



Read in the Issue

We Keep Moving Forward, Aiming Beyond the Horizon

During the staff communication session, Roman Dashkov summed up the year's results and spoke about the priority plans for 2023

meeting 2

From Maximum to Rational

Sakhalin Energy moves rational field development scenario. A new approach to hydrocarbon extraction and production will ensure the sustainability of the Sakhalin-2 project for decades to come

strategy 3

Elementary, My Dear Watson!

Sakhalin Energy obtained an applied design patent in the run-up to 2023. It improves the efficiency of routine but important production processes and saves dozens of work hours without compromising quality

continuous improvement 6

Hello, Strategy!

In 2023, Sakhalin Energy has launched the I-Healthy Strategy. It is developed as part of the Great FUEL&Co Expedition with an aim to achieve a new level of health culture among Sakhalin-2 personnel

Great FUEL&Co Expedition 10

Please Join, It Will Be Fun!

In February we will mark the 14th anniversary of the Prigorodnoye production complex. There will be two types of festivities: sport and cultural ones and will unite Company's employees, their family members as well as employees of Gazprom Group companies

announcement 13

With Kidness and Miracles...

Sakhalin Energy summed up the results of two charity campaigns – in anticipation of New Year, together we gave a ray of happiness to special children and their parents

hurry up for goods deeds 14

1.8
is the Company's
business performance
factor in 2022

Read more on page 3

CURRENT EVENTS

16
December

Sakhalin Energy was announced the winner of the Grand Prix of the Public Relations and Corporate Media Services Contest of Gazprom subsidiaries (read more on page 14)

20
December

Technical Directorate summed up the results for 2022 of the Internal Lean Production Programme (read more on page 7)

25
December

Sakhalin Energy summed up the results of the New Year Miracles charity campaign (read more on page 14)

30
December

Chief Executive Officer summed up the past year's results (read more on page 2)

17
January

Sakhalin Energy held a presentation of a tourist route at the Prigorodnoye production complex as part of the All-Russian Industrial Tourism Development Project (read more on page 4)

19
January

Sakhalin Energy launched the I-Healthy Strategy aimed at promoting a healthy lifestyle (read more page 10)

february 2023

congratulation

DEAR MEN!

Please accept our sincere congratulations on the Defender of the Fatherland Day – one of the dearest holidays for Russian people.

23 February will always be associated with the holiday of real men who are responsible for today and lay the foundation for a stable future. It unites those who cherish the fate of the country, who stand guard over its interests and security, who strengthen the power and authority of the Fatherland through peaceful labor.

For us, you are a setting example of dedicated service to the Fatherland. After all, it is you who, on a daily basis and with high dedication effectively solve production tasks to strengthen the industrial potential of the state, and contribute to ensuring Russia's energy security. Courage, firmness, and patriotism demonstrated by the men of Sakhalin Energy inspire us with confidence in the future, while making us stronger.

On this holiday, we wish you strong health, courage, success and prosperity! May your plans come true, and may you have peace and understanding in your families.

■ Sakhalin Energy female employees

**DEAR COLLEAGUES!**

On behalf of Sakhalin Energy and myself, I would like to congratulate you on Defender of the Fatherland Day!

The 23rd of February represents the honour and bravery of everyone who ensures the safety and security of Russia. Throughout history, the Armed Forces have acted as a guarantor of peace in the name of our country's freedom and sovereignty.

For our team, demonstrating deep respect for everyone who strengthens Russia's power through military valour and peaceful work has become part of our corporate philosophy. This year, Defender of the Fatherland Day opens up a number of patriotic events for employees and their family members. This is how we build a true understanding of the history, promote patriotic pride, and strengthen the team spirit of the larger Sakhalin Energy's family!

Dear Friends,

I wish you peace, good spirits, unbreakable will and endurance, a family you can rely on back home, and sound health! I am sure that selfless love for the Motherland and the desire to make it stronger will unite all of us for the sake of its prosperity.

■ Roman Dashkov
Chief Executive Officer

meeting

We Keep Moving Forward, Aiming Beyond the Horizon

During the staff communication session, Roman Dashkov, the company's CEO, summed up the year's results and spoke about the priority plans for 2023.

As he outlined the production and economic performance indicators, he noted that the past year had been extremely challenging in terms of the complexity of the tasks faced by the Company and the environment in which they had been implemented. That said, Sakhalin Energy LLC has met all the scorecard targets, delivering the best financial result in its history.

"The well-coordinated, professional work we have been putting in at all levels has earned us unprecedented high recognition. The members of the company have approved a BPF of 1.8 for its performance in the past year. This is well in excess of our targets, indicating that we have done a tremendous job in 2022. While having no ready-made solutions, we have functioned as one strong and healthy organism to build up immunity against all kinds of emergency situations and have worked together, shoulder to shoulder, to achieve record results," were Roman Dashkov's opening words.

The CEO of Sakhalin Energy LLC also emphasised that, following the company's establishment in a Russian jurisdiction, a business transformation programme had been implemented in the shortest possible time. The joint efforts have resulted in the stable operation of the entire production chain of the Sakhalin-2 project. This has largely been achieved through the extensive cooperation with Russian contractors, whose technical solutions have helped to ensure reliable and safe operation of our equipment.

To keep it up and running, a terms of reference document will be drawn up shortly for the development of a comprehensive facilities refurbishment and extension programme. "It will distribute all forthcoming technical activities in such a way as to extend the service life of our facilities and equipment. The Molikpaq platform is a compelling case in point demonstrating that only a comprehensive approach, with detailed surveys of all systems conducted at a given production site, can result in a quality design document that can be delivered on time," said the Chief Executive Officer.

Putting in place an updated corporate regulatory framework consistent with Russian HSE laws will remain an overarching area of focus in the coming year. A major joint effort with the federal regulators is underway to make sure the objective is met as best as possible.

"To be able to move confidently ahead, we have updated our growth

projects in the Journey Book 2023. Our task pool includes production localisation, reinstatement of technical support for equipment, and resumption of third-party gas negotiations. This is especially relevant now that the Russian Government is extensively discussing the Russian Far East gasification programme," said Roman Dashkov.

According to the CEO, yet another critical task is to build up the company's succession pool and develop the skills that are much sought-after in the oil and gas sector. Sakhalin Energy LLC will continue to closely cooperate with higher education institutions in this area, including in the preparation of professional standards that will underpin the educational programmes for jobs that are in the highest demand.

Roman Dashkov concluded the meeting by thanking the staff for their hard work, out-of-the-box thinking, and dedication. "We keep moving forward, aiming beyond the horizon, acquiring new knowledge, and encouraging ourselves to develop. We have proven with our results that we have what it takes to become a centre of excellence and international best practices in offshore field development and LNG production", he concluded.

■ Marina Semitko



From Maximum to Rational

Sakhalin Energy moves rational field development scenario. A new approach to hydrocarbon extraction and production will ensure the sustainability of the Sakhalin-2 project for decades to come. Timur Gafarov, Technical Director, and Alexander Singurov, Head of Production Directorate, comment on a rational field development scenario.

**TIMUR GAFAROV,
TECHNICAL DIRECTOR:**

– Given the importance of the project for the Sakhalin Oblast and for the gasification of the Far East as a whole, it is particularly important to take a planned approach to field development. Understanding that any planning must be based on manageable assumptions, we started the transition from maximum to rational selections within the design documents.

The Rational Development Strategy emerged from the fact that the main source of our calculations is field performance. With its implementation, the period of continu-



ous production of hydrocarbons from the mature Lunskeye field will be extended.

In addition, this scenario gives us a certain amount of time to “regroup” and develop the necessary alternative technologies in Russia and in friendly countries for the sustainable development of the Sakhalin-2 project. In doing so, we are not stopping production; on the contrary, we are extending the stable lifespan of the production and economic activity.

The timely strategic decision taken by Sakhalin Energy’s senior management ensures the realisation of our plans and represents a significant example of professionalism on the part of the Company.

**ALEXANDER SINGUROV,
HEAD OF PRODUCTION DIRECTORATE:**

– As sanctions pressures increased, with supply and expertise constraints skyrocketing, we were able to mobilise quickly and look at the complexities from a different angle. This made it possible to turn them into additional incentives for the Company. The Company has set itself an objective: in the context of external pressure, to align operations in such a way as to ensure reliable, stable and safe production for years to come.

Following analysis of successful industry experience, a decision was made to proceed based on the core princi-



ples of field development. In view of this, the Company has launched a planned development concept, which envisages a move away from a peak-load scenario to a linear schedule. This will not only save equipment life and extend turn-around cycles, but will also ensure a longer-term utilisation of production facilities.

The new strategy will not affect our commitments to buyers and partners and guarantees the stability of liquefied natural gas production. At the end of 2022, all contracted cargoes were successfully delivered to buyers of the Asia-Pacific region in accordance with the schedule. In addition, the company provided the potential to offset the gas imbalance in the Far East region by supplying hydrocarbons in full to the southern and northern gas transfer terminals, including for supplies to the Sakhalin – Khabarovsk – Vladivostok main gas pipeline.

■ Recorded by Marina Semitko

corporate culture

HSE Board Meeting

On 17 January, the Company held a scheduled meeting of the HSE Board chaired by Igor Abramov, Chief Supervisory Engineer. The regular meeting of the Company’s management was devoted to a review of the 2022 HSE management system and the priority areas of activity in 2023.

At the beginning of the meeting, Evgeny Kovalyov, HSE General Manager, spoke about the HSE Scorecard. At the end of 2022, its approved ratio showed a high value of 1.8.

This was achieved thanks to the efforts of all employees of the Company, which, in particular, allowed to exceed the target figures for the Golden Person category and HSE management in contracts, as well as to reduce the total frequency of recordable incidents.

The main achievements of 2022 were scheduled shutdowns without injuries, a 38% reduction in the number of violations of Life Saving Rules, the introduction of an immune status management system,

a phased reduction of restrictive measures related to the coronavirus infection, and the introduction of the Crossteam platform to develop a health culture among personnel.

Andrey Okhotkin, Commercial Director, reported that during the major external changes in 2022, the leadership visit programme was 100% completed. It ensured synchronous interaction between the Company’s management, asset and contractor teams on all issues, including those outside the HSE realm. To improve the efficiency of the programme in 2023, Andrey Okhotkin suggested applying a differentiated approach to the selection of contractors and the frequency of site visits. To achieve this, it is necessary to take into account the sites’ remoteness and profile of activities, current HSE indicators and contract’s duration.

Alexander Sheykin, HR Director, noted the highest level in the Golden Person category over the five years of this assessment criterion – 96%. “This result is especially valuable at the end of the year, given the decline in this area in September, caused by the transfer of personnel from Sakhalin Energy Investment Company Ltd. to Sakhalin Energy LLC.

We managed to achieve this indicator thanks to the joint, well-coordinated work and full understanding of the importance of training and certification of employees by the business,” stressed the HR Director.

Roman Sinitskiy, Head of Finance Directorate, emphasised the updating the HSE Management in Contracts Standard and implementing the Contractor HSE Management System Audit Programme in full.

Based on the results of 2022, proposals were prepared for priority areas of 2023 activities. According to Igor Abramov, it is necessary to continue further systematic work to achieve 100% compliance of the Company’s HSE management systems with the requirements established by regulatory legal acts and normative documents of the Russian Federation.

“It is important to consistently develop and improve HSE culture given the engagement of the management of Sakhalin Energy LLC with contractors. This is especially important for those companies that recently joined the Sakhalin-2 project. It is also necessary to build an interaction between the HSE Board and the Company’s production facilities,” said Igor Abramov, concluding the meeting.

■ By Ekaterina Meger





Industrial Tourism Is More Than Tourism

Sakhalin Energy, together with the Sakhalin Oblast Government, became a participant in the regional phase of All-Russian Industrial Tourism Development Project, which started in 2022. Its main objectives are to enhance the socio-economic development of the region and to implement several areas in the interest of business and government. These include the promotion of industrial sectors, environmental education and sustainable development, career guidance and investment potential. At the federal level, more than 50 constituent entities of the Russian Federation are already taking part in the project.



Sakhalin Oblast is represented by the largest team – the working group includes ten enterprises in the region. In January, a group of experts visited the Prigorodnoye production complex to evaluate the Company's "Conquerors of Energy" vocational guidance programme



In addition to a tour of the LNG plant's key production areas, the guests visited the Central Control Room (CCR), training centre for future CCR operators and laboratory where they were demonstrated experiments with liquid nitrogen. A separate lecture was devoted to Sakhalin-2 human resource development. The experts expressed interest in the operation of the oil and gas project and were particularly keen to ask questions about Sakhalin Energy's range of career guidance projects, from the promotion of oil and gas professions at the school level to the corporate traineeship programme



In the production area, the participants were told in detail about the latest technologies for liquefaction and storage of natural gas, the operation of the oil export terminal, and the environmental protection measures at the Prigorodnoye production complex. Despite the short duration of the excursion, the visitors managed to get into the corporate culture, having felt care and attention given for a safe stay at the production facility



During the meeting at the largest production facility of the Sakhalin-2 project, the guests learned about the stages of development of the island's oil and gas industry, construction of the project infrastructure, as well as key achievements in environmental and social activities Sakhalin Energy LLC. The excursion day at the largest production facility of the Sakhalin-2 project ended at the shore of the ice-free Aniva Bay, with a great view of the LNG storage tanks and the loading jetty

OLGA ZAKHAROVA, DIRECTOR OF THE URBAN ENVIRONMENT AND TOURISM DEVELOPMENT SUBDIVISION, AGENCY FOR STRATEGIC INITIATIVES:

"The laboratory experiments we saw with our own eyes can be compared to the immersive performance – we were directly involved and it made a lasting impression. I believe that many schoolchildren can easily learn and improve their knowledge of physics and chemistry through such presentations. With this in mind, Sakhalin Energy needs to demonstrate the scale and professionalism in the HR issues, and become an example in organising internships both for students and for everyone willing to complete career guidance courses and programmes.

An All-Russian Centre of Competence should be created on the basis of the company, because all areas have been duly covered here – safety, immersion in the profession, interactive training, and, of course, theory and practice."

OLGA YURAKOVA, MENTOR OF SAKHALIN OBLAST'S REGIONAL TEAM IN ALL-RUSSIAN INDUSTRIAL TOURISM ACCELERATOR 2.0.:

"As part of the accelerator, I visited a couple dozen organisations across a wide range of sectors. My level of scrutiny allows me from the first acquaintance with a company to understand its prospects on the scale of the overall industrial tourism map. And when it comes to Sakhalin Energy, it is a sure-fire bid for a federal facility that every self-respecting Russian should visit. It is more than career guidance; it is more than an idle cultural and cognitive interest. I always say that industrial tourism is not about tourism. It's about patriotism, when love of the Motherland is not just a lip service."

Towards Each Other

In 2022, the Technical Directorate continued its productive work in import substitution of materials and equipment for geological and geophysical operations, drilling and well completion. Ruslan Oblekov, Deputy Technical Director, Head of Field Development Department, and Roman Okishev, Wells Engineering Manager, shared the details.

– **Could you tell us about how import substitution efforts were organised this year?**

Roman Okishev: “The sustainable technological development of the Company was four-staged. During the first stage, we collected information about domestic enterprises capable of manufacturing and supplying alternative types of equipment for Sakhalin-2. Additionally, we explored the offerings on the Chinese market.

It is also worth mentioning that the Directorate went through organisational changes at the time due to one of Sakhalin-2 shareholders announcing their quitting the project. Fortunately, it did not affect the deadlines, since the company had already been implementing a set of measures for the development, succession and career growth of Russian employees.”

Ruslan Oblekov: “I would like to add that in 2021, together with the Finance Directorate, we launched a project to integrate a member of the Russian Content Team into the Technical Directorate structure. This initiative proved efficient during adaptation to new conditions. Seeing the positive results, we expanded the Russian Content Team’s representation in the Technical Directorate for further joint work.

In the first half of 2022, we combined our efforts to research 130 enterprises for 20 areas of the Directorate’s work and selected 104 prospective partners.”

– **Those were the companies that made it to the Sakhalin Energy potential contractor pool, weren’t them?**

Roman Okishev: “Right. The second stage mostly consisted of preparing terms of reference for these enterprises. Employees of the Concept Design Division updated key requirements to these companies and developed terms of reference and surveys. Among other areas, we focused on downhole accessories, x-mas tree, drilling muds, well logging, directional drilling, chemical reagents, blow-out prevention equipment, etc.

At the third stage, we directed inquiries with terms of reference to the potential contractors and waited for response. This portion of the work was performed by a joint team of the Concept Design Division and the Division for Scientific and Technical Development with assistance from the Contracts and Procurement Division. For this purpose, they created a primary matrix for contractor capability assessment. Their potential was gauged

based on their HSE performance, quality control, certification and technical availability.

It is critically important for us to use high-quality, reliable equipment. That is why our team’s work in 2022 was focused on searching for and selecting the most competent, conscientious contractors. We understand that our project is one of very few operations in Russia and abroad that uses such unique, sector-specific

80 meetings with potential contractors over the period from February to November.

In the course of visits to manufacturing plants, our experts examined their production facilities, reviewed technical specifications, audited the Quality Management System (QMS) with the help of representatives of an independent party. One of the key objectives of the audits was to check the compliance of the contractors’ QMSs with Sakhalin Energy’s requirements.”

– **Did the results disappoint you?**

Ruslan Oblekov: “On the contrary – these Russian companies demonstrated excellent quality management systems, a customer-oriented approach and the readiness to meet customers’ requirements.

– **That is quite a success, especially considering the short time frame... What happened next?**

Roman Okishev: “Over the course of the fourth – and last – stage, we focused on elaborating equipment specifications and assessment of its compliance with our requirements. I can confidently say that the preliminary detailed exploration of the existing domestic products and manufacturers will allow us to make great advances in technical import substitution and development of alternatives as early as in 2023.

The core areas of the Directorate team’s activities in future stages will include the scaling of qualification efforts as well as field tests for new equipment. That is one of the keys to ensuring uninterrupted operation and maximum protection from the negative impact of potential future sanctions.”

– **Even though the domestic market is not yet able to satisfy all Sakhalin-2 needs for well construction equipment, new Russian solutions are emerging that compare well with foreign ones. What are your thoughts on the matter?**

Ruslan Oblekov: “Availability of well-logging materials, equipment and services is essential for drilling operations. It is important that in recent years Russian companies have made great strides in offering domestic counterparts to foreign technologies.

I would highlight the achievements in sand screens, scale inhibitors, packers, perforation systems and well-logging equipment.

All parties involved in the work need to be interested in it – otherwise there would not be any progress. Luckily, that is the case here.”

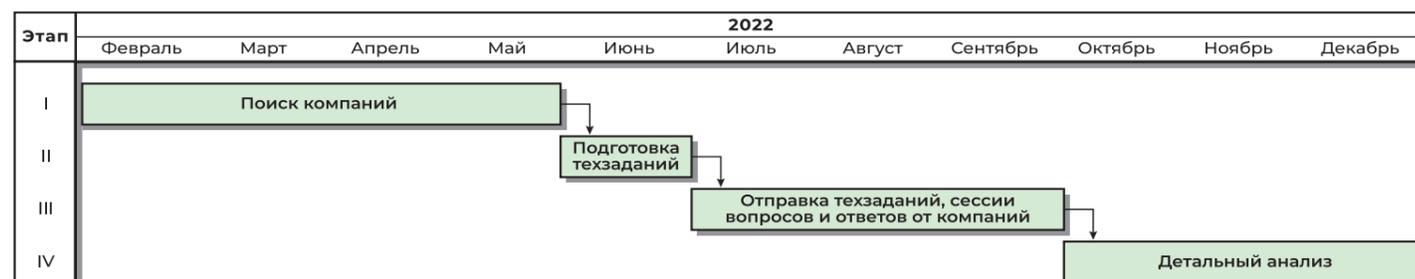
Roman Okishev: “I expect this year to be full of field tests of Russian-man-



Employees of the technical directorate at the plant of a Russian manufacturer

equipment. For many manufacturers, it is simply not economically viable to develop it without a guaranteed workload. For this reason, Sakhalin Energy is will-

Based on the audit reports, the Company had signed over seven memorandums of cooperation by December 2022. The most important ones aim at building



ing to meet them halfway: if a company does not currently possess the required capabilities to produce equipment according to our specifications, we are open to considering and developing alternative solutions.”

– **Did the Directorate team receive responses from all the equipment manufacturers that they had contacted?**

Roman Okishev: “From most of them. Based on the documents received from domestic manufacturers, the team organised online meetings with prospective companies. Overall, the Directorate employees conducted more than

cooperation in geophysical data interpretation, deployment of software for visualisation and rapid analysis of geological study data.”

Roman Okishev: “Additionally, Technical and Finance Directorate employees did extensive work to find substitutions for foreign companies that exited the Russian market. Their efforts resulted in the signing of contracts with the most technologically competent Russian enterprises that provide services such as x-mas tree and well head maintenance as well as production tubing and casing pipe lowering.”

ufactured products. There are already plans for using Russian scale inhibitors in the Piltun-Astokhskoye oil wells. The Technical Directorate is working on procedures and terms of reference for manufacturing sand screen test facilities. In case of successful qualification tests, we will consider using them in the Lunskeye and Piltun-Astokhskoye fields.

In addition, we are still in touch with our partners from friendly states and hope to continue productive cooperation in various areas. Nevertheless, we are also open to collaborations with domestic companies in those same areas.”

Elementary, My Dear Watson!

Sakhalin Energy obtained an applied design patent in the run-up to 2023. It improves the efficiency of routine but important production processes and saves dozens of work hours without compromising quality. The author of the patent, QA/QC engineer Konstantin Pikanov, who had adopted a creative approach to the inspection of flange faces, shared with us some technical details and interesting facts.



The Intellectual Property business process is managed by the Commercial and Intellectual Property Division of the Legal Directorate.

how other companies were dealing with the issue – what if I had re-invented the wheel? When I was convinced that no one had come up with anything like that before me, I contacted Sakhalin Energy's Commercial and Intellectual Property Division. The design patent was obtained 16 months later, once the colleagues had completed the necessary preparations and filed a patent application to the Federal Institute of Industrial Property.

– Konstantin, how would you answer yourself the question, 'Why am I interested in making improvements?'

– Probably, I wanted to test the saying that "Progress is made by lazy men looking for easier ways to do things". But seriously, it had taken me a lot of extra time to inspect hundreds of flanges, so I started thinking about how to improve the process. Moreover, the Company has the right conditions for this. For instance, there is a Continuous Improvement Programme in place, with many employees taking an active part in it.

I've always been keen on making a difference. I received my first patent when I was a postgraduate student at Gubkin University. Now, I succeeded in patenting transparent templates for the inspection of flange faces. The manufacturing costs are low. The most important thing is that it helps to quickly assess a defect and reduce the time for decision-making without compromising the safety and quality of work. Quite a good result for a set of templates that fits easily in a coveralls pocket.

■ Interview by Elena Gurshal

* A flange connection is a detachable (bolted) method of installation of pipelines..

– Konstantin, how did the idea for the invention come about?

– Here are some technical details to help you understand the concept. When I worked as an inspection engineer at the LNG plant, my responsibilities included inspecting flange connections*. A leak-free connection is ensured by the tight fit of the graphite part of the spiral wound gasket (SWG) to the faces of both flanges with circular grooves cut on them. As a flange connection is being tightened, graphite fills the spaces between the grooves to create a tight seal. My duties included assessing the condition of flange faces.

part of the gasket came into contact with the flange face and locate the position of the defect relative to the sealing point. To that end, measurements were taken from the gasket using a caliper and drawn onto the flange face with a marker pen, indicating the outer and inner circles of the graphite part of the gasket.

– It was quite a quest!

– On some occasions, I really had my work cut out for me. During the Turnaround, I had to inspect up to 500 flange connections. Every time a defect was suspected, I had to draw circles and measure the parameters of scratches and dents. This safety-critical yet routine exercise would normally take quite a long time to complete.

– Was it at that moment that you shouted "Eureka!"?

– Not exactly, don't compare me to Archimedes (smiles). But it occurred to me that it would be nice to have some kind of transparent, flexible template that would allow me to see at a glance if a defect is in contact with the graphite layer of the gasket.

– If you mind the Archimedes analogy, then let me try and draw a parallel with Mendeleev who, as legend has it, saw his periodic system in a dream. Your eureka moment came as you were inspecting flanges.

– When the idea took shape, I did some drawings, went to the print shop, and asked them to print out the templates on 1mm-thick transparent plastic sheets. It took a while, but things finally worked out. Due to the different flange sizes, eight differently sized templates were required.

– I can imagine how much you were looking forward to testing your invention. Did it work?

– You bet! I used to spend a total of two to three minutes on one defective flange but, with the templates, the time was reduced to 15 seconds. It's that simple! As they say in the famous Sherlock Holmes movie, "Elementary, My Dear Watson!" I calculated that, thanks to my little invention, I saved more than 20 hours' worth of flange inspections during the 2021 Turnaround.

– How was the patent obtained?

– When I was sure that my method worked, I started collecting information on

Putting together an IP portfolio is an important area of Sakhalin Energy's activities. A professional approach to protecting the resulting IP items enables ideas to be converted into business assets which, in turn, are conducive to production process optimisation and economic growth.

– What steps should you take if you spot damage?

– First of all, assess the risk of the face defect compromising the tightness of the connection (which is particularly important if there are hydrocarbons present inside a process vessel). This cannot always be determined at first glance. Sometimes it was necessary to mark areas where the graphite



Following the Kaizen Philosophy

To close the year 2022, the Technical Directorate traditionally held the second assessment round of the internal Lean Production Programme, which has been implemented in the unit for many years. Aimed at promoting the lean culture, the programme reflects the Kaizen philosophy while incorporating the tools of lean methodology based on business process optimisation.

In the second semifinal*, the five projects** that proved to be effective received the highest number of votes:

- A single mud circulation system for wells with sand screens on the Piltun-Astokh oil field;
- Optimised approach to selecting lease well completion equipment;
- Restoration of water injection well capacity during the rig refurbishment;
- Control of allowances for spools manufactured for installing intrusive devices;
- Installation of a cement rock catcher to improve the cement pumping process.

After two assessment rounds, eight teams were selected to compete in the finals. As a result, the initiative “A single mud circulation system for wells with sand screens on the Piltun-Astokh oil field” was awarded with the title “The Best Business Process Optimisation Project”. The project was jointly implemented by the Field Development Department and the Well Design, Construction and Maintenance Department.

The winning team proved that it was possible to use water-based drilling mud instead of oil-based mud for drilling wells in the Astokhskoye field. Thanks to the proposed approach, the Company was able to reduce the cost and time of drilling. It will be further used for similar operations at all wells in the Piltun-Astokh area.

The Technical Directorate Leadership Team would like to congratulate the winners and express gratitude to all participants of the 2022 programme. Given that contributing to lean business practices is one of the key tools for implementing the Directorate’s strategy, the Leadership Team intends to further support relevant initiatives in its departments.

* You can find the results of the first semifinal in the June 2022 issue of the Vesti.

** For more details about the projects, please go to the webpage of the corporate continuous improvement portal.

■ Yulia Loskutova



continuous improvement

Best Project

Finance Directorate has selected the best CI project over Q3 2022. The initiative on “Automation of the Process of Material Master Creation and Update in SAP” became the winner among nine nominees.

After one of the Shareholders declared its intention to withdraw from the Sakhalin-2 project in 2022, the Company began migrating from SAP Blueprint to the in-house SAP ERP 6.0 system (see the details in the December 2022 issue of the Vesti).

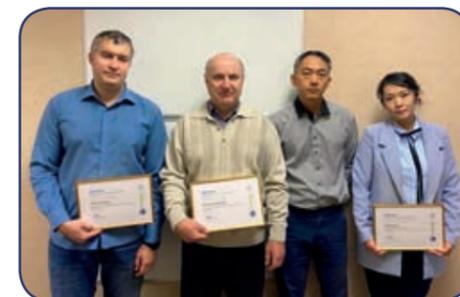
Materials were temporarily registered in the database of the Business Process Automation Subdivision (MMDB). During the migration between the systems, the number of registered unique records of materials amounted to 626. First, the team had to recreate them in SAP ERP 6.0 and then replicate with the required parameters across the Company’s assets.

To solve the task, an automatic programme was developed to create records of materials in SAP ERP 6.0, while keeping their old numbers. After the data migration, however, the team identified a number of discrepancies. The list of records to be rectified included over 16,700 parameters. The process was placed under supervision: information about all discrepancies and progress in their elimination was recorded in a separate log.

A special script was developed in SAP ERP 6.0 to ensure the prompt recreation of material master records. The automatic programme was developed by Vasily Gavriluk, Materials Cataloguing Specialist, Ivan Ostashko, Senior IT Solutions Development Specialist, and Marina Pak, Senior SAP Business Analyst.

During the Joint Finance and Legal Working Group meeting with the Company members in November 2022, the Finance Directorate Leadership Team congratulated the project team on winning the competition and thanked them for their professionalism and excellent performance.

■ Alina Sin



500th Request

IT/IM has registered a half-millionth request in the IT-services management system. Most of the company’s personnel have used the system as part of the self-service portal.

Each of us make occasional requests for access to folders, equipment, installation of additional applications – there are over three hundred service request forms in total. Yet, the portal is only the iceberg, i.e. the external side of a complex integrated IT services management system.

This system is the main tool for the Service Desk specialists, who use it to register and process all user requests. It is also a database for engineers and system administrators, where they can find up-to-date information on

software and equipment and which is integrated with monitoring systems. Besides, IT-teams’ management see it is a convenient tool for monitoring the status of services and distributing load, which is complemented by report-building functions. The change management process integrated within the system allows all specialists and IT-teams to register, coordinate, discuss, obtain approval and control the implementation of various changes in the IT infrastructure and services without interruptions.

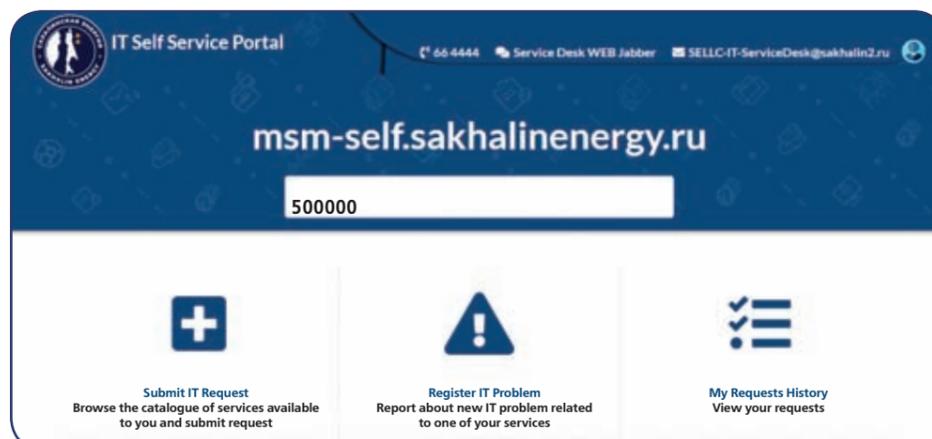
Anna Mikryukova, Head of IT Service and Operation: “The IT-Services Management System was launched in early 2017 (soon after the Service Desk was set up) and immediately became an indispensable tool utilised by operators in their day-to-day activities. By the middle of that year, the self-service portal was launched, where all IT service requests “migrated” to. With it, we have received the opportunity to manage the catalogue of requests on our own, make them more user-friendly, and to receive post-service feedback, which we focus on to improve the quality of our services.

The availability of an in-house IT-services management system and the self-service portal played an important role in the complex process of disintegration from Shell infrastructure after Shell had declared its intention to leave the Sakhalin-2 project last year. Considering that the portal was localised and fully supported from the inside, we preserved the opportunity for users to place requests for our services. Besides, the availability of the IT-services management system allowed us to coordinate complex, interrelated and operational activities.”

departments’ news

Fedor Grigoriev, Head of IT Change and Integration Section: “Every now and then various teams of the company, whose functions are related to the fulfilment of requests made by the staff, arrive at the conclusion that it would be a good idea to automate the registration and processing of requests following the IT-services request pattern. In such cases, they contact us; and we are ready to fulfil their wishes to the extent that our IT management system allows us to. The absence of direct costs, shortened development time and interactivity are all the advantages of this approach. The prototype of the form is usually ready for review by the customer and further improvement a week or two after the requirements have been identified. Unlike “in-house” developments, which are often (not to mention fairly competently) launched independently within the teams, we offer a solution, which is under the full control and responsibility of the IT-services. Besides, we should not forget about many valuable opportunities, such as: automatic distribution of notifications, integration with the directory service, as well as a well-developed and convenient reporting system. These functions are part of the system from the very beginning; as for individual developments, however, implementation of these functions often requires considerable efforts from the action parties.

The 500,000 requests in the IT-services management system further confirm that the role of information technologies in any modern business cannot be overestimated.”



Heading Set for the Whole Country

At the end of the year, Sakhalin Energy took part in a specialised Round Table with representatives of pipeline valve manufacturers. The subject of the meeting held for the first time in Sakhalin was the accelerated development of import substitution in the new reality.

With the support of the Scientific and Industrial Association of Valve Manufacturers, the Sakhalin-2 project operator (event facilitator) brought together leading valve manufacturers (Penztyazhpromarmatura, NPO EMK, Konstanta-2, KONAR, NPO Regulator and others) around one table.

The agenda covered important and relevant issues for the valve manufacturing industry such as assessment made by the Scientific and Industrial Association of Valve Manufacturers for the current capacity utilisation of major Russian manufacturers, experience in implementing import substitution projects for shut-off and control valves according to international standards, reverse engineering, service support for

maintenance and repair of equipment from foreign manufacturers, standardisation of requirements for valves for offshore platforms and LNG technologies. In addition, Sakhalin Energy's needs for import substitution of pipeline valves and engagement of the Scientific and Industrial Association of Valve Manufacturers in projects for the development of new Russian pipe classes for the Company were also considered.

During the meeting, Mikhail Kuznetsov, Director of the Machine Building Department of the RF Ministry of Industry and Trade, made a presentation. By videoconference, he shared the results of state support measures for the oil and gas industry. He noted that the market share of

Russian products was increased from 43% to 60% in 2015 to 2021.

"We now believe it is necessary to implement new stages of import substitution. The Institute of Oil and Gas Technology Initiatives* should contribute in addressing this challenge and render support in developing and approving unified standard technical requirements for products, as well as rules for compliance assessment and pilot tests to be utilised by all companies in the Russian oil and gas industry. We intend to spend 2023 actively addressing these challenges" – said Mikhail Kuznetsov sharing his plans.

Dmitry Dubik, Head of the Russian Content and Supplier Relationship

Development Subdivision, summed up the results of the Round Table: "Today we had a joint, comprehensive and most importantly open discussion between customer and manufacturer on the strategic goal and contributed to its achievement. Indeed, import substitution is not a local objective, but a heading set for the whole country. We need to meet in this format more often – I'm sure the effect will be achieved soon".

* *The Institute of Oil and Gas Technology Initiatives was established in 2020. Its main goal is to develop the Russian system of standardisation in the oil and gas sector and to conduct compliance assessments. The work of the Institute was approved by the President of Russia.*



Our Round Table discussion was followed by a dialogue with Ivan Ter-Mateosyants, Executive Director of the Scientific and Industrial Association of Valve Manufacturers. During the interview, he gave an overview of the status of import substitution for pipeline valves and shared his plans regarding the engagement with Sakhalin Energy.

– Ivan, a year has passed since the last Round Table discussions. How has the situation changed since then?

– I think that things have remained the same in the valve manufacturing industry. However, the economic environment due to sanctions pressure has changed: the biggest foreign manufacturers of various products, including valves, have left the market. The challenge for domestic businesses was to fill that gap: not just to increase the volume of what they have traditionally done, but also to master the production of new types of valves.

– **What challenges do you think the industry has faced with the surge in demand for domestic products?**

– The issue remains that some companies need products made to foreign standards and others to Russian ones. "Jumping around" from one to another system of standards and back again is counter-productive. Each time, it is necessary to keep the equipment rearranged, to resubmit documentation, and so on. This is the main concern now.

– **What are the ways to deal with it?**

– There are a number of ways to do this, but the surest way is to replace foreign products with similar ones made to Russian standards. This is what we are good at and what we do together with Sakhalin Energy.

– **It is the second Round Table discussion between the Association and the Company that seems to be working well. What does your organisation focus on in the development of relations with the Sakhalin-2 project operator?**

– Given the niche that has now opened up for import substitution, the Sakhalin-2 project is a landmark for the Association of Valve Manufacturers. This is the "stepping stone" we need to climb to demonstrate that we are ready to deliver products that will meet the highest standards. I am quite optimistic that we will be able to prove ourselves as a reliable partner.

– **Last year, the Round Table discussion was held in Moscow, at the Central Design Bureau for Valves and Fittings. Why did you decide to hold it in Sakhalin this time?**

– This option was discussed a year ago. The Association and the valve manufacturers wanted to get geographically "closer" to the customer, to establish even more effective cooperation. From experience, this is generally more effective on the customer's "side", i.e. in the area it operates.

– **Ivan, you are a standing expert for the relevant committees and organisations in the field of unification and harmonisation of international and Russian standards for valves. What work is being done in this area?**

– Historically, national GOSTs have been based on European standards – e.g. ISO – and work has been underway to harmonise these regulations for the past 30-40 years. It cannot be said that these are identical standards, but for the most part, there is harmonisation.

– **As far as I know, the leading role in unifying technical standards to support Russian manufacturers has been assigned to the Institute of Oil and Gas Technology Initiatives.**

– You are right – it acts as the operator for the creation of a single set of requirements for oil and gas equipment. The main purpose of this work is to free manufacturers from having to go through the same procedures repeatedly to prove that their products are compliant. To avoid this, a common system of standards, endorsed by the largest national oil and gas companies, will be created. It is expected that a manufacturer, once certified, will have 'access' to all customers. It is a complicated process, but sooner or later, it will become operational. The project has been supported by the President of Russia and is a priority.

– **What are the Association's plans for 2023?**

– This year, we will see the effect of all the actions we took in 2022, including decisions on standardisation, product conformity and inspection of manufacturing, as outlined in the Round Table discussion.

■ The page is prepared by Ekaterina Butovskaya

Reliability Simulator

Sakhalin Energy launched an upgraded computer-based training simulator facility for the operators of the Prigorodnoye production complex.

The training simulator for the LNG plant's operations and maintenance personnel is a software and hardware solution. It consists of several PCs featuring dedicated application software and united into a single local area network.

Its digital core is made up of a dynamic simulation of process plants and the automated process control system. The simulator takes all the intricacies of production processes into account.

Ivan Shamonayev, Head of the Prigorodnoye production complex, notes that process plant operators continuously analyse the situation to promptly and efficiently respond to any changes in the production process. "The ability to instantly make the right decisions in any environment is achieved through many days of diligent training. The new simulator mimics the real control panel, making training as close to reality as possible. This is especially important for ensuring reliable and accident-free operation of the production facility," added Ivan Shamonayev.

The Company had begun to train staff on the computer-based simulator a year before Russia's first LNG plant was commissioned, in 2008. A total of more than 40 operators were trained during that period.



"Keeping in mind that production staff should be trained in line with the latest trends, it was decided to replace the virtual simulator model in use with an upgraded one. A systematic approach to upgrading hardware and software will significantly improve the quality of the training process and, consequently, the overall reliability of the LNG



plant," said Yuriy Klishin, Head of the Operations Training Subdivision.

The deployment of the upgraded simulator will contribute to the training of highly qualified specialists skilled in safely managing equipment operating envelopes as well as monitoring and sustaining process workflows.

The training will provide operators with the opportunity to practise not only safe production start-up and shutdown operations, but also proper response and error-free decision-making in emergencies. Among the benefits is also the study of the impact of various process parameters on the quality of produced hydrocarbons.

In addition, the new simulator can be used in the study of supporting disciplines relating to process automation.

■ Pavel Ryabchikov

A Constant Companion

Safety accompanies us along the entire labour route. In order to keep up with it, it is also important to develop soft skills at seminars and training courses. According to Semyon Yarochkin, Instructor of the Briefings Section, Corporate Safety Division, "The more information on safety issues a person receives, the more likely for them to use this knowledge."

– Semyon, your subdivision performed a large-scale safety training in late 2022. Who was the target audience?

– The four-day Leadership to Achieve the Goal Zero training course was intended for mid-level managers and HSE specialists. It is a regular training that has been provided two or three times a year for a decade now.

– Safety is rather a basic notion. What kind of skills were the target for the attendees?

– Considering that the training course is intended for the heads of subdivisions, divisions and sectors, namely, for employees directly supervising the teams and interacting with others, it contributes to the development of soft skills. After all, a manager is an ambassador who maintains the corporate culture of the company by their personal example in the first place.

– I always believed that safety is ensured by strict rules and standards, but you tell us about soft skills. It is rather controversial, isn't it?

– Well, imagine that you are a strict manager ruling with an iron fist. You can put everyone's foot down and demand the subordinates to fulfil all assignments in full obedience. Then imagine that your employee noticed a violation or made a mistake. Will they admit their charges and try to remedy the situation? The positive answer to this question is likely in case of

comfortable teamwork environment where there is corporate commitment to safety based on personal motivation instead of fear of punishment. In this case, the goals of the employee, their line manager and the HSE specialist coincide. Everyone wants the process to work like a charm, so that everyone is able to come back home safe and sound.

The Sakhalin-2 project involves over two thousand people, and the number will increase several-fold considering the contractors. Not all employees are introduced to each other. Outside its intended purpose, our course allows to establish

communications between different subdivisions and people and serves as a team-building event.

– Please, tell us how it works.

– We divide the attendees in several groups and perform the training in the form of business games. For example, we conditionally divide the attendees into employees, mid- and top-level managers for one exercise and ask them to communicate only via e-mail. In addition, their interaction is regulated by clear rules. In particular, the game rules provide that employees may exchange e-mails with the mid-level



manager only and cannot contact top-level managers, but all of them have to complete one common task. For another exercise, an attendee shall assemble a jigsaw puzzle without using the pattern. The team members can only give the clues to the colleague who shall complete the puzzle on their own. The success depends on the accuracy of the clues given. Such exercises improve team work and serve as a lesson learnt for proper communication.

Public speaking is another skill addressed by the training. Please do not be surprised, it is a crucial skill for a manager to

send a clear message and get their ideas over the employees. After all, as Bernard Shaw once said, "The single biggest problem in communication is the illusion that it has taken place." This time, the attendees prepared a speech for the TEFI award ceremony in the Russian television industry. It turned out that even an imaginary situation can make you feel worried, but if you know the specifics of presenting the speech, it will help you feel confident to complete this task.

– They say that using games is the best way to teach a child. The same works for adults, doesn't it?

– Modern psychology states that in every adult there dwells the child. According to the feedback received from the attendees each and every year, using business games is the most effective way to develop skills. An opportunity to respond to challenges through games gives confidence in solving routine business tasks later on.

– Who were the instructors this time?

– The company has a pool of ten instructors. At the end of the year, the training was provided by Ekaterina Rubanova, Olga Melnik and me as the organiser as well.

– What was the feedback?

– All attendees could make their proposals in writing on flip charts in the room during the training. Then we collected the information to analyse it and update the training course. Based on the proposals, we focus on creative assignments and discuss up-to-date challenges to make the education process interesting and useful to the maximum extent possible. Judging by the feedback, we achieved good results this time. The colleagues noted that the four-day intensive training gave them a positive charge of emotions and motivated to make the world a better place.

– Safety was the top priority throughout the history of the Sakhalin-2 project. How can you evaluate the work done, and what are the outlooks?

– The Goal Zero Programme can be called a tool that makes employees understand safety and inspires them to perform their duties safely and promote safety rules outside the workplace. As we already mentioned, safety is a constant companion along our labour route. Therefore, no matter how long is the way behind, there is still a long way ahead.

■ Interview by Elena Gurshal

february 2023



«БОЛЬШАЯ ЭКСПЕДИЦИЯ
ТЭКиКо»



Hello, Strategy!

In 2023, Sakhalin Energy has launched the I-Healthy Strategy. It is developed as part of the Great FUEL&Co Expedition with an aim to achieve a new level of health culture among Sakhalin-2 personnel. Konstantin Kokorin, Head of Sakhalin Energy Corporate Health Section, provides details on that.

– Konstantin, does the new strategy entail the implementation of a different approach to protecting the health of employees or is it the former dogma with a modern twist?

– While the employees' health is a constant, approaches to its maintenance undeniably require modification. Let us take the evolutionary graph as an example. It consists of three stages, with each stage highlighting a few priorities: first aid, expert reviews and medical examinations, as well as a module related to disease prevention and maintenance of a healthy work environment.

The diagram shows that at the beginning of development the company focuses on first aid (response), and only when this area is “in order”, begins to focus on the early detection of diseases and prevention of their occurrence. Following the philosophy of the bow tie chart, in managing health risks we orient our vector from response to planning. Today Sakhalin Energy is in the “compliance” stage. The next stage is an ambitious goal, which will require devoting maximum time, effort and funds to achieve.

At the new level, employees and their families are expected to develop a conscious system of action to promote health and prevent risks of disease. Simply put, our goal is to make a healthy lifestyle a habit, a routine in a good sense of the word. To make a person form a positive association with the topic of health and initiatives related to the promotion of I-Healthy strategy. I want the desire to be healthy to become a trend.

– The goal, to put it bluntly, is not easy. After all, what works for one person may be of little value to another. Do you have any worries that the algorithm might not be effective?

– There is an expression “broadcasting from every iron”. That is exactly our case. In order to cover any topic relevant to the promotion of a health culture, we use all possible channels of communication as much as we can. I'm sure once the “propaganda flywheel” starts spinning, you won't be able to ignore the information. Besides, no one is stopping us from

being creative and addressing issues already known to our colleagues in different ways, including through the involvement of their relatives and friends in healthy-oriented activities.

For example, we plan to hold Health Days – the first meeting has already taken place at the Sakhalin Island Literary and Art Museum on the eve of the birthday of Anton Chekhov, one of the most famous doctors. Its participants not only learned the basics of health-improving breathing practices and tasted teas made of wild plants, but also took a tour of Sakhalin through the eyes of Chekhov's doctor.



Some of the focus areas we have identified for the near future include heart and vascular health, proper nutrition, changing attitudes towards bad habits, healthy sleep, and stress management. The list is open-ended and will be constantly updated.

– What principle was used to determine the topics?

– First of all, they were chosen based on the assessment of employees' health status, which was carried out using the medical examination data obtained in 2021 and 2022.

Among the identified problems are overweight, impaired lipid (fat) metabolism, arterial hypertension – a chronic disease, the main trigger of which is high blood pressure. Moreover, the second and third risks are directly related to the first. For example, reducing excess weight by 10 kilograms reduces high blood pressure by 10 millimeters of mercury.

I would like to emphasise that all of the major diseases that we have identified are caused by lifestyle factors. And this is no longer controlled by doctors, but by the person himself. After all, it depends only on people's willingness to quit smoking and walk more actively instead of taking public transport.

– In any case, some expert advice would be useful.

– I strongly recommend that you do at least 30 minutes of aerobic exercise every day. It can be cycling, skiing, skating and roller skating, swimming, running and treadmill exercise, walking, dancing – the list could go on for a very long time. The main point is that everyone can easily find a suitable option for themselves. Be sure to monitor your blood pressure and body mass index, quit smoking – it is a very unhealthy habit indeed. And of course, it is necessary to maintain your mental health through stress management.

All these measures are very helpful in keeping your heart and blood vessels healthy. By the way, the Crossteam corporate platform, which is available to all employees of Sakhalin Energy and contractors, can help you comply with them. By joining the platform, employees get the opportunity to manage in a comprehensive, digital and so-called game mode the risks that can negatively affect their health.

There are many ways to change your lifestyle, but they all require one thing: your own commitment. Set a large goal and a few small ones. Like the Chinese philosopher Lao Tzu said, “A journey of a thousand miles begins with a single step”. So, never doubt yourself, just take a step towards your health.

Along the Highest Peaks of the World Together with Crossteam

What do you think about the initiative of going around the globe by climbing the highest mountain peaks? Fiction? Meanwhile, the members of the Crossteam platform have achieved it! With a common goal in mind, they embarked on a virtual stepchallenge journey with the romantic name of “Along Peaks of the World”.

Together, they have walked more than 50 million steps in two months – around 40,000 kilometres, which is equivalent to the length of the Earth's equator! Eduard Rastorguev, Senior Specialist of the HSE Contracts and Assurance Subdivision, became the leader and the most active “traveller” – his result was 1,769,113 steps.

Vitaly Cho, Maintenance Planner, was behind him with 1,425,264 steps. Dmitry Ignatov, Senior Specialist of the Property and Land Relations Subdivision completed the top three. His result is also impressive – 1,384,361 steps.

Teams also were involved in the mass “ascent”. After tallying the points, its leader became the Approvals and Compliance Division. The Corporate Affairs Division is within step reach of the winner. Bronze went to the “travellers” of the LUN-A platform.

As a reminder, the Crossteam project, aimed at improving the health of the Sakhalin-2 project team, was launched on 1 August 2022 as part of the Great FUEL&Co Expedition corporate event. To date, more than 500 people have registered on the mobile app of the same name, sharing their experiences with colleagues to maintain a healthy lifestyle in social networking mode. The app features over 20

virtual courses and 7 webinars on a variety of topics.

NAME	SCORE
Irina Samatova	83 940
Maria Vysokova	70 980
Dina Makarova	49 679
Olesya Kovalenko	49 349
Daria Boyko	47 295
Vitaly Cho	47 250
Pavel Truskov	36 613
Valery Sukhoruchkin	31 485
Natalia Sergeyeva	26 579
Ekaterina Korzinina	24 789

Most active Crossteam participants (August to December 2022)

Questions and suggestions for improving and developing the Crossteam project can always be addressed to Valeria Kolosovskaya, the Programme Coordinator.

It is very easy to start using the platform: Install the Crossteam mobile app. Complete registration: Enter Sakhalin Energy (no quotes) and the access code 4565. Start completing tasks and using the functions. Questions and suggestions for improving and developing the Crossteam project can always be addressed to Valeria Kolosovskaya, the Programme Coordinator.

The screenshot shows the Crossteam mobile app interface. At the top, there's a progress bar for a virtual step challenge titled "По вершинам мира" (Along Peaks of the World). The progress bar shows a score of 54 618 746 / 54 616 143. Below the progress bar, there's a "Рейтинг" (Rating) section with two columns: "Участники" (Participants) and "Команды" (Teams). The top participants listed are Eduard Rastorguev (1 769 113), Vitaly Cho (1 425 264), Dmitri Ignatov (1 384 361), Elena Grigorenko (1 178 225), and Olesya Kovalenko (1 068 915).

Comfortable and Safe

The Facilities Management and Development Department summarised the 2022 performance results. That year was significant for the unit in terms of the importance and number of implemented projects. The employees of the division did their best to provide safe and comfortable conditions for our work, accommodation and rest.

“The Zima Highlands residential complex, with its housing facilities (more than 360 apartments) and infrastructure of all production facilities and sports and leisure centres covering more than 50 hectares, accounts for a significant part of the Department’s workload. This year, the complex saw a lot of technically challenging projects. In light of the external restrictions, which not only posed unprecedented challenges but also entailed rather peculiar projects, the Department was set the task of implementing a number of priority initiatives. To accomplish this task, we engaged dozens of contractors. The competent management of work allowed us to cope with all the external challenges,” noted Vladislav Rezvykh, Deputy Head of the Department.

6,300 sq. m of asphalt concrete pavement within the Zima Highlands have been renewed in 2022. Moreover, the territory was additionally equipped with drain systems and storm water basins which speed up wastewater disposal from the road and thus improve road safety.

In this work, environmental issues take a high priority. The residential complex alone generates about 100 tonnes of various waste per month. Managing waste collection and disposal is one of the main fields of the Department’s work. “In addition to the obligatory condition of personal (that of each complex resident) and corporate culture (the company’s approach to sustainable use of resources), I would like to mention a waste management project we have been implementing in Zima Highlands. It involves collection and temporary storage of waste with subsequent transportation to special landfills for disposal,” shared Vladislav Rezvykh.

The waste collection and temporary storage site construction project was carried out back in 2021. One of its pavilions also received a hydraulic press for compressing paper and cardboard waste. In 2022, this equipment was successfully put to use. Paper waste briquetting allowed us to reduce the number of waste disposal trips by more than four times, from 28 in 2021 to 6 in 2022. In addition to the cost-cutting effect, this also reduces emissions into the atmosphere.

The company is also implementing another green project – work is underway to replace underground storage tanks for diesel fuel used to heat 20 residential buildings in Zima-4. Cleaning and inspection of the reservoir revealed corrosion, and it was decided to replace the underground fuel tanks with new ones that meet regulatory documentation requirements. According to Sergei Mishenev, Head of the Non-Production Facilities Maintenance and Construction Division, a pilot project that

additionally addressed fuel level controls was completed at two out of ten locations yearly that year. The pilot project helped the Division to be aware of all the nuances of the works involved and promptly complete them at four locations in 2022. It is expected that all diesel storage tanks will be replaced by the end of 2023. Concurrently, water drainage and diverting of groundwater are also being addressed.

“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. Last year, one such project had to do with replacing underground fuel reservoirs with new up-to-date steel tanks that meet regulatory documentation requirements. This equipment has maintenance shafts, inspection hatches, vent valves and fuel level indicators. Its insulation space is also filled with nitrogen to monitor leakage,” added Sergei Mishenev.

As part of the strategy to provide a comfortable living environment and quality leisure to the residents of the Zima Highlands, the company devoted continuous efforts to improving its sports facilities. Last year, the floor coating was repaired or replaced at three sport venues: the corporate school gym, the outdoor basketball court and the tennis courts of the Oasis Sports Centre.

“I would like to give a special mention to the initiative of replacing the flooring at the Oasis tennis courts. This venue opened in 2006, and it is used by 350–400 people per season. The company employees, their children and guests come here to play. The Centre also holds practice sessions for anyone wishing to learn the basics of tennis and badminton. The new court flooring is made of an acrylic polymer certified by the International Tennis Federation. Its composition includes a rubber cushion layer, an acrylic base layer and three coloured acrylic coatings. Each layer contains extra fine silica sand which gives the Russian Tennis Federation certified surface a velvety finish and a nice friction

Considering that the Zima Highlands is fully autonomous, it has its own water supply system. The residents get artesian water from on-premises wells that undergoes all the necessary purification procedures. Last year, the company inspected and maintained two wells at the Zima-1 water intake facility. As a result of extensive one-month-long work, the properties of the wells were restored. Following the inspection of the Zima-3 water intake facility, it was decided to replace it. The construction of a new well is scheduled for 2023.

with athletes’ footwear. It is a great pleasure to do things that benefit those around you and bring them joy. Our first priority, however, is safety, so I would like to wish all athletes good health and injury-free games,” said Sergei Mishenev.

Another strategic initiative included successful performance of necessary actions and repairs and obtain permits and licenses to open a corporate school at the residential complex. All preparatory activities had been completed by the start of the academic year, and 1st September saw the grand opening of the school where pupils are now taught in accordance with state educational standards.

When it comes to living quarters, all systems are checked before every new resident moves in, and repairs or furnishing are carried out if necessary. 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. However, home is not limited to the walls, but also includes the street we live in, the pavement we walk on... That is why expanding the comfort zone beyond the threshold of the door to an apartment is another large-scale area of the Department’s work. The relevant teams not only clean the interior of the residential and public premises, but also improve the Zima Highlands grounds. In summer, specialists of the Residential Real Estate unit maintain the lawns and all plantings in perfect condition; in winter, they clear snow from the roads and roofs.

One of unusual projects last year was the infrastructure development for the Hub Recreation Centre’s park. Its idea was first discussed many years ago, but the implementation began in 2022. The two-hectare forest area received a network of alleys for walking and recreation. To this end, the territory was cleared of fallen trees, dead wood and old stumps, while preserving green plantings. The park was also provided with appropriate illumination. In 2023, the Department plans to install benches, flowerpots and swings here, plant trees and shrubs, flowerbeds and lawns, as well as put barbecue grills and gazebos near the entrance to the park. Additionally, the course of the stream running through the park will be fortified and developed.

“We do our best to make Zima Highlands residents feel comfortable and protected everywhere and in all respects. To do this, we employ a clear development strategy and all the necessary tools. Access to reliable high-quality technologies and materials is an important factor that contributes to our successful work. You know, that is the biggest asset of our Department,” concluded Vladislav Rezvykh.

DID YOU KNOW THAT IN 2023:

- it is planned to equip a canteen at the corporate school for employees’ children;
- both lifts in the SEB 1 building will be replaced, one at a time to minimise inconvenience for the employees. The new lifts fully comply with the international quality assurance standards and the Russian norms;
- barbecue grills and gazebos will be installed near the entrance to the Hub Recreation Centre’s park, and the two-hectare forest area will get a network of alleys for walking and recreation.



Pathways of Energy Transition

Through its history, mankind has repeatedly abandoned certain fuels in favour of others, which is commonly referred to as the energy transition. Let us take a look at the essence of the process.

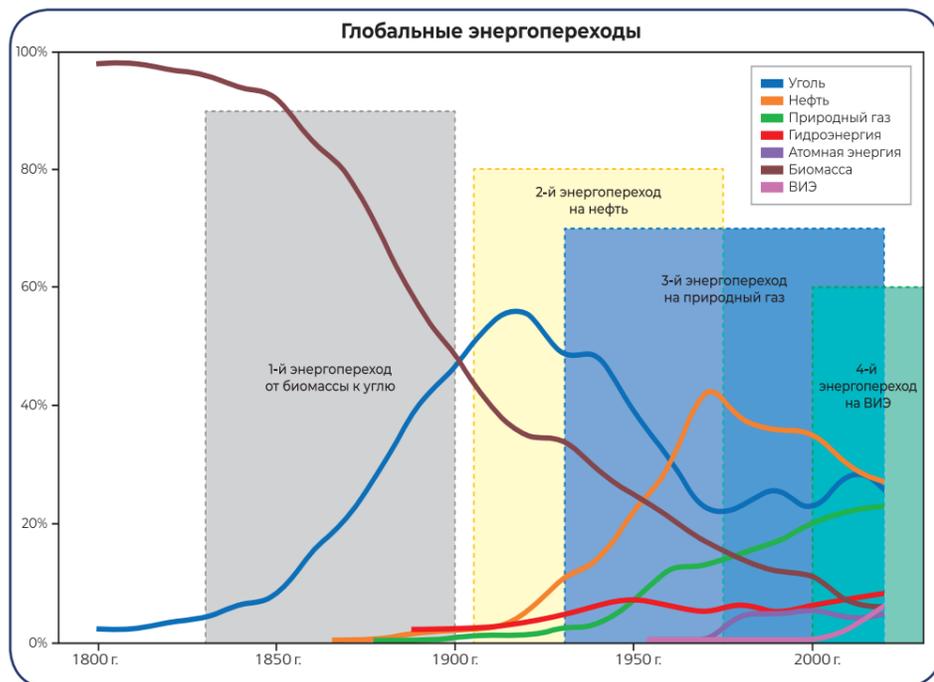
The energy system is complex in nature, comprising energy production, conversion, transmission, consumption and management. The concept of energy transition entails a set of changes in the structure of public energy consumption, affecting all elements of the specified chain. It can unfold at the global, regional, national or local level.

Moreover, the energy supply structure may undergo significant changes at the sectoral level. Transition can occur for both primary energy sources and secondary forms or energy carriers, such as electricity, gasoline, hydrogen converted from primary sources and delivered for end use. The shift from one form of energy to another results in meaningful social and political changes.

History has seen three energy transitions, with the fourth one taking place right now. Each previous transition was triggered by population growth and depletion of the natural habitat, forcing people to develop new territories and change their economic model. For this, a more efficient energy system was required, which led to the emergence of a new dominant energy resource. Each previous transition was a driver of economic expansion in absolute terms and increased economic output, corresponding to new production technologies and new social institutions.

Energy transitions:

- the first one – from biofuels (firewood, charcoal and others) to coal (the share of coal in primary energy by 1840 was 5%, and 50% by 1900);
- the second one – the increase in the share of oil in primary energy (3% by 1915 and 45% by 1975);
- the third one – the expansion of gas utilisation (3% by 1930, 23 % by 2017);
- the fourth one – transition to renewable energy sources (RES) including wind, solar, tidal energy etc. (3% by 2017).

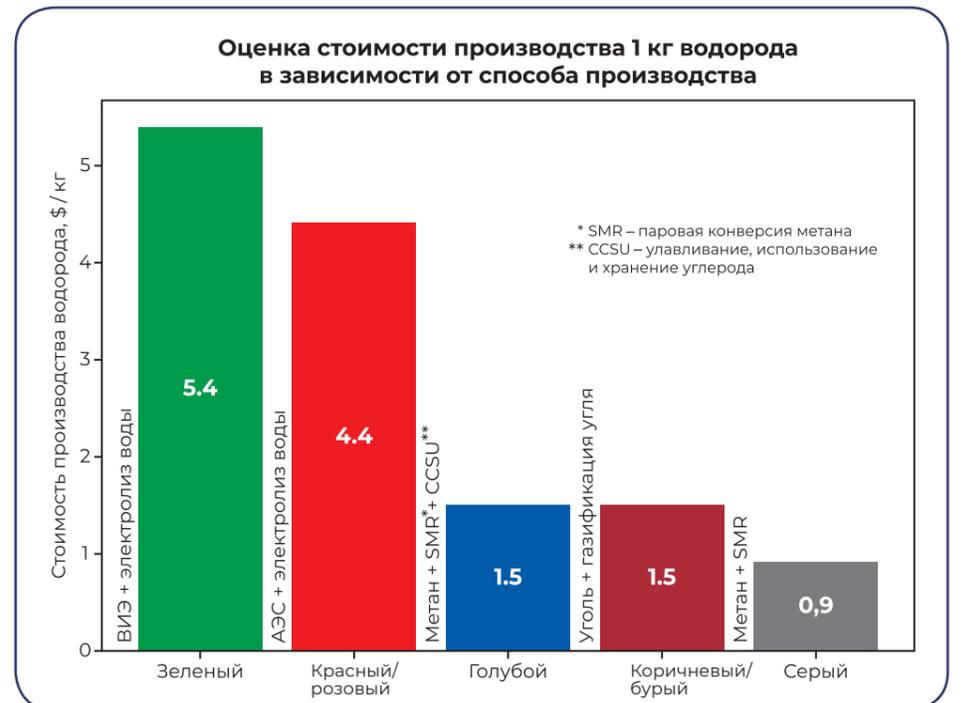


Source: VYGON Consulting, IEA

The use of traditional RES is growing rather slowly, because despite the enormous theoretical potential of solar, earth, water, wind energy, such energy is distributed over the entire surface of the planet, which makes it extremely difficult to utilise it on a global scale. This is due to huge technical and, consequently, financial costs.

Therefore, hydrogen energy (the use of hydrogen as an energy carrier) has long been considered as one of the drivers for the transition to a carbon-free global power balance. Hydrogen can be used to accumulate, store, and deliver energy, and is seen as a promising energy carrier and a tool to address challenges associated with developing a low-carbon economy and reducing the anthropogenic impact on the climate. The main advantages of the substance include the possibility to obtain it from various sources and avoid carbon dioxide emissions when using it as an energy carrier.

Currently, hydrogen is produced mainly from fossil fuels (oil, gas, and coal), water, sunlight, and heat. Colour codes are assigned to hydrogen, depending on its source and method of production.



Source: VYGON Consulting, IEA

Green for hydrogen produced from renewable energy sources by electrolysis of water. All you need is water, an electrolyser, and a large power supply.

Pink or red for hydrogen produced using nuclear energy.

Blue for hydrogen produced from natural gas, with hazardous waste caught for reuse. Therefore, the method is not considered perfectly clean.

Brown for hydrogen produced as a result of coal gasification. The application of the method is accompanied by greenhouse gas emissions.

Grey for hydrogen produced through methane conversion. Hazardous waste products are emitted to the atmosphere.

There are also technologies for producing biohydrogen from garbage and ethanol, but their share is extremely small. The main source of hydrogen in the structure of global production today is fossil fuel (96%), with only 4% of hydrogen produced through electrolysis of water, which currently does not allow to classify hydrogen energy as renewable and environmentally friendly.

Hydrogen is mainly employed in gas turbines running on a mixture of methane and hydrogen or on ammonia by burning hydrogen or the mixture in boilers, as well as using solid polymer or solid oxide fuel cells.

Nowadays, hydrogen is actively used as a valuable chemical raw material in various industries, primarily in oil refining, especially in hydrogenation processes. The consumption of hydrogen as an energy source is still marginal, although its calorific value is about 120 MJ/kg, which is 2.4 times higher than that of methane (~ 50 MJ/kg), or 3 times higher than that of liquid hydrocarbon fuels (diesel, gasoline).

The use of hydrogen as an energy source in real conditions depends on the volumetric heat value (MJ/L), since any liquid or gas fuel is stored, transported and consumed in a volumetric form. Even though the gas has the highest energy per unit mass value due to its very low density, liquefied hydrogen has a lower energy per unit volume (~8.4 MJ/L) than methane compressed to 250 atmospheres (~9.05 MJ/L), which is the main problem with hydrogen as an energy source.

Nevertheless, all global energy leaders are making great efforts to develop hydrogen energy projects amidst the stringent environmental and climatic requirements for modern global energy production. After all, we can see how over the past 200 years one fuel or another has been dominant on a global scale. This is directly related to technological advancement, including in the energy sector.

Hydrogen energy is also intended to help improve energy performance, since thermal energy, being based on combustion of fossil fuel, is low in efficiency (20-40%). At the moment, the main converter of hydrogen energy into low-power electricity is a fuel cell with an efficiency of 60-80%.

That is the reason why the hydrogen technology will inevitably develop on a global scale, otherwise it will be impossible to fight global climate changes. Modern hydrogen energetics is at the stage of intensive scientific and technological research, which is taking place in all developed countries.

■ Prepared by Maxim Bakulin based on open sources

Grand Prix for a Systematic Approach

Sakhalin Energy was announced the winner of the Grand Prix of the Public Relations and Corporate Media Services Contest of Gazprom subsidiaries. The Company received the highest award in the information block from Alexey Miller, Chairman of the Management Committee.

At the awarding ceremony in Saint Petersburg, Sergey Kupriyanov, Head of Department – Press Secretary of the Chairman of the Gazprom Management Committee, noted that in 2022 the contestants have implemented many brilliant projects for the development of the fuel and energy complex. At this difficult time, when the country is facing new challenges, the companies managed to focus on implementing ideas that unite all of Gazprom’s subsidiaries. Sergey Kupriyanov encouraged the contestants not to deviate from this course next year.

A jury of independent experts – journalists, public relations specialists and employees of Gazprom’s Department, which coordinates the company’s

information policy and the Gazprom magazine – selected the winners among more than 50 subsidiaries.

Members of the jury noted Sakhalin Energy’s systematic approach to covering its activities, which it has demonstrated over the years. This year, the company presented communication strategies on the implementation of the largest shutdown in the history of the Sakhalin-2 project, improvement of health and safety performance, as well as initiatives aimed at developing the cultural environment in the region and preserving the traditions of the indigenous minorities of the Sakhalin Oblast.

Natalia Gonchar, Head of Sakhalin Energy Corporate Affairs Division, noted that stakeholder engagement has always been one of the company’s top priorities. Quality information, communicated in a timely manner to staff and external stakeholders, ensures both team support and public trust. “Even in times of global challenges, Sakhalin Energy continues an open dialogue, using modern approaches and finding its own creative solutions. We are proud of the high jury’s assessment and grateful to our colleagues at numerous Gazprom companies for the



creative synergy and professional support. Together we are making a significant contribution to the development of the country’s gas industry,” added Natalia Gonchar.

■ Marina Semitko

The corporate competition for public relations services of Gazprom’s subsidiaries and organisations has been held since 2009. The competition is aimed at increasing the professionalism of corporate media and developing the creativity and initiatives of PR specialists in subsidiary companies.

announcement

Please Join, It Will Be Fun!

It is February, a landmark month for Prigorodnoye production complex. During this month, we will mark the 14th anniversary of the Sakhalin-2 largest production asset. On this occasion, Sakhalin Energy plans to hold a series of corporate events in February-March 2023 involving the employees and their family members. There will be two types of festivities: sport and cultural ones. Choose what you like, it is better if you join in with all the events!

SKI FOR GOOD DEEDS CHARITY CAMPAIGN AND RACE, 18 FEBRUARY

This year’s event will bring together personnel representing not only the sponsoring companies (Sakhalin Energy and Gazprom Dobycha Shelf Yuzhno-Sakhalinsk) and their family members and friends, but also Gazprom Group companies (Gazprom transgaz Tomsk, Gazprominvest, Gazprombank). The ski race is to start at 11 AM at the “Triumph” ski-biathlon complex in Yuzhno-Sakhalinsk, which will be the launch of the Ski for Good Deeds charity campaign. As part of it, we will raise money to support the category of beneficiaries that gets the most votes in the employee survey.

Besides the traditional champion race, team relay and fun race on snow racer sleds, the programme includes laser shooting competitions and interactive games for children. The youngest ones will be entertained by animators, while the older kids will have a chance to compete for the prize of Octaman, a new corporate character who is into inventions and new technologies. His main strength is the ability to create energy, which is certainly useful for all young participants to cope with the tasks given by the superhero!

Registration is required to join the Ski for Good Deeds race. Applications will be accepted until 5 PM on 10 February at the address: SELLC-Volunteers@sakhalin2.ru. Dear friends, let’s get ready to help,

run, support your colleagues and foster our team spirit!

“POWER OF ENERGIES” EXHIBITION, 18 FEBRUARY

Another project run as part of the LNG plant anniversary celebration is the “Power of Energies” exhibition. The exposition displayed at the Regional Art Museum, will include works by Sakhalin artists united by a common topic, which is the Prigorodnoye production complex.

The artists who had visited the asset during a plain air painting workshop in 2022, got inspired by it and embedded their creative energy in different types of fine art masterpieces, including paintings, sculptures, sound installations etc. The worksite setting will be recreated in the exhibition hall, with the LNG flare as its key element.

The exhibition will last for a month, during which the museum visitors will be able to attend excursions and lectures about the asset and the Sakhalin-2 project. In addition, a special educational programme has been developed for young visitors that will include an exciting quest run by Octaman.

More detailed information will be provided additionally in the messages to staff and on the daily news bulletin – stay tuned for announcements!

■ Pavel Ryabchikov

ЛЫЖИ ДОБРА

18 ФЕВРАЛЯ 11:00

ЛЫЖЕ-БИАТЛОННЫЙ КОМПЛЕКС «ТРИУМФ»

УЧАСТНИКИ:

- сотрудники компаний-организаторов, члены их семей и друзья;
- сотрудники подрядных организаций и компаний Группы Газпром.

ПРОГРАММА:

- гонка чемпионов (мужчины – 5 км, женщины – 1 км, юноши и девушки – 1 км);
- командная эстафета свободным стилем (4 человека по 500 м);
- детские лыжные забеги;
- веселые гонки пап и мам с аргамаками;
- спортивная стрельба из лазерного оружия;
- детские конкурсы.

ВОПРОСЫ, РЕГИСТРАЦИЯ:

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Fire Bird of Good Deeds

Sakhalin Energy sums up the results of two charity campaigns, the traditional “New Year Miracles” and the special “Fire Bird of Good Deeds”.

This year’s “New Year Miracles” campaign marked its anniversary, as it was the fifteenth year in a row that the Company’s employees filled Father Frost’s sack with presents to fulfil children’s dreams on the eve of the main winter holiday.

Thanks to the kind-heartedness of the Company’s employees, none of the 71 letters to Father Frost with the most cherished children’s dreams from Yuzhno-Sakhalinsk, Korsakov and Nogliki remained unanswered. They were written by children with disabilities and young people patronaged by the Joy of Life fund, an organisation that supports people from deprived backgrounds.

In their letters, the children mentioned many different things: somebody looked forward to getting a globe, colour markers, a pair of sneakers, a stunt scooter, while for others, an electrical toothbrush, a doll house or a foot-ball were the best presents. Any employee of Sakhalin Energy could help make a child’s dream come true by buying a gift or offering help in its delivery and presenting. After the lists with New Year wishes were published, all the requests for presents for children were closed within an hour.

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Before visiting their patronaged kids, the future wizards attended the School of Father Frost to receive recommendations for engaging with children with special needs. During the “lesson of magic” Natalya Zubkova, an expert in inclusive volunteering, shared her experience with the attendees. She said that for communication with such children, you need to know the



universal rules of inclusive etiquette, which also implies the development of professional resilience. “To put it simply, each volunteer should be able to control his/her emotions and have a clear understanding of his/her area of responsibility, distinguishing between the personal and the good mission”, added Natalya Zubkova. “It is the objective understanding of the challenges faced by the child and the art of gentle communication that helps you connect well with them.”

The reaction of brothers Ashot and Daniel to the New Year’s guests was the best proof of the value of the expert’s advice. The children, who dreamt of papakhas, were happy not only to perform all the tasks of the main winter wizard, but also dance in a circle with Father Frost to the sound of the Armenian drum “dhol”, while wearing the presented items.

“We have family ties to Georgia and Armenia, but both my sons were born in Russia, which has become another homeland for them. I teach my children to respect the culture of all three countries and bring them up to love and value the national traditions. For example, I tell them that for the Caucasian peoples, the papakha is not just a headdress, it is a symbol of pride and honour for any man,” says Elmira Gevorkyan, the mother of Ashot and Daniel. She believes this is the reason why her sons want such an unusual gift, as it may seem at the first glance. “It cheers my heart to see that my efforts are not in vain. In that sense, New Year Miracles campaign is a great thing for my whole family,” says the woman.

Another campaign, a Fire Bird of Good Deeds, was run by the Company in partnership with the Future Together Sakhalin Foundation. For a month in the run up to the New Year and Christmas, our employees were making donations to support the pre-schools attended by children from families in difficult straits. In total, the fundraising brought in 805,910 roubles. As per the rules of the Hurry Up For Good Deeds programme, the collected amount was matched and transferred to the Future Together Foundation for purchasing equipment and materials for kindergartens.

As stressed by Tatyana Derivedmid, Deputy Head of the Sakhalin Energy Corporate Affairs Division, volunteering is one of the forms of corporate social responsibility that not just expands the scope of the Company’s charity programmes but also keeps bringing together its employees from year to year. “With our joint efforts, we give a ray of happiness to children with special needs and their parents to help them believe in their abilities”, notes Tatyana Derivedmid.

■ Marina Semitko

