

First Person

Dear friends, colleagues,

Today *SCF Newsletter* starts its maiden voyage. I should like to congratulate you on this important event in the SCF Group's life.

SCF Group is a whole world with its unique values and original culture. Our ranks comprise almost eight thousand seamen and shore-based personnel in Novorossiysk, St. Petersburg, Moscow, Murmansk, Vladivostok, Yuzhno-Sakhalinsk, Limassol, London, Madrid and other cities. We are united by loving our work, by commitment to maritime traditions, and by common interests

and aspiration. In this respect it is extremely important for *SCF Newsletter*, covering thousands of miles, to become a reliable link between all the members of our extensive team.

The idea of establishing a corporate edition for our Group appeared a long time ago. While sailing along the Northern Sea Route onboard the tanker *SCF Baltica* in August 2010, and while talking to the Captain and the crew members, I received fresh evidence that the demand for this project is very high. Access to fresh

information and news, an opportunity to communicate with and provide feedback to colleagues and the management of the company – this is what we miss during a long-term voyage or while on leave.

Our newspaper is called on to be a compass in the ocean of maritime information. The shipping business does not stand still; it is developing intensively. So, issuing our own professional edition is an insistent need.

Wherever we are, ashore or at sea, it is vital for us to be updated on life at Sovcomflot – corporate news,

important events, achievements, new projects, our history and our veterans. *SCF Newsletter* will give everyone a chance to become an author of articles, to participate in opinion polls, to discuss themes and to ask questions. The newspaper is for all of us, and its success depends on ourselves.

May I take this opportunity to wish the editorial team of our newspaper success, as they face an important and difficult task in opening the edition's potential and making *SCF Newsletter* an important part of our lives.

I sincerely believe that our corporate newspaper will strengthen the foundation of our fruitful cooperation, because our team's cohesion is the basis of SCF Group's success, in enhancing our position as the most modern and commercially effective fleet both in Russia and in the world.

A smooth voyage to you,
SCF Newsletter!

Sergey O. FRANK,
*President
and Chief Executive Officer
of Sovcomflot.*

News in Brief

SCF GROUP - COMPANY OF THE YEAR AWARD FINALIST

SCF Group has been short-listed for the Company of the Year Award, one of the prestigious 2010 Lloyd's List Global Awards. The Awards are annually held by the leading daily newspaper for the maritime industry – Lloyd's List.

The jury, which has selected the finalists for the Award, comprised notable figures and experts from the shipping industry. The winners will be announced at the awards ceremony in London, on 29 September 2010.

SCF Group has been a finalist of Lloyd's List Global Awards three times: twice a finalist of the Ship of the Year Award (in 2007 and in 2008), and once - the Newsmaker of the Year Award in 2005.

MT *BERING SEA*: 4500 DAYS WITHOUT LOST TIME INJURY

On 26 July 2010, the MT *Bering Sea* reached 4500 days without a Lost Time Injury.

4500 days are 12 years and 4 months. It is a remarkable achievement of which all crew who have served on the *Bering Sea* can be really proud.

Congratulations from all of us at SCF Unicom and SCF Sovcomflot to all who served on the *Bering Sea* and assisted to reach this significant result.

DNV CERTIFIED NOVOSHIP MANAGEMENT SYSTEM

On 25 August 2010, the final ISO 9001, ISO 14001 and OHSAS 18001 certificates were handed over to the President of Novoship **Igor Tonkovidov** by **Nils Andreas Masvie**, Regional Director for DNV Energy.

In addition to the intermediate audits of the Quality Management System, the Environmental Management System and the Occupational Health and Safety Management System, DNV has inspected the Safety Management System of Novoship for compliance with the requirements of the ISM Code. The audits in the Company office and on board ships did not reveal any non-conformities. The inspectors registered a number of good practices in the field of risk assessment, incident investigation, sea staff training and corrective actions to the observations received during external audits and inspections.

Well done!

SCF BALTICA ARCTIC VOYAGE - A GREAT ADVANCE FOR RUSSIAN SEABORN ENERGY SOLUTIONS

On 6 September 2010, the Sovcomflot's Aframax tanker *SCF Baltica* arrived at the port of Ningbo (China). This marked the end of a very challenging Arctic voyage, from a navigational standpoint, from Murmansk to China. It took the *SCF Baltica* 22 days to get to her port of discharge.

With an escort of nuclear-powered ice-breakers, the ship covered the 2,500 nautical miles between Murmansk and Pevek in 11 days. The vessel's route took her through the Barents Sea (North of Cape Zhelaniya on Novaya Zemlya Island), the Vilkitsky Strait, which ended in the Taimyr ice field, then through the Sannikov Strait, the Laptev Sea and ice fields of the East-Siberian Sea.



The tanker and her cargo of 70,000 tonnes of gas condensate (owned by OAO NOVATEK) completed the first and the most difficult stage of her voyage ahead of schedule. This underlines the real scope to reduce transit times for cargoes along the Northern Sea Route. The voyage also confirms the economic potential of the Route, for delivering hydrocarbons to the countries of Asia-Pacific Region.

The Arctic voyage of the tanker *SCF Baltica* has confirmed the possibility of operating large ice-class tankers along the NSR. Statistics collected during the voyage will form the foundation of a unique data base, which will allow the preparation of similar voyages for large vessels in

future. Sovcomflot is planning to send a Suezmax vessel of at least Ice Class 1A Super along the NSR, enabling it to pass through the fields 100 per cent covered with ice along the way.

The voyage was undertaken in cooperation with the Ministry of Transport of the Russian Federation and the State Corporation Rosatom. Close contact was also maintained with Russia's Maritime Operations Headquarters, from where the weather and ice conditions were monitored and operation of the ice-breaker escorts (from FGUP Atomflot) was coordinated.

Sovcomflot Senior Executive Vice-President, **Evgeny Ambrosov**, underlined that the voyage was preceded by thorough preparatory work, including risk assessment and management. The required actions of crews and shore units in potential emergency situations

were assessed; contingency plans were developed, including oil spill containment procedures and the use of reserve repair bases for potential hull damage caused by ice. The crew of *SCF Baltica* received additional training to ensure good cooperation with the crews of the escort ice-breakers. Previous Arctic ice navigation experience allowed the captain **Alexander Nikiforov** and his crew to fulfil the task successfully and to cover the route safely.

Sovcomflot management expresses its sincere gratitude to all the participants in the Arctic voyage project for their cooperation and mutual assistance.

Safety Comes First

DOUBLE EXPERIENCE MEANS DOUBLE SAFETY

"Since the time Unicom and Novoship started working together within one group company, they have managed to achieve a lot through sharing of experience. This refers to many different aspects of activities including marine safety", - says **David Sharp**, Health, Safety, Security and Environment manager of Unicom Management Services (Cyprus) Ltd. His colleagues in Novoship work in the Safety and Quality Department. No matter what nomenclature is used, the tasks of both divisions coincide: to manage safety for the Sovcomflot fleet, to contribute to preserving the environment and to delivering cargos efficiently.

"Our safety management systems in Novoship and Unicom are very similar. They are based on the same principals. Different experience drives us to make different amendments. There has hardly ever been a fleet in the world which could avoid incidents, and operators should always learn lessons from them. Our task is to improve the efficiency of our experience exchange. Security items are most significant for us as the piracy threat is still serious.

In the last two years Unicom have identified two suspicious attempts by unknown boats to approach tankers passing through unsafe regions. In the light of the experience Novoship had in May, we at Unicom decided to implement some of their procedures. In the same way we can give advice to our colleagues, for instance on how to report people, how to contact people in an emergency situation.

We have been studying the question of using the help of armed guards for a long time. There are many escort groups that offer their services. Unicom have contacted one particular company, and I have sailed on board one of our ships with their consultant. This raised many questions. How professional are they? Who has the responsibility for the armed guards? That must always be the Master, but does it suit us? Will a ship with armed guards on board be allowed to port? Also, the insurance companies don't support the idea of using armed guards, and the flag administrations don't directly

support it either.

There is one more question concerning armed guards: could they (if they use their weapons) actually be a source of violence? Currently, no one has been purposely injured by the pirates - they need the people for the ransom. But now pirate attacks might become more aggressive. In the end we take responsibility not only for our crews but for the maritime community as a whole. The problem is complicated so it is a difficult judgment to make. The *Moscow University* made this judgment a little easier.

Novoship is nowadays a little bit further ahead in the question of security, and has already practiced using armed guards on board their vessels. During my official visit to Russia in August I made a lot of notes of the things we are now discussing in Cyprus. Among them is the item of training of the sea staff. In Unicom, unlike in Novoship, the main and crewing offices are geographically far from each other, but we have constant connections to our crews. With the help of things like our seminars we encourage our staff to realize the fact that they cannot stay at one level. We also get feedback on our courses to ensure skills have improved, as we understand that a certificate alone doesn't always mean lessons have been learned. In Unicom's Russian offices we have Master- and Chief Engineer-instructors, but I think we should work to make them more efficient. In our office in Cyprus we have briefings for Masters and Chief Engineers. TMSA yields good results: we usually have three or four sea staff working in our Cyprus office at any one time. In terms of our SMS, crew management, and training in particular, I think we can do a lot with Novoship's training facilities. But it takes time to identify how we can do the things best.

With our colleagues from Novoship we are driven by the same motives – by the customers, by TMSA, so inevitably we are doing similar things to try and achieve the same results. Sometimes we use slightly different ways. But definitely our companies are becoming closer. There is a much grater exchange of ideas and many opportunities to improve".

In Focus

MOSCOW UNIVERSITY -
A HISTORICAL SYMBOL
OF COURAGE

Four months have passed since the Moscow University was hijacked by pirates and released by the Russian naval mariners. The crew of the tanker who overcame the 20-hour siege is now preparing to go back to sea – the vacation is over. But every moment of that night is engraved on their memories.

It was the morning of 5 May 2010. The Novoship-owned Aframax *Moscow University* was heading to China with crude oil in its tanks. When it passed the corridor and left the Gulf of Aden behind there was no ill omen. Only barbed wire on the handrails was a reminder that the vessel was still in the pirate-invested waters.

Master **Yuriy Tulchinsky**: "Not long before the hijack we took part in an emergency training with a scenario similar to what happened to us later. But still we didn't expect a hijack to come true. It must always be completely unpredictable – there are no safe zones in that region. The only thing that can be done is to prepare the vessel and the crew. It is the Master's duty to train them to act promptly in case of emergency, and if the vessel is hijacked – not to be taken hostage".

The incident with the *Moscow University* is a unique example of braveness and skill that helped the crew of the tanker to reduce to zero the attempts of pirates to take control over the ship. It was the main factor in the successful rescue operation.

3rd Mate **Konstantin Sokolov**: "I was on the watch. The ship was in the Indian Ocean 350 miles to the east of the Yemeni island of Socotra. At ten minutes to eight in the morning we noticed a motor boat about three miles away fast approaching the ship. There was no doubt: the people on board had malicious intentions as they

threatened us with weapons. Those who were on the bridge didn't have time to get scared. The reaction was automatic. All relevant parties were informed, the emergency button was activated and the alarm was raised. The ship started evasive maneuvering. A group of crewmembers headed by the Chief Mate Mikhail Migunov took strategic positions on the deck".

According to the instruction the galley staff started to make a stock of food and water supplies in the engine room.

After a chase lasting 50 minutes the boat disappeared and came back with another one. The boats approached the tanker from different sides shooting and trying to board the vessel. It was clear: the Russian seafarers had nothing to oppose the armed pirates. It looked like the hijack was inevitable. The Master commanded the crew to take shelter in the steering compartment.

Their first action was to block the doorway with heavy bundles of mooring cables. The pirates started the engine but the steering was controlled from the steering compartment. At about 11.00 a.m. the enraged hijackers identified the crew's shelter and started to force the steel door. After they had managed to break a part of the door down they tried to pull the cables out and to set them on fire. But the crew of the tanker prevented this by wetting the cables with a fire pump.

The crew hid themselves in the steering compartment for 18 hours. Constantly keeping watch near the door and pumping out the water they tried to encourage one another. Meanwhile the Master managed to contact the *Marshal Shaposhnikov*, a Russian navy ship, with the help of an ultra short wave transmitter. The ship was on her way to aid the tanker, but the distance between them was still quite significant. The Master reported that the crew was

safe inside the compartment.

The *Marshal Shaposhnikov* approached the tanker early in the morning of 6 May. The negotiations with pirates were of no effect. The rescue operation started and by 5.00 a.m. the tanker was released.

Master Yuriy Tulchinsky: "We believed that aid would come and this idea supported us. When the military operation was complete and communication was restored the vessel's e-mailbox filled with messages from all over the world with words of encouragement. The hijack united us and made us look at life from a new angle".

The Russian State authorities highly appreciated the outstanding merit of the Russian mariners. In July 2010, the crewmembers of the Novoship oil tanker *Moscow University* were awarded Russian state decorations. The award ceremony took place in the Moscow Kremlin. Head of the Administration of the Russian President and Chairman of the OAO Sovcomflot Board of Directors **Sergey Naryshkin** presented the Medals For Courage to the seafarers.

The Master Yuriy Tulchinsky was granted a rare privilege: the Russian President **Dmitry Medvedev** decorated him with the Order of Courage. He also presented decorations to the crew of the Russian-flag anti-submarine ship *Marshal Shaposhnikov*.

With regards to our tanker it should be noted that this is the second time in the modern history of the Russian shipping industry when all the members of the crew without exception were awarded state decorations. The first such presentation was to the crew of the tanker *Geroi Chernomorya* (Eng.: Heroes of the Black Sea) owned and operated by Novorossiysk Shipping Company. In 1992 they managed to extinguish a fire on board and prevent the Aegean Sea from ecological disaster.



Sports



SCF PROVIDES A FAIR WIND

The SCF Group traditionally pays special attention to supporting aquatics. Although current times are very challenging for the world shipping industry, SCF has continued to develop its social investments policy.

The reason is quite simple: growing popularity of such sports as swimming and sailing contributes to rejuvenation of the Russian shipping companies' sea staff. The young people absorb marine culture and best practices. Youth sports support not only helps SCF to develop its personnel management policy - it reflects its social responsibility.

On 13 July 2009, the SCF Group and the All-Russian Federation of Sail Sports (VFPS) signed an Agreement on financing youth sail sports in Russia, including the training of the youth national team of Russia for the Youth Olympic Games in Singapore in 2010.

Deputy General Director, OAO Sovcomflot, and member of the VFPS Panel, **Alexander Kurtynin** said: "The federation has purchased more than 50 new training yachts and yachting equipment for youth sports schools (Optimist class) and for the national team that will take part in the Olympics in 2012 (Elliot and Finn classes).

The partnership has already yielded good results. The team of Elena Skudina won the European Championship in 2010 (Elliot

class), and three young sailors were admitted to the Olympics in Singapore. One of them – Artyom Murashov - achieved a superb result. In a close contest he clinched the fifth position, however in some particular races he was among the leaders".

In October 2009, the president of VFPS, **Dmitriy Zelenin**, stated that the national sail sport needed modern training centers. VFPS Panel expressed a willingness to use the facilities of the Novoship's Aquatics Center more extensively. It was a deliberate choice: Novorossiysk is famous for its winds and excellent maritime conditions, and it is one of the most suitable places in Russia for perfecting yachtsmen's skills. In addition, the yachting season in Novorossiysk lasts for nine to twelve months of the year. Novoship plans to modernize the Aquatics Center to turn it into a contemporary sailing center of all-the-year-round training. This summer the ideas started to bear fruit with the first periodical training of the national sailing team carried out in Novorossiysk.

VFPS Vice-president, President of the Federation of Sail Sports of Krasnodar region **Vladimir Sakovich** commented: "Novorossiysk is a significant point for the shipping industry. It is the capital of the world tanker fleet, and now it has become a centre for development of the Russian sailing sports. In the official calendar of VFPS events for 2011 the city is named as the centre for the major sailing competitions in the South of Russia".

The next national sporting event to be held in the Novorossiysk Aquatics Center will be the traditional SCF Novoship Trophy sailing regatta. The competition will start on 4 October, and will last for a week. SCF Group will be represented by the *Vivat* – the winner of the Cup of Russian Federation-2009.



SCF People



"EVERY SHIP LIVES ITS LIFE"

The Chief Engineer of the product carrier, Tuchkov Bridge, Vladimir Korotkikh, is a seafarer with 30 years of experience. This is the result of his keenness on machinery in his formative years.

"My father was an agriculturist and a teacher of technical drawing and industrial training. He managed to instill in me a passion for mechanical things. I regret that I could not do the same for my two sons. They have become lawyers.

But as the English saying goes, 'everything in the garden is rosy'".

When he was young Vladimir wished to become a military man but he changed his mind.

"During my military service in Mongolia I decided to enter a Higher Marine School, but to start with I was not really serious about a maritime career. However, the reality turned out to the contrary. Most of my fellow students did not become seafarers, whereas I have never regretted that I chose the sea. For me it was difficult

to watch the film "The Titanic" – I found it hard because I always treat ships like living things. When I come back to the shore after a long voyage I cannot get used to silence. Many years at sea have taught me to listen carefully to the ship. Even in my sleep I can hear when something goes wrong".

Vladimir Korotkikh started his maritime career in the Novorossiysk Shipping Company in 1981. Already being a Chief Engineer he joined Unicom. He has worked on *the*

Sokolniki, the Zina, the Nagatino, the Okhta Bridge, and he also took part in the delivery of *the Bering Sea* and *the Tuchkov Bridge*.

"It is always difficult to work on board a newly accepted vessel. There are a lot of audits and inspections with special focus on environmental issues. But as mariners we see how the climate changes, so we understand that these are the new rules of living on the Earth".



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