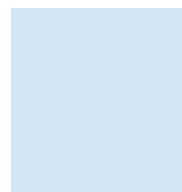
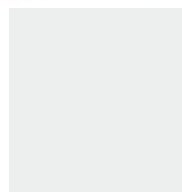
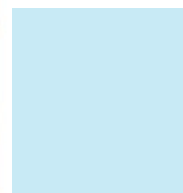
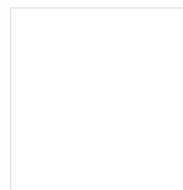


# EA BEST PRACTICES

Book



Sakhalin Energy Investment Company Ltd.



# EA BEST PRACTICES BOOK

VOLUME 3

2019

EA Best Practices Book. Volume 3.

This is a third volume of the series “EA Best Practices Book”. The first and the second books were published in 2009 and 2013 and aroused great interest among External Affairs and Public Relations specialists. The third edition includes the best projects implemented in 2013–2018. It is dedicated to the 25th anniversary of Sakhalin Energy.

The book is designed for persons interested in public relations, internal and external communications, creation of corporate culture, experience in following international and national standards of ecological and social responsibility. Many projects integrated into this book are recognised among the global best practices.

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# Content

	<b>“I Am a Journalist”</b>	<b>6</b>
	Interactive communications in internal PR and corporate culture building	
	<b>Sakhalin Energy: Environmental Culture and Experience</b>	<b>16</b>
	Partnership with the UNDP/GEF/RF Ministry of Natural Resources on Mainstreaming Biodiversity Conservation into Russia’s Energy Sector Development Policies and Operations	
	<b>Crisis? We Are Ready!</b>	<b>26</b>
	Sakhalin Energy crisis and emergency response system	
	<b>Language as a Carrier of Intangible Cultural Heritage</b>	<b>38</b>
	Business contribution to the exercise of linguistic rights of Sakhalin indigenous minorities	
	<b>Guidance on Social Responsibility</b>	<b>48</b>
	Sakhalin Energy is the first company in Russia to conduct a full ISO 26000:2010 self-assessment	
	<b>Merely about the Unknown: Opening Sakhalin</b>	<b>58</b>
	Publication of the series of scientific-promotional books and photo albums dedicated to cultural and natural heritage of Sakhalin	
	<b>Museums and Exhibitions</b>	<b>66</b>
	Exhibition projects aimed at promoting fine and applied arts, acquainting people with cultural values, and developing the museum sector	
	<b>Let Us Make a Report</b>	<b>76</b>
	The practice of preparing public non-financial reporting (on the example of the Sustainable Development Report)	
	<b>Safety Is Important!</b>	<b>90</b>
	A long-term partnership programme aimed at promoting a culture of safe behaviour in the community	
	<b>Environmental Volunteering</b>	<b>100</b>
	Oiled wildlife response training	



## SAKHALIN ENERGY AND SAKHALIN-2 PROJECT

Sakhalin Energy Investment Company Ltd. (Sakhalin Energy) was founded in 1994 to develop the Piltun-Astokhskoye and Lunskoye oil and gas fields in the Sea of Okhotsk offshore Sakhalin Island.

Sakhalin Energy operates under the Sakhalin-2 Production Sharing Agreement (PSA), the first PSA signed in the Russian Federation.

The following companies hold shares in Sakhalin Energy through their subsidiaries: Gazprom (50% plus one share), Shell (27.5% minus one share), Mitsui (12.5%), and Mitsubishi (10%).

To develop these two fields, the company constructed a large-scale infrastructure for extracting, transporting, processing, and then marketing of hydrocarbons. The infrastructure includes three fixed offshore platforms, offshore and onshore pipeline systems, an onshore processing facility, two booster stations, an oil export terminal with a tanker loading unit, and the first Russian liquefied natural gas plant.

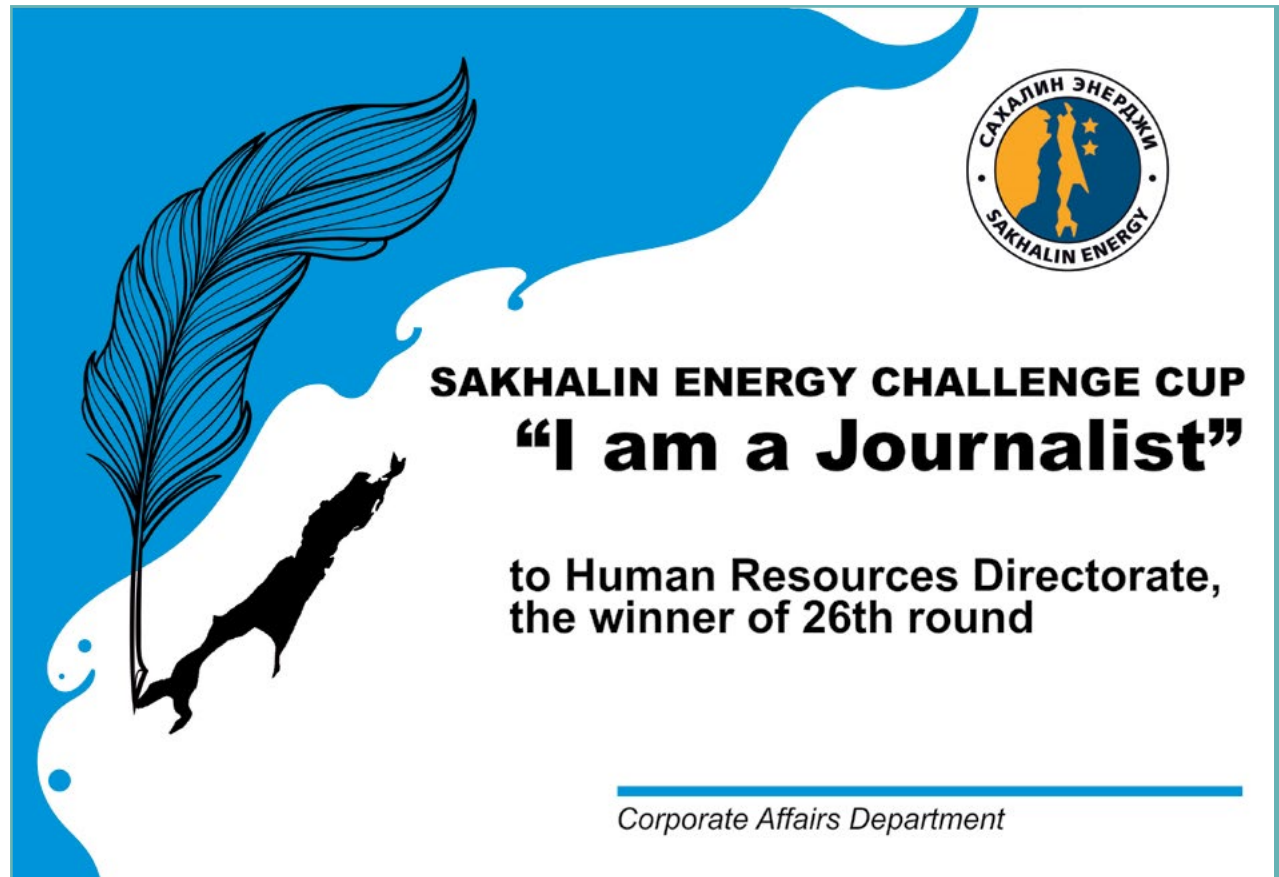
Sakhalin-2 has been one of the most technically complex projects carried out over the last few decades in the global oil and gas industry. It is an outstanding example of combining the best international and national practices.

During 25 years of successful operations Sakhalin Energy has set numerous world records and introduced lots of innovations in all the areas of its activities including development of public relations and corporate social responsibility in Russia and globally. The corporate practices were many times awarded at the national and international contests.

If you have questions or require additional information we will be glad to share professional experiences.

[ask@sakhalinenergy.ru](mailto:ask@sakhalinenergy.ru)





## “I Am a Journalist”

### Interactive communications in internal PR and corporate culture building

An active phase of the Sakhalin-2 project construction spanned for 2003–2008. During this period, approximately 25,000 people were involved into the project implementation. The construction phase of the large-scale Sakhalin-2 project involved several construction sites at a time not only in the north and south of Sakhalin and the Far East but also in South Korea, Japan and even United Arab Emirates.

Corporate Affairs Department (hereinafter – Department) was receiving the information materials almost every day. When the construction was finished and an operation phase began, the activity dropped together with the number of news. It had an impact on the Company’s presence in external mass media.

The system of internal communications underwent a change as well. The structure of the staff changed significantly: “builders” were replaced with those who would manage the long-term Sakhalin-2 project. New people, new attitudes and approach to work, new structure of the staff – all this left its imprint of the system of internal communications which is an important link in building the Company’s corporate culture.

First of all, we needed to establish communication with key departments. The specialists of the Department had to come up with a solution to restore the exchange of information and preserve the system of communications both within the Company and with the external audience. Not least was the task to enhance corporate culture among new employees.

To resolve the situation, the “I am a Journalist” corporate contest was organised. Its goal was to encourage the employees to share the Company’s events, important stages of work, achievements. Those were the news that could result in publications in the internal communications channels such as the daily news-bulletin, the corporate website, monthly corporate newsbulletin “Vesti Sakhalin Energy” and for external mass media.



## PURPOSES

- Increase the awareness of the Company’s activities to support its reputation among the Company’s stakeholders, the society and professional communities; to cover topics important for the Company (production, environmental and industrial safety, its contribution to the solution of the energy issue, external and internal social performance, sustainable development) in external mass media.
- Establish a constant and timely exchange of current information between the Company’s employees via its internal communications system to achieve its vision, mission and comply with its business principles.
- Encourage cooperation among the staff and strengthen the overall corporate culture; to build a sense of pride for being a part of the Sakhalin-2 project and Sakhalin Energy.

## TASKS

- Stimulate the number of positive and interesting news about Sakhalin Energy and its employees to use in internal and external information resources.
- Help the employees to develop new skills to effectively identify potential news in their everyday work.
- Raise the employees’ motivation to provide information to the Department.
- Make the fullest possible use of news in internal and external information resources.
- Engage the employees into the preparation of news materials – to develop their creative potential, give them the opportunity to be news makers and editors of articles, photographers.

## TARGET AUDIENCE

- The employees of Sakhalin Energy (more than 2,200 people).
- A wide range of the Sakhalin-2 project stakeholders.
- The society and other stakeholders.
- Professional communities.
- Government authorities.
- Sakhalin Energy’s shareholders and partners.
- Mass media.

## PARTICIPANTS

- Specialists of the Corporate Affairs Department – contest coordinators and news editors.
- Sakhalin Energy’s employees – contest participants and co-authors of information materials.

# CONCEPT

The “I am a Journalist” contest is run by the principle of a rolling trophy. During a fixed period (four months) the Department’s employees accept the colleagues’ proposals and register all publications in corporate and external mass media.

The author of an idea/proposal receives points for each publication. These points are added to the overall score of the division where the author works. At the end of each contest period, the results are summarised. The director and the most active participants of the winning division are awarded the “I am a Journalist” rolling trophy, a winner certificate and commemorative gifts with attributes of the Company. The winners are awarded during an official ceremony.

Thus, the opportunity to participate in corporate competition and wide distribution of its outcomes and winners’ name in corporate media stimulates divisions to generate news.

Department helps to edit news, to translate them in English or Russian languages taking into account bilingual Company’s communication, decides on news distribution and assists all issues regarding contest statistics, stocktaking and organisation of award ceremony.

The Department acts as a news editor, an expert on information distribution and the judges of the contest.

# IMPLEMENTATION

The “I am a Journalist” contest was launched in January 2010. It was then that the construction phase had come to an end, the production facilities had been commissioned, and the information activity of the Company started to decline.

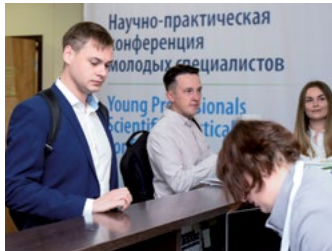
The Department made a decision to engage the employees into the internal communications system to give a fresh impetus to the corporate culture development.

A regulation was prepared that described stages of the contest:

1. An employee submits the information to the Department.
2. The Department considers the submitted materials and makes a decision regarding their further use in internal and external resources (a daily newsbulletin, internal and external websites of the Company, a message to all Company’s staff, newsletters, monthly corporate newsbulletin “Vesti Sakhalin Energy” mass media etc.).
3. The results are summarised by counting the number of news that were published on the basis of the information that the employees submitted. Points are given depending on where the information was published.

## Guidelines for the employees to identify news.

*News is an event, a fact, information which can be published in a daily newsbulletin, on the corporate website, monthly corporate newsbulletin “Vesti Sakhalin Energy”, mass media etc.*



## Examples of news:

- department has achieved high production performance, completed scheduled on-site work with a good or record result, in accordance with all safety requirements, without any lost time incidents;
- department is preparing an event or activity that you would like share with your colleagues;
- department plans to take part in a conference, seminar, exhibition, important meeting, discussion or other social activity;
- department has started or completed an interesting programme, project, developed new procedures, began using new technologies or introduced new rules;
- department runs a charity campaign, or an information campaign on labour safety and environmental protection aimed at improving the Company results in this area, promotion of healthy life-style or production safety.

4. A division that scored the most points is pronounced the winner.
5. At the stage of evaluation, the participants are encouraged to provide materials with illustrations – pictures, graphs, presentations etc.
6. The employees may send an application for the use of the Company’s photographer or filming crew.
7. The results of the contest are announced to all the Company’s executive directors and are published in corporate media.

Three times a year the Department summarises the results by counting the number of news that were published on the basis of the information submitted by the employees:

- the information that generated a material for a daily newsbulletin is awarded 1 point;
- the information that generated a publication in mass media or on the Company website – 2 points;
- the information that generated a press-release – 3 points.

When the results are summarised, the winners (directorate or department) are announced and awarded.

The biggest challenge at the beginning was to engage the employees in active and open cooperation in providing information and producing news. To do that we organised a massive information campaign that informed the employees about the contest.

As soon as people learned how to spot a newsbreak and began regularly contacting Department for all kinds of communication issues, the information campaign’s tactics were changed. To sustain continued interest in the competition, its terms and tips for competitors have been regularly published, as well as the information on its results and winners.

Apart from stimulating the emergence of newsbreaks, the Department also establishes the topics of top priority for publications about production and corporate culture: safety, team work, production performance etc.



Gradually the concept of the contest as a stimulating tool aimed at “extorting” information was replaced by a promotion tool. With time, this proved effective in building new internal communication chains: the Company’s employees, even lacking experience in journalism, began contributing articles or news items to the Company’s news resources. In fact, every tenth employee of the Company has either authored a news item or acted as an expert.

This competition, which is now part of the Company's culture, helped build a system of interactive internal communications, directly involving employees in the process of shaping an information agenda. While in the initial few months of the competition's existence, we could hardly get hold of 10 to 15 newsbreaks, we see the number of applications increased substantially towards the end of its third year.

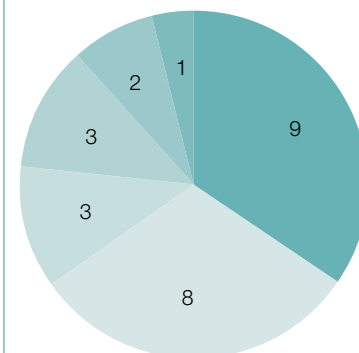


According to a survey with the question “Have you taken part in the I am a Journalist contest?” run on the Company internal website, about half of the respondents confirmed that they have participated in the contest more than once. The other half responded that they are going to apply in the nearest future.

From year to year the scope of the contest is expanding, it is no longer limited to production-related and technical topics.

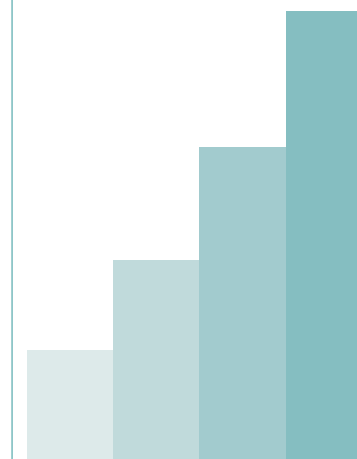
The employees take an active part in a corporate photography contest devoted to the Oil and Gas Workers' Day and write articles for different columns of monthly corporate newsbulletin "Vesti Sakhalin Energy". In "My City" column anyone can tell about his/her home city since the Sakhalin Energy employees come from 35 countries of the world. In "The World Around" authors share their impressions and publish photoreports from their trips.

### Statistics of Directorate's victories over the history of the contest (the data as of late 2018)



- Production Directorate
- CEO, HSE Department
- Commercial Directorate
- HR Directorate
- Technical Directorate
- Finance Directorate

Number of news



- 2010 – around 50 applications;
- 2011 – around 90 applications;
- 2012 – around 140 applications;
- 2013–2018 – 200 applications each year on average

When the contest just began, the employee's information materials were published only in the daily newsbulletin and monthly corporate newsbulletin. Years later, when the number of applications started to grow, there appeared a need to expand the range of sources to include not only communication tools of the Company but also the available mass media of the shareholder companies: internal and external websites, message to Company's employees, newsletters, social media.

Thus, the coverage and the target audience grew manifold. In the future, as information technologies and communications channels – both internal and external – develop, the employees will have more opportunities to distribute corporate news, for example, through applications for smart phones and tablet computers, such as popular messengers and news feeds, through a potential corporate information mobile application. Integration with modern trends in communications and augmented reality is possible: gamification, mobile marketing, audio- and videopodcasts.

Besides, as the contest shifted to a new level of development and new publication channels were discovered, there appeared a need to help employees develop their skills in writing, editing and adapting materials to modern formats of communication as well as related activities such as photography, infographics etc. In the future, relevant workshops could be organised for the corporate journalists.

Some employees started to develop their skills of writing corporate texts and organised their own specialised newsletters for the employees of their directorates and departments. The authors come to the Department for editing and expert support, but most functions of the editors are performed by divisions.







*"I am proud of my HSE Department team! We actively communicate information and news of our department to all employees of the Company. This is a part of what makes Sakhalin Energy's success and safety. Just imagine what would happen if we were silent? Could the Company be successful? Our journalistic experience of writing articles and communicating information about safety is very important to us. We can honestly and freely discuss where we are now and where we want to be."*

*Stephanie Lock, HSES General Manager, speech at the award ceremony "I am a Journalist", August 2017*

## FEEDBACKS AND AWARDS

Monthly corporate newsbulletin "Vesti Sakhalin Energy" as one of the major sources of the Company's employees' publication regularly wins diplomas and national awards.

### 2010: Two Awards in the Serebryanye Niti Contest

The Company took part in the national contest of corporate information resources Serebryanye Niti and won in two nominations: "The Best Corporate TV Programme" – with Energy TV programme and "High Level of Corporate Tasks Solution" – with monthly newsbulletin "Vesti Sakhalin Energy". Information projects of the Company were recognised for the high level of solution of tasks, for supporting the Company's reputation both among its employees and external audience and for successful development of common corporate values.

### 2012, 2013, 2015, 2016: in Top-Five List

Every year, the production management business portal compiles a ranking of corporate media to determine those that provide the fullest and the most high-quality coverage of the processes of the modern and efficient production in their companies. The leaders are chosen by the portal audience. The more hits all articles of a corporate media receive, the higher it is ranked. In 2016, our newsbulletin was again chosen one of the best taking the 5th place in the Oil and Gas Complex nomination. Among more than 200 annual participants of the ranking are corporate media of RUSAL, Gazprom Neft, Norilsk Nickel, RusHydro, KAMAZ, Tatneft and many others.

### The Best Corporate Print Mass Media – 2015

In June 2016, monthly corporate newsbulletin "Vesti Sakhalin Energy" became one of the winners of the corporate contest for community liaison departments and corporate mass media among Gazprom subsidiaries in the Best Corporate Print Mass Media-2015 nomination.

## Environmental Responsibility



## Sakhalin Energy: Environmental Culture and Experience

### Partnership with the UNDP/GEF/RF Ministry of Natural Resources on Mainstreaming Biodiversity Conservation into Russia's Energy Sector Development Policies and Operations

Sakhalin Island is characterised by a unique flora and fauna. Since the beginning of its activities, Sakhalin Energy has paid much attention to environmental issues, in particular to biodiversity conservation. The Company respects not only the requirements of Russian legislation, but also international norms and standards.

During the implementation of the Sakhalin-2 project, however, the Company faced certain problematic issues such as the insufficiency of the existing legal, regulatory, and procedural documentation for assessing the impact on and the preservation of biodiversity during the production and transportation of hydrocarbons, etc. Since the conservation of Sakhalin biodiversity is an integrated problem, the Company makes every effort to involve all stakeholders in this process.



In 2008, the Company initiated the creation of the Biodiversity Expert Working Group of the Sakhalin Oblast Ecological Council<sup>1</sup>. Federal and regional governmental controlling bodies, public and non-profit organisations, academic and industry research institutes, higher educational institutions, oil and gas companies, etc. were involved in the work of the Council.

In 2012, the Mainstreaming Biodiversity Conservation into Russia's Energy Sector Development Policies and Operations – a project of the United Nations Development Programme (UNDP), the Global Environment Facility (GEF), and the Ministry of Natural Resources and Environment of the Russian Federation (the RF Ministry of Natural Resources) (hereinafter – Project), was launched in Russia with the direct participation of the country's leading energy companies. The Project aimed to introduce the principles of biodiversity conservation into the activities of energy companies and Russia's legal and regulatory industry framework.

Becoming a partner of the Project, the Company contributed to the formation of a common environmental protection and biodiversity conservation culture in the region and in the country as a whole. The Company's employees joined the Working Group for the Introduction of Innovative Technologies into Oil Production and the Project Coordinating Committee, which developed annual work plans, evaluated their implementation, analysed the results achieved, participated in workshops, and developed innovative solutions.

<sup>1</sup> Since 2012, the Ecological Council under the Sakhalin Oblast Governor.



## PURPOSES

- Promote the development and adoption of regulatory and methodological documents on biodiversity conservation in the energy sector.
- Promote the Company's experience in studying and protecting the environment so that it can be used in other regions.
- Improve the environmental culture in the oil and gas production activities on Sakhalin in general.
- Enhance the Company's reputation as the leading operator responsible in addressing environmental issues.

## TASKS

- Promote the Company's experience among the companies participating in the Project, as well as all stakeholders through interaction in the Biodiversity Expert Working Group of the Sakhalin Oblast Interdepartmental Ecological Council.
- Receive consultations of the Project experts on the basic areas of work.
- Take part in conferences, workshops, working groups in the framework of the Biodiversity Expert Working Group of the Sakhalin Oblast Interdepartmental Ecological Council with a view to facilitating the creation of a regulatory, legal, and methodological framework in the field of biodiversity conservation to be used in the conduct of economic activities, and in order to promote the Company's extensive experience.
- Unite the Project participants accumulated experience in the conservation and protection of biodiversity.
- Provide assistance in the organisation of a biodiversity monitoring system and in testing environmental technologies in oil and gas production.

## TARGET AUDIENCE

- Oil and gas and other energy companies operating in the Sakhalin Oblast and other regions of the Russian Federation.
- State regional, federal, and inter-state environmental authorities.
- Shareholders of Sakhalin Energy.
- Sakhalin-2 project lenders.
- Regional, Russian, and international environmental communities.
- Scientific community.
- Population of Sakhalin, including indigenous minorities.



## PARTICIPANTS

- Representatives of the HSE Department of Sakhalin Energy – the initiators of extending the Project to the territory of the Sakhalin Oblast.
- Sakhalin Oblast Government / Sakhalin Oblast Ministry of Natural Resources and Environmental Protection.
- Project experts (representatives of the UNDP, the GEF and other participants);
- Biodiversity Expert Working Group of the Sakhalin Oblast Interdepartmental Ecological Council, which unites representatives of federal and regional government bodies, scientific, educational, and public organisations, as well as oil and gas companies operating on Sakhalin.
- Russian certified contractors implementing environmental monitoring and biodiversity conservation programmes.

## CONCEPT

The Sakhalin Oblast was chosen as one of the seven sites to demonstrate the implementation of the Project in the oil and gas sector. The main areas of the Project implementation in the Sakhalin Oblast were specified taking into account the specific features of the region and the activities of the Company, which had accumulated considerable cutting-edge experience in biodiversity conservation in the areas of potential impact from its production complexes.

Having become a partner of the Project, Sakhalin Energy assisted in the organisation and monitoring of a number of biodiversity conservation activities on the island so that they could be replicated by other companies both on Sakhalin and in other regions of Russia. The Company shared with all interested parties its experience in the priority and other areas, implementing monitoring programmes, applying standards as part of its current activities. Based on the assessment of the areas potentially affected by the Company's production complexes and operations, the environmental sensitivity of natural components, and the conservation status of wildlife objects, the following Sakhalin indicator species and objects studied by the Company were identified and also examined by the Biodiversity Expert Working Group of the Sakhalin Oblast Interdepartmental Ecological Council:

- Gray whale;
- Steller's sea eagle;
- the surface watercourses in which the Sakhalin taimen occurs;
- the biotopes of rare and protected bird species at Chayvo Spit.



## IMPLEMENTATION

Since the beginning of the Project, representatives of the Company have participated, twice a year, in the meetings of the Working Group and the Project Coordinating Committee. The meetings were devoted to discussing the international experience in biodiversity conservation, the approaches to addressing this issue in various regions of Russia, as well as practical experience of participants. Sakhalin Energy shared the data obtained and materials developed since the beginning of the Sakhalin-2 project.

For example, the Draft Methodological Procedures for the Organisation of Monitoring of Large Cetaceans During Economic Activities on the Shelf of the Far Eastern Seas of the Russian Federation was prepared by the Project team in cooperation with the Marine Mammal Council (MMC) and the Western Gray Whale Advisory Panel of the International Union for Conservation of Nature (IUCN) based on the Company's experience in the study and monitoring of Gray whales, carried out jointly with the Sakhalin-1 project operator, the development and implementation of control and mitigation measures.

In 2013–2014, the Project team, together with partners operating at demonstration sites, prepared the “Compendium of Innovative Solutions to Biodiversity Conservation for the Oil Sector”, which combined the best industry practices, including the Company’s experience and approaches<sup>2</sup>.

In November 2014, the seminar “The Regional Aspects of Biodiversity as Part of Energy Project Implementation” was held in Yuzhno-Sakhalinsk organised by the Project, the Ministry of Natural Resources and Environmental Protection of the Sakhalin Oblast and Biodiversity Group, which discussed best practices for biodiversity conservation in the oil and gas sector and regional experience.

In 2015, Sakhalin Energy participated in the “Biodiversity and Business: Approaches and Solutions” international conference organised by the Project team, where the Company shared its experience in biodiversity conservation and a discussion was held of the concept of a permanent site with the same name.

In December 2015, a training on the reclamation and rehabilitation of oil-polluted and disturbed lands was held in Yuzhno-Sakhalinsk. The aim of the training was to analyse the experience of other regions of Russia, as well as to examine the specific features of reclamation and rehabilitation of lands in the natural and climatic conditions of Sakhalin Island.

*The main partners of the Project: the UNDP, the GEF, the RF Ministry of Natural Resources, including subordinate federal services and agencies, the RF Ministry of Energy; executive government authorities of the demonstration sites; energy companies (LUKOIL, Sakhalin Energy, RusHydro, SN-Invest, SUEK-Kuzbass, SUEK-Khakasias, KTK (Kuzbass Fuel Company), Mechel, Siberian Business Union-Ugol HC, and others); NGOs and public organisations (RAIPON).*

*Participation in the Project requires the commitment of the Russian energy sector companies to the principles of biodiversity conservation in their current activities, including increasing environmental responsibility of business, monitoring the status of biodiversity in the energy facilities impact zone, additional financing for compensatory measures, and implementing demonstration activities jointly with the Project.*

## RESULTS

- The Company's participation in the Project facilitated the development of the Sakhalin Oblast Biodiversity Conservation Strategy, subsequently approved by the Sakhalin Oblast Government Resolution No. 263 of 7 June 2017.
- The Methodological Procedures for the Organisation of Monitoring of Large Cetaceans and measures of industrial impacts reduction during Economic Activities on the Shelf of the Seas of the Russian Federation were drafted.
- Measures were taken to preserve and restore the populations of the Sakhalin taimen. The results of the studies conducted in 2015–2016 made it possible to make several basic conclusions about the organisation of monitoring of the Sakhalin taimen population in the Nabil River and the Nabil Bay, which were reflected in the following documents:
  - proposals for Comprehensive Measures Aimed at Sakhalin Taimen Conservation for Gazprom Dobycha Shelf Yuzhno-Sakhalinsk and other oil and gas companies conducting the exploration and development of oil fields in the North-East of Sakhalin;
  - monitoring programme to Study the Sakhalin Taimen Population in the water bodies of North-Eastern Sakhalin for Gazprom Dobycha Shelf Yuzhno-Sakhalinsk and other oil and gas companies for the period after 2016.
- Compendiums of Innovative Solutions to Biodiversity Conservation:
  - for the hydropower sector (second edition, 2017);
  - for the oil sector;
  - for the coal mining sector (first edition<sup>3</sup>, 2015).

<sup>2</sup> The Compendium, designed for managers, environmentalists, and technologists of oil companies, capital construction specialists, employees of design organisations, universities training specialists for the oil industry, representatives of environmental NGOs, indigenous peoples organisations, and other stakeholders, was published in 2015. The book will be useful in designing and planning the development of oil fields, as well as in organising activities for the conservation of biodiversity at production sites.

<sup>3</sup> The second (summary) edition is under development.





- The standards for permissible residual content of oil and oil transformation products in soils and soil reinstatement were developed (jointly with the operator of the Sakhalin-1 project), approved by the resolution of the Government of the Sakhalin Region No. 279 of June 20, 2018.

## DEVELOPMENT

Pursuant to the Conceptual Plan for the Conservation of Biodiversity, the next task set before the Biodiversity Expert Working Group of the Sakhalin Oblast Interdepartmental Ecological Council is to actively participate in the development and implementation of specific regional programmes and activities aimed at the conservation of key protected species and ecologically significant vulnerable areas.

Although the Project was completed in 2017 the involvement of oil and gas producing companies operating on Sakhalin in the work of the Biodiversity Expert Working Group of the Sakhalin Oblast Interdepartmental Ecological Council has resulted in building a stable system of interaction between the government, business, and society. This will make it possible to share experience in the implementation of biodiversity conservation and monitoring programmes at a broader scale, to enhance environmental responsibility and culture, and will contribute to the sustainable development of both the industry and the Sakhalin Oblast.



## FEEDBACKS AND AWARDS

***“The offshore biodiversity conservation experience gained on Sakhalin Island is quite relevant for other Russian regions where such operations are just beginning. This is why the Project raised the issue of scaling the Sakhalin practices up to the entire country. Using such approaches enables not only solving nature conservation tasks but also encourages the public, authorities and private sector to join their efforts to reach the common goals.”***

*Svetlana Sheinfeld, Project Manager, Specialist in Regulatory and Government Policy in the Area of Environment*



## Crisis Communications



## Crisis? We Are Ready!

### Sakhalin Energy crisis and emergency response system

Safety is the top priority of Sakhalin Energy. The Company takes all necessary actions to prevent emergency situations at production facilities. Unfortunately, it is impossible to forecast and estimate everything. Moreover, many events, for example, natural disasters, are beyond human control.

Emergencies generally relate to sudden, abnormal or unplanned situations that may endanger human life, the environment, assets or reputation, and which requires immediate attention.

It's not every emergency that is or can become a crisis. According to Sakhalin Energy Crisis Management Procedure it is a critical event requiring use of additional resources and support of Sakhalin Energy Crisis Team as well as involvement of governmental and external organisations.

It is necessary to be always prepared for crises. They can occur at any time!

Proper preparedness requires advance preparation and approval of Crisis Team action plans and working procedures applicable to any crisis situation, as well as pool of trained personnel and adequate resources. Besides, continuous adaptation of the response system to changing external circumstances is important (for example, present-day extensive use of electronic media and social networks) in the light of own experience and other companies' emergency response cases.



## PURPOSES

- Contain crisis situation, prevent its further escalation.
- Safeguard existing and potential business opportunities, i.e. mitigate the impact of a crisis on the Company's activities.
- Protect and maintain the Company's reputation in crisis situations.
- Ensure effective exchange of information with external and internal stakeholders in crisis situations to keep all stakeholders informed at all times and to receive timely feedback.

## TASKS

- Develop and maintain a system required to respond to crisis situations including clear and explicit delineation of duties and areas of responsibility.
- Secure the necessary resources for the crisis management system.
- Ensure the requisite level of expertise and skills of Crisis Team members.
- Carry out continuous testing and improvement of the crisis response system.

## TARGET AUDIENCE

- Government authorities at local, regional and federal levels.
- Population of Sakhalin Oblast.
- Non-profit organisations.
- Japanese stakeholders.
- Mass media.
- Contractors.
- Sakhalin indigenous minorities.
- Sakhalin-2 project lenders.
- Sakhalin-2 project shareholders.
- Sakhalin Energy's information centres.
- Company employees.
- Other stakeholders.

## PARTICIPANTS

- Chief Executive Officer.
- Committee of Executive Directors.
- Specialists of various Company's directorates.

<sup>1</sup> Due to geographical proximity to Japan the activity of the Sakhalin-2 project is of great interest to national stakeholders.

## CONCEPT

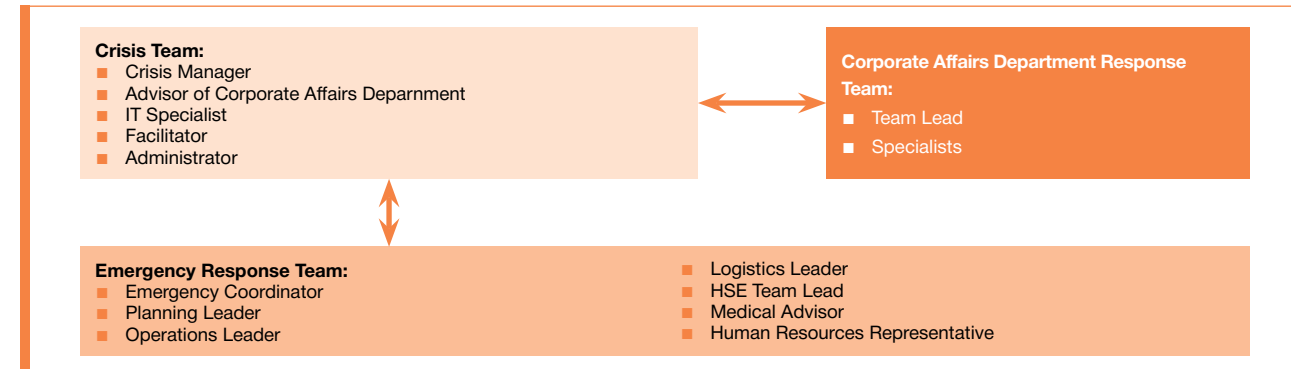
Operation of the Company's production facilities<sup>2</sup> is conducted in challenging geological (crustal movements, earthquakes, tsunami etc.), climatic (low winter temperatures, drifting ice around offshore platforms, typhoons, storms, fogs etc.) and geographical (insularity, remoteness from major manufacturers and suppliers of oil and gas equipment) conditions.

Against this background, the Company should be ready for any potential emergency situations. Sakhalin Energy has developed a multilevel system of response which involves Emergency Response and Crisis Teams. In the event of a critical incident to be classified as a crisis, the Emergency Response Team will carry out a number of tactical tasks, namely, coordination of all response activities, provision of the necessary assistance to the employees on the site of the incident as well as interaction with relatives and contractors.

In a crisis situation, it is critical to timely respond to the strategic imperatives aimed at containing the crisis, mitigating its impact on the Company's activities and protecting the reputation of Sakhalin Energy. The functions performed by the Crisis Team comprise development and application of crisis management strategies, identification of the key stakeholders, coordination of response strategies with government authorities and exchange of information with external and internal stakeholders. Moreover, the list of Crisis Team responsibilities includes development of post-crisis strategic management plan envisaging investigation process and situation analysis.

Where necessary, Response Team of the Corporate Affairs Department will be activated to support the Crisis Team. Advisor of the Corporate Affairs Department activates and manages the Team. He is the one to update the team members on the development of the situation and assign new tasks. Notably, in the event of a crisis all shareholders' calls and requests are redirected to the Corporate Affairs Department Response Team (except for calls from relatives of the employees which are redirected to the Emergency Response Team).

### Scheme of crisis response system



<sup>2</sup> See description of the Sakhalin-2 project at page 5

## IMPLEMENTATION

## Plans and Procedures

Sakhalin Energy has developed procedures providing for activities of Crisis Team with clear delineation of responsibilities, its engagement with other response groups as well as authorities of Crisis Manager. The procedures are subject to mandatory review as necessary, at least once every three years.

## Personnel Training

Regular exercises and trainings are conducted to maintain personnel readiness. For example, members of the Department Response Team have received training in preparation of holding statements for reactive use (answers to stakeholders' questions) and press-releases, as well as trainings in crisis communications. Training "Dealing with difficult behaviours" was conducted for specialists responsible for dealing with stakeholders' telephone calls.

All Crisis Team members are trained in crisis management and response once every three years. Crisis Managers receive media training to practice interaction with mass media in a crisis situation, including TV interviews.

To practise engagement with other Company's units in emergency response Sakhalin Energy arranges corporate exercises involving activation of all levels of emergency response and many resources including actual movement of personnel and equipment. Independent observers representing governmental authorities, shareholders and lenders monitor and assess teams' activities.

## Crisis Team Members

The Crisis Team core group consists of five permanent members (see Scheme of crisis response system) carrying out on-call duties. The duty lasts for one week from Friday to Friday. Pool of trained personnel for each position of Crisis Team consists of between seven and 14 persons. This means that trained specialists are ready to arrive to a crisis centre within 40 minutes 24 hours a day, seven days a week, thus making it possible to timely respond to emerging threats to the activities and reputation of the Company.





Depending on the situation, auxiliary group can be involved including experts of various Company's units:

- Shareholder Engagement Specialist;
- Legal Advisor;
- Lender Liaison;
- Security Advisor;
- Commercial Advisor;
- Russian Party Adviser;
- HSE Adviser;
- HR Adviser;
- Finance Adviser and etc.



### The Composition and Functions of the Corporate Affairs Department Response Team

The number and composition of the team can vary depending on the specific situation between one and 15 persons. All specialists have the expertise in public relations, communications and crisis management.

When the team is activated, its priority tasks include the following:

- preparation of holding statements for reactive use (answers to stakeholders' questions) within 40 minutes after mobilisation of the group;
- identification of existing materials pertaining to specific issues, assets and projects (fact sheets, maps, oil spill response plans (OSRP) of the Company's assets etc.);
- liaison with stakeholders (mobilisation of group to respond to telephone calls and e-mail requests);
- preparation and issue of press release (within one hour after mobilisation of the group);
- preparation and distribution of intracompany information messages;
- identification and assessment of priority ranking of reputational risks and stakeholders;
- creation and content management of crisis web page;
- mass media monitoring.



Further action of the Department Response Team:

- ensuring and monitoring interaction with stakeholders at the local, regional, national and international levels;
- development of clear and precise communications to protect the Company's reputation during crisis situation and in its aftermath;
- notification of with governmental authorities and following communication as directed by Crisis Team;
- implementation of the developed and approved communication strategies;
- analysis of event coverage in mass media and electronic media;
- monitoring of NGO activities;
- processing of stakeholders' requests;
- preparation of the Company's official statements regarding certain aspects of emergency situation;
- preparation of press conferences;
- monitoring and following information of the Crisis Team on stakeholders' reactions to the Company's emergency response efforts;
- provision of the communications feedback report to the Crisis Team upon the expiry of six hours and on a daily basis onwards.



## Resources

In the event of a crisis situation, two conference rooms in one of the Company's office buildings will be used. Equipped crisis centre will be arranged in one of the conference rooms with Department Response Team working in the next room. Under normal circumstances these rooms are used for business meetings, however, during emergency situation the Crisis Team will have priority.

Both rooms are equipped with all necessary resources: interactive and bulletin boards, required IT equipment (notebooks for the members of Crisis Team, telephone with speakerphone function, videoconferencing equipment for Department Response Team etc.). In addition, the said rooms are used as a storage for reference materials, the Company's basic emergency response procedures and stock of office supplies. A room in the Company's office building can be used for a press conference in the event of crisis situation.

Against the possibility of an emergency which may result in demolition or damage of Sakhalin Energy's office building, the Company has arranged for a reserve crisis centre equipped with all required resources.

## Difficulties in Implementing the Project

During implementation of the project the Company faced two major difficulties: misunderstanding of emergency response system by new staff and low motivation of the personnel for participation in Crisis Team.

Sakhalin Energy's crisis and emergency response system is based on Russian and international requirements, standards of the Company's shareholders (Shell) as well as on own experience in this field. Therefore, Sakhalin Energy's system is unique and thus not always clear to new employees. In order to ensure clear understanding of the system, the Corporate Affairs Department has developed a range of information events:

- briefing for new Company's Directors;
- detailed instructions for new members of Crisis Team;
- "Useful Tips" project – monthly newsletter for Crisis Team members.

Certain criteria are established for admission of new members to the Crisis Team. For example, work experience in the Company should not be less than six months.

In addition, functional mailbox was created to which the Company's employees can send questions regarding crisis response system.

On-call duty requires total abstinence from alcohol, mobilisation to crisis centre within 40 minutes and constant carrying of mobile phone. These requirements cause certain inconveniences, especially in summer (refrain from journeys to the seaside, fishing etc.) and New Year holidays. The Company pays monthly uplift for on-call duty based on the actual number of days on duty.





## RESULTS

In preparation for response to crisis situations the Company has developed procedures and action plans, ensured clear delineation of responsibilities between the teams involved in the emergency response and within these team, provided for necessary resources and trained specialists who are on duty 24 hours a day. Continuous testing and improvement of the emergency response system is carried out.

As of January 2019, the trained pool of the Crisis Team core group numbered 49 individuals. In 2017, training in various areas of crisis response was received by 32 individuals, in 2018 – by 40 individuals. In 2017, the Company held training course “Crisis communications management” for Corporate Affairs Department Response Team.

On average, the Crisis Team members report for on-call duty from three to six times a year, thus ensuring the required number of qualified specialists on duty 24 hours a day, 365 days a year.

In 2017 and 2018, the Company annually held two corporate level emergency exercises. Actions of the Crisis Team during corporate exercises received positive assessments of independent observers.



## DEVELOPMENT

Maintaining the readiness of the Crisis Team requires training of its new members and refresher instruction courses for the existing members. Such courses are held by Corporate Affairs Department staff. Training materials are continuously updated in the light of developments both within the Company and changes in the legislation and international practices.

The Company is exploring the possibility of wider use of social networks. Moreover, the Company studies emergency response experience of other organisations and takes it into consideration in updating and improving the own system.

The Company is implementing the construction of a compression station at the Onshore Processing Facility and is planning to implement the development project – LNG train 3. Realisation of these projects will involve major construction works, large increase in the personnel of the Company and contractors as well as relocation of significant amount of equipment and materials. In this connection, changes in crisis and emergency response system are possible.

## FEEDBACKS AND AWARDS

***“The exercise was well-designed and implemented. Sakhalin Energy’s spill management teams, both the emergency coordination team and the crisis management team, demonstrated responsiveness and good collaboration and coordination.”***

*Quote from the 2016 annual exercise observers' report*

*“There was good communication between the emergency team and crisis team leaders. The emergency and crisis teams also demonstrated an excellent knowledge and use of oil spill trajectories.”*

*The crisis team demonstrated high energy and showed a willingness to support. The deliverables were met by the Crisis Team within the allocated timeframes."*

*Quote from the PCCI Report on the Well Control Integrated Exercise, 2017*



# Corporate Social Responsibility



# Language as a Carrier of Intangible Cultural Heritage

# Business contribution to the exercise of linguistic rights of Sakhalin indigenous minorities

There are now about seven thousand languages around the world, and one of them becomes extinct every two weeks. The languages of indigenous people spoken only by 4% of the global population constitute 96% of the linguistic diversity. According to the UNESCO “Atlas of the World’s Languages in Danger” (“Red Book of Endangered Languages”), 90% of the languages are critically endangered. Those include all the languages of Sakhalin indigenous minorities.



## PURPOSES

- Promote languages of Sakhalin indigenous minorities among a broad audience of the interested parties at the regional, federal, and international levels.
- Promote the initiatives of indigenous people' organisations and representatives and other stakeholders in an effort to provide cultural education to the younger generation, preserve and develop the linguistic education, and bestow respect to the culture of the people of the North.
- Contribute to the linguistic education.
- Promote the linguistic capacity of indigenous people, taking into account the integration of indigenous community in the present-day world.
- Contribute to shaping the image of Russia as a multinational state among the younger generation.
- Maintain the image of Sakhalin Energy as a socially responsible Company that cares about the cultural and social specific features of the host region.

## TASKS

- Identify initiatives in the area of studying and preserving languages, culture, and traditions of the indigenous community through systematic consulting work, public and person-to-person meetings with the representatives of Sakhalin indigenous minorities.
- Maintain relations with native speakers and bearers of the culture and search the ways to support the cultural and ethnic development of indigenous people.
- Develop the interest among the younger generation in the cultural and linguistic heritage of the Russian people using the example of Sakhalin indigenous minorities.
- Preserve and distribute literary and folklore works in the languages of indigenous people through modern digital media and printed media.
- Participate, organise and promote undertakings and events that contribute to the cultural education of the younger generation, development of the language education, respect to the cultures of Sakhalin indigenous minorities.

## TARGET AUDIENCE

- Representatives of Sakhalin indigenous minorities and their families, tribal communities, local communities.
- Indigenous people of the North, Siberia and the Far East of Russia.
- Community of the Sakhalin Oblast and other regions of the Russian Federation.
- Non-profit organisations: local, regional, federal, international.
- Institutions of culture and education: local, regional, federal.
- International organisations (UNESCO\*, UNO\*\*, Office of the UNO High Commissioner for Human Rights in Russia etc.).

\* UNESCO – United Nations Educational, Scientific and Cultural Organization.

\*\*UNO – United Nations Organization.



## PARTICIPANTS

- Sakhalin Energy.
- Elders, native speakers, bearers of traditions, consultants from among the Sakhalin indigenous minorities.
- Representatives of Sakhalin indigenous minorities (the Nivkhs, Uiltas, Evenkis, and Nanais).
- Institutions that work in the area of preservation, studying, development and promotion of the culture and traditions of Sakhalin indigenous minorities.
- “People of Ykh Mif” (“People of Sakhalin”) Ethnocultural Centre Yuzhno-Sakhalinsk Local Public Organisation of Sakhalin Indigenous Minorities, Russian Association of Indigenous People of the North, Siberia, and Far East (RAIPON), etc.
- Sakhalin Oblast Government, Ministry of Education and Ministry of Culture of the Sakhalin Oblast, Ministry of Education and Science of the Russian Federation.
- Institute of the People of the North of the Herzen Russian State Pedagogical University, Miklukho-Maklay Institute of Ethnology and Anthropology of the Russian Academy of Sciences, University of Groningen (the Netherlands), University of Helsinki.
- Sakhalin Regional Art Museum, Sakhalin Regional Museum of Local History, Nogliki Local History Museum, Poronaysk Local History Museum, Okha Local History Museum.
- International organisations (UNESCO, the Office of the UNO High Commissioner for Human Rights in Russia, etc.).

## CONCEPT

Language is the most powerful tool for preserving and developing the cultural heritage. Any activity aimed at language propagation not only contributes to the linguistic diversity, but also promotes a better understanding of the cultural traditions of indigenous people. Sakhalin island is populated with about four thousand of representatives of indigenous people: the Nivkhs, Uiltas, Evenkis, Nanais.



Since 2006, the key programme of the Company in the field of engagement with indigenous communities is the Sakhalin Indigenous Minorities Development Plan. The priority areas of the Plan include culture and education. Implementing projects in these areas, the company contributes to the promotion of the linguistic rights of indigenous ethnic groups, facilitates the preservation and development of the native languages of the Sakhalin indigenous minorities.

## IMPLEMENTATION

The number of native speakers of the indigenous languages on Sakhalin does not exceed twenty people. Most of the representatives of indigenous people have no opportunity to study their native languages because they are not taught at school and there are no modern textbooks or publications, etc. This is why the Company makes efforts to support the linguistic rights of indigenous people of the Sakhalin Oblast through the following activity areas:

## Preservation of Native Languages

The languages of Sakhalin indigenous minorities are on the brink of extinction: native languages are out of everyday use; there is no educational system or teaching methods for them. Resiliency of a language depends on whether it is fully reflected in documents, whether there is an established orthography, grammar, dictionaries and texts in this language. The Company constantly supports publication of books and textbooks, including digitisation of existing texts and creating audio CDs:

- Uilta language textbooks (the first Uilta ABC book, Russian-Uilta dictionary, “Uilta Lexis as Historical and Ethnographic Source”);
- unique publications in the Nivkh language (“The Epic of Sakhalin Nivkh People” by Vladimir Sangi, an audio CD of fairy tales by Vladimir Sangi in Russian and Nivkh languages, “Sakhalin Nivkh Folklore and Culture Materials” by a legend teller Tatyana Uilta that comes with a CD where her performances are recorded).

The Company also supports projects for revitalising rite traditions, linguistic and folklore research projects.

## Development of Native Languages

One of the most important projects is to develop the public identity among the Sakhalin indigenous minorities using their native languages: supported by the Office of the UN High Commissioner for Human Rights in Russia, the Universal Declaration of Human Rights and the UN Declaration on the Rights of Indigenous People are translated into Sakhalin indigenous minorities languages.

Those documents contain new vocabulary, which contributes to creating neologisms and spurs the development of the languages. The texts of the Declarations were recorded by the native speakers, and the recordings were digitised.

The Company sponsors events that contribute to language developing. With the financial and organisational support of Sakhalin Energy, events were held, where native speakers performed in their native languages including book presentations, etc. The Company encourages representatives of Sakhalin indigenous minorities to participate in academic conferences, exhibitions, workshops etc.

## Promotion of Native Languages as Carriers of Intangible Cultural Heritage of Indigenous People

Revitalising a language must be constant and comprehensive. It is necessary not only to preserve and develop, but also to promote and support languages through creating conditions and raising interest to studying it. The promotion of the languages of Sakhalin indigenous minorities included the widespread distribution of the published books and CDs not only in the Sakhalin Oblast, but also at the national and international levels.

The Company widely distributed corporate souvenirs designed by Sakhalin indigenous minorities representatives; large-scale easily accessible public events were organised for all ages and occupations: theatrical performances, exhibitions, competitions and others.

## RESULTS

- The Company supported publishing of more than 70 books about the culture, traditions, folklore, arts and crafts of Sakhalin indigenous minorities.
- More than 50 events were organised to raise public awareness of the problem of preserving the languages and culture of indigenous people at the regional, federal, and international levels. The most significant of them were the following:
  - the project of digitisation of Vladimir Sangi works, publishing them at the Russian State Library website;
  - dramatic readings of indigenous authors and poets “Soul of the North”, in cooperation with RAIPON (Russian Association of Indigenous People of the North);
  - the roundtable discussing the issue of preservation and promotion of the cultural and linguistic heritage of the indigenous peoples of the North of Sakhalin (Nivkhs);
  - “Silhouette Magic by Semyon Nadein” exhibition that presented silhouette compositions, manuscripts of legends, fairy tales and stories, workshops, interactive classes, mini shadow play shows.



- With the Company support, language development events were held. Those included:
  - The first International Symposium in the Languages of Indigenous Minorities of the Russian Far East. Participants from Sakhalin, Khabarovsk and Primorsky Krai, St. Petersburg, Novosibirsk, Japan, and Poland discussed problems of language revitalisation, advances in the area of language development, experience in implementing educational, social, and cultural projects, and prospects of preserving the cultural heritage.
  - Sakhalin teachers participated in the First All-Russia Congress of Teachers of Native Languages of Indigenous Minorities, where they analysed the key trends in education, exchanged academic experience, discussed applying new practices and techniques of teaching native languages.
  - Mother Tongue Children and Youth Conference in the languages of the Sakhalin indigenous minorities that includes practical activities with young people in the areas of traditional residence of indigenous minorities.
  - The second International Symposium in the Languages of the Indigenous Minorities of the Russian Far East.
  - Events are planned to mark the 40th anniversary of the modern Nivkh alphabet, including publication of the calendar and other printed materials.
- A large amount of positive feedback was received from stakeholders, including representatives of Sakhalin indigenous minorities, NGOs, experts, public authorities, and international organisations in relation to the projects of preserving and developing the linguistic heritage.

## DEVELOPMENT

The Company continues its work in preserving and promoting the linguistic heritage of Sakhalin indigenous minorities. For example, in cooperation with the Company's partners, representatives of Sakhalin indigenous minorities and the academic community, it is planned to publish books in the Uilta and Nivkh languages.

The Company will also continue supporting initiatives of indigenous people as a part of Sakhalin Indigenous Minorities Development Plan.





## FEEDBACKS AND AWARDS

*“UNESCO has always highlighted the importance of preserving cultures, languages, traditions, and identities of indigenous people. Education in the mother language is an essential part of achieving these goals. Regrettably, half of the 7,000 contemporary languages in the world are endangered. These include the languages of the indigenous people of Sakhalin, including the Nivkh language. I believe that it is only by joining the efforts of Government, business, and civil society that the challenges facing the world today can be addressed effectively. I am pleased that this International Roundtable, organised with the Sakhalin Government and Sakhalin Energy builds on strong support from the local indigenous people and their contribution. Such cooperation creates new opportunities for society effectively address social issues, including those connected with culture.”*

*Irina Bokova, Director-General of UNESCO, Paris, 2015*

*“Holding true to the high spiritual ideals, you are making a tangible contribution to development and promotion of the culture of Sakhalin indigenous minorities, you put into life interesting and large-scale projects, like today’s “The World of Nivkhs” exhibition and the presentation of the CD with fairy tales by Vladimir Mikhailovich Sangi. Those projects bring together talented public figures and dignified bearers of the richest traditions of the Nivkh people.”*

*Grigory Ledkov, President of RAIPON State Duma Deputy, the RF Federal Assembly, 2016*



*“Business communities play a significant role in supporting the rights of indigenous people. It is necessary to support raising awareness among the indigenous people about their traditional understandings of their land, natural resources and the environment, as well as to preserve their native language, culture, and traditional lifestyle. It was of course instrumental for the latter to translate the UN fundamental documents into the languages of indigenous people.”*

*Richard Komenda, UN Senior Counsellor for Human Rights in Russia, representing the Office of the UNO High Commissioner for Human Rights, 2012*

*“While several languages become extinct every year today, an acquisition of an alphabet by another people is a happy exception. It was made possible as a result of effective cooperation of the socially responsible business in the name of Sakhalin Energy, the local authorities, and Northern people. The academic community welcomes such practices and is always ready to participate in such projects.”*

*Vladimir Zorin, Doctor of Political Science, Deputy Director of Miklukho-Maklay Institute of Ethnology and Anthropology of the Russian Academy of Sciences, the member of the Presidential Council for Interethnic Relations, 2012*

## Corporate Social Responsibility



## Guidance on Social Responsibility

Sakhalin Energy is the first company in Russia to conduct a full ISO 26000:2010 self-assessment

*This standard marks a new stage in the development of corporate social responsibility concepts as well as organisation management concepts. The launch of ISO 26000 standard brought social humanitarian issues which were often left out of regular management to their legitimate place: the Guidance on Social Responsibility was catalogued among ISO management standards.*

*Recommendations of the Russian Union of Industrialists and Entrepreneurs (RSPP) for Conducting Self-Assessment*

In 2010, the International Organisation for Standardisation (ISO) proposed to apply ISO 26000:2010 Guidance on Social Responsibility (ISO 26000).

Previously, there had been a number of standards in this area, which had been applied quite extensively. ISO 26000, however, is unique in that it combines the entire scope of social responsibility principles and, at the same time, uses general terminology. In addition, it provides ways to integrate socially responsible behaviour into the strategies and practices of all organisations, regardless of the areas of their activities.



*In 2014, the Federal Agency for Technical Regulation and Metrology of the Russian Federation developed and adopted the National Standard of the Russian Federation, GOST R ISO 26000:2012, which is based on ISO 26000. Thus, it became evident that ISO 26000 was being increasingly recognised in Russia.*

- Confirm compliance of the Company's policies, standards, and practices with ISO 26000.
- Determine the completeness of ISO 26000 application and to identify its aspects that have not yet been applied in the Company's activities.
- Define ways in which the Company can communicate information about its approaches and work in the field of CSR in accordance with ISO 26000 to its stakeholders so that they can understand it fully and clearly.
- Plan and carry out actions to improve the Company's work in the field of CSR in the event that the need for such action is identified based on the results of self-assessment.

- Create a working group for conducting self-assessment.
- Develop methodology for analysing the compliance of the Company's policies, standards, and practices with the provisions of ISO 26000.
- Approve and use this methodology in the Company's units.
- Identify possible non-conformances with the provisions of ISO 26000 and to eliminate them where possible.

- Internal stakeholders: all units of the Company (special interest in self-assessment is shown by company units whose tasks include managing possible risks in the field of engagement with external stakeholders and maintaining the company's reputation as a socially responsible partner of the community).
- External stakeholders:
  - participants of partnership social programmes implemented by the Company;
  - non-governmental institutions and establishments whose mission is to promote CSR standards (the RSPP, the United Nations Global Compact Network Russia, and others).

- Chief Executive Officer.
- Committee of Executive Officers.
- Finance Directorate.
- Human Resources Directorate.
- Commercial Directorate.
- Corporate Security Department.
- Internal Audit Subdivision.
- HSE Department.
- Legal Directorate.
- Social Performance Subdivision (coordinator of the self-assessment process).





# Gathering Factual Information and Documents in Support of ISO 26000 Application

Using the proposed methodology, the working group analysed the Company’s standards, as well as its practical experience in such areas as organisational governance, respect for and observance of human rights, labour relations, environmental protection, fair operating practices, relationships with consumers, and community involvement.

Thus, the self-assessment covered all core subjects outlined in ISO 26000. Each of these subjects includes specific issues such as addressing grievances, civil and political rights, economic, social, and cultural rights, prevention of pollution, sustainable resource use, anti-corruption, and many others. The complete list of issues is presented in the brochure “Conducting Self-assessment of ISO 26000:2010 Guidance on Social Responsibility Application”, published on the Sakhalin Energy’s website (Published Editions section).

## Reviewing Collected Information, Identifying Potential Non-conformances with ISO 26000 Provisions, Developing Recommendations for Corrective Action

During the first self-assessment conducted by the Company in 2011, the working group found that some of the Company’s key policies, in particular in the areas of corporate security, logistics, the Code of Conduct, and some others, did not fully reflect CSR requirements that were in line with ISO 26000.

In addition to the above, it was revealed that human rights trainings were not conducted for certain Company personnel and contractors, in particular those involved in corporate security. The working group provided recommendations for corrective action aimed at eliminating this non-conformance.

## Recommendations for Corrective Action

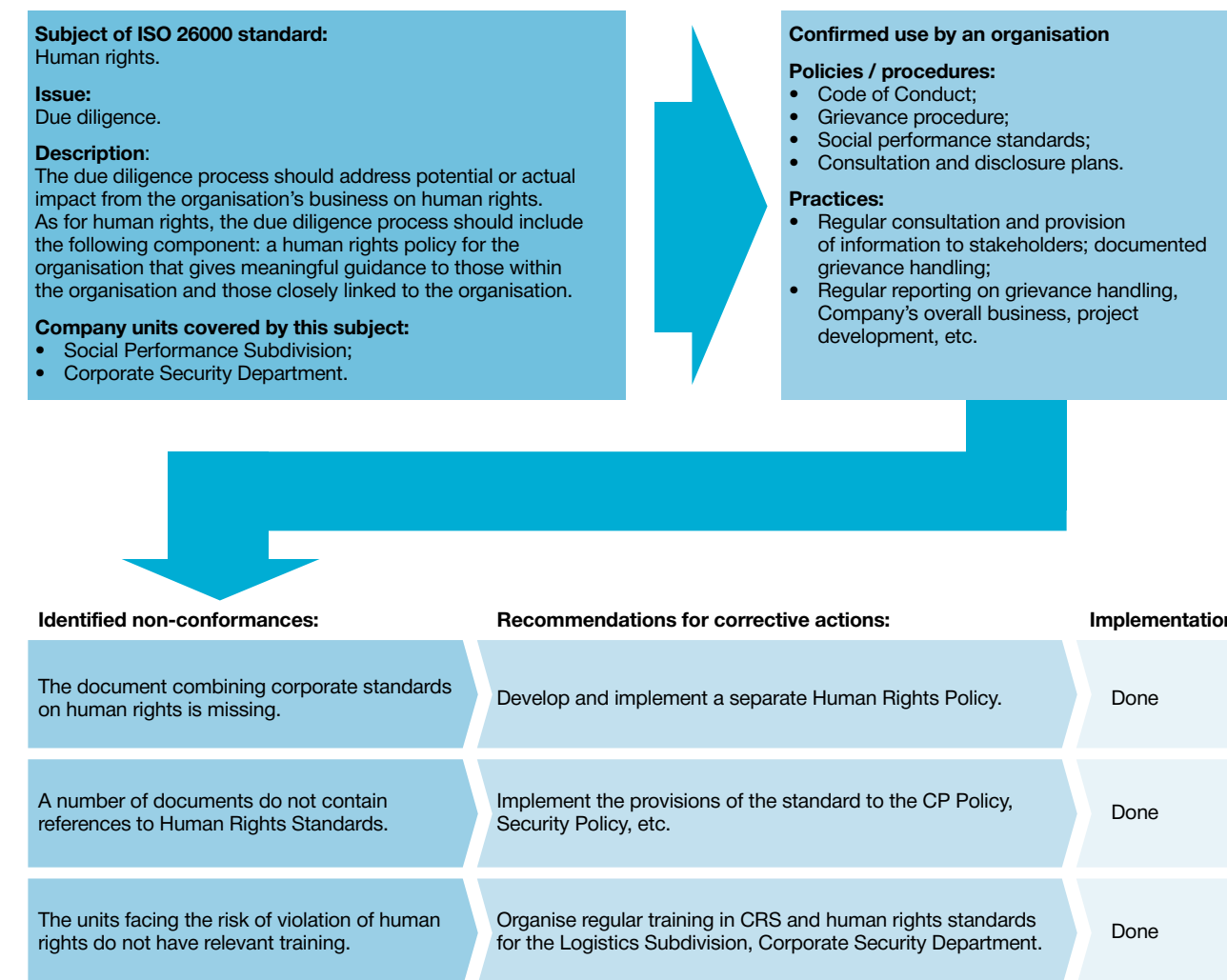
Pursuant to the recommendations given by the working group, the Company took the following action:

- a human rights policy was developed, approved, and presented to the Company’s personnel;
- international CSR standards, such as respect for and observance of human rights, were included in a number of the Company’s regulatory documents, namely The Code of Conduct, The Security Policy, etc.;
- a number of key documents in the field of CSR, namely The Code of Conduct, The Human Rights Policy, were made available to the general public;
- separate blocks devoted to CSR issues, including those related to human rights, were included in training courses for Company personnel and contractors;
- a separate CSR training course was developed and included in the corporate training programme.

Example of self-assessment is presented on the next page.

It illustrates the self-assessment process in Human Rights (Due Diligence issue). The working group determined key corporate policies, procedures, and practices documenting human rights standards (see Confirmed Use by an Organisation). It also identified some non-conformances to ISO 26000 and proposed corrective actions to the management of relevant units (see Identified Non-Conformances and Recommended Corrective Actions).

## Example of self-assessment



## RESULTS

Based on the results of the self-assessment, a conclusion was made that the Company applied ISO 26000 in full. The participants in the process also confirmed that the Company made every effort to maintain stakeholder engagement on social responsibility issues, in compliance with the provisions of the standard.

After completing the self-assessment, Sakhalin Energy made a public statement on the application of the principles and core subjects of ISO 26000 in its business activities. The statement is published on the Company's website (Social Performance section).

In 2016, Sakhalin Energy conducted ISO 26000 self-assessment for the second time. The Company focused on the documents and processes that took effect after the previous self-assessment. It also took into account recently launched expansion projects, including OPFC and train 3. In the same year, Sakhalin Energy published a brochure summarising its experience of conducting ISO 26000 self-assessment.

## DEVELOPMENT

The Company plans to develop the project in two areas.

The first area is conducting self-assessment on a regular basis (every three years). The developed methodology will allow to objectively evaluate the application of the standard, taking into account any changes both in individual units of the Company, and in the Sakhalin-2 project as a whole.

The second area is spreading the Company's experience in working with this standard among a wide range of stakeholders. This experience concerns both self-assessment for compliance with ISO 26000, and practical application of its provisions. Since the first self-assessment, Sakhalin Energy has actively participated in a number of events, where compliance with ISO 26000 was one of the key issues.

## FEEDBACKS AND AWARDS

In 2011, the Russian Union of Industrialists and Entrepreneurs (RSPP) developed recommendations for conducting self-assessment by companies in keeping with the principles of social responsibility on the basis of the provisions of ISO 26000:2010 guidance on social responsibility.

***“The experience of Sakhalin Energy which was the first to deliver a large-scale self-assessment project in accordance with ISO 26000 in Russia, was recommended by the joint RSPP Committee’s meeting held in 2012 for further roll-out.”***

*Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs (RSPP)*







## Merely about the Unknown: Opening Sakhalin

Publication of the series of scientific-promotional books and photo albums dedicated to cultural and natural heritage of Sakhalin

Sakhalin is the island with interesting history, diverse landscapes, dense network of water bodies and specific flora and fauna.

For more than 20 years the Sakhalin-2 project is operating on Sakhalin: during this time the world's first LNG plant was constructed and three offshore oil and gas platforms were installed. All this industrial development requires special efforts in order to avoid negative impact on the environment and cultural heritage.

To avoid or minimise environmental impact Sakhalin Energy strictly adheres to the Russian legislation and uses the best international practices of construction and operation of production facilities. The Company has developed and implemented special arrangements including environmental production control and monitoring, biodiversity conservation action plan and cultural heritage protection plan.

During implementation of these programmes the Company collected a significant amount of information and photographs. The idea to publish this data was suggested by Valery Efanov, Doctor of Biological Science, Professor, Member of the Russian Academy of Natural Sciences during regular dialogue<sup>1</sup> on preparation of Sakhalin Energy's Sustainable Development Report.

That is how the series of popular scientific illustrated publications appeared to familiarize sakhaliners and people in other regions with specificities of the island, bring to the attention the protected species of flora and fauna as well as learn about historical milestones of the development of Sakhalin Island.

<sup>1</sup> Dialogues with stakeholders as part of drafting the Sustainable Development Reports is a standard mechanism for stakeholder engagement during definition of the report's content.



## PURPOSES

- Raise the awareness of the academic community and the general public about animals and plants of Sakhalin including the protected species and cultural heritage of the island.
- Disseminate knowledge of environmental protection and preservation of cultural heritage, gained in the course of implementing Sakhalin-2 project.
- Maintain positive reputation of Sakhalin Energy as environmentally responsible Company.

## TASKS

- Prepare, publish and distribute to target audience the popular science books about Sakhalin containing data on flora, fauna, rivers, protected species and conservation of cultural heritage.
- Introduce the reader to the best international practises of conservation of biodiversity and cultural heritage, used by the Company during implementation of the Sakhalin-2 project.
- Provide an accessible information on the results of environmental and archaeological monitoring and Company's environmental management.

## TARGET AUDIENCE

- Representatives of academic community and the general public.
- Representatives of supervisory bodies, Government of Sakhalin Oblast, relevant ministries and authorities.
- Representatives of environmental and public organisations, scientific institutions and cultural establishments.
- Representatives of oil and gas companies.
- Schoolchildren and students.

## PARTICIPANTS

- Environmental Monitoring and Biodiversity Section of Sakhalin Energy.
- Employees of the Company and contractors involved in assembly and systematisation of data with experience in construction of the Company's production facilities.
- Scientists who participated as contractors in implementing environmental and archaeological programmes developed by the Company.



## CONCEPT

The concept is based on collection and analysis of information on environmental and cultural heritage of the island gained during implementation of the Sakhalin-2 project as well as publication of this information in Russian and English languages accompanied by colourful photographs.

Part of the books was provided to libraries and Company's information centres. In addition, they are broadly presented at thematic lectures for common public, schoolchildren, students and other stakeholders.

## IMPLEMENTATION

In 2010–2017 Sakhalin Energy published a series of six popular science illustrated books dedicated to flora and fauna of Sakhalin Oblast as well as archaeological relics of the island: “The Birds of Sakhalin Island”, “The Steller’s Sea Eagles”, “Gray Whales. The Sakhalin Story”, “The Rivers of Sakhalin”, “Flora of Sakhalin” and “Archaeological Heritage of Sakhalin Island”.

**In 2010**, the first book “The Birds of Sakhalin Island” was launched. The photograph album comprised pictures of Sakhalin avian most of which are rare and protected. Detailed information about each species’ habitat was as well included.

More than 360 bird species are registered on the island, about a hundred of them are listed in the Red Book of Sakhalin. The Company has developed measures to preserve unique avifauna of the island. Protected species monitoring project allowed to reveal previously unknown habitats, take hundreds of photographs and obtain a considerable amount of scientific data.

**In 2011**, the Company published the book on the biggest fish-eating bird of prey – Steller's sea eagle. Monitoring of Steller's sea eagles produced numerous photographs illustrating the beauty of the bird, its habitats and behavioural traits. Measures were developed for mitigation of the impact on bird's population during preparation for the construction and operation phase. Thus, buffer zones were set for each habited nest located in the construction area. Special restrictions were imposed including a blanket ban on entry of people or machinery, certain types of work or emitting sound signals.

**In 2012**, the publications “Gray Whales. The Sakhalin Story” and “The Rivers of Sakhalin” were issued. Photograph album “Gray Whales. The Sakhalin Story” is dedicated to the whales coming to the feeding areas near Piltun Bay off the north-east coast of Sakhalin.



*In 2017, International Foundation for Animal Welfare (IFAW), World Wildlife Fund (WWF) and World Conservation Union (IUCN) have published a Russian language version of the joint report on conservation of gray whales.*

*The report states that signs of slow recovery of the gray whale population can be already noted: it annually grew by 3-4% increasing from 115 species in 2004 to 174 species in 2015.*

*Furthermore, the report emphasises effective collaboration of scientists, governmental and public organisations and oil-producing companies, primarily Sakhalin Energy, which resulted in elaborating effective measures to minimise impact of offshore oil and gas projects on marine mammals.*

Monitoring of gray whales, conducted jointly with the Sakhalin-1 project, allowed to generate a large amount of data which was incorporated in the book. Company's scientists and specialists have elaborated a set of measures to assess and minimise the potential impact on the whales by construction and production activities, since Piiltun-Astokhskoye, one of the project's fields, is situated close to seasonal concentration of these colossal marine mammals.

The book “The Rivers of Sakhalin” is about island’s river resources, emergence and development of waterways and their inhabitants. Spectacular photographs allow taking pleasure in watching the beauty of Sakhalin rivers and waterfalls, coastal vegetation and life of salmon filling the rivers during spawning season.

The Sakhalin-2 project included construction of oil and gas pipelines running along the island. Trans-Sakhalin pipeline system crosses more than thousand bodies of water. It required elaboration of appropriate solutions ensuring safety of production facilities and environment: from preparation of the right of way to land reclamation in the end of construction. To ensure work quality a multi-stage quality control system was implemented including internal inspections and audits as well as technical supervision. Company's approaches for the preservation of rivers and monitoring of river ecosystems also became a part of the photobook.

**In 2014**, the fifth scientific-promotional book “Flora of Sakhalin” was published. It compiled information on incredible wildlife of the island, wealth of its forests, peculiarities of swamps and tall grasses phenomena. Special focus is given to the protected species of plants. Numerous unique illustrations allow to fully appreciate the singularity of Sakhalin nature.

**In 2017**, the Company published photobook “Archaeological Heritage of Sakhalin Island.” The book addresses the history of inhabiting the island by people. Exploration activities of archaeologists carried out jointly with engineers and environmentalists of Sakhalin Energy ensured avoiding destruction of historical and cultural monuments during pre-project phase and in the course of construction and operation.

As the result of archaeological research, numerous artefacts were found to add the collections of island's museums. Surprising discoveries about the past of the area were made. Various colourful photos show the work of the archaeologists and finds from the past.

## RESULTS

The books published by Sakhalin Energy attract readers' interest and earn accolades including those bestowed at public meetings (in particular, during annual rounds of consultations for discussion of the Company's activities as part of preparation of sustainable development reports). According to statistics of the Company's information centres, in 2018 the books on environmental topics were requested by 9% of visitors (517 individuals). It ranks fifth among the most popular requests.

The photo albums are important sources of knowledge about nature and history of the island region both for adults and children. Readers can learn many interesting facts about plant and animal species, river treasures and objects of historical importance of Sakhalin.



## DEVELOPMENT

The published materials are actively used at the meetings with stakeholders, in educational establishments, in the forums and conferences with the involvement of HSE Department of Sakhalin Energy.

The publication of books of the scientific-educational series will continue.

## FEEDBACKS AND AWARDS

*“The multifaceted nature of the presented material and many illustrations make the book interesting for wide audience. I think that the book will help me in the future work. I wish that these sea giants will become a specific brand of Sakhalin Region, where the balance exists between economic development and conservation of nature.”*

*Maria Alexandrova, Specialist of Sakhalin Regional Museum, about the book "Gray Whales. The Sakhalin Story"*

*"The photo album was published under the general editorship of Valentina Andreeva, Ph.D. (Biology). V. Andreeva, as well as her colleagues Natalia Sumrach and Natalia Tsarenko wrote concise and informative texts. The pictures were provided by a large group of photographers. The colourful illustrations show the beauty of the island flora, and make the album especially attractive."*

*Lyudmila Stepanets, journalist of the Soviet Sakhalin newspaper, about “Flora of Sakhalin”*

*"We tried to make the book comprehensible for a broader audience and selected plants to help every reader learn more about the nature of native region. We believe that the section "Berries" is one of book's zests since berries are the pride of Sakhalin."*

*Natalia Tsarenko, Head of Environmental Monitoring and Biodiversity Subdivision, Sakhalin Energy, about the book "Flora of Sakhalin"*

*"The publication of The Gray Whales. The Sakhalin Story is an attempt of the group of authors to consolidate in the book an enormous experience of studying these marine animals, to show how whales are protected and what exactly is done for this. This is a popular rather than a scientific edition. I think that the book will be interesting to all readers."*

*Alexey Vladimirov, Ph.D. (Biology), one of the authors of “Gray Whales. The Sakhalin Story”*



## Social Investments / Support and Development of Culture



## Museums and Exhibitions

Exhibition projects aimed at promoting fine and applied arts, acquainting people with cultural values, and developing the museum sector

Culture remains one of the top five most popular areas of social investment by companies. In the modern world, businesses often initiate cultural projects. Museum and exhibition projects are a remarkable opportunity to build and promote an attractive image of a business, and to facilitate the growth of its good reputation.

Supporting culture is one of the priorities of the social investment policy implemented by Sakhalin Energy. The Company views investment in the development of culture and art as a contribution to the development of the host territory.

Museums have great potential for raising the awareness of broad groups of population about the value of cultural heritage and the responsibility of citizens for its preservation and handing it down to next generations. Being educational and enlightenment centres for the study, preservation, and display of objects of tangible and intangible heritage, museums draw the attention of community members and provide them with access to the cultural riches of peoples and regions. Interesting cultural projects contribute to creating a comfortable life for the local community and give the population an opportunity to realise their creative potential.

Sakhalin Energy provides regular assistance in holding exhibitions that unite the collections of regional, municipal, and private museums of Sakhalin on a certain subject and present them to the audience, enabling Sakhalin people to see the masterpieces of world art with their own eyes and promoting Sakhalin art in world-famous museums.

By doing this, the Company not only expands the capabilities of the museums and provides the population with additional opportunities for cultural education, but also increases the effectiveness of managing cultural processes in the country at the inter-municipal and regional levels, as well as brings Sakhalin culture to a significantly different, higher level.



## PURPOSES

- Promote the development of culture and art, and the creation of a single cultural space in Russia.
- Revitalise the activity of museums and strengthen their status as centres of cultural life in the region.
- Integrate the regional museum community into international cultural processes.
- Build an image of Sakhalin Energy as a socially responsible Company that takes into account the cultural and sociological features of the host territory at the regional, federal, and international levels.

## TASKS

- Promote the development of museum activities and inter-museum cooperation.
- Create conditions for improving the quality and diversity of cultural services.
- Develop the creative potential of various target groups by involving them in exhibition events (competitions, workshops, etc.).
- Raise the cultural level of Sakhalin residents through the promotion of fine and applied arts, and through art exhibitions.
- Acquaint the inhabitants of Russia with the culture and art of Sakhalin, to get them interested in the work of Sakhalin artists and craftsmen.
- Raise public awareness about the contribution of Sakhalin Energy to the development of culture on Sakhalin.

## TARGET AUDIENCE

- Residents and guests of the Sakhalin Oblast.
- Museum specialists.
- Specialists of educational institutions, working based on programmes in museum pedagogy.
- Residents and guests of the regions of Russia, hosting exhibitions of works of art from the collections of Sakhalin museums (e.g. "The Nivkh World" exhibition project in St. Petersburg).

## PARTICIPANTS

- Sakhalin Energy.
- Association of Museums of the Sakhalin Oblast.



- Sakhalin State Regional Art Museum.
- Sakhalin Regional Museum of Local History.
- Literary and Art Museum of the Book of A.P. Chekhov “Sakhalin Island”.
- Municipal museums of the Sakhalin Oblast.
- State Russian Museum.
- Sakhalin Oblast Government.
- Volunteers (Sakhalin Energy employees and residents of the city).

## CONCEPT

The Company’s projects in the field of culture are a system of consistent efforts aimed at incorporating the museums of Sakhalin into the professional community in Russia. The system includes the provision of grant support to local museums, the implementation of partner exhibition projects in the Sakhalin Oblast and exhibitions of works of art from the collections of famous Russian museums, as well as the promotion of Sakhalin culture and museum collections at the federal level.

Supporting local museum initiatives is one of the areas of the grant competition programmes of the Company. But it is joint exhibition projects implemented in partnership with local and federal museums that arouse the greatest interest of the community. An art exhibition is one of the most important components of civilised leisure – a humanitarian area which is becoming increasingly relevant in the life of modern society, and is accessible to people of all ages and walks of life. It is an art exhibition that makes it possible to unite various art items from the collections of several Sakhalin museums into one and show it to large audiences, to present the art of local artists and craftsmen far beyond Sakhalin, and also to give Sakhalin people an opportunity to admire the masterpieces of world art and join the millions of art lovers around the globe.

The themes of most exhibitions, both organised locally and brought over from the mainland, are related to the Company’s host territory: the art of the Sakhalin Indigenous Minorities, peoples inhabiting Sakhalin Island in the past (the Ainu), contemporary Sakhalin artists and craftsmen. This approach contributes to building the Company’s image as a



socially responsible business entity that takes into account the cultural and sociological features of the host territory at the regional, federal, and international levels.

## IMPLEMENTATION

The Company together with partner organisations has implemented and continues to implement a number of exhibition projects, namely:

- “Enigmatic World. The Ainu” (2011) – the first “guest” exhibition on Sakhalin, implemented with the support and participation of the Company. It presented works by Byozan Hirasawa, a Japanese artist, from the collection of the Omsk M. A. Vrubel Regional Museum of Fine Arts, telling about the traditions and way of life of the Ainu – an ancient people who inhabited Sakhalin in the distant past.
- “Five Centuries of Russian Art” (2014) – an exhibition of art items from the collections of the State Russian Museum, which was a gift to the Sakhalin people for the 20<sup>th</sup> anniversary of Sakhalin Energy. The exhibition project helped residents and guests of the island to trace the history of Russian fine arts through the masterpieces of painting and graphics, to get an insight into the main genres and trends in art, the evolution of genres, and to admire the works of great masters of the Russian school of fine arts.
- “Five Centuries of Russian Art” (2015–2017) – an exhibition organised in honour of the 80th anniversary of the Nivkh writer and artist Vladimir Sangi. The exhibition was first demonstrated on Sakhalin, and then it was transported to the Stroganov Palace in St. Petersburg, where it was viewed by residents and guests of the city. It displayed works of art executed in various genres – paintings, graphic pictures, sculptures, objects of applied art and crafts, all of them portraying the life of the Nivkhs: people, traditions, and authentic ethnographic details of everyday life.
- “The Silhouette Magic by Semyon Nadein” (2017–2018) – an exhibition that brought together works of art from four Sakhalin museums, a private collection, and the Hokkaido Literary Foundation, and gave visitors a unique chance to admire the works of the talented Evenki artist and craftsman.







Although they were different in subject matter and timed to different anniversaries and significant dates, all these projects had the same format – an art exhibition.

The educational component of each exhibition was strengthened, among other things, by holding public lectures, presentations, and thematic events. The tours, organised for students of educational institutions and other visitors to the museums hosting the exhibitions, were of immense educational significance. The demand for guided tours of the Five Centuries of Russian Art exhibition was so great that the School of Volunteer Museum Guides was organised to prepare a sufficient number of tour guides who would conduct as many tours as necessary.

Each exhibition was accompanied by a number of various events – quests, workshops, other creative and educational activities, which helped participants to see the works of classical art in a new light.

These events increased attendance and effectively disclosed the cognitive possibilities of the visual arts, which are very important nowadays, given the current cultural situation. It must be mentioned that an information package, including a catalogue, booklets, materials for the quiz, etc., was developed specially for each exhibition.

## RESULTS

Creation of technical capabilities to revitalise the exhibition activities of federal museums on the basis of the Sakhalin Regional Art Museum:

- modernisation the fire prevention system;
- update the exhibition stands;
- installing an additional lighting system, which allowed expanding the exhibition area of the museum;
- has new drying equipment, necessary to create an optimal climate during art exhibitions.



Expansion of the guided tour and enlightenment possibilities of the Sakhalin Regional Art Museum:

- training a group of 18 volunteers as museum guides, who were engaged in conducting tours for more than one month; the group includes nine employees of the Company and children of Company employees;
- start of the tradition of holding literary and musical art nights and thematic lectures. In the Sakhalin Regional Art Museum, for instance, this area grew into a separate independent project titled “Museum Thursdays”, launched in 2015; the project includes lectures and talks on the theory and history of fine arts, held at least once a month;
- development of programmes for new original workshops, in particular the Artistic Fish Skin Processing workshop, the Nivkh Colours of Sakhalin Land workshop, and the Ornamental Pattern in the SIM Art workshop, which are still conducted on a regular basis at the Sakhalin Regional Art Museum as part of various events.

Growth in the number of museum visitors, for example, the Nivkh World exhibition on Sakhalin was visited by 4,708 people, with an average attendance of the museum during local exhibitions of 2,800 people per month; about 12,000 people visited the Five Centuries of Russian Art exhibition, with an average attendance of “guest” exhibitions of about 4,000 people per month.

Due to the strong associative link between all the special events organised under the project, the engagement of key stakeholders and experts, the Company managed to emphasise the focus on partnership in its activities and its respect for cultural diversity, to demonstrate practical contribution to the development of museum and exhibition activities and the preservation of Sakhalin Indigenous Minorities culture.

Positive feedback on the exhibitions, given by visitors.





## Corporate Social Responsibility



## Let Us Make a Report

### The practice of preparing public non-financial reporting (on the example of the Sustainable Development Report)

Since its inception, stakeholders of Sakhalin Energy have always been highly interested in its activities as the operator of the Sakhalin-2 project. The largest oil and gas project, one of the first projects implemented on the basis of the Production Sharing Agreement is an outstanding phenomenon not only for the Sakhalin Oblast, but also for the country and the world as a whole.

Given the scale of the project and the high degree of interest in it, the Company prepared a considerable number of external reports and materials on an annual basis to respond to information requests of its different stakeholders. Since 2002, annual reports and surveys have been issued in the areas of production, environment, and social investments.

Practice has shown that stakeholders need to be regularly provided with comprehensive information, which illustrates the activities of the Company in dynamics, both in the production area and in the field of corporate social responsibility (CSR).



This required that the Company adopt a standardised approach to the provision of information. In this regard, it was necessary to find a tool that would allow the Company to consolidate the disclosed information and to satisfy information requests of stakeholders.

The Company conducted an in-depth analysis and chose the option of issuing a public non-financial report on the basis of the universally recognised standard. As a result, the Committee of Executive Directors made a decision to use the GRI Standard – Sustainability Reporting Guidelines, the most authoritative and widely spread standard worldwide.

Thus, since 2009 the Company has prepared and published an annual public Sustainable Development Report (hereinafter – Report).



## PURPOSES

- Ensure satisfying the needs of stakeholders for information on the Company's activities.
- Demonstrate the Company's commitment to the principles of CSR and sustainable development.
- Promote the reputation of the Company as a socially responsible organisation that applies advanced international standards and best practices.

## TASKS

- Create a working group for the preparation of the Report, including specialists from all units of the Company.
- Prepare the Report in accordance with the requirements of the GRI Standard.
- Ensure the involvement of stakeholders in the process of identifying the topics to be disclosed in the Report.
- Provide information on the Company's activities in a consistent and balanced manner, in dynamics and in sufficient detail so that stakeholders will be able to make an objective evaluation of its performance.
- Ensure the approval of the Report by the Company's senior management.
- Ensure an independent endorsement of the Report, and so on.
- Prepare the Report during the first quarter of the year following the reporting year.

## TARGET AUDIENCE

- Internal target audience:
  - Company's senior management;
  - employees.
- External target audience:
  - shareholders;
  - lenders;
  - government authorities;
  - customers;
  - contractors;
  - community;
  - Japanese stakeholders;
  - international organisations;
  - NPOs and other non-profit organisations;
  - mass media;
  - other stakeholders.



## PARTICIPANTS

- Chief Executive Officer;
- Members of the Committee of Executive Directors;
- Corporate Affairs Department;
- Report Preparation Working Group (the Working Group consists of persons nominated by the Company's unit managers);
- Translation Group;
- External consultant (if necessary);
- Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs (RUIE);
- Respondents in the survey, participants of dialogue meetings and public presentations.

## CONCEPT

The preparation of the Report is a systematic (annual) and systemic cycle, carried out in accordance with the corporate Sustainable Development Report Preparation Procedure and the annual order of the Chief Executive Officer on the preparation of the Report.

The preparation of the Report is carried out by the specialists of the Company. The essential conditions are as follows:

- compliance with the requirements of the GRI Standard;
- decision of the Company's senior management on the issue of the Report;
- availability of necessary resources for the preparation and issue of the Report;
- availability of the processes of collecting the necessary information in the Company;
- close interaction with stakeholders in determining the content of the Report;
- approval of the Report by the Company's senior management.

*The principles for determining the content and quality of the Report are stakeholder coverage, completeness, materiality, balance, clarity, sustainable development context, accuracy, comparability, timeliness and reliability, which complies with the requirements of the GRI Standard.*





The Report is prepared in accordance with the corporate Sustainable Development Report Preparation Procedure. The functions and roles of the participants are presented in the table at the end of the section. Overall coordination is carried out by the Corporate Affairs Department (CAD).

## Organisational and Preparatory Activities

The preparation of the Report begins with the issue of an order of the Chief Executive Officer of the Company on the preparation of the Report and a work plan, which defines the activities, schedule, and responsible officers.

Based on the order, the Executive Directors and Department Heads appoint representatives to the Report Preparation Working Group.

Orientation workshops are conducted for the members of the Working Group by the specialists of the Social Performance Subdivision, where they are informed about the requirements of the GRI Guidelines, the plan and the work schedule, the principles for determining the content and quality of the Report, etc.

## Stakeholder Engagement to Define the Content of the Report

The participation of both internal and external stakeholders in determining the content of the Report is a requirement of the GRI Standard.

The Company holds two meeting–dialogues with stakeholders to discuss topics that will be disclosed in the Report. Residents of the Sakhalin Oblast are invited to participate in the dialogue through announcements in the media. The challenge faced by the Company is the low motivation of external stakeholders to participate in the discussion of topics for inclusion in the Report.

To encourage stakeholders to participate in the dialogue, the Company interacts with individual groups using convenient forms and channels of communication (see the examples in the table on the next page), changes the format of events (e.g. interactive sessions).

Information on the results of stakeholder engagement is included in the Reports.



Stakeholder groups	Questionnaires	Interview	Focus group	Public events	Comments
Shareholders	✓				Direct mailing of the questionnaire
Customers	✓				Direct mailing of the questionnaire
Company's senior management	✓	✓			Direct mailing of the questionnaire and/or personal meetings/ interviews
Employees	✓		✓		Discussions during the meetings of the Report Preparation Working Group, as well as during the 100 Workshop Electronic survey of the Company employees
Government bodies		✓		✓	Personal meetings / interviews with key representatives (comments are included in the minutes of the meeting or the questionnaire) Inviting representatives of government bodies to participate in dialogues with external stakeholders, and getting feedback from them in the course of the dialogues
Population	✓			✓	Surveying the participants of public meetings held in settlements (more than ten) at least once a year Invitation to dialogue meetings with external stakeholders (through the media)

## Work on the Content of the Report

The content of the Report is determined by the results of stakeholder engagement, analysis of trends in non-financial reporting, and the Company's performance for the reporting period.

The Report is approved by the Directors and Department Heads. After it is approved by the Legal Directorate, the Report is submitted for commenting and approval to the Chief Executive Officer.

## Public Endorsement

The approved Report is sent to the RUIE Non-Financial Reporting Council for public endorsement. The subject of the review is the materiality and completeness of the information disclosed in the Report in accordance with the best practices of conducting business.

The Company is issued a Certificate of Public Endorsement and a Conclusion on the Review of Sakhalin Energy Sustainable Development Report by the RUIE Non-Financial Reporting Council for the Purpose of Public Endorsement.



## Printing and Distribution

The designing of the layout and printing of the Report are carried out by the Company's contractor. After the publication, the Report is sent to the stakeholders.



## Report Promotion

The promotion of the Report begins with its public presentation. This is a platform for exchanging views with representatives of the scientific and expert community, business, federal and regional authorities, NPOs dealing with environmental issues, socio-economic development and CSR, etc., representatives of the public and the media. Opinions expressed at the public presentation are taken into account when preparing Reports in subsequent years.

## Functions and Roles in the Preparation of a Sustainable Development Report

Overall coordination of all activities is carried out by the CAD.

Process/Responsible officers	CEO	ED and DH	CAD	WG	EA	RUIE NFERC
Organisational and preparatory activities						
Issue of an order on the preparation of a Sustainable Development Report and a work plan	▲		■			
Appointment of representatives to the Report Preparation Working Group		■				
Conducting orientation workshops for the members of the Working Group and specialists of the Directorates and Departments			■	■		
Interaction with stakeholders to identify topics to be included in the Report						
Holding the first dialogue meeting, surveys, interviews, focus groups with stakeholders to collect information requests, comments and suggestions for inclusion in the Report			■	■	◆	

Process/Responsible officers	CEO	ED and DH	CAD	WG	EA	RUIE
Work on the content of the Report						
Processing and analysis of information requests of stakeholders, received in the course of identifying topics for inclusion in the Report			■	■	◆	
Defining the content of the Report			■	■	◆	
Preparation of preliminary texts			◆ ■	◆ ■	◆	
Approval of preliminary texts		▲	●	■		
Holding the second dialogue meeting with stakeholders to inform them about the topics to be included in the Report, to give answers to questions, comments and suggestions received at the first dialogue meeting			● ■	■	■	
Preparation of the final version of the Report			■	■		
Editing and proofreading of the Report			● ■			
Approval of the Report by the Directors and Department Heads		▲	●	■		
Approval of the Report by the Legal Directorate		▲	●			
Approval of the Report by the Chief Executive Officer	▲		● ■			
Public endorsement						
Passing the public endorsement procedure			●			■
Executing and printing						
Report design			■			
Work on the layout of the printed version of the Report			■			
Work on the interactive version of the Report			■			
Posting the Report on the Company's website			■			
Report promotion						
Public presentation			■			
Distribution of the Report to stakeholders			■	■		

■ *Responsible officer/work execution*

- *Coordination*

▲ *Approval*

### ■ Endorsement

◆ *Control*

◆ *Consulting support*

**CEO** – Chief Executive Officer; **WG** – Report Preparation Working Group (the Working Group consists of persons nominated by the Company's unit managers); **ED and DH** – Executive Directors and Department Heads; **EA** – External Consultant;

**LD** – Legal Directorate; **RIUE NFRC** – Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs (RIUE); **CAD** – Corporate Affairs Department



## RESULTS

In 2009–2018, the Company prepared and published nine Sustainable Development Reports in accordance with the GRI Guidelines. All Reports successfully passed the procedure of public endorsement by the RUIE Non-Financial Reporting Council.

Since 2015, the Company has been preparing thematic Reports: the 2015 Report was devoted to safety assurance in all areas of the Company's activities, the 2016 Report – to environmental issues, and the 2017 Report – to human rights. This allows the Company to cover the most priority areas of its activities in more detail.

In order to increase the accessibility of reporting and minimise the negative impact on the environment, in 2017 the Company launched the first interactive version of the Sustainable Development Report.

Sakhalin Energy's 2017 Report was ranked best among the Russian participants of the Vision Awards international competition, held by the League of American Communications Professionals (LACP).



## DEVELOPMENT

Sakhalin Energy monitors global and Russian trends in CSR and non-financial reporting, participates in industry competitions, and shares its experience on expert platforms. This helps the Company to enhance the quality and content of the issued Reports, as well as to make a comparative assessment of the Company's achievements in the fields of CSR and sustainable development with a view to improving subsequent Reports.

In 2016, Sakhalin Energy updated its Sustainable Development Policy. One of the fundamentally new provisions included in the updated policy is Sakhalin Energy's commitment to the United Nations Sustainable Development Goals (SDGs), set out in the 2030 Agenda for Sustainable Development. Since 2016, the Company has included information demonstrating its contribution to the achievement of the SDGs in its Sustainable Development Reports.

In 2017, the Company joined the Reporting on the SDGs Action Platform, which was initiated by the UN Global Compact and the Global Reporting Initiative in partnership with the "UN Principles for Responsible Investment" programme in order to unite the efforts of all stakeholders in developing the framework, principles, and recommendations for corporate reporting on the SDGs.





## FEEDBACKS AND AWARDS

*“I really liked the Report. It is one of the most interesting Reports of all. I have attended such events for many years already and I see that the Company has taken into consideration our wishes and worked on the questions asked at the previous meeting. Some figures are simply astonishing: Sakhalin Energy – a company with a little more than two thousand employees – fills the budget of the Sakhalin Oblast by about 70%. I think that these figures need to be voiced, because the population of Sakhalin has no idea about them.”*

*Irina Malkova, Deputy Director for Scientific Work Sakhalin Regional Art Museum  
State Budgetary Institution of Culture, 2015*

*“The figures for the extraction and sale of oil and gas in our region, as well as the paid taxes are impressive. I really liked the report on the social projects, environmental protection, interaction with the Sakhalin indigenous minorities. This kind of a transparent report of the Company, which we constantly see and hear, is exactly what we would like to see and hear from other partners.”*

*Antonina Nachetkina, Member of the Board of Authorised Representatives of the Sakhalin Indigenous Minorities  
of the Yuzhno-Sakhalinsk City Administration, 2015*

*“I would like to thank you for the 2016 Report and for taking into account our comments regarding the Russian Vendor Development Programme in it. I would like to point out that Sakhalin Energy is a pioneer on Sakhalin – the first company to issue such a report. The Report meets international standards in this field, and gets better and better every year owing to several factors, the recommendations of the public being one of them.”*

*Nadezhda Nikitina, Head of Programme and Estimate Documentation Analysis and PSA Implementation Subdivision  
of the Sakhalin Oblast Ministry of Natural Resources and Environmental Protection*

*“The Sakhalin Energy annual report – Safety is Our Priority – proves to be remarkable in light of tremendous competition. We classify this entry as being among the best annual reports within its industry.”*

*Christine Kennedy, LACP Managing Director, 2016*

The Company’s responsible, consistent and systematic approach to reporting has been recognised by the expert community:

- Sakhalin Energy’s Sustainable Development Reports for 2015 and 2016 received the highest award among fuel and energy companies and became platinum winners of the Vision Awards – an international competition organised by the League of American Communications Professionals (LACP).
- The Company’s 2015 Sustainable Development Report received an award in the Client Media/Annual Report category at the Best Corporate Media 2017 Awards, held by the Russian Association of Directors of Communication and Corporate Media. This result confirmed the leading position of Sakhalin Energy in the field of corporate social responsibility.



In 2017, Sakhalin Energy received the Grand Prix of The Best Russian Enterprises: Dynamics, Efficiency, Responsibility 2016 All-Russian Competition in the For the High Quality of the Company’s Sustainable Development Report category. The Company’s 2015 Sustainable Development Report was highly evaluated by experts, which is proof of the Company’s openness, responsible approach to defining the content and ensuring the quality of reporting on its performance.

In 2017, the Company was announced the winner of the Best in CSR 2016 competition, and was ranked the second in the Socially Responsible Corporate Governance. Reporting ranking for its practice of preparing Sustainable Development Reports.

In 2018, Sakhalin Energy won the Digital Communications AWARDS-2018 award in the Digital Projects and Strategies category for creating an on-line version of the Sakhalin Energy Sustainable Development Report.

In 2018, Company’s report is among the winners of the Vision Awards held by LACP and has been recognised as the best report among the Russian participants.

In 2018, the company’s report was the winner in The Best Public Non-Financial Report of an Oil and Gas Company category of the contest for the best socially-oriented company in the energy sector, held by the RF Ministry of Energy.







## Safety Is Important!

A long-term partnership programme aimed at promoting a culture of safe behaviour in the community

Since its inception in 1994, Sakhalin Energy has made every effort to contribute to the development of the host region. This includes both direct social investments aimed at the implementation of socially significant programmes on Sakhalin Island, and indirect impact through the transfer of high internal standards of the Company to its external environment.

It should be pointed out that safety is an exceptionally topical issue for the Sakhalin Oblast – the territory of the Company's operations: due to its geographical position and geological structure, Sakhalin Island is one of the few regions in the Russian Federation, where any kind of natural disaster is a possibility.

Safety is not just a sum of acquired knowledge, but the ability to behave correctly in various situations. To make these rules a habit, people should start learning the basics of safe behaviour in early childhood, when their personality is being built, and never cease to learn them, because knowledge requires expanding, and

skills – developing and practising. The process of learning continues throughout the life of people, and the rules laid down in their childhood help them to make informed decisions when facing new challenges and overcome them. Changing the motivation of human behaviour so that safe conduct becomes the norm of life is a huge step towards the highest – constructive – level of safety culture.

Therefore, the main purpose of the partnership programme, which was initiated in 2005 and has been successfully implemented till present day, constantly evolving and improving, is to promote the culture of safe behaviour and to teach people to take responsibility for their own safety and the safety of others.



## PURPOSES

- Promote the formation of a conscious and responsible attitude to the issues of personal and public safety in the community.
- Popularise and promote the basics of life safety among the population.
- Develop the corporate culture; promote corporate safety standards to be used in the community.
- Strengthen the Company's reputation among stakeholders as a safe production operator through building a sustainable associative link: "Safety is priority for Sakhalin Energy".

## TASKS

- Promote the development and replication of information and educational materials for teaching lifesaving rules in the events of natural disasters and domestic emergencies.
- Promote cultural events, contests, competitions, and other activities aimed at teaching the population the rules of safe behaviour in emergency situations, training practical skills and using safety standards.
- Contribute to the identification and dissemination of best practices, new methods and techniques for training life safety and their implementation in the territory of the Sakhalin Oblast, including the development and implementation of awareness-raising campaigns using various communication channels.

## TARGET AUDIENCE

- General population.
- Children of preschool, primary and secondary school age.
- Teachers and educators.
- Parents.
- Company's employees.

## PARTICIPANTS

- Partners of the initiative:
  - Chief Directorate of EMERCOM of Russia for the Sakhalin Oblast;
  - Ministry of Education of the Sakhalin Oblast;
  - Sakhalin Energy.

Projects under the programme are implemented with the participation of public organisations and state institutions such as the Sakhalin Search and Rescue Team named after V. A. Polyakov, the State Traffic Safety Inspectorate of the



Regional Office of the Ministry of Internal Affairs of Russia for the Sakhalin Oblast, the Sakhalin Branch of the All-Russian Voluntary Fire Society, the Russian Union of Rescuers (Rossoyuzspas) Sakhalin Regional Public Organisation, the “Boomerang” Tourist Club, the Yuzhno-Sakhalinsk Centre for Children and Youth Tourism, and others.

## CONCEPT

Promoting the use of modern technologies and public awareness-raising models in the field of safety culture and building a conscious attitude to personal safety in the community contribute to reducing risks and mitigating the consequences of hazardous situations.

The programme is implemented in several key areas, including the development and publication of educational videos and printed materials, awareness-raising campaigns and projects devoted to topics of particular relevance to the region, provision of support for partner initiatives, etc.

The programme activities are mainly funded by Sakhalin Energy. The programme partners provide methodical and organisational assistance, carry out the expert evaluation of materials created and assist in promoting their use in the course of teaching the basics of life safety.

## IMPLEMENTATION

Building a culture of safe behaviour is a comprehensive long-term process that covers target audiences of different ages. The “Safety is Important” programme, launched in 2005 to focus on preschool and primary school age children as a key target group eventually evolved into a complex of activities that involved people of different ages.

The cartoon character Senya – a boy who leads an active lifestyle, knows the rules of safe behaviour and invariably follows them, helping out his friends who constantly get into various kinds of trouble – became the main hero of the programme.

Proceeding from the fact that children are the key target audience, the programme provides for a set of tools that allow to convey information about the rules of safe behaviour in potentially dangerous situations most effectively. These tools include:

- animated educational videos;
- comic books based on the cartoons;
- mass events with the participation of children (festivals, Safety Days, competitions, etc.).



As regards another target audience – adults, which includes teachers, parents and other residents of the Sakhalin Oblast, interaction with them is achieved through the organisation of contests among teachers, the development and expansion of the work based on the Life Safety resource and methodological classrooms in schools, special projects and information campaigns, etc.

Water Safety Is Important is one of the special-purpose projects of 2017 that meet the topical needs of the island region. As part of the project, information boards devoted to safe behaviour when bathing, swimming and boating were installed in the children’s camps located near lakes and rivers; awareness-raising activities were organised and attended by about 800 children aged 6 to 16 years. The initiative was continued in 2018. Moreover, it was expanded by including another relevant topic – fire safety.

In order to explain the basics of life safety to the largest possible number of people, initiatives are implemented that cover different groups of the population. An example of this is the Senya Warns project, as part of which warning information boards that explain what to do in the event of a hazardous situation were installed in 12 districts of Sakhalin in areas with a potential threat of avalanches and tsunamis. This was the first experience of this kind in Russia. Another initiative designed for a broad audience was the project to install information and warning systems in the five large shopping centres with high attendance in Yuzhno-Sakhalinsk. In the long term, the implementation of this project can help reduce the number of casualties in emergency situations.

Two computer games have been developed within the framework of the programme: one of them – “Senya is the Rescuer”, a game application for mobile devices (phones and tablet PCs) – organically includes the existing cartoons and comics about Senya, devoted to lifesaving rules. The game is free of charge and available for download in the AppStore and Google Play. The other game application – “Travel Safely!” – is designed for desk computers and focuses on the rules of safe behaviour when on a hike. It consists of an interactive game board and twenty episodes. The game is available at [www.путешествуй-безопасно.рф](http://www.путешествуй-безопасно.рф). When playing the game, people will be involved in constant communication on safety issues and the rules of behaviour in emergency situations.





Sakhalin Energy employees joined the programme in 2016, and are increasingly acting as Safety Ambassadors. In addition, a new area – pro bono initiatives (professional or skilled volunteering) – is emerging as part of the Hurry Up For Good Deeds corporate volunteer programme, which also contributes to the development of the Safety Is Important! partnership programme. Company employees have initiated conducting safety lessons in schools and kindergartens, attended by their children. Specialists of the Sakhalin Energy Corporate HSE Department acted as experts during the Safety Day – a children’s regional festival. Their main task was to teach children to assess the risks of any real-life event, be it a walking tour to the forest or going to the beach. The practice of risk assessment is extensively used in the oil and gas industry, while its methodology, as experience has shown, can be applied in any field. Soon after the Safety Day, this experience was widely spread and similar exercises were included in the programmes of various events attended by people of different age groups.

Such participation of employees in the Company’s volunteer programmes is a significant contribution to the development of corporate culture, conscious and responsible attitude to personal and public safety.

## RESULTS

Over the years, the Safety Is Important programme has delivered important results. Holding the regional Safety Day, during which sixth graders from all districts of Sakhalin come together to compete for the title of the best expert in save behaviour, has become a tradition. In 2017, preliminary rounds were held at the municipal level for the first time in the history of the event. This helped to involve a significantly larger number of children in preventive activities on various issues of life safety. According to the survey held as part of the evaluation of social programmes, about 70% of educational institutions (schools) are currently involved in various activities under the programme.

The image of Senya is firmly entrenched in the minds of the population as an expert in lifesaving rules. Schools and kindergartens regularly include the main hero of the programme in various activities aimed at promoting the rules of safe behaviour. For example, more than 300 events to promote the rules of safe behaviour in winter were organised in Yuzhno-Sakhalinsk schools during two months within the framework of the joint project of the Sakhalin Department of Education and Sakhalin Energy. All in all, 9 thousand people took part in these events.

Since 2005, 39 animated videos on topical issues have been produced under the project. Many of the videos were created with the participation of children. The cartoons are broadcast through various channels (regional and



municipal TV channels, street screens, screens in the shopping centres) not only in Sakhalin, but also in other Russian territories (the Far East, Khakassia, Arkhangelsk Oblast). In 2015, the cartoons about safety were viewed by the guests of the Fairy Tales of Childhood international film festival held in the Serbian city of Nis. The animated films with Senya as the main character, devoted to safety in emergency situations, were included in the programme of the film forum, which was organised with the support of the RF Ministry of Culture and the Russian Embassy in Serbia, as well as the Russian-Serbian Humanitarian Centre.

In 2011, the materials developed as part of the programme became available to a wide audience due to the creation of the website [www.senya-spasatel.ru](http://www.senya-spasatel.ru).

The programme is also replicated in other regions. One example is the transfer of rights to the publication and distribution of educational materials to the Arkhangelsk Charity Fund, which has attracted local business to support the project in the region. The Safety Is Important programme is an example of the successful implementation of a comprehensive social programme that vividly reflects the Company’s values and meets the needs of the community. Senya, the protagonist of the programme, who is recognised far beyond Sakhalin, is strongly associated with safety and safe behaviour. At the same time, the cartoon hero evokes a direct association with Sakhalin Energy, whose logo is posted on the T-shirt of the young expert in lifesaving rules.





## DEVELOPMENT

Modern children are spending more and more time in the virtual space. Due to this, the partners of the programme have introduced new tools that meet the needs of the new and growing generations of children. The partners plan to use new communication channels (social networks, IT technologies) in order to expand the audience and involve target audiences in various initiatives. Now the main character of the programme has a page on Instagram, which was opened in the spring of 2018.

One of the most promising areas for the development of the programme is safety in doing sports. Safety During Mountain Skiing has become a pilot project in this area. The project's main goal is to build a safety culture in the downhill skiing community. The information boards installed on the Gorny Vozdukh sites greatly contribute to achieving this goal. The boards show Senya and Vaska the Cat explaining how to behave safely when skiing or riding a ski lift. It is planned to expand the project to new skiing routes and other downhill skiing areas on Sakhalin.

There is no doubt that safety issues will always be relevant. The tools developed under the programme are independent and viable, and can be used in regions with similar hazards.



## FEEDBACKS AND AWARDS

***“Sakhalin is prone to all sorts of natural disasters – cyclones, floods, earthquakes and tsunamis; that is why it is important not only to teach children what to do in practice, but also to prepare them psychologically. In this case, the child will not lose his head and panic, but will be able to make the right decision.”***

*Vladimir Murnaev, Deputy Head Chief Directorate of EMERCOM of Russia for the Sakhalin Oblast*

***“I would like to point out that the Company is doing tremendous work for our children. This work is of vital importance, and we highly appreciate it.”***

*Svetlana Vasilyeva, First Deputy Minister of Ministry of Education of the Sakhalin Oblast*

The Safety Is Important programme has repeatedly become the winner and laureate of Russian competitions:

- 2008 – the winner of the 2008 Corporate Donor of Russia Competition under the All-Russian Social Projects Competition in the Best Programme (Project) for Improving the Social Climate in the Surrounding Community — Care about Family Welfare nomination.
- 2009 – the winner of the New Space of Russia All-Russian Social Advertising Competition.
- 2009 – the winner of the Sodeystvie 2nd All-Russian Festival of Social Programmes in the Best Creative Programme nomination.
- 2010 – the winner of the Constellation of Courage Festival held by the EMERCOM of Russia in the Best PR Campaign nomination.
- 2012 – the winner of the Constellation of Courage Festival held by the EMERCOM of Russia in the Best Internet Project nomination.
- 2014 – the winner of the KonTEKst Competition of PR Projects among the fuel and energy companies.
- the programme was included in the 2014 Russia's Best Social Projects collection ([www.socprojects.org/#catalog](http://www.socprojects.org/#catalog)).
- 2016 – The Summer Water Safety Rules booklet was among the winners of the Impulse All-Russian Competition of Social Advertising ([www.konkurs-impulse.ru/2016\\_best\\_booklet/](http://www.konkurs-impulse.ru/2016_best_booklet/)).
- The programme was also highly evaluated by the experts of the UN Global Compact ([www.globalcompact.org/](http://www.globalcompact.org/)).
- 2017 – the programme was awarded the third prize in the Charity Project nomination in the corporate competition among public relations services and corporate media of Gazprom Group.





## Environmental Volunteering

### Oiled wildlife response training

Sakhalin can be rightly called a treasure island. Its subsoil is rich in coal, ferrous and non-ferrous metals, crude oil and gas. Large scale development of oil and gas fields is being conducted in the north east of Sakhalin Island. Such development, and particularly transportation of hydrocarbons, entails risks of spills of oil and petroleum products. This type of incident can cause serious harm to coastal and marine wildlife, especially birds and marine mammals.

There are more than 360 species of birds registered on Sakhalin, 190 of them are nesting species. More than 100 bird species are listed in the International Union for the Conservation of Nature (IUCN) Red List, Red Book of Russia and the Sakhalin Oblast, and are protected by law. In the course of surveys of onshore pipeline route 258 bird species have been studied, including 48 protected of which 30 species nest on Sakhalin.



The waters around the largest Russian island provide permanent or seasonal residence for 27 species of marine mammals, 23 of which occur in the areas of implementation of the Sakhalin-2 project and 17 are cetacean species.

Six species of mammals are listed in the IUCN Red List (Gray whale, Greenland whale, Northern right whale, finback, Steller's sea lion, larga seal) and in the Red Book of Russia. Three species (sea otter, Steller's sea lion and larga seal (Kuril subspecies, Steiniger seal) are listed in the Red Book of the Sakhalin Oblast.

Sakhalin Energy is committed to environmental protection and applies an integrated approach to resolve potential issues related to oiled wildlife.



## PURPOSES

- Develop oiled wildlife prevention and response measures.
- Prepare necessary tools and resources for oiled wildlife response.
- Develop corporate culture of socially and environmentally responsible company: encourage personnel to generate new knowledge and gain experience in rescue and rehabilitation of oiled wildlife; train group of volunteers to support rescue operations.

## OBJECTIVES

- Develop and implement policies, procedures and plans for oiled wildlife rescue and rehabilitation.
- Provide theoretical knowledge to company staff (HSE and other departments) in the area of morphology, biology and behaviour of wild animals most vulnerable to oil contamination.
- Establish the infrastructure necessary for oiled wildlife response.
- Identify risks related to the capture of birds and other wildlife.
- Practice skills of operating hazing equipment.
- Practice skills of capture and rehabilitation of animals affected by oil contamination.
- Train a group of volunteers for qualified assistance in oiled wildlife rescue activities.

## TARGET AUDIENCE

- Personnel of Sakhalin Energy (HSE and other departments).
- Specialists of Ecospas Centre for Rescue and Environmental Operations.
- Federal and intergovernmental environmental authorities.
- Other oil and gas companies.
- Sakhalin-2 project lenders.
- General public.
- Environmental non-governmental organisations.

## PARTICIPANTS

- Sakhalin Energy's Employees.
- Employees of Sakhalin Energy's contractors.
- State Veterinary Services.
- Wildlife (animals and birds) experts.
- Oil and gas companies.

## CONCEPT

Animals affected by the impact of crude oil and petroleum products require prompt and proper rescue actions, including capturing, rehabilitation, and subsequent release into the wild. This task can be performed only by properly trained staff.

Designing effective response activities requires special attention, contribution and cooperation of many people: specialists in oiled wildlife cleaning, veterinarians, government representatives, stakeholders and volunteers. Engagement of volunteers in response activities allows providing critically important personnel in case of an oil spill. However, such activities can be effective only if there is an experience.

For operational control of environmental risks, Sakhalin Energy developed Oiled Wildlife Rescue Programme in which training of personnel and volunteers is carried out. Constantly improved specialised training is not the only element of qualified response preparation; exercises and drills are regularly arranged for practical skills training.

## IMPLEMENTATION

### Training

In keeping with its commitment to biodiversity preservation and in line with the best international practices, Sakhalin Energy has been implementing the Oiled Wildlife Response Training Programme since 2005.

The Programme was developed in cooperation with the International Fund for Animal Welfare (IFAW) and the International Bird Rescue Research Centre (IBRRC).

At the early stage of the Programme development Sakhalin Energy invited international trainers. In 2006 and 2008, the International Fund for Animal Welfare and the International Bird Rescue Research Centre carried out induction courses and practical training in oiled wildlife response for Sakhalin Energy specialists. Eventually the company trained its own specialists and established a training methodology considering climatic and geographical conditions of Sakhalin Island as well as composition of species living in the vicinity of Company's production facilities.

As part of the training process participants of the Programme learn how to:

- Comply with HSE requirements when rescuing wildlife; use collective and personal protective equipment;
- Minimise environmental damage:
  - Identify affected or exposed animals, identify rescue priorities;
  - Minimise impact on wildlife by hazing or capture activities when and where appropriate;
  - Capture, stabilise, clean and rehabilitate the affected animals;
  - Use methods and strategies of oil spills response aimed at protection of such environmentally sensitive zones as reproduction and pasturing areas;
  - Comply with the requirements and rules of deployment of Wildlife Rehabilitation Site and mobile field camps;
- Conduct oiled wildlife response operations in compliance with Russian laws and resolutions of government authorities of the Russian Federation and Sakhalin Oblast;
- Ensure effective and viable approach to oil spill response and protection of wildlife from oil spills;
- Facilitate cooperation/interaction between Sakhalin Energy and government authorities as well as other stakeholders in resolving oiled wildlife response issues;
- Promptly inform relevant authorities.





Currently, Company carries out training of the personnel and volunteers in two stages. First stage includes training in hazing and capturing birds. It is arranged 1–2 times a year in a shoreline area, where staff practices skills of deploying equipment, methods and principles of hazing and capturing birds, their field-stabilization and transportation. Second stage involves cleaning and rehabilitation of birds in wildlife rehabilitation site (WRS) located in Prigorodnoye production complex.

Annually, Sakhalin Energy conducts large-scale oil spill response (OSR) exercises. As part of the exercises, training course in hazing, capturing and rehabilitation of oiled wildlife is conducted for interested personnel.

### Corporate Documents

In addition to OSR Plans Sakhalin Energy is implementing a number of wildlife response documents. The Oiled Wildlife Response Plan, developed in 2009 based on the conclusion of the RF State Environmental Expert Review, conducted by the Ministry of Natural Resources of the Russian Federation, is the key document in this area. It defines territories sensitive to pollution, animal and bird species that can be affected by oil pollution, as well describes organisational structure and priority oiled wildlife response activities. Additionally, Field Manual on Oiled Wildlife Response was developed for safe performance of all field activities.

### Infrastructure

Guided by international practices, the company made a decision to establish temporary wildlife rehabilitation site and in 2008–2009 commenced the purchase of equipment for it. For this purpose, wildlife rehabilitation site implementation



manual was developed to include recommendations and instructions on deployment of infrastructure and use of equipment necessary for WRS activation. It is the first oiled wildlife rehabilitation site in Russia and the only one on Sakhalin.

In addition, for implementation of the Programme in the central and northern parts of the island, the company located sets of field equipment for hazing, capturing and field stabilisation of oiled wildlife: at OPF located near Lunsky Bay and at PMD in Gastello.

Wildlife rehabilitation site in Prigorodnoye has the capacity to accommodate up to 2000 birds; up to 50 individuals can work there simultaneously.

The WRS equipment includes:

- equipment for wildlife capture including, separate warehouse for its storage;
- tents for intake and inspection;
- oiled wildlife washers;
- pools for adaptation;
- tents with heated and ventilated aviaries;
- intensive care tent;
- drying tent;
- food preparation tent;
- refrigerators.





Birds hazing equipment:

- sound cannon Zon Mark III;
- Scary Man hazing kit;
- Evil Eye hazing device;
- air horns.

## RESULTS

Oiled Wildlife Response Training Programme has become an integral part of Sakhalin Energy’s corporate culture and its distinctive feature.

The Company has database of trained employees, ready for oiled wildlife response. As of January 1, 2019 – 352 individuals, including Sakhalin Energy specialists and stakeholders, were trained in wildlife response.

More than 30 practical exercises have been conducted between 2005 and 2019. All interested staff members can take part in training. At the end of the training sessions the participants receive relevant certificates.

In the event of an oil spill Sakhalin Energy can mobilise well-prepared and equipped wildlife response team. Members of the team can promptly arrive to the spill site and collect the affected birds or other animals, stabilise and prepare them for transportation to WRS in Prigorodnoye. Company staff had a chance to use their knowledge and skills in real situation. In the end of 2015 the Ministry of Natural Resources of Sakhalin Oblast requested Sakhalin Energy’s assistance in oil spill response in the area of Nevelsk port, where tanker Nadezhda ran aground with cargo of diesel fuel and fuel oil on-board. Due to the hull breach the oil products contaminated the sea and shore area. Pelagic cormorants, long-tailed ducks and spectacled guillemots were the first victims of the environmental disaster.

Sakhalin Energy responded readily and promptly sent its trained group to the spill site. The company allocated specialised equipment for hazing, capture and cleaning, arranged transportation of people and contaminated birds. Sakhalin Energy specialists as well as volunteers from company staff and Sakhalin citizens collected the deceased birds, counted and transferred them for subsequent disposal.

Wildlife rehabilitation site was deployed in Prigorodnoye where volunteers were cleaning and making rehabilitation of the affected birds. Some staff members gained rescue skills right on the site. In total, 61 company employees took part in the response operations.

Shoreline cleaning, oiled birds’ search and rescue operations were carried out jointly with emergency rescue teams, public organisations (“Sakhalin Environmental Watch” and “Boomerang” Tourist Club) as well as volunteers from among the concerned Sakhalin citizens. In the course of implementing the Oiled Wildlife Response Programme cooperative relations have been established with veterinary services of Korsakov and Kholmsk. Birds rescue operation on Sakhalin is the first experience of this kind in the Russian Far East.

## DEVELOPMENT

Experience of oiled wildlife rescue gained through the emergency situation in Tartar Strait has identified areas for Programme development.

Regular updating of corporate oiled wildlife response documents and training materials allows to integrate the best international practices into the Programme. In particular, additional methods of capturing birds and other animals (for example, capturing on the water) will be introduced.

It is planned to conduct extended training sessions involving government authorities, veterinarians and other stakeholders to ensure the skills of smooth and efficient work are kept up to date.

In the autumn of 2017, Sakhalin Energy conducted oiled birds rescue training exercise, which involved industrial and environmental safety specialists from other oil and gas companies and related agencies. During theoretical studies, participants learned about risks associated with rescue of birds and other animals, about requirements for organisation of work and team building in a crisis situation as well as about collective and personal protective equipment.

Practical exercises consisted of two modules. At first participants practices skills in hazing birds to keep them away from contaminated area. Special attention was paid to injury-free methods of capture and transportation. Each participant learned new methods of bird stabilisation.

Second part of the exercise was held in Prigorodnoye wildlife rehabilitation site. The participants learned about equipment, practised skills of handling birds in WRS, learned how to render first aid and tested their knowledge of cleaning contaminated birds.

Transfer of Sakhalin Energy’s experience to all parties concerned (oil and gas companies, government authorities, non-commercial organisations etc.) will extend general knowledge of oiled wildlife response and will contribute to establishing a unified wildlife rescue centre.





## FEEDBACK AND AWARDS

*“Oiled birds rescue campaign in Tartar Strait is a unique example for the country. First, Sakhalin Energy is the only Company that has trained specialists and equipment for rescuing birds. And second, real interaction on bird rescue is established on Sakhalin between public environmental organisations, their volunteers and oil and gas company.”*

*Alexey Knizhnikov, Head of Environmental Policy Programme  
at WWF Russia*

The Company have won the All-Russian competition “Leaders of the Russian Market: Dynamics and Responsibility – 2015” arranged by Russian Union of Entrepreneurs and Industrialists in the category “Environmental Responsibility”.

For three years in a row (2016-2018), Sakhalin Energy was ranked first in the annual Environmental Responsibility Rating of Oil and Gas Companies in Russia. The rating is run by the World Wildlife Fund (WWF) of the Russian Federation and CREON Energy, the provider of advisory services to the fuel and energy industries, in partnership with the National Rating Agency and the Project of United Nations Development Programme/Global Environmental Facility and the RF Ministry of Natural Resources.

In 2017, Sakhalin Energy became a winner in “The 10th International People Investor 2017” competition dedicated to development of responsible investment in Russia. The company presented its Oiled Wildlife Response Plan training programme in the “Environmental Efficiency” category.

