We defend these documents before the State Reserves Committee (SRC); and simulation models are presented to the SRC experts and our shareholders, who need to open and review the files before approving them.

It used to be impossible before, because Dynamo was not commercially available, and our stakeholders did not

have either licenses for, or experience in this software. Accordingly, we had no other choice but present only calculations, input parameters for modelling, and suchlike instead of the models themselves. Transition to the new commercially available software will facilitate the process of getting approval for RMP's from the State Reserves Committee and the shareholders.

– Tell us more about the selection process.

– Our team from the Technical, Finance and Commercial Directorates, as well as Information Technology and Information Management Department carried out a thorough two-step process which included the identification, testing and evaluation of several Dynamo replacement systems, and verified their compliance with Sakhalin Energy's technical requirements. This process was integrated with the tender and resulted in the selection of tNavigator software from Rock Flow Dynamics (RFD), a Russian company.

– Another advantage of this software is that it helps the company improve the

Russian content in the Sakhalin-2 project, doesn't it?

– Yes, RFD is a Russian software provider. The company has been successfully gaining ground in the Russian and international markets since 2005. It specialises in the development of reservoir simulation modelling software and tNavigator is the company's flagship product. It is technically advanced and, at the same time, the contract is commercially attractive, which is another advantage of the solution.

– How did the technical testing go?

– We successfully developed demo models of the Astokh area (Piltun-Astokhskoye field) and the Lunskeye field. The models confirmed the technical feasibility of switching from Dynamo to tNavigator and demonstrated the technical and economic benefits of the new software product. Sakhalin Energy engineers appreciated the excellent performance and usability of the tool. So, in May of this year, the company signed license and technical support agreements with RFD.

Currently, we are actively using tNavigator to convert Dynamo models into the new format. This is a rather labour-intensive process that requires time and resources, but I am sure that we will successfully complete it.

■ Interview by Elena Gurshal

Moving Upwards

russian content



“Over the past three years, Sakhalin Energy has achieved impressive results in the area of import substitution and supply chain localisation. The remarkable progress is due to the effective and systemic implementation of the new Russian Content Development Strategy and the synergy in the work of all company units. The record figures we have achieved is the best proof of our success,” says Dmitry Dubik, Head of Russian Content development and VR Subdivision

– **Dmitry, you were appointed head of the subdivision amidst the pandemic – a challenging time for the world economy and business community. How did the restrictions affect the development of Russian content?**

– Socrates said: “Those who want to do something, find opportunities; those who do not, find excuses.” As I see it, the pandemic is not so much a limitation; rather, it is an opportunity for the accelerated development of Russian content in the new conditions. It made us rally the troops, restructure business processes, and consolidate efforts. This resulted in an unprecedented growth in Russian costs indicators: in the first nine months of the year, they increased by 10% and reached 66%. Of course, it would be wrong to say that this was achieved only thanks to the pandemic-related adjustments. In fact, the success is largely due to the implementation of the Russian Content Development Strategy for 2019–2023. The systemic approach laid the foundation for a steady increase in the share of Russian content in the Sakhalin-2 project. The synergy in the work of the Technical and Production Directorates and the Supply Chain Management Department gave a powerful impetus to Russian content development. In addition, the situation in the Russian market is changing. Russian manufacturers and service companies are increasingly ready to meet Sakhalin Energy’s requirements and supply high-quality materials, equipment and services that are on a par with their foreign counterparts.

– **The new strategy has been partially implemented. What can you say about the intermediate results?**

– In the past three years we, together with the technical units, have developed new approaches and effective tools. We have succeeded in localising the supply of oil pipe products with premium connections, drilling muds, services for the repair of static equipment, underwater technical works, offshore and onshore logistics. The Russian content indicators in all these categories are growing ahead of the plan. Currently we are evaluating possibilities for replacing the suppliers of casing lining equipment, shut-off and control valves, instrumentation, cable products, and metal structures. We plan to localise services for the maintenance and repair of dynamic and power equipment, services for the isolation and local hydraulic testing of pipelines, geological and engineering studies, and other types of services.

– **Which measures do you think were the most effective?**

– First of all, the tools of the updated Vendor Development Programme: a differentiated approach, independent technical audits of Russian enterprises to assess the possibilities of future cooperation (more than 200 audits), organisation of pre-tender round tables, where Sakhalin Energy’s technical specialists explain the company’s requirements to potential contractors.

In addition, we have successfully introduced the practice of targeted marketing research for certain types of materials and equipment based on the harmonised technical requirements. This year, we have launched four projects to identify and study the manufacturers of safety valves, plate heat exchangers, high- and low-pressure hoses, cable and wire products.

– **It is no secret that there was a certain scepticism, caused by the foreign “DNA” of the Sakhalin-2 project, about the capabilities of enterprises operating in the domestic market. Did you manage to change this attitude?**

– Over the past three years, we have done a tremendous job to promote Russian content: more than 30 focus sessions were held for personnel of all units and production facilities, and information sessions – contractors, along with this, more than 45 articles were published in the corporate newspaper Vesti.

In 2019, we launched an incentive programme to reward company’s employees and contractors for their contribution to the development of Russian Content. This innovation has proved to be very effective: the number of initiatives in the field of import substitution is increasing every year. Previously we ourselves had to approach our colleagues and ask them to consider the possibility of using this or that Russian equipment or material; today they do this on their own initiative. Now the most important thing is to keep up the pace.

– **Please tell us about the new initiatives developed jointly with the technical units.**

– Last year, together with the Project Department, we started developing and implementing Russian solutions at the early stages of upgrade and re-equipment projects preparation. This year, jointly with Gazproektengineering and Sakhalin Energy’s mechanical engineers, we have completed a project to select Russian analogues of shut-off and control valves for the LNG plant and booster station № 2. A list of Russian analogues and updated specifications for the design, manufacture and testing of domestic fittings has been prepared. In December, we are going to hold a large-scale round table with the Scientific and Industrial Valve Manufacturers Association. The event will also be attended by representatives of leading valve factories. We expect that our technical experts will use the opportunity to develop a cooperation strategy in direct dialogue with domestic manufacturers.

I would also like to highlight the new procedure for conducting pilot industrial tests of Russian technologies, equipment, and materials, which we have developed in close cooperation with the technical units of the company. At the moment, it is used as a regulatory basis for preparing tests of Russian flow meters and gas analysers.

– **Dmitry, what is the essence of the pilot team integration project?**

– This is an interesting initiative that has immediately proven its effectiveness. An employee of our subdivision was seconded to the Technical Directorate to support the development of Russian Content. In just six months, they prepared a work plan, which included tracer studies of wells using quantum marker-reporters technology, and a programme for the development of Russian Content in the segment of lower completion of wells. I am convinced that it is definitely worth considering such integration into other technical units of the company.

– **What key achievements of the outgoing year would you highlight?**

– The most significant one is that we have strengthened our strategic partnerships with Russian companies such as TMK, SMNM-VECO, INTRA SAKHALIN, and PromSystems. As part of the implementation of a trilateral cooperation agreement with Sakhalin Turbina Service and the Sakhalin Oblast Government, it is planned to create facilities for the maintenance and repair of gas turbines, compressors, generators, electric motors, valves, instrumentation, and automation systems on the island with localised engineering and technical personnel. This is a strategically important project: it will allow carrying out a considerable amount of work, which was previously performed by foreign specialists on Sakhalin. Memorandums were signed to develop cooperation with AKROS (in the field of drilling muds), GeoSplit (in conducting tracer studies of wells), NPP KuibishevTelecom-Metrology (in identifying opportunities for import substitution of measuring instruments and metrological equipment). Separately, I would like to mention the contract with PTPA for the supply of high-tech shut-off and control valves for the PA-B and LUN-A platforms. In conclusion, I would like



to emphasise once again that our success would not have been possible without close cooperation with specialists from the technical units and the comprehensive support of the company’s senior management.

– **It is about two years by the time the strategy reaches the home stretch. What areas are you going to focus on?**

– We are going to conduct a detailed analysis and make the list of equipment, materials, and services with a high potential for import substitution in the medium and long term. This work will be done in cooperation with the company’s technical specialists (they are both the customers and decision-making experts). An effective mechanism is to be developed to evaluate proposals for import substitution in the course of operational procurement, taking into account Sakhalin Energy’s production plans. It is supposed to promote constructive communication between trading houses and the company’s technical specialists. Another important task is to adapt existing procedures so as to make it possible to achieve the Russian content targets.

The plans for the nearest future include the introduction of an automated system for the prequalification of potential Russian suppliers. This will reduce the workload of our technical specialists, and also simplify the procedure for bidders: they will be able to pass prequalification on a specially created portal 24/7. In addition, we intend to continue working with potential residents of the Sakhalin Oil and Gas Industrial Park to detail plans and prepare roadmaps. Next year we will start preparing a new five-year strategy. I have no doubt that many years of experience in collaboration with domestic companies, a deep understanding of the current Russian market situation and a developed procedural base will allow Sakhalin Energy to achieve more and more ambitious goals in terms of Russian content development. The experience of recent years against the backdrop of international sanctions and the pandemic has proved that the domestic market has huge potential, and our task is to make every effort to realise it. After all, it won’t do to wait for opportunities to come by; we have to create them ourselves!

On the eve of the New Year, I would like to thank my colleagues and the company’s senior management and extend my best wishes of a happy and prosperous New Year to them all. The development of Russian content is primarily teamwork, and it is really encouraging to feel your engagement and support. When we work as a team, the sky is the limit!

■ Interview by Virginia Lakomova

Happy New Year and Merry Christmas!

Dear colleagues!

I wish you a Happy New Year! Summing up the results of the outgoing year, we can say that the Russian fuel and energy complex has done everything possible to provide energy resources to consumers on the domestic and foreign markets in the required volume and on time.

Sakhalin Energy Investment Company Ltd., which implements the Sakhalin-2 project in accordance with world practices in the field of oil and gas production, this year has confirmed its status as one of the leaders in the global oil and gas market. I express the hope that your experience, knowledge and hard work will continue to serve the interests of the Russian Federation.

May the coming year present opportunities for effective solution of important tasks and meet the expectations of each of you. Happiness, health and prosperity to you and everyone who is dear to you!

Anton Rubtsov,
Member of the Supervisory Board,
Director of the Department of Oil and Gas Complex
of the Ministry of Energy of Russian Federation

Dear Roman Dashkov!

On behalf of the staff of Gubkin University and on my own behalf, I would like to wish Sakhalin Energy a Happy New Year 2022!

For many years, Sakhalin Energy has been making impressive achievements and confidently retaining its share in the energy market, which it has managed to win thanks to the professionalism of its employees and competent management decisions of its leaders.

We highly value the strong relationship established between the company and the university, and we expect that, with the implementation of further development projects by Sakhalin Energy, our effective cooperation in training highly qualified specialists will only grow.

I wish all Sakhalin Energy employees professional development, continued progress, success and innovations in the coming New Year!

Viktor Martynov,
Rector of Gubkin Russian State University of Oil and Gas

Dear Roman Dashkov and dear colleagues!

I wish the whole company team a very happy New Year!

Today Sakhalin Energy is one of the most advanced and dynamically developing enterprises in the Russian fuel and energy sector. Not only does the company keep up with the times, but it also works on its future growth prospects, builds up its capacity, and carries out active research work.

I am pleased that our cooperation has been effective and mutually beneficial, and I am confident that the synthesis of applied and fundamental sciences will help to achieve tangible results in the development of the Sakhalin-2 project.

Dear colleagues, I wish you professional success in the upcoming year, good health, happiness and prosperity to you and your loved ones! May the efforts made by Sakhalin Energy towards the implementation of innovative ideas and solving science-intensive tasks contribute to the maintenance of the ecological balance and sustainable development of the company's host region for many years to come!

Alexander Sergeev,
President of the Russian Academy of Sciences

Dear friends, remember: no borders or boundaries can be seen from space; all the boundaries exist only in your head. I wish for you to achieve your goals, to grow and develop, and, above all else, to be strong and healthy like a cosmonaut!

Sergey Ryazanski,
Pilot-Cosmonaut, Hero of Russia

Dear Roman Dashkov and the whole team of Sakhalin Energy!

On behalf of the Association of Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation and on my own behalf, I would like to extend to you my wishes for a Happy New Year 2022! May this year bring you success, prosperity and outstanding achievements!

We highly appreciate the mutual understanding that we have developed over our long period of collaboration, and we believe that it will help us to achieve new goals for the benefit of the indigenous minorities in the coming year, too!

I hope that in 2022 you will reach a new level of development and conquer new heights. May the New Year bring you inspiration, creative ideas, energy and optimism to realise the most daring undertakings. We wish good health, well-being and personal happiness to all the members of your highly professional team!

Grigory Ledkov,
Association President, Senator of the Russian Federation

Dear friends!

Let me congratulate you on the coming holiday season and wish you a Happy New Year and a Merry Christmas! On the eve of these holidays, we always hope for some miracle. May all your hopes be fulfilled, and may Sakhalin be filled with festive cheer.

Sakhalin Oblast is one of the first regions of Russia to welcome the New Year. We then pass the 'holiday baton' to other regions of the country. Being the first is our distinguishing characteristic. We are the first in important undertakings, in large investment projects, in solving urgent issues for the region.

I am pleased to say that today we are successfully implementing new initiatives, including in the area of environment protection, for the benefit of the region and its residents. The successful implementation of the Sakhalin-2 project has given our island the opportunity for accelerated socio-economic development as one of the country's largest hydrocarbon processing centres. Sakhalin has attracted talented youth from all over Russia, who are actively proposing their innovative ideas at production sites.

This past year, you proved that you are capable of implementing the most daring projects. The coming year depends entirely on us. I wish for all your dreams to come true! I hope you will spend the winter holidays with your family and friends. May the festive season bring many happy moments and fill your hearts with joy! Good health and prosperity in the New Year! Happy New Year to all of you!

Valery Limarenko,
Sakhalin Oblast Governor

Dear Roman Dashkov, dear colleagues!

On behalf of Sovcomflot Group and on my own behalf, I would like to wish the Sakhalin-2 project team a Merry Christmas and a Happy New Year!

2021 turned out to be a challenging period for the entire business community – the ongoing COVID-19 pandemic and other global challenges have been a serious test to all of us and have made us review many long-established business models.

In the new paradigm of socio-economic relations, the issue of energy transition is particularly acute. I am happy that our companies are cooperating on this issue: in June 2021, we signed long-term charter contracts for green oil tankers for the Sakhalin-2 project. A few months later, the first shipment of carbon-neutral / offset LNG cargo from the Prigorodnoye production complex was delivered to Japan by gas carrier Grand Aniva. This makes me confident that our intercorporate synergy is the best response to the challenges of the new reality.

On the eve of the New Year, I wish the Sakhalin-2 project team success in accomplishing all upcoming tasks in 2022. May your plans come to fruition and may the path you follow in the coming year be smooth and free of any obstacles. I wish you and your loved ones happiness, good health and prosperity!

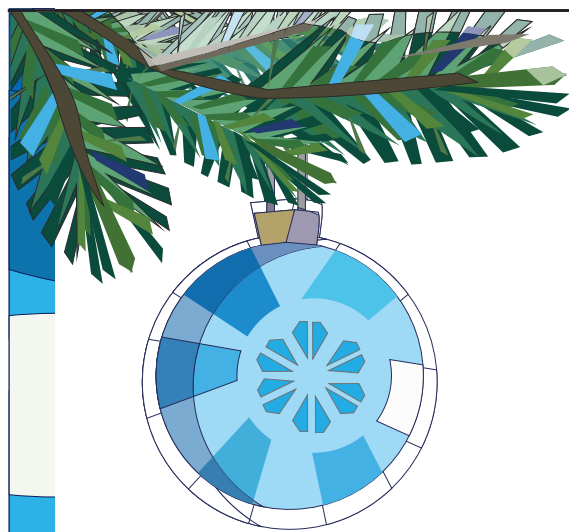
Igor Tonkovidov,
Director General, Chairman of the Management Board of Sovcomflot

*Ministry of Energy of the
Russian Federation*

Russian Academy of Sciences

Gubkin Russian State University of Oil and Gas

*Sakhalin
Region*



new year's "peak"

A New Year is coming,
Journey Book is crammed.
Let the assets be humming.
Wave of happiness and health.
Together we can do so many things,
We can make any dream come true!
At the "Peak" of abilities,
Talents and possibilities,
There's no "Peak" that we cannot sub-
due!

■ Facilities Management
and Development Division team

Vladislav Rezvykh, Deputy Head of the FMDD, begins the conversation: "We operate the Zima Highlands residential complex and the company's offices in Yuzhno-Sakhalinsk. Our scope of responsibility includes all issues related to catering, leisure, accommodation of staff, maintenance and repair of facilities. The latter area is under the control of the Operation, Maintenance and Construction Subdivision, which, beyond doubt, is the heart of the Division. During the pandemic, which not only posed unprecedented challenges, but also entailed pandemic-specific projects, the subdivision was set the task of implementing a number of priority initiatives. To accomplish this task, we engaged dozens of contractors, hundreds of people. Thanks to the competent organisation of work, we coped with all the difficulties of the new reality."

Implementing new projects, especially non-standard ones, requires great responsibility. On the other hand, this is always interesting and creative work, because each project has a unique goal. According to Sergey Mishenev, Head of the Operation, Maintenance and Construction Subdivision, such projects implemented in the outgoing year included the installation of a system for the purification of air from viruses and bacteria. "In the mass consciousness, this procedure is firmly associated with medical institutions; the pandemic, however, has made it relevant in any crowded places, including offices. We conducted studies in the SEB 1 and SEB 2 office buildings, which proved that the use of Dezar ultraviolet disinfection devices solved the problem of air disinfection only partially and locally, and therefore did not quite suit our particular needs. Given the huge volumes of exchanged air, we needed a different solution for our offices, and we found it in collaboration with one of the specialised Russian companies. This company offered to install electrical capacitors to generate controlled ionisation of oxygen, water vapour and nitrogen molecules in the air. The equipment, made in Europe, is mounted directly in the central ventilation system. Due to this, the air is disinfected before it is supplied to all floors of the office building through the ventilation and air conditioning system. The installation and commissioning of the new equipment are in progress and are expected to be completed, with the simultaneous commissioning of the entire system, by the end of the year. I must point out that it is the

Comfortable and Safe

"Every step must be safe. Every day must be filled with care for our nearest and dearest. Every challenge leads to excellence" – this is the motto of Sakhalin Energy's Facilities Management and Development Division (FMDD), which concisely describes its work and aspirations. The employees of the division do their best to provide safe and comfortable conditions for our work, accommodation, and rest. Lead Specialists of the FMDD will tell us about the significant projects of the outgoing year.

first time a unit with such a large volume of circulating disinfected air is being installed on Sakhalin.

By the way, the offices have been renovated this year – both inside and out. In SEB 2, the main entrance, the porch, and the basement have been rebuilt; in SEB 1, the facade has been prepared for winter and further operation. Due to the anti-COVID-19 restrictions, we were faced with the task of finding an alternative to the tile facade seal (made according to American standards) that would conform to all our configurations. We successfully coped with the task: all the necessary material was supplied to us by the plant located in Rostov-on-Don. Most of the seal has been replaced this year; the remaining scope of work will be done in 2022.

The Zima Highlands residential complex with its housing facilities (364 flats), the infrastructure of all production facilities, sports and leisure centres, covering more than 50

take into account all the nuances of technical measures and complete the work quickly and efficiently at the remaining eight points.

The next important initiative we have put into effect is the replacement of the security and fire alarm system. The work on this large-scale project has been carried out over the past year and a half and has affected almost every resident of the Zima Highlands residential complex. From the organisational point of view, the project turned out to be one of the most difficult ones we had ever implemented and required not only coordination between the contractor and residents, but also compliance with tight restrictions aimed at checking the spread of the coronavirus disease. When performing work in flats, all workers wore PPE. Each of them had previously passed mandatory testing for COVID-19. Today, the safety of all homes is ensured by the latest generation equipment manufactured by Rubezh

is why expanding the comfort zone beyond the threshold of the door to a flat is another large-scale area of our division's work. We not only clean the interior of residential and public premises, but also improve the territory of the residential complex. In summer, specialists of the Residential Real Estate Section maintain the lawns and all plantings in perfect condition; in winter, they clear snow from the roads and roofs. I will let you in on a secret: a design project to arrange a new park with a promenade area near the Hub restaurant and install decorative lighting in the territory of all leisure centres and the international school is currently under consideration."

Yulia Nikishina, Head of the Catering and Leisure Section, takes up the conversation: "We also make sure that our employees have plenty of leisure activities to choose from. This year, a large scope of work related to the maintenance of the equipment of the swimming pool complex was carried out in the Oasis sports centre. It included the replacement of the filter elements and the heat exchanger in the jacuzzi. To perform all this work, the pool water had been completely drained. Soon, foot washers with automatic water supply sensors will be installed at the entrances to the pool – this is one of the mandatory hygienic requirements. In addition, a new playground for children was opened and new cardiovascular equipment has been installed at the Zima-1 Recreation Centre, clubs for stretch yoga and sports dancing have been organised with free admission for company's employees and their family members, the time on the waiting list for visiting the DAVID gym has been reduced, and much more. During the Christmas and New Year holidays, employees will be offered a varied leisure programme in the Zima Highlands residential complex. It will include performances for children, outdoor festivities, sports competitions, the opening of skating rinks and an ice slide."

"We are also pleased to announce that we have completed the renewal of the design of the SEB 2 canteen, and we invite you to visit the SEB 1 and SEB 2 coffee shops, where we have improved the assortment and format of serving baked goods, desserts and homemade drinks, including takeaway food," adds Svetlana Khoroshavina, Specialist of the Section. "Moreover, all employees will have the opportunity to purchase ready-made dishes for the New Year's dinner from the Hub on the eve of our favourite winter holiday. Next year they will be offered themed gift sets prepared for St. Valentine's Day and the International Women's Day."

"We do our best to make Zima Highlands residents feel comfortable and protected everywhere and in all respects. To do this, we have a clear development strategy and all the necessary tools. The proactive approach and access to reliable high-quality technologies and materials are important factors that contribute to our successful work. This is the strength of our division. For residents, their safety, peace of mind and well-being have always been a priority. All of this is only possible when they have no problems with their homes or utility services. In this sense, the best reward for us is when people living in the residential complex enjoy trouble-free accommodation," summed up Vladislav Rezvykh.

■ Recorded by Marina Semitko



The Zima Highlands residential complex

hectares, accounts for a significant part of our workload. This year, we have completed quite a lot of projects here, many of which were difficult both from the technical point of view and in terms of engaging specialists of different occupations. The residential complex is fully autonomous. It has its own water supply system that delivers artesian water from the wells located at the facility after it has passed all stages of purification. One of the completed projects included replacing a water treatment unit in the Zima-3 territory and reservoirs for the storage of clean water for the needs of SEB 2, and rebuilding wells for SEB 1. I would like to stress that our subdivision regularly monitors the quality of water. Sampling is carried out by a special laboratory. This gives us grounds to say that we can safely drink tap water at our facilities.

The preparation of a site for separate storage of solid household waste, meeting the requirements of federal regulations, is an outstanding project in terms of environmental safety. The site is almost ready. It has an area for washing containers and is designed in such a way that all waste is accumulated according to hazard classes and is subsequently transferred to specialised organisations for further management. In addition, there will be equipment for pressing cardboard, paper, and plastic at the site, which will optimise the costs of waste removal and disposal. We are also implementing another green project – work is underway to replace underground storage tanks for diesel fuel, which is used to heat residential buildings in Zima-4. At the beginning of next year, the pilot project will be completed at two locations out of ten, engineering controls over the fuel level have been additionally strengthened. The implementation of the pilot project will help us to be fully prepared for any emergencies: we will

(Russia). Unlike the previous one, the new security and fire alarm system can accurately identify the source of fire; the number of false alarms is minimal. Most importantly, the system transmits all occurring events (fire, alarm, attention, malfunction, etc.) to a single console of the monitoring station. In fact, the entire residential complex is under one "fire safety umbrella" now – this is the first project of this kind in our practice. One more important advantage of the new fire alarm system is the constant monitoring of the state of the devices it comprises – additional sensors installed in the kitchen area or the bathroom to alert the residents to leaks. The sensors make it possible to quickly eliminate the detected problem, even during a long absence of the resident. There is another system that controls the temperature. If the temperature drops below ten degrees Centigrade, it immediately notifies the dispatcher. This feature prevents the heating system from freezing, which could lead to a burst of the pipes and flooding of the flat. At the output, we got a practically smart home," boasted Sergey Mishenev, talking about the work of the subdivision.

Vasily Chernov, Head of the Residential Real Estate Section, joined the conversation: "Before new tenants move in, we check all systems in the residential premises and, if necessary, repair and furnish them. Even though this process may seem easy, in fact, it is quite labour-intensive, since it involves a significant number of personnel in various areas of activity. By the way, all requests from residents are accepted by the dispatching service specialists, who promptly redirect them for appropriate processing and execution. But our home is not limited to the walls of our houses. Our home includes the street we live in, the pavement we walk on... That

What Lies Behind the Olivier Salad Index?

Olivier is the main festive salad in Russia. Not a single New Year's Eve celebration menu can do without it. It is not the first year that changes in prices for ingredient products have been used as an indicator of the actual state of the country's economy. The Olivier Salad Index can be used both as an accurate reflection of the inflation rate in Russia and as a way to calculate purchasing power parity.

Based on the Unified Interdepartmental Statistical Information System containing official state statistical resources, the dynamics of prices for Olivier ingredient products were analysed for all constituent entities of the Russian Federation. The analysis showed that, in October 2021, it cost from 300 to 650 roubles to make two kilos of this salad.

If you look at the price map, you can see that the top 5 most expensive constituent entities according to the Olivier Salad Index include Chukotka Autonomous Okrug (655.5 roubles), Kamchatka Krai (582.3), Magadan Oblast (561.5), Sakhalin Oblast (517.8) and Nenets Autonomous Okrug (515.7). And vice versa – the top 5 most affordable constituent entities as regards this indicator are Belgorod Oblast (287.4 roubles), the Republic of Ingushetia (304.10), Lipetsk Oblast (304.5), the Republic of Mordovia (308.9) and the Chuvash Republic (320). Obviously, the wide range of prices is associated with the logistics specifics of the regions, remoteness from product suppliers, and climate conditions. It also depends on the level of wages of the population.

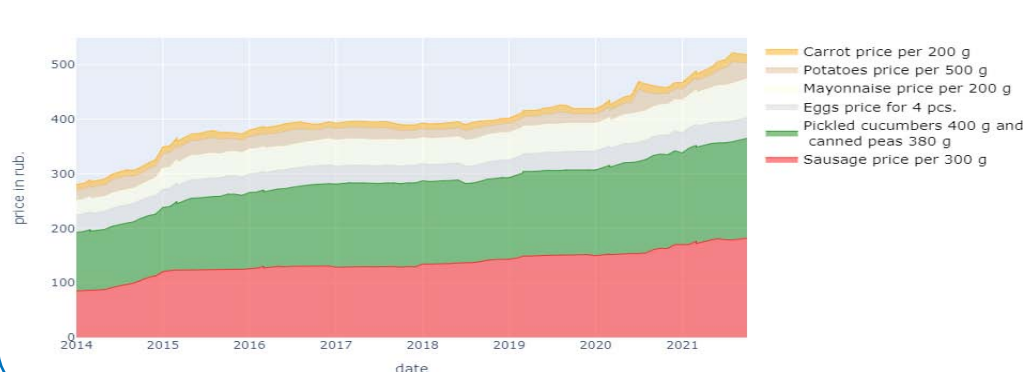
As for the dynamics of prices for salad ingredients in the constituent entities of the Russian Federation, generally, there is a similar trend: from January 2014 to October 2021, they increased by an average of 80%. At the same time, a sharp spike was recorded in 2015, which is largely due to the weakening of the rouble. The exchange rate amounted to 32–33 roubles against dollar in September 2014, while then it rose to 60 roubles by the end of the year, and it became about 70 roubles in mid-2015. The fact is that Russia imported a lot of goods, including food products, back then, so the devaluation of the rouble and, as a result, a decrease in the import flow and the unwillingness to replace the main food items of the domestic market entailed a significant increase in the price of goods. But the prices could increase even more if the Eurasian Economic Union (EAEU) had not been formed on 1 January 2015. The duty-free import of goods and the import substitution programme joined by the EAEU countries at the beginning of 2015 have become price constraints.

The import substitution programme was more or less successful in agriculture. After 2015, there has been a decrease in vegetable prices for this exact reason – plus the joining of the EAEU countries with its duty-free import and open borders. If you look at the members of the Union, you will see that they are states with good natural conditions, which supply agricultural products to the Russian market.

We see a general trend for the main groups of food products to increase in price; however, the prices of vegetables have fallen. The VAT increase did not affect their prices, because traditionally they are subject to a preferential 10% rate. The preferential rate does not apply to recycled products and delicacies (sausages, etc.), so they are taxed at a 20% rate and are dependent on the VAT increase.

As for inflation, the inflationary component in the increase of food prices is unsubstantial.

Sakhalin Oblast price dynamics of «Olivier» by composition



The increase in prices was due to the higher tax burden, as insurance premiums increased in 2019. Small business taxes were also indexed, as the adjusting factors increased. Certainly, small business shifted the burden of tax growth to end consumers of food products and services.

Moreover, the cost of food products was significantly affected by the gasoline and diesel fuel excise duty hike, as well as the mineral production tax increase due to the tax manoeuvre. The government tried to hold back the prices by introducing the so-called reverse excise duty. This somewhat reduced the intensity and tax burden on businesses. Yet, the increase in VAT rates on gasoline and diesel fuel still caused a price growth. The fuel excise duty rate was bound to affect the prices of all goods – there was a delayed growth effect. Nevertheless, the price spike turned out to be not very significant, and the main reason for it is the decline in the real income of the population, and the deterioration of effective demand.

Since 2020, a sharper growth in the cost of a grocery basket for Olivier has been noticed. Reduced production due to widespread lockdowns and the decreased availability of imported goods, as well as a cyclical increase in prices of exchange-traded food products resulted in significant pressure on the domestic market, which spurred price increases in combination with a decline in supply.

That is, in general, the reason for the rise in prices was taxes and, to some degree, inflation, but to a greater extent – increases in excise duties, VAT, and the total tax burden on businesses due to the factor indexation. Prices could have grown even higher, if not for the falling demand associated with the fact that the incomes of most of the population have been declining for several years in a row.

Thus, the pricing of food products for the main New Year's Eve dish depends on many factors and events in the country. However, no one can ban it from being on the festive table. It is a tradition!

■ Prepared by Maxim Bakulin based on public sources

new year's "peak"

Dear colleagues, friends! Another exciting year is coming to an end – it has opened up new challenges for all of us. This requires an increased focus on the traditional tasks aimed at improving safety, health, self-development and professionalism. Therefore, the Peak corporate championship will remain an area of special focus for us in the coming year 2022.

Please accept our warmest wishes for the New Year and Christmas! May you have a joyful, safe and prosperous new year. Enjoy the company of your family and friends, colleagues and neighbours. Gain strength and ideas for new achievements. The ongoing digital transformation brings with it new opportunities for the company and for each of us.

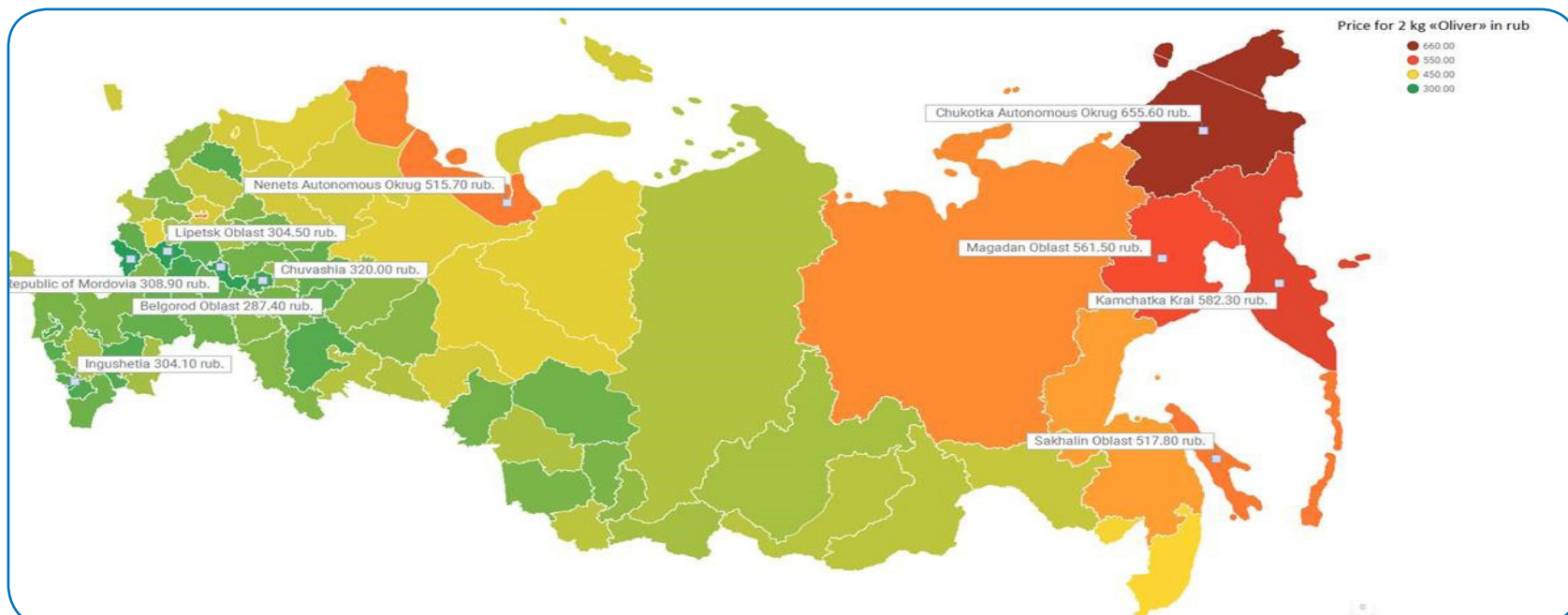
We are actively working to improve our performance and are always looking forward to working with you.

■ Information Technology and Information Management Department team

* * *

Let us send you season's greetings
So, you reach the highest peaks,
Safe at work, at home, at meetings,
Year-end's "No harm, no leaks!"
May your plans get in the perfect groove,
Self-composure be there to stay.
May your health just improve and
Goal Zero prove
to be of help night and day!
We are grateful to our colleagues
for their work beyond any critique.
We would like to wish you a lot of
good luck,
and success in climbing new "Peaks"!

■ Supply Chain Management team





“Up!” I Say to Myself and Make a Step

We are reasonable people, but when the New Year's festivities are knocking at our doors, we involuntarily start believing in miracles and listening to prophecies. According to Chinese mythology, 2022 will be the year of the Blue Water Tiger. The employees of the company born in the year of the Tiger joined our conversation about astrology.

— According to the statistics for 2021 cited by the RBC news agency, more than 70% of Russians believe in horoscopes and fortune-telling. Do you belong to this part of the audience or are you among the more sceptical 30%?

Dmitry Morozov, Operations HSE Engineer: “I don't think that your zodiac sign or zodiac animal can have a significant influence on your destiny, but they can help with characterising someone's personality. I treated this as pure fiction before, but now I'm not so categorical. Sometimes there are interesting coincidences in features attributed to one sign or another.”

Irina Aleynik, Engineer for Approvals with the Russian Party: “I don't believe in horoscopes, but I do believe in the power of observation of one of the oldest civilisations. It is not the date of birth that influences our life, but the time of conception and gestation. The predominance of heat or cold, abundance or lack of sunshine, food, vitamins (it would be interesting to compare the Northern and Southern hemispheres of the Earth in this regard), combined with the date of birth, influence your future character in some mysterious way. But then it is your character that determines your destiny.”

Irina Tsarkova, Lead Specialist of Compensations and Benefits Subdivision: “I used to read horoscopes quite often before, and I found parallels with what happened in my life, with my own traits of character. Now that I have grown up, I believe that one's fate is determined by their family, upbringing, attitude to life and the person in question.”

Leonid Aleksandrov, Head of Strategic Planning and Development: “I am convinced that people are masters of their own fate.”

— They say that people born in the year of the Tiger are courageous, love adventure, often think out of the box, and are able to make important decisions independently and be responsible for them. But these people are also stubborn, sometimes reckless and selfish. Could you name the traits that describe you? Do they help you in your work or hamper it?

D. M.: “It doesn't seem appropriate to be praising myself, but let's blame it on the “Tiger” character. I believe that I am a strong person, capable of making important decisions on my own and thinking outside the box. However, I try to pay the lion's share of my attention to planning. Proper prioritising and a sense of time help me successfully complete tasks well before deadlines. The Tiger loves loneliness, and I am a sociable person; this gives me the opportunity to find common ground with colleagues and the management, get timely advice and help, and be a good team player.”

I. A.: “To a certain extent, I have all the good features of the Tigers (as well as those of other signs!). Purposefulness and out-of-the-box thinking do help me in my work and in life. But the “shortcomings” sound like some kind of mistake. The ancients got it wrong! Or could these traits actually be virtues? For example, I am absolutely sure that I'm an altruist. But what if the desire for universal happiness is in fact the sign of utmost selfishness? (I didn't come up with it on my own — this is Chernyshevsky's idea.) Or recklessness, for instance... Makes me think of these song lyrics: “...If she is kind, we'll call her madcap”, “...We'll call the generous one a big spender.” No, it's not about recklessness, but rather courage! Act even if it will have “far-reaching” consequences. For example, to be the fifth out of a hundred people on the distribution list* at the university, but choose Sakhalin instead of Odessa or other warm cities.” (smiles)

I. Ts.: “My different Tiger traits show up in different circumstances. Purposefulness, responsibility, and independence do help me in my work. But straightforwardness, which is also one of the traits of my character, often bothers me, and not everyone likes it.”

L. A.: “Regarding this list of characteristics, I can agree with the positive ones. As for the rest, the Head of Strategic Planning and Development Team cannot be ‘spontaneous, impulsive, reckless or a poor planner’.”

I.: Have you ever met your zodiac animal?

D. M.: “Yes, I've seen tigers in the zoos and once saw a tigress in a wildlife sanctuary. Beautiful animals indeed.”

I. A.: “Our meeting was no accident, but rather inevitable, because my special someone really insisted on it, and it was not scary at all, since we took all safety precautions. I even managed to take a selfie — naturally! Most importantly, our fascinating journey cost me nothing at all, thanks to the Sakhalin resident social card! As you may have guessed, it happened in Yuzhno-Sakhalinsk, at the zoo.”



Irina Tsarkova

I. Ts.: “I saw a tiger only at a zoo. Although I don't really like watching animals in captivity, recently I have compromised my principles to show my little son the inhabitants of the Earth not only in pictures, but also in real life. When my toddler first saw a tiger, he didn't get scared. He said, “What a beauty! Can I stroke it?” In Malaysia, we observed the life of tigers in a large enclosure. Surprisingly graceful, yet powerful creatures.”

L. A.: “Fortunately, I've met a tiger face to face only at a zoo.”

— Predictions for 2022: The Tiger represents energy. The year under this sign will reflect that: it will be bright, energetic, and unpredictable. You will succeed if you put your efforts into it and don't stop halfway. Which predictions would you take advantage of for yourself and for the company?

D. M.: “I like the phrase that ‘the Tiger represents energy’ and ‘you will succeed if you put your efforts into it and don't stop halfway’. For me and for our company, which is a leading supplier of energy to a number of Asia-Pacific Region countries, these statements really hit the spot. We need to continue to work hard and be like tigers who are always ready to leap forward. Then we will achieve success and once again prove our leadership position in the energy market.”

I. A.: “I'm going the company's way! I hope the company goes my way too. And although with much wisdom comes much sorrow, I really hope we will have enough energy and time to handle everything that will come our way in the Year of the Tiger.”

I. Ts.: “I hope the new year will bring us positive energy and strength. I would like to see a breakthrough in medicine so that all the pandemic-related restrictions disappear and we return to our normal way of life. I'm sure that the Tiger, with its strength and power, will help us break out of this cycle and win, or give us enough energy to survive it with

dignity. Our company is successful and strong; it employs people who can achieve any goals. I believe that there are real Tigers working at Sakhalin Energy, even if they were born under a different sign.”



Dmitry Morozov

L. A.: “We should do all these things every year, no matter what year it is — of the Tiger, the Bull, or the Rabbit.”

— What people are you willing to follow and when do you submit to the forces of circumstances? Could there be any situation repeating the song lyrics, “Up! I say, and the tigers sit down at my feet”?

D. M.: “A tough question for the Tigers. But joking aside, I think it is important to listen to recommendations on collective vaccination, wearing masks, and remote work. These are really

important things that are now more relevant than ever and help us stay safe and take care of our loved ones and colleagues. I think it is important to follow the advice of the company's management. Due to my age, I sometimes lack experience, both professional and personal, so it would be reasonable for me to accept the recommendations of older and more experienced colleagues, and those of my relatives, of course... Our family members are the most important people in our life. We should always consider their opinions and respect them!”

I. A.: “Submit to the forces of circumstances? Probably to those of them that I can't change. As a wise saying about the inevitable goes, the key is to learn to distinguish these things from those that we actually can change! Follow people? Senior people — sure. As for equals and younger people, only those whom I trust.”

I. Ts.: “I'm ready to defer to the opinion of strong, smart and worthy people. I try to weigh the reasons for any advice on imaginary scales of justice and choose the right decision for myself.”

L. A.: “At our company, everyone is subordinate to the CED. As for the circumstances, you can't ‘submit’ to them. You should keep them in mind and work around them.”

— Your season's greetings for our readers.

D. M.: “Dear Colleagues, I'm sure that the coming Year of the Tiger will be full of energy and vibrance despite the circumstances. So I wish everyone to stay healthy, strong and self-confident. This is going to be an awesome year! Be ready for change and don't be afraid to make a leap when you need to do so — the main thing is to seize the moment. Good luck in your career and personal life!”

I. A.: “Let the coming year bring all of you hope for the best, self-confidence, and all-embracing love! I wish you all the things that make life worth living! Whatever your zodiac sign is, the main thing is to remain human while you are overcoming difficulties and making your dreams come true. Always!”

I. Ts.: “May everyone stay healthy, and may this strong animal take you under its wing (or paw) next year and give you lots of positive energy. Be brave and good luck in all deeds and undertakings, may all your dreams come true!”

L. A.: “Dear friends and colleagues, from the bottom of my heart, I wish you a Happy New Year 2022! May it bring many new achievements and profitable ideas in our common affairs, joyful events, and happy moments in the life of each of us. May our team work bring us not only confidence in the future, but also professional inspiration and a sense of self-fulfilment, and may a cosy home, the warmth and love of our families and friends always expect us after work.”

* Distribution was a three-year “duty” that involved working off free higher education and was a guarantee of employment after graduation.

The Best Gift

Since this is our New Year's issue, let's talk about gifts and greetings. It is especially relevant for those who are still thinking about what to get their relatives and friends, and themselves as well. Sakhalin Energy Corporate Health Section is adamant about one thing: health is the best gift of all.

"It is always good health that we wish each other not only while listening to the Kremlin chimes, but also when celebrating other holidays. And we often feel sorry that it's not in our power to give it, forgetting that, in fact, everything is in our own hands," says Andrey Lee, Lead Specialist of the Corporate Health Section.

He believes that taking care of yourself should start with vaccination. Of course, no vaccine against flu or COVID-19 fully eliminates the risk of contracting the disease, but it gives you a better chance to recover after a mild case without any complications. And that's no small thing.

So it's a good time for those who haven't yet been vaccinated to do so. Although Sakhalin Energy flu vaccination campaign ends in the late December, this free service is available at state health care facilities at the place of registration or residence. You can also get a jab against COVID-19 there. Moreover, vaccination against

COVID-19 is done at all onshore production facilities, and since the end of November — at offshore platforms.*

"Let me remind you that it depends on the herd immunity developed by the

employees of the production facilities whether the anti-epidemic restrictions by Sakhalin Energy will be lifted or not. For example, the staff at the several maintenance depots gave themselves a gift as they all got vaccinated. When it was confirmed that the herd immunity level exceeded 75%, the company management decided to cancel the observation at these PMDs," says Andrey Lee.

Basically, almost everyone who has no contraindications for vaccination is able to make their health better and their life and work safer. Besides, since QR codes is the talk of the town, they might as well go up on a Christmas tree. Isn't it a good idea for a New Year's flash mob?

* In addition to the 24-hour hotline at +7 914 759 4711, for the period of restrictions due to the worsening epidemic situation in several regions of Russia, rotational personnel are provided with 24-hour information support at +7 914 759 4737, including questions related to transportation to the place of work or observation. Information is also available at our COVID-19 web page that contains policies, procedures and regulations, useful links, and materials.



doctor's office

new year's "peak"

Dear friends and colleagues! The team of the Department of Industrial and Fire Safety, Blowout and Emergency Response wishes you a Happy 2022 year. In the past year, together with you, we have achieved significant success — the accident rate was zero, and the number of incidents decreased compared to the previous year. Despite this, we have to continue to work on improving processes in the field of industrial and fire safety and to search for new tools to implement everything that was conceived. In the coming year, we wish everyone success in work, good health and family happiness!

* * *

Dear colleagues, Happy New Year to you! May the coming year be fruitful, successful, and promising. We wish health, happiness and prosperity to you and your loved ones. May the New Year bring new achievements and high performance, new starts and victories, happy moments and joyful experiences, creativity and confidence in our joint work towards our common goals! A happy and festive season to everyone!

■ Logistics team



The Webinar is Out of This World!

The Peak Corporate Championship is famous for its training webinars. Every time, participants can't wait to meet the experts, looking forward to an engaging session that can make a difference in personal development. And the Leadership Module webinar lived up to everyone's expectations. There could be no other way, as it was both literally and figuratively an out-of-this-world lesson* taught by Sergey Ryazansky, an astronaut, a Hero of Russia, the world's first biologist to become the commander of a spaceship.

If you think that such an extraordinary profession as an astronaut is fundamentally different from what other people have to face in everyday life, that's a huge mistake on your part. A few minutes into the webinar, it became clear that the spacecraft and the corporate environment share the same principles of teamwork, leadership, motivation and risks.

"Problems in space and on Earth are basically the same, it's just they are more concentrated up there. Therefore, the experience of the members of space expeditions is quite relevant for Earth," said Ryazansky.

A special focus was made on safety issues. Anything can go sideways, and the slightest delay can play a cruel joke on us. Unfortunately, not everyone is well equipped to act quickly and accurately in stressful situations. To protect yourself from the consequences of the failure to take action, the astronaut recommends using the concept of "routine contingency." It suggests that you think of all possible threats and ways to neutralise them in advance.

"This approach takes away fear and panic (what to be afraid of if you have thought about it beforehand?) and saves time (you know how to act). You take reasonable actions because they have been engineered in a calm environment. We can predict 90% of what could happen: if a competitor hits the market, if the dollar rate goes up, etc. Plan A, B, or C will help you deal with situations that throw you off balance, even with contingencies. The best-case scenario for you is to team up with other experts and put together a Plan B. This way, the chances that it will be the most detailed and effective one rise exponentially," shared Sergey Ryazansky.

Another prerequisite of successful work is a positive mindset, which seems to dissolve when stress comes into play. According to the astronaut, you should use stress to your advantage, not fight it. Working at the space station makes you follow a clear daily schedule, and the only difference between a day off and a workday is more time to sleep. This monotonous routine with no way of escaping it can make a person demoralised and indifferent, which might have dire consequences. Therefore, it is extremely important to preserve our mental and emotional well-being and the ability to work under any circumstances. The astronaut recommends looking for ways to switch between different activities even in the most routine work and use self-motivation techniques. The main thing is to keep your eyes on the ultimate goal, and this is where you should start. After all, even the greatest deeds are accomplished through small, everyday actions.

Moreover, Sergey Ryazansky considers the ability to work in team to be the most important skill in the modern world. "For me, the team is about being together not only at work, but also off work. We spend our whole lives in teams: family, friends, colleagues, partners. And it's good when we get to choose our own entourage. When it comes to colleagues and partners, you get what you get. Crews are not formed according to psychological compatibility of their members, that's a myth. No! They are trained to work in a team, but they are not taught to live together. However, your life depends on your teammates."

Any negative emotion shown in the confined environment of a space station can lead to irreversible consequences.



Limited communication is not an option either, as it means losing critical information on the team. If someone doesn't report that a device has been switched to another mode of operation, someone else will make a mistake. That will be the death of the whole crew. When accident or other hazardous situation happens, the team must work quickly and in sync. That's why astronauts are taught to "fight nicely" and to resolve conflicts with a cool head. You can only approach and talk to a person when all emotions have subsided, and you have found the right words to talk in a calm way. "All conflicts are triggered by illusions. We believe that the other person should act exactly as we would do it in this situation. But if you accept your colleague for who they are and know how to "fight nicely", there will be no conflicts at all," says Sergey Ryazansky.

According to the astronaut, his postgraduate education, a degree and, of course, his vast experience of working in unusual conditions help him a lot in his profession. He learned from his own experience that a person with a broad outlook is much more teachable and can easily absorb and process any amount of information.

"No matter how far you get, you will lose it all if you stop moving forward," added Ryazansky at the end of his speech. And this is, perhaps, one of the main out-of-this-world lessons for work and life that we can learn from the webinar.

* Recording of Out-of-This-World Lessons for Work and Life webinar is available on the intranet page of the Peak Corporate Championship (Leadership module, Webinars section).

■ The page is prepared by Pavel Ryabchikov



Keeping Whales Protected

The final 22nd meeting of the Western Gray Whale Advisory Panel (WGWAP) was convened in November 2021.

In addition to the WGWAP members and Sakhalin Energy employees, the meeting, which was held in Gland, Switzerland, was attended by representatives of a wide range of stakeholders – government authorities of the Russian Federation, international and Russian non-governmental organisations, shareholders, consultants, and lenders.



new year's "peak"

We all believe in miracles at Christmas,
But here's a little secret to reveal:
There's danger that occasionally hits us,
It's lurking everywhere, and it's real.

Let's take rules seriously, all of us together!
We will remind you in every way and form:
Beware of the frosty winter weather,
Wear a hat, a scarf — they'll keep you warm!
Be careful, don't be a reckless driver,
Speed limits must be always kept in mind!
Don't drink and drive, prefer a safe arrival,
Restrain yourself, leave negligence behind!

Our webinars, without any doubt,
give our Peak tournament some pep,
We try so hard to get them all rolled out
To keep you safe and sound at every step.

Use caution when snowboarding, skating,
skiing!
Nothing feels better than 'alive and well'
When there's no threat to personal well-being!
We hope that this idea rings a bell!

Remember this: during the festive season,
with crowds of people taking to the streets,
wear a mask for one important reason:
you have a mask on and the risk retreats.

Never leave chains of festive lights or lanterns
Unwisely unattended, as they might
Ignite, flare up, burst into flames... In plain terms,
A fire might break out for you to fight.

■ HSE team

* * *

Dear Colleagues, please accept New Year's wishes!
Let's keep on looking on the brightest side!
May every employee remain ambitious,
with vim and energy to hit creative stride!
HSE team

Wishing you a great New Year,
Fresh and pure, young and clean!
Let all troubles disappear
Like a puff of smoke therein!

With COVID-19 rewriting
Our plans. Things we postpone...
Pesky dog, no more biting!
Leave our Peak campaign alone!

Let's enjoy the best of fortune,
Only good things for us all,
With New Year's Eve approaching,
Make things happen, big and small!

■ Offshore Assets team

The Western Gray Whale Advisory Panel (WGWAP) is an independent international group of experts. It was established in 2006 by the International Union for Conservation of Nature on the initiative and with financial support of Sakhalin Energy.

The company delegates presented the monitoring results and talked about the measures taken to reduce the impact on the Western gray whales. In the 2020 field season, 175 individuals, including nine calves and two new adult gray whales, were identified off the north-east coast of Sakhalin Island. Sakhalin Energy employees and the WGWAP members also discussed an action plan to monitor and mitigate the impact of seismic surveys on gray whales in 2022 and beyond. Additionally, the meeting participants touched upon the issues of the preservation, transfer and subsequent application of best practices and the large amount of scientific data accumulated over the 15 years of work of the Western Gray Whale Advisory Panel.

In her closing remarks, Jane Alcock, Sakhalin Energy HSES General Manager, stressed that although the work of the Advisory Panel was drawing to an end, Sakhalin Energy would continue to implement the comprehensive programme for monitoring gray whales off the north-eastern coast of Sakhalin Island, as well as take measures to minimise impact on this and other species of marine mammals. In addition to complying with the requirements of the Russian Federation, the company has committed itself to achieving the UN Sustainable Development Goals (SDGs), which are designed,

among other things, to address environmental issues. Sakhalin Energy has an environmental management system in place that has been independently certified for compliance with ISO 14001. The system's requirements include identifying environmental issues and implementing mitigation measures. Moreover, the company has taken on a voluntary commitment to adhere to the International Finance Corporation (IFC) Performance Standards, including the Biodiversity Conservation and Sustainable Management of Living Natural Resources standard.

"These commitments will continue to help us meet the standards for mitigating potential impacts on gray whales," explained Jane Alcock. "The recommendations prepared by the Western Gray Whale Advisory Panel over the years were taken into account by Sakhalin Energy when developing its procedures. The company intends to continue the work in this area and hopes that it will be productive. For this purpose, the company has undertaken to cooperate with supervisory authorities, in particular, with the Cetacean Section of the Working Group for Priority Protected Species under the Ministry of Natural Resources and Environment of the Russian Federation. We expect the latter to be an effective tool to further identify and apply best practices in the conservation of the gray whale population," added Jane Alcock.

In conclusion, she thanked the International Union for Conservation of Nature and the WGWAP members for many years of fruitful cooperation and constructive work to preserve the Western gray whale population.



COP26, or Outcomes of the Global Climate Summit

For almost three decades, the UN has been bringing together representatives of virtually every nation on the planet during its annual global climate summit, commonly known as the Conference of the Parties, or COP. The Parties are the 197 countries that signed the United Nations Framework Convention on Climate Change in 1992. The main goal of the Convention is to prevent dangerous anthropogenic impact on the Earth's climate.

In November this year, the 26th global forum – COP26 – was held in Glasgow, where representatives of the participant states discussed the problems of the climate crisis. COP26 resulted in the approval of the outcome document – the Glasgow Climate Pact, which directly shapes our future. The document spells out all the conditions that the participating countries agreed to comply with, as well as their commitments.

The pact maintains the goal of limiting the rise in global temperature to 1.5 degrees, although it points out that it can only be delivered "with concerted and immediate global efforts".

An important accomplishment of COP26 was the signing by a number of states and companies of an agreement on the reduction of coal-fired power plants and the transition to clean technologies. The agreement was initiated by the UK, the host country of the conference. In the document, the Parties declared their readiness to speed up the phasing-out of coal, as well as to stop issuing permits for new projects for the generation of electricity from coal.

In addition, the participating countries agreed to:

- Stop deforestation. The leaders of more than a hundred countries, which account for about 85% of the world's forests, pledged to do so by 2030. These include Canada, Brazil, China, Indonesia, the United States and the UK, as well as Russia, which has 20% of the world's forests. Moreover, the governments of 28 states promised to stop cutting down trees for the production of palm oil, soybeans, cocoa, as well as clearing land for animal grazing and growing crops;
- Reduce methane emissions. More than a hundred countries, including the members of the European Union and the United States, are ready to reduce global methane emissions (one of the most harmful greenhouse gases) by 30% by the end of this decade;
- Increase funding. The pact calls for developed countries to "at least double" climate financing for developing countries that are already suffering from the effects of climate change.

At the COP26 conference, Russia presented its Low-Carbon Development Strategy until 2050, revised in late October. The plans outlined by the Russian Minister of Economic Development Maxim Reshetnikov include reaching carbon neutrality by 2060. This goal will be achieved through the reduction of greenhouse gas emissions, the preservation and restoration of forests. In addition, the Minister provided detailed information about the work on the creation of a national climate regulation system, in particular, the implementation of the Federal Law On Limiting Greenhouse Gas Emissions and the launch of an experiment to issue quotas for greenhouse gas emissions and trade in such quotas on Sakhalin.

According to Maxim Reshetnikov, it is best to reduce emissions and issue carbon units in areas where projects are more beneficial and efficient. "In fighting climate change, the essential thing is the reduction or absorption of CO2. Who achieved it and what methods they used is far less important," said the Russian Minister of Economic Development, concluding that "climate projects must also be freed from all possible unilateral restrictions, such as economic sanctions".

■ The page is prepared by Marina Semitko

God Has Made the Cat to Give Man the Pleasure of Caressing the Tiger

In 2022, it is planned to hold a “Tiger Summit” in Vladivostok with the participation of delegations from the governments of many countries. 12 years ago, in the Year of the Tiger, the Global Tiger Recovery Programme was launched to save this Red Book predator species from extinction. We had a talk with Petr Osipov, Director of the Amur Branch of World Wildlife Fund (WWF) Russia, who explained why so much attention is given at high-level forums to the preservation of tigers.



— Petr, the protection of the Amur tiger has been one of the top-priority tasks of WWF Russia since its inception and has united all the parties concerned to jointly tackle the problem. What have you achieved to date?

— First of all, I would like to tell you why we are engaged in saving Amur tigers. The tiger is an apex predator, occupying the top of the food pyramid. The habitats of tigers cover vast territories. For this reason, they are considered an “umbrella species”, which represents nature as a whole. Therefore, a large set of actions is being implemented today to preserve not only individual tigers, but also the entire Far East taiga with all its plants and ungulates, which are indispensable parts of the food chain.

In 1994, WWF launched the Amur tiger preservation project in the Far East. The state of the population was appalling at the time. Hunting had driven Amur tigers to the brink of extinction; poaching was pervasive, and biological resources, including tiger skins, were taken abroad illegally. Someone had to put an end to this. We did it in several ways. Together with the government, we developed a system to increase the number of specially protected natural areas of federal importance — reserves, national parks, wildlife sanctuaries, and ecological corridors. WWF provided support for anti-poaching teams at the start of their activity. Two years later, the first strategy for the preservation of the Amur tiger in Russia was developed and adopted on the initiative and with the support of WWF.

In addition, we supported the development of new methods of work for the border service, which contributes significantly to the success of the national anti-poaching campaign. This included the optimisation of the sniffer dog training programme: dogs were trained to search for biological materials of tigers and rare plant species. As a result, smuggling has dropped considerably. Poaching has also begun to decline, largely thanks to the tightening of environmental legislation in 2010 (according to the amended laws, anyone who is found to have parts of a tiger's body faces criminal charges). As regards the environmental awareness of people, it leaves much to be desired. There are two sides of the coin: on the one hand, the tiger perceives man as a threat; on the other, the tiger itself is a threat to man...

— The development of tiger habitats by humans inevitably leads to conflicts with predators defending their territory. Is WWF helping solve this problem?

— It is possible to reduce the number of conflicts by providing animals with a sufficient food supply. For this purpose, special machines clear snow from the roads to the areas inhabited by tiger populations for supplementary feeding. We help government agencies equip specially trained teams, which are now successfully operating in Primorsky and Khabarovsk Krai. Such specialists are also in demand in new territories with introduced predators. For example, together with the government, we currently support the so-called anti-conflict team in the Jewish Autonomous Region, which creates conditions for minimal contact between people and tigers. After all, people will not harm the “big cats” unless they happen to meet unexpectedly, and the meeting does not go well. What is most important is that the majority of the population have finally realised that the killing of a tiger will inevitably entail moral and criminal condemnation.

— In one of your interviews, you mentioned that this flagship species is getting out of the danger zone. To what extent has the tiger population growth stabilised, and what role have businesses played in this?



Photo by WWF Russia

— Any economic development of a region is a direct conflict with nature because the development of resources, be it forests or minerals, affects vast territories. Therefore, any new investment project must be correlated with the habitat map of rare animals to minimise its impact on wildlife. This will help businesses avoid difficulties in carrying out their economic activities near specially protected natural areas. We have maps of the habitats of the rare species we protect, so whenever a new project is conceived, we can check whether it will affect the Red Book animals. It is important for businesses to be aware of their social and environmental responsibility and engage not only technical specialists, but also environmental experts in the development of design solutions. These “invisible heroes” are committed to the preservation of nature. I call them “the salt

of the earth” — they perform a mission of paramount importance. Partnership between these two parties — businesses and experts — is just what we need.

When it comes to tiger numbers in the Russian Far East, they are steadily increasing. According to the results of the state census in 2005, about 480 individuals were recorded, and in 2015, it was already 540. Now the number is only estimated expertly and is probably over 600 animals. This figure is close to optimum, and it is now extremely important to keep it.

— The idea of creating a transboundary national park was recently voiced. It consists in creating a single protected area in the territory of our country and China. How is this project getting along?

— The point is that the Northeast China Tiger and Leopard National Park borders on the Russian Leopard Land National Park. The state border between the countries is not an obstacle for the rare wild cats, so part of their populations moves freely in the adjacent territories. The border is guarded, which has an additional positive effect on the preservation of tigers.

Naturally, a single international area should be managed in accordance with uniform standards. The two states need to collaborate on a constant basis, exchange information, including data on the state of food supplies for protected animals. Two environmental organisations of Russia and China signed a memorandum for 2019 —

principles of responsible attitude to nature, and environmental practice is one of the key indicators of progress towards the SDGs. The great humanist Mahatma Gandhi once said that everyone feels happy in the country where tigers feel happy.

— Naturally, it is not always easy to live next to large predators, but man is called man for a reason — it is in man's power to adapt to any situation and, most importantly, avoid destroying nature. Metaphorically speaking, nature consists of many beacons; if one of them goes out, this means trouble. The tiger is one of such beacons, an indicator of the state of wildlife. Taiga, the home of tigers, is a source of many benefits for people. Air, water, plenty of food — people can get all of this in spades, if they are ready to take care of nature, including these magnificent felines.

— What can each of us do to save the rare species?

— Of course, you can always help financially — even a small donation will help preserve the tiger population. As a rule, money is “converted” into camera traps for monitoring animal populations or trips along the anti-poaching route. WWF also supports a large-scale programme to involve volunteers in inspections. Along with hunters, they help a lot in the fight against poaching.

Finally, you can make a difference by doing simple things. Just reconsider your daily habits. If you start sorting garbage or saving paper, you will show a good example to others; together, you will help to save the forests and, consequently, tigers, because deforestation causes them to rapidly die out. Tell your children or colleagues about the problem, put your signature under a tiger preservation petition (who knows, maybe your vote will be decisive), even though the nearest wild tiger may be somewhere in the Far East taiga, thousands of kilometres away from you. Of course, you could admire the striped predator in books or on screens, but we need to think much more broadly and never lose sight of this symbol of ecological well-being.

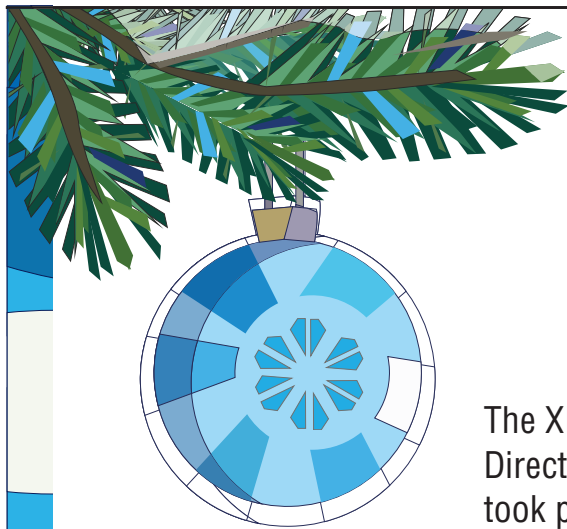
— It is symbolic that the second “Tiger Summit” will be held as part of the Eastern Economic Forum next year in Russia. Is it becoming an international tradition?

— The upcoming event will be devoted mainly to the coordination of efforts and the development of further actions to preserve the population of the rarest predator on the planet. Russia is the only country where the number of tigers was not only preserved, but even increased. We have so much to be proud of in some natural areas, the number of tigers has doubled and even tripled, which is a huge achievement indeed! Having accomplished this remarkable result, Russia has taken the lead in addressing environmental issues around the world.

— Petr, 2022 is the Year of the Tiger. What wishes would you like to extend to our readers now that we are approaching it?

— Traditionally, we all wish people something good for the New Year, so I will stick to the tradition. I wish your readers good health — not only to them, but also to their environment. Take care of the nature that surrounds you, it is unique. God has made the cat to give man the pleasure of caressing the tiger, so we must take care of this species as best as we can.

■ Interview by Marina Semitko



new year's "peak"

The Finance Directorate team wishes you a Happy New Year and a Merry Christmas! The Peak corporate championship has contributed to our reputation as a team capable of setting clear goals and achieving them promptly and efficiently. We hope that the coming year will strengthen our team spirit. We are confident that the coming year will bring attractive prospects, promising projects, profitable contracts and, as a result, prosperity to our company. May 2022 be a time of new opportunities and financial success for all of us!

* * *

Dear colleagues, dear friends, the OPF team would like to wholeheartedly wish you a very Happy New Year! Despite all the challenges of the world in which we live, humanity has found the strength to move forward, and the result has been an ever-increasing quality of life. Conquering new heights has always been made possible by perseverance, the ability to assume responsibility, and good teamwork. As representatives of the oil and gas industry, you and we know this first-hand. The formula for the new reality will not change next year either, and it is up to us to decide what it will be like. We wish you and your loved ones to achieve your goals, be healthy and happy, and let there always be warmth and comfort in your home. Happy New Year, 2022!

* * *

Dear colleagues, Production Support team wishes everyone a happy festive season and success for the new year! We wish you a clear view of opportunities and threats, insight to prioritise wisely, judgement to select decisively, and focus to concentrate on what is important. We wish everyone sufficient resources as input to multiply the input into greater output, benefiting company, stakeholders, and our country. The whole is greater than the sum of the parts. Wishing you success for the year and more ahead, from production support!

Excellent Work

The XI Regional Safety Day organised by the partners of the Safety Is Important! Programme – the Chief Directorate of MChS of Russia for Sakhalin Oblast, the region's Ministry of Education and Sakhalin Energy – took place in Sakhalin Oblast. Schoolchildren from 15 districts of the island participated in this large-scale event.

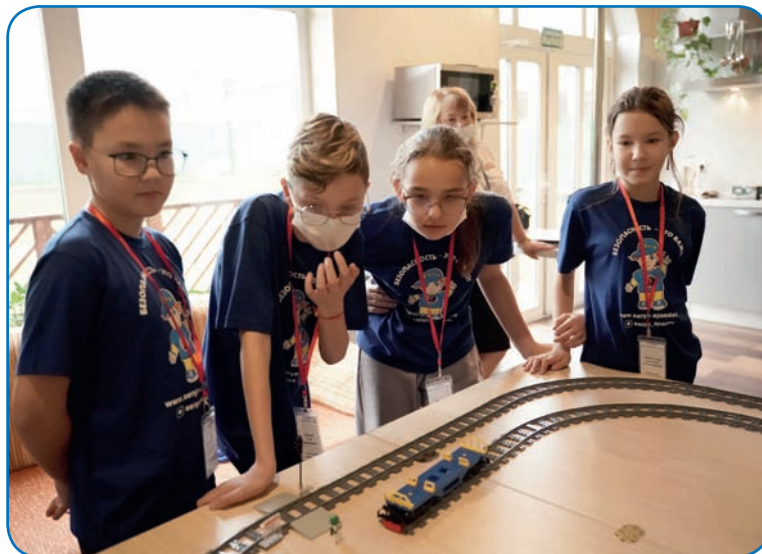
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This year, for the first time ever, the municipal stage of the Safety Day was held online, and about 500 young Sakhalin residents took part in it. In total, more than 60 children representing 16 teams that had scored the best results got to the finals. "It won't be a cakewalk – all tasks are difficult, and you will have to put a great deal of effort into completing them. I'm sure the teams are ready for it. But the most important thing is that you, as well as other boys and girls, stay safe. When you are safe, it is a real cause for celebration for us adults," Tatyana Derivedmid, Head of the Sakhalin Energy Public Relations Division, addressed the participants



During the two competition days, children completed the tasks presented in 13 thematic areas and took part in three workshops. Each stage was supervised by experts who assessed the skills of schoolchildren in environmental studies, safety on trains, on the roads, in the forest, at home, in emergencies and in other situations. The children showed special interest in two new stages of the competition, First Aid and Environmental



The organisers of the competition tried to create the most comfortable environment for the children, so that they could unlock their potential, including their creative talents, while playing. A video competition was a great opportunity for the children to do so. Each participating team had to prepare a video about safety in three days. Another surprise was the presentation of a new cartoon featuring the characters of the Safety Is Important! programme, Senya and Vaska the Cat, who talked about the importance of separate waste collection. The residents of the island have recently been paying extra attention to this topic

This year, the absolute leader of the competition was the Extreme team from School № 2 for miners' children; the YUSPAS team from School № 23 of Yuzhno-Sakhalinsk took second place in the overall standings, and the Ecotourists from Uglezavodsk won the bronze. Throughout the event, Senya and Vaska the Cat supported the children in their pursuit of learning about safety rules. And, according to the children's favourites characters, all the teams deserve an excellent mark for good job.

■ Prepared by Pavel Ryabchikov

profession

A Special Means Called Windy

Windy is familiar to all LNG plant employees and many visitors of the production facility. Despite her self-explanatory name, she is not at all air-minded, but smart, calm, has good manners and a rare capacity for work. In short, she is a dream of an employee. Her immediate supervisor, partner (and maybe even a bit of a mum), an employee of the Federal State Unitary Enterprise "Directorate of Departmental Security of the Ministry of Transport of Russia", Tatyana Kostenko, is absolutely convinced of this. The production complex has been under the protection of this enterprise for more than ten years.

— **Tatiana, let's reveal the secret and not arouse any more curiosity of those of our readers who are not familiar with the everyday life of the Prigorodnoye production complex. Windy is a working dog performing tasks at the security gates of the complex. What do her official duties include?**

— She is trained to detect drugs. Some people are convinced that since a dog's sense of smell is one hundred thousand times better than that of a human (humans have about 5 million olfactory cells, while the average dog has more than 125 million), then this is a very simple thing to do. This is not true. Before starting her duties, Windy got her canine diploma at the Academy of the Ministry of Internal Affairs in Vladivostok, and now her service is supervised by the Primorsky branch of the Directorate of Departmental Security of the Ministry of Transport of Russia.

— **What does the training usually look like?**

— A suitability check is arranged for each puppy, including pedigree assessment and the veterinarian's opinion on the physical health. The experts pay attention to the response to external stimuli. It is also important if the dog plays with toys. In general, one can immediately see whether the puppy will become a good working dog or not. If the puppy passes all tests, they get included into the list of assets of the Ministry of Internal Affairs and allowed to undergo training. The specialists play with the puppies when they are four to six months old; they do the basics of training, with the exercises gradually getting more complicated. The final control examination is carried out when our four-legged helpers are about one year old. After four to five months of service training, the dog shall take a general exam; the real training begins afterwards. The dogs master the skills for putting them into practice. From that moment on, the dogs embark on a full-fledged service in the internal affairs agencies.

— **Not every human would pass all these tests. Tatyana, what did you mean when you said, "get included into the list of assets"?**

— This is the practice. In law enforcement agencies with canine services or other

organisations authorised to use working dogs, including the Ministry of Transport, they are considered a special means for officers to use in the detection of offences and crimes. The same as tasers and handcuffs.

— **But she is not a special means for you, isn't she?**

— I started working as a dog handler when I was already in my thirties, although I adored dogs ever since I was little. I was able to go through all stages of training and understood one main thing: you need to really love dogs because you will spend the maximum amount of time with them. People should become dog handlers only when they really want it. After all, you will have to train and work with your



mentee in winter and in summer, no matter if it's hot or cold outside.

— **We don't have to put two and two together to figure out how you feel about Windy.**

— She is my friend, partner and, as they say, the more you learn about people, the more you like dogs. This, of course, is an exaggeration, but a dog will never betray you. When I go on holiday, Windy misses me, so when there is an opportunity, I take her with

me on her days off so that she could run along the seashore, play in the grass, go visit my previous dog who has already retired (we served together before).

— **What breed is your mentee?**

— Border Collie. By the way, according to the research by University of British Columbia, they are recognised as the smartest breed of dogs. They are devoted good boys and girls, incredibly hard-working. The ancestors of modern Border Collies were excellent shepherd dogs, so the passion for discipline is in the genes of these shaggy workers. Their closest ancestors were the sheepdogs of English peasants who lived at the Anglo-Scottish border. That's also where the name of the breed — Border Collie — came from.

— **Tatiana, I can't refrain from asking if there was any case in your practice when Windy found drugs?**

— We have been working at the complex for eight years and have never faced such a situation, which confirms the high level of personnel's responsibility and their adherence to safety rules at work. This is what makes Windy sad and, on the contrary, makes me happy. We constantly train so as not to lose the skills. We make stashes (of course, they don't contain real drugs, just substances imitating the smell) in luggage, in cars, on the territory of the plant. I'm proud to state that Windy is always at her best. She never made a mistake! By the way, people are fond of her brother Volt too, he serves at Prigorodnoye port. Sometimes they meet, and they are very happy to see each other.

— **How do the plant employees react when they see Windy? Is everyone glad to be sniffed by a dog? Does anybody feel scared?**

— Oh really? She is everyone's darling, people just adore her. And how can you not love such a beautiful and smart girl? Many people tell me that meeting Windy is so relaxing before work. You look into her eyes and you realise that today will be a good day.

■ Interview by Elena Gurshal

new year's "peak"

In the midst of Christmas cares, like wild horses in their herds, we get steeped in life's affairs and forget the kind words.

How they warm the very cockles of the hearts of our friends, our loved ones, and co-workers! Joy begins and sadness ends.

With their eyes alight with pleasure, they will walk on cloud nine. Their team spirit beyond measure, they will knuckle down, just fine.

Friendly words are there to share. Have a good New Year's Eve! Let your team just hang in there, with new Summits to achieve!

May you all be very lucky, May your dreams come very true, When the going gets yucky, be so plucky to break through!

■ Corporate Affairs Department team

* * *

Dear colleagues, we wish you a Merry Christmas and a Happy New Year! These wonderful celebrations bring hope that all our plans and dreams will come true. However, a better future will not come by itself. Tomorrow's success depends on how much you invest in it today. This simple rule applies to us as well. In the past year, we have done a lot for the future.

The year 2021 has been yet another milestone in Sakhalin Energy's dynamic development. The Company continues to move steadily forward, conquering height after height. These are both operational achievements and personal victories of each of us. After all, in any area of our work, we are committed to the future, to the long-term outlook, to a new height! Dear Friends! May the coming year 2022 be filled with new success and achievements. We wish you and your families happiness, prosperity, good health, and all the best!

■ team of Moscow Representative Office

Arithmetic of Good Deeds

Are you wondering how you can see the old year out so that you can remember it with pride and satisfaction? Fill the last days of the year coming to an end with good deeds. Sakhalin Energy employees have a common feature — "the Father Frost syndrome". For many years now, they have been taking part in the annual New Year Miracles charity campaign to bring joy to those who have found themselves in difficult life circumstances.

According to Evgenia Diamantidi, Lead Specialist of the Social Performance Subdivision, the Federal Law on Charitable Campaigns and Volunteering was amended in April 2020, and now, according to the new requirements, only non-profit organisations whose constituent documents formalise the right to carry out charitable activities can raise money for charity. "This year we have partnered with Joy of Life Charity Foundation to implement our initiative. The foundation is on the front line of activism — its employees and volunteers systematically help people who find themselves in difficult life situations. As its motto, the institution chose the words of Socrates, 'The smallest act of kindness is worth more than the grandest intention'," added Evgenia Diamantidi.

This non-profit organisation has an official website and a very transparent donation procedure. It regularly interacts with the regional government, regional and city social services. Over the several years of operating on Sakhalin, the foundation has created a database of those in need of aid.

This year, within the framework of the New Year Miracles campaign, a mechanism has been developed which allows every participant to choose their own way of participating in the event. The results of an online survey conducted before the campaign showed that 55% of the respondents were ready to donate money, more than 30% planned to buy gifts for those in need, about 8% expressed the desire to become Father Frost or Snow Maiden as part of the congratulatory team, 5.5% agreed to help employees of the Corporate Affairs Department to pack and send gifts.

The respondents of the online survey also chose the beneficiary. Evgenia Diamantidi explained that the Children category had been removed from the proposed options for this year's campaign. "This does not mean that we will not help their dreams come true anymore," she added. "We will continue to give presents to children from low-income families and the Preodoleniye Centre. But we would also like to



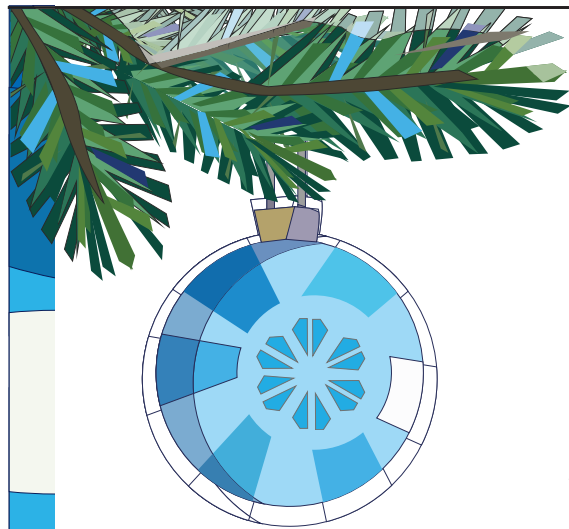
provide assistance to other categories, which need a helping hand as well."

The employees' votes were divided into three, almost equal, parts. The majority voted to help socially isolated elderly people; a slightly smaller proportion of votes were cast for socially isolated elderly people with disabilities. About a third of employees expressed their willingness to support people with disabilities.

As you see, we all have plenty of opportunities to bring joy and happiness to people who need our help. After all, holidays are not the prerogative of the more fortunate ones — they are meant to be a happy season for everyone.

■ Elena Gurshal

new year miracles



Efrosinya of the Koywonguns

It feels so nice to sit “next to” Efrosinya Shkalygina, gazing into the fire and talking about legends, superstitions, mysterious amulets, medicinal plants, and childhood memories — slowly, as if we were fingering prayer beads. Even though it is a video call and there are thousands of kilometres separating St. Petersburg and its traditional cold November rain, where I live, and Efrosinya’s home village of Chir-Unvd on Sakhalin, I feel the warmth of her personality.

— When did it occur to you to write down the recipes of herbal remedies?

— I went herb-collecting with my mother from early childhood. However, I did not write down the methods for making herbal medicines until the mid-eighties, when I was an adult, although I have some notes made back in the 1950’s. It was very difficult for me to find time to remember everything in detail — I was working, looking after my children (I have five of them). In a word, I was busy as a bee. That is why I wrote the book in snatches. Many of the records, sadly, were lost; I forgot and could not remember some things no matter how hard I tried.

Note: Efrosinya Shkalygina’s sketches of spiraea, ledum, crowberry, nectarberry, elder and many other medicinal wild plants, along with tips on how to use them for medicinal or ritual purposes, were published in the form of a diary. The Power of Tradition was published

ar), household items, jewellery and clothes for the family. He died when Tatiana was seven years old. The family had to move to the Nabil camp to stay with their relatives. She did not start school until she was 12. She attended a boarding school in Nogliki for three years and then completed an accounting training course. Tatiana taught her fellow tribesmen under the literacy programme and then worked as a milkmaid on a collective farm. In 1936, she got married. A year later she was sent to Siberia as a political prisoner.

— The Slavs believe that if you pick a fern flower on the night of Ivan Kupala, it will point to a hidden treasure. In the east, it is the mandrake root that was believed to help the person who finds it to get rich, attract love, and protect themselves from any misfortune. What about the Nivkhs? Do they have any legends associated with magical plants?

— Did the men of your clan have their own special plant?

— Yes, I remember the boys were given orchis tubers. After all, each tree, flower, or blade of grass grows on Earth for a reason. In terms of medicinal properties, tubers are the most valuable part of an orchis: they are used to treat people for gastritis, ulcers, or poisoning. It is a very effective remedy for recuperating after a long illness and for improving one’s well-being.

Note: The flowers of the orchis (also known as the cuckoo tears plant) are unremarkable, but the legend is absolutely fascinating. This plant is also called Ivan’s hands for the specific shape of its roots, which resemble two hands, male and female, joined together. In the old days it was believed to ignite true love between a man and a woman. This plant is endowed with a whole range of valuable trace elements, which are sufficient to replenish a person’s daily supply of energy. In ancient times, this property was used by the Persians, who, while conquering foreign lands, were able to survive without their usual food for a long time by eating orchis tubers.

— Efrosinya, do you remember your first New Year celebration?

— For the Nivkhs, the New Year is associated with the renewal of nature, that is, the end of spring. The ritual holiday is called “Chir an”. As for the New Year celebration with a fir-tree and gifts, I first saw it when I was at school. We had been preparing for the celebration for a long time. I remember making decorations — gluing chain garlands of coloured paper and making lanterns out of foil, while our teacher Nadezhda Sveshnikova was showing us how to do it and telling us about different traditions. After all, the school was attended by children from different camps, and many things were new to them. I remember my grandmother Ukhsht asking me to show her the New Year tree. She was also eager to hear me recite a poem in Russian (my first public performance). The fact that she would have to walk four kilometres to the school and the same distance back did not put her off. During the performance, she was thrilled to pieces! She liked everything immensely — the New Year tree, the handmade decorations, the songs, and dances. When she was presented with a gift as a clan elder, she was on top of the world!

— How are you going to see in the New Year this year?

— I have five children, nine grandchildren and two great-grandchildren. They always visit me during the holidays. This year we will gather around our festive table, as usual, remember our loved ones who are not with us anymore, ring the Old Year out and see the New Year in.

— Are you going to cook any traditional dishes for the occasion?

— Of course. There is no celebration without yak ma and muvi.

Note: Yak ma: yukola (dried fish) filets are rinsed well with hot water. Then they are cut into thin strips and soaked in water. Afterwards, the water is squeezed out, and the yukola pieces are mixed well with brine, wild garlic, and oil or seal lard. Yak ma is served in a flat dish, shaped in a small mound. Muvi: red bilberry or other berries are crushed with boiled fish, adding seal lard, until it forms a homogenous mass.

— What would you like to wish our readers?

— I wish them all good health — this is the most important thing. Let peace, love and joy fill their homes! Good luck to them, success in their work and plenty of money!

■ Interview by Elena Gurshal

— Efrosinya, your name suits you perfectly. It is an ancient Greek name. Its original version is “Euphrosyne”, and it is the combination of two words that mean “goodness, blessing” and “thinking, reflection”. The resulting meaning is “pleasant, well-intentioned”. Who gave you such an unusual name?

— My mother, Tatiana Ulita, gave birth to all her children, except for me, in the traditional way, according to the ancient Nivkh customs. In my case (I don’t know why and never will, because all those who could have told me about it are long gone), a paramedic, Varvara Petrovna by name, was present at my birth. She delivered me and called me Efrosinya, and my mother liked the name. I don’t think she knew what it meant, but she must have sensed that the name was good — she had the gift of foresight.

— We can assume your mother saw your fate, which turned out to be happy despite all the trials you have had to go through.

— Possibly. She lived a very difficult life. In 1937, my mother and my father, along with their seven-month-old son, my grandmother and my father’s brothers were sent to the mining town of Chermkhovo, Irkutsk Region, as political prisoners. It was a hard time. My little brother died, followed by one of my father’s brothers. There, in exile, my mother gave birth to my elder sister Olga. Thankfully, my mother survived, which is not surprising — she came from the hardy Koywongun clan. She was lucky to meet some kind people who helped her in her time of need, which was a rare thing in those days: the director of the local mine gave her a job and a house for the family to live in; the prosecutor got Sakhalin authorities to issue a request to send the family back to the island. In 1941, they were finally allowed to return to their homeland. I was born a year later.

Note: ‘Koywongun’ is a Nivkh word meaning larch. There are many fairy tales, myths, and legends about this tree. It has played a special role in the lives of indigenous peoples since time immemorial. According to their belief, the larch is the tree of the World. The roots represent underground treasures, the trunk symbolises the kingdom of people and animals, and the crown is the patrimony of higher powers. Representatives of the ancient Nivkh people claim that their ancestors came from a larch tree. They believed that it was their clan plant, which connected people with the heavenly world.

— You speak about your mother with such moving tenderness. It is clear that she was an extraordinary person and passed on a wealth of knowledge to you.

— Mum lived 91 years. She had clarity of mind and a good memory until the end. She knew lots of fairy tales, legends, games, and songs; she had an exceptional ear for music and a beautiful rich voice. She was good at everything: sewing clothes, making tableware from birch bark, embroidering holiday robes, playing national musical instruments. It was she who taught me the healing properties of herbs and plants.

— This is what you talked about in your book, The Power of Tradition, which was published this summer.

— I felt that I must share this knowledge with other people, because Sakhalin’s nature is like a pharmacy, and the plants growing on the island are like a storehouse of vitamins and minerals. However, they must be used correctly and very carefully.

with the support of Sakhalin Energy in Russian, Nivkh and English. The information is supplemented with folk legends about wild garlic, the bird cherry tree, wild rose, and various recipes of herbal tea, which occupies a special place in the diet of the Nivkhs, helping them to maintain good health and longevity.

— How did your mother treat you when you were ill when a child? What herbs did she use?

— You may be surprised, but we were not stuffed with pills or vitamins; our parents did not wrap us in warm clothes. Actually, we ran barefoot for most of the year, and I grew up as a healthy child despite (or thanks to) this. When I had a toothache, my mother used to put a pouch with herbs, animal teeth and pieces of animal skin under my pillow. In the morning, I had to hang it around my neck. My mum used various tinctures and ointments to treat my grandmother, who often suffered from eye inflammation as she grew old. She would do the same when my father — a hunter and a firefighter (a strange combination, isn’t it?) — was ill. The nearest health worker lived in New Chir-Unvd, four kilometres away, and the nearest doctor — in Ado-Tymovo, 12 kilometres away. Of course, we went to see them if there was some serious problem, but it was mostly my mother herself who treated us for common ailments.

Note: Tatiana Ulita, the daughter of Vagan and Chkhovrit, was born in 1916. Her father was a skilful hunter and fisherman. He would take animal pelts to the mainland and exchange them for food (peas, tea, sug-



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New Year's Lens

New Year's Eve is a firework of emotions, an anticipation of sincere and carefree happiness, mutual smiles and free hours with loved ones. Sometimes it feels like that the holiday is near, but there is no New Year's Eve mood yet, and without it even presents can't bring the long-awaited feeling of excitement. We share pre-holiday emotions with you through the lenses of our colleagues: they give you...

...THE ANTICIPATION OF A MIRACLE



photo by Zoya Galimova

...MAGICAL FOREST



photo by Roman Sidorenko

...FAITHFUL FRIENDS



photo by Roman Sidorenko

"CHRISTMAS TREE" IN A NEW WAY



photo by Marina Semitko

new year's "peak"

Dear colleagues, 2021 has been a very interesting, if challenging and controversial year. Many call it the new business reality, yet others already refer to it as the "new normal". And we, the tight-knit Sakhalin Energy team, have scaled yet another "Peak". The experience gained in 2021 has made us an even more professional and cohesive team, and, to many of us, it has given a wonderful opportunity to demonstrate our leadership qualities under challenging circumstances and revealed our unconditional commitment to growth. In anticipation of the New Year and Christmas 2022, we wish that all projects and plans come to fruition, that there is a deep sense of fulfilment and harmony in absolutely every aspect of life, and, most importantly, that we always have a worthy challenge on our way – a new "Peak" (a new "zone beyond comfort") that will enable us to continually improve ourselves further, and which we will certainly conquer TOGETHER! Happy New Year and Merry Christmas!

■ HR Directorate team

AND EVEN FISHING THESE DAYS LOOKS LIKE NEW YEAR'S CONFETTI...



photo by Timophei Zvezdov

Happy New Year!



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