

# Environmental Transparency Rating

of Oil & Gas Companies  
operating in Kazakhstan

# 2018

With support from



Ministry of Energy  
of the Republic  
of Kazakhstan

Organizers



Partners



# Address

This brochure highlights the results of the second environmental transparency rating of oil and gas companies of the Republic of Kazakhstan. The project has been launched by WWF Russia, CREON Group, United Nations Environment Program (UNEP) with the assistance of the Ministry of Energy of the Republic of Kazakhstan.

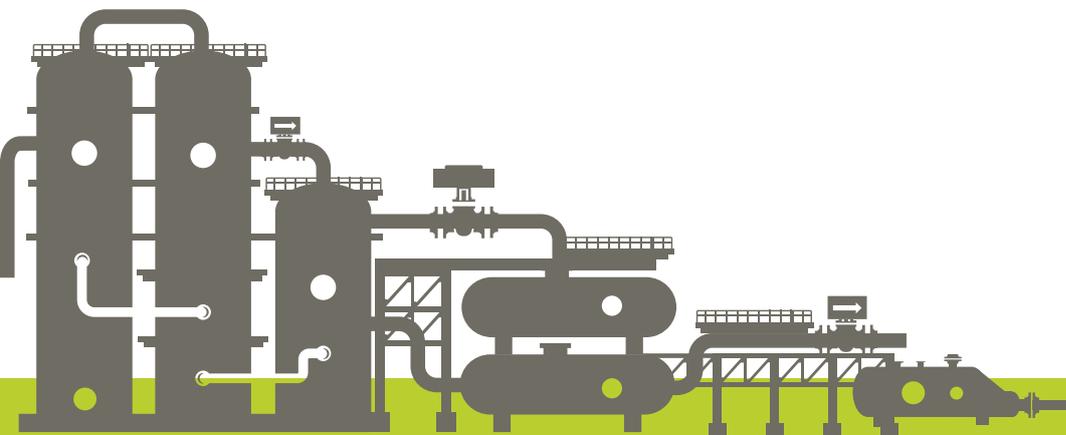
The Kazakhstan oil and gas industry is the main driver of the country's economic development. In 2017, oil production reached 86.2 million tons showing a 10.5% increase year on year. The crude output growth substantially helped the country to reach a 4% GDP gain for the year. However, such impressive performance calls for adequate measures to reduce environmental impacts. Until recently, Kazakhstan had no tools to obtain comparable information on the level of transparency and environmental accountability of oil and gas companies. Ratings are a soft power instrument allowing for both the actual influence on businesses in terms of increasing corporate disclosure and building a dialogue with general public as well as helping to reduce adverse environmental impact.

We hope that this rating will turn into a major incentive for increasing corporate transparency in terms of environmental disclosure and promoting collaboration with stakeholders (civil society, local communities). Hence, our project will support the actual implementation of Aarhus Convention in the Republic of Kazakhstan.

We expect that our initiative across the Eurasian space will promote a major shift to a «greener» regional economic development processes and become a popular tool for government agencies, business community and civil society representatives, including those within the regional Belt and Road Initiative framework.

**Fares Kilzie**  
*Head of CREON  
Group*

**Evgeny Shvarts**  
*Director of Conservation  
Policy, WWF Russia, PhD*



# Rating Organizers



## CREON GROUP OF COMPANIES

Leading Russian advisory and investment group working in oil & gas, petrochemical and related industries, project management and information analytics.

*CREON Group mission is to promote the dynamic development of Russian and the CIS countries petrochemical industry and to assist oil & gas and petrochemical companies in improving the business performance.*



## WORLD WILDLIFE FUND (WWF) RUSSIA

One of the largest national nature conservation organizations, WWF Russia is a part of international WWF network that unites around 5 million supporters and operates in over than 100 countries of the world.

*WWF mission is to prevent the growing degradation of the natural planet environment and to achieve harmony between man and nature. The main goals of the organization are to conserve biodiversity and decrease ecological footprint.*



## NATIONAL RATING AGENCY (NRA)

One of the leading rating agencies in Russia. NRA is involved in socially important projects and provides research analysis in the wide range of economic segments: macroeconomics, banks, insurance, oil & gas, investment potential of Russian regions etc. NRA has a client base of over 400, with over 1000 companies participating in various information projects of the Agency.



## The United Nations Environment Programme (UNEP)

is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment.



## CREON Capital S.a.r.l.

The managing company and unlimited partner of Direct Investment Fund (total volume over 100 million euro) CREON Energy Fund SICAV-SIF, established in 2016 and focused on investments in projects of chemical sector at the primary stage, growing and developed companies in Russia and CIS countries, as well as in ecological projects of green economy and alternative energy.

Rating Organizers:

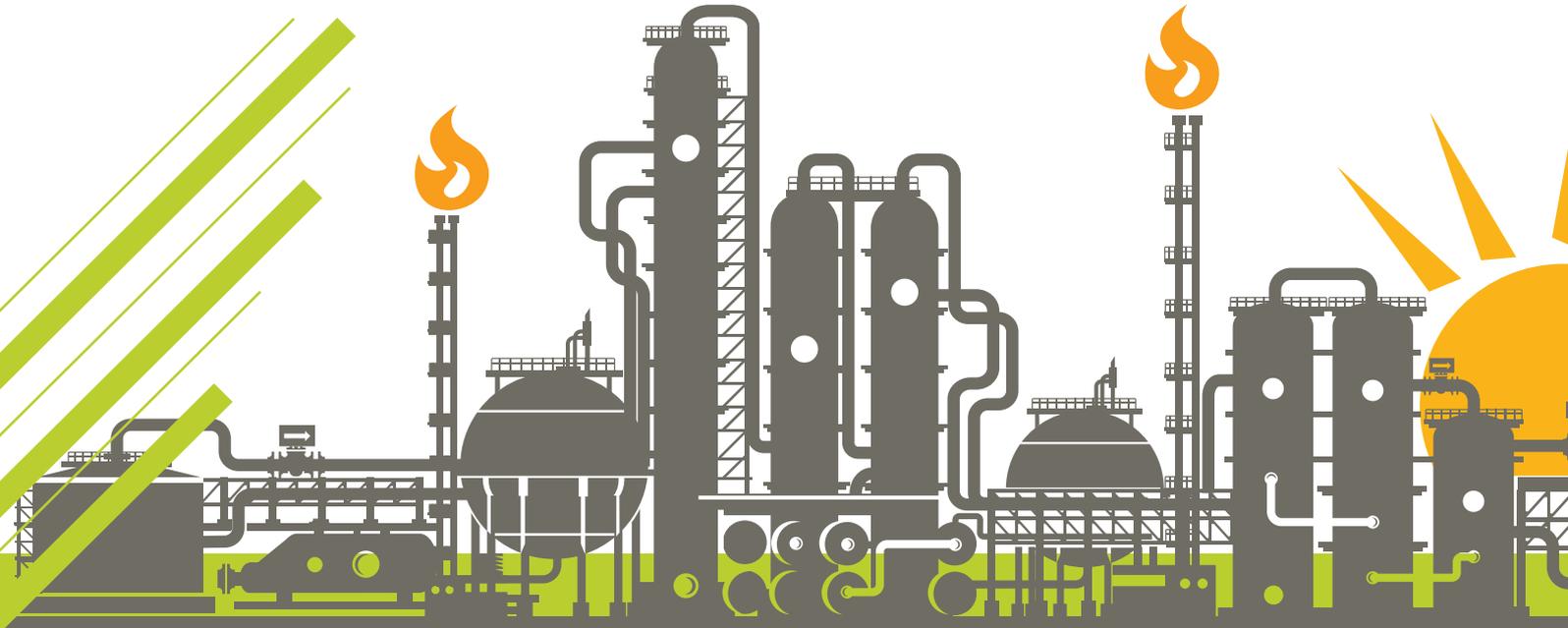
Rating Partners:

Award Ceremony Partner:



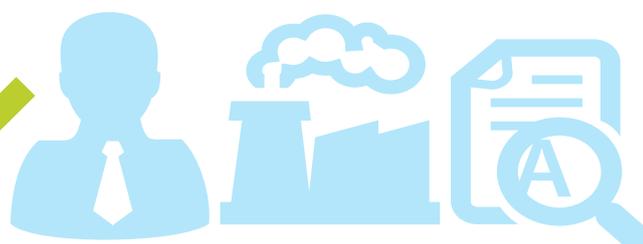
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# Rating Results

Final Position	Company	Final Rating Point
1	National Company "KazMunayGas"	1,3040
2	Karachaganak Petroleum Operating B.V.	1,2059
3	Embamunaigas JSC	1,1924
4	North Caspian Operating Company N.V.	0,9591
5	Karazhanbasmunai JSC	0,4752
6	Zhaikmunai	0,4622
7	Tengizchevroil LLP	0,4387
8	Caspi neft JSC	0,4276
9	CNPC-AMG	0,3646
10-12	JV Kazgermunai LLP	0,3540
10-12	PetroKazakhstan Kumkol Resources	0,3540
10-12	KazakhOil Aktobe LLP	0,3540
13	South-Oil LLP	0,3064
14-17	Buzachi Operating Ltd.	0,2694
14-17	Turgai Petroleum JSC	0,2694
14-17	Maersk Oil Kazakhstan GmbH	0,2694
14-17	Kolzhan LLP	0,2694
18	Mangistaumunaigas JSC	0,2429
19	Ozenmunaigas JSC	0,2323



# About the Rating

## Rating Objective:

Rating objective is to facilitate rational use of hydrocarbon resources, protect environment and promote socially responsible business in Kazakhstan.

## Basic Principles of the Rating:

1. **To identify key indicators of environmental activities for oil & gas companies in Kazakhstan.** The Rating makes it possible to create an immersive quantified database to be used for calculation of industry average indicators related to discharges, emissions, and wastes.
2. **To compare main stakeholders in the oil & gas sector by the following criteria:**
  - the company's level of environmental impact per production unit
  - the extent of transparency and availability of ecologically significant information
  - the quality of eco-management in the company (compliance of activities with corporate and national environmental policies, best standards and practices)
  - the frequency of violating environmental legislation in project execution areas by the company
  - the efficiency of mineral resources consumption.
3. **To make record of the year-over-year changes in the above-listed criteria.**

## Fundamental Principles of the Rating:

- ▶ The Rating is based on the criteria specified, first and foremost, in the Environmental Standards for Operations of Oil and Gas Companies developed by Nongovernmental Nature Conservation Organizations ([wwf.ru/upload/iblock/0aa/serihblokgr\\_eng.pdf](http://wwf.ru/upload/iblock/0aa/serihblokgr_eng.pdf)).
- ▶ The Rating methodology is open to the public. Face-to-face and distant consultations dedicated to improving rating methodology are held annually with all interested parties.
- ▶ The Rating is calculated considering all oil and gas development segments: production, processing and transportation.
- ▶ The Rating is based on the data available in the public domain. *Availability in public domain is understood as being accessible to public in the form of annual business or socio-ecological reports, including reports on environmental protection measures (including at regional level). Also, for the purpose of this rating, any information is deemed to be publicly available if it is displayed on the official Internet sites of the relevant companies (including subsidiaries and contractors) with the necessary inclusion of references to the relevant pages in the site menu, or if it is provided through interviews of the companies' official representatives for republican or regional media.*
- ▶ The Rating calculation is performed by a professional rating agency, which is chosen on tender basis.
- ▶ List of the rated companies is defined by the volume of production, refinery and transportation of oil, gas condensate and oil products. *The lower borderline is represented by the volume of oil and gas condensate production equivalent to 0.5 mln tons per year.*
- ▶ The Rating is performed on the annual basis. This allows for estimation of the oil and gas companies environmental indicators dynamics.

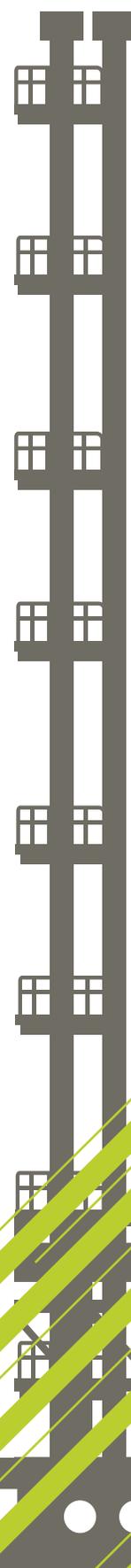
# Oil & Gas Companies

## included in the Rating

A total of **19 companies** were selected for participation in the Rating in 2018. Companies' names and reference production data for 2017 is given in the table below.

<i>Company Name</i>	<i>Hydrocarbon production volume in 2017, mln t*</i>	
Tengizchevroil LLP	28,70	
Karachaganak Petroleum Operating B.V.	12,50	
National Company "KazMunayGas"	8,32	
North Caspian Operating Company N.V.	8,29	
Mangistaumunaigas JSC	6,36	
Ozenmunaigas JSC	5,48	
CNPC-AMG	3,95	
Embamunaigas JSC	2,84	
JV Kazgermunai LLP	2,80	
Karazhanbasmunai JSC	2,14	
Buzachi Operating Ltd.	1,42	
PetroKazakhstan Kumkol Resources	1,16	
Caspi neft JSC	0,85	
Maersk Oil Kazakhstan GmbH	0,73	
KazakhOil Aktobe LLP	0,70	
Zhaikmunai	0,67	
Kolzhan LLP	0,58	
Turgai Petroleum JSC	0,55	
South-Oil LLP	0,53	

\* according to the Ministry of Energy of the Republic of Kazakhstan



# Structure of the Rating

The Rating consists of three sections: Environmental Management, Environmental Impact, and Disclosure of Information.



## Section I: Environmental Management

assesses **the quality of eco-management in the companies**. The criteria included in this section are in most cases substantially more rigid compared to the legislation on environmental protection in Kazakhstan. However, these criteria correspond to the best global standards and practices in oil and gas business.



## Section II: Environmental Impact

evaluates **the damage level for the environmental media** (air, water and land) during the implementation of projects as well as **the ecological performance level** of the industrial companies. In most cases the criteria are based on components of state statistical reporting in the field of environmental protection. The data sources are represented by reports (water, air, wastes, land, costs and payments), reflecting the environmental impact from activities executed by companies at the respective licensed areas.

This Section includes quantitative values that are being transformed to qualitative scale by comparing to industry average indicators for every criterion. The industry average, when not available from official sources, is calculated as an arithmetic mean value for companies participating in the Rating. For comparative analysis across the companies, specific values are calculated by dividing gross indicators by relevant volumes of hydrocarbon production, transportation and processing.

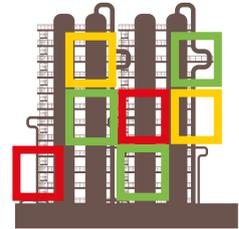


## Section III: Disclosure of Information

evaluates **the extent of companies' readiness to disclose information with respect to environmental impact of their industrial activities**. Historically, oil and gas business in Kazakhstan was considered as a rather non-transparent community not least because of the unwillingness to publish environmental data. The recent trend is a growing transparency of the companies.

# Rating Calculation

- 1 Each company is assigned color flags for each of criteria — Red, Yellow or Green.** When a criterion is not relevant for a given company (for example, the company does not process hydrocarbon), no flag is assigned. In such cases, companies are required to present proof of being irrelevant to criteria. When the information related to the criterion is not available in the public domain, red flag is assigned.
- 2 At the next stage, points are assigned for every criterion and companies are rated in each section.** Red flag counts as 0 points, Yellow as 1 point, and Green as 2 points. For each section, companies are assigned an arithmetic mean of their points for criteria in the corresponding section. In this calculation, only those criteria that have been assigned color flags are taken into account, i.e. criteria that are not relevant for a given company, are not included in the calculation. As a result, every company is assigned final points for Environmental Management Section, Environmental Impact Section and Disclosure of Information Section. Final points vary from 0 to 2. At this stage, the leaders are chosen in each of the following areas: Management, Operations, and Information.



*In order to avoid disappearance or replacement of the data, which were used for the ratings calculations of the previous years, the following solution has been suggested. The retrospective evaluation of each company rated in the previous 3 years will be performed during the regular data collection. In case the data from the public domain disappeared or were replaced, the company will be asked to provide explanations on the reasons. If an adequate explanation is provided (for example, the new web site, new methodology, the data which were not considered previously), the amended data will be taken into account. If the reply is not adequate or lacking, the red levels will be assigned to the criteria where the data of the previous years had disappeared or had been replaced. Thus, total section rating (and overall rating as well) will go down for the companies which failed to explain disappearance or replacement of previously published data on their web-sites.*



- 3 The final Rating is then calculated for each company by averaging three values assigned in the previous stages.**

*The Rating organizers reserve the right to apply penalties (up to exclusion from the Rating calculations) in case of proved violations by a company in the field of human rights (e.g. claims or negative assessment by the Human Rights Council).*



# Section I:

## Environmental Management and Politics

Section I Position	Company	Section I Rating Point	
1	National Company "KazMunayGas"	1,2857	
2-3	Karachaganak Petroleum Operating B.V.	1,1429	
2-3	Embamunaigas JSC	1,1429	
4	North Caspian Operating Company N.V.	0,8571	
5-7	Tengizchevroil LLP	0,2857	
5-7	CNPC-AMG	0,2857	
5-7	Zhaikmunai	0,2857	
8-12	Mangistaumunaigas JSC	0,1429	
8-12	JV Kazgermunai LLP	0,1429	
8-12	Karazhanbasmunai JSC	0,1429	
8-12	PetroKazakhstan Kumkol Resources	0,1429	
8-12	KazakhOil Aktobe LLP	0,1429	
13-19	Ozenmunaigas JSC	0	
13-19	Buzachi Operating Ltd.	0	
13-19	South-Oil LLP	0	
13-19	Turgai Petroleum JSC	0	
13-19	Maersk Oil Kazakhstan GmbH	0	
13-19	Caspi neft JSC	0	
13-19	Kolzhan LLP	0	

0 1 2



## List of Rated Criteria

### 1.1 Presence of quantitative efficiency indicators in the environmental management system (EMS) (as per the Standard 14001/ST RK ISO or others)

*Certification under ISO 14001 is voluntary, but is becoming increasingly popular with oil and gas companies worldwide. Availability of a certified environmental management system indicates that the company is giving priority to systematic approach to handling environmental protection issues.*

- ▶ **Environmental Management System is in place** in the company's main production outlets **and its quantitative indicators are included** in the company's public documents
- ▶ **Environmental Management System is in place** in the company's main production outlets **or its quantitative indicators are included** in the company's public documents
- ▶ **Environmental Management System is not in place** in the company's main production outlets

### 1.2 Company's environmental policy (or other formalized corporate documents) includes:

- requirements to additional risk assessment in environmentally valuable areas\*;
- commitments to reduce landscape fragmentation and disturbed land area when developing new territories;
- commitments to protect animal migration routes;
- requirements to assess cumulative environmental impact from several companies in major infrastructure projects, if any;
- prohibited hunting and fishing by personnel, including contractors, in the company areas of operations;
- requirement to perform a comprehensive assessment of environmental impact (EIA) beginning from the phase of construction and up to the phase of abandonment and cleanup within the bounds of the project and its related projects;
- willingness to avoid work in specially protected natural areas (SPNAs), their buffer zones, World Natural Heritage (WNH) sites and International Wetlands (Ramsar);
- commitments in respect to pipeline integrity;
- commitments and/or practices of promoting/introducing "green office" principles in the company offices;
- requirements of heightened environmental friendliness of the company's means of transportation (including means of transportation operated by its contractors);
- requirements to extend the company's environmental standards onto its contractors.



**Environmentally valuable areas** include specially protected natural areas (SPNAs), their buffer zones, World Natural Heritage (WNH) sites, International Wetlands (Ramsar sites), Important Bird Areas, Arctic region, intact forests etc.

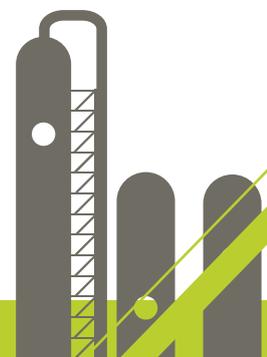
*These environmental policy requirements are only voluntary for observance by the oil and gas companies. These requirements are not enshrined in the Kazakhstan law, but were proposed by the environmental protection community in the "Joint requirements of the public environmentalist organizations for the oil and gas companies" ([wwf.ru/upload/iblock/0aa/serihblokgr\\_eng.pdf](http://wwf.ru/upload/iblock/0aa/serihblokgr_eng.pdf)). Compliance with the requirements included in a criterion points to the company's heightened attention to environmental protection matters.*

Number of positive answers: ▶ more than 80% ▶ 50–80% ▶ less than 50%

### 1.3 Documented information on engagement with local communities leading traditional way of life

*Important indicator of the company's social and environmental responsibility is minimization of its impact on the local peoples, preservation of their approaches to nature management, lifestyle and traditions of the ethnic minorities.*

- ▶ **official document is in place** (e.g. policy) **and local communities** leading traditional way of life are supported
- ▶ **official document is in place** (e.g. policy) **or local communities** leading traditional way of life are supported
- ▶ **not present**



#### 1.4 Energy efficiency program

*The topic of energy efficiency is presently widely discussed on both national and global levels. Company's efforts directed at reduced energy consumption indicate its commitment to the preservation of the planet's non-renewable resources and reduction of toxic emissions.*

- ▶ **quantitative indicators of energy efficiency show positive dynamics** compared to the previous year figures
- ▶ **quantitative indicators** showing the implementation of an energy efficiency program are available
- ▶ **no quantitative indicators are available** to show results of energy efficiency program implementation

#### 1.5 Presence of the following components in the biodiversity conservation programs in the company's areas of operation:

- fund allocations for biodiversity conservation measures;
- presence of an approved list of indicative species in the areas of company's activities;
- presence of study and/or monitoring programs for indicative species;
- public availability of results of research performed in the area of biodiversity conservation;
- mechanisms of involvement of interested parties in discussing programs targeted at biodiversity conservation (discussing methods, approaches, results, etc.).

*Kazakhstan is a rich country in terms of biodiversity, and preservation of these riches is our common goal. Companies, which are fully aware of their environmental impact in the areas of presence, are running effective programs aimed at preserving diversity of flora and fauna.*

**Number of positive answers:** ▶ more than 60% ▶ 40–60% ▶ less than 40%

#### 1.6 Wildlife rescue section in official documents on oil spill preparedness and response

*The inclusion of wildlife rescue section in OSCP is an internationally accepted practice of responsible oil and gas companies, which is only beginning to come to the Kazakhstan business environment. The importance of this component is that wildlife rescue is not ignored during combating emergency situations.*

- ▶ Yes ▶ Partially (*limited to specific projects or subsidiaries*) ▶ No

#### 1.7 Voluntary insurance of environmental risks

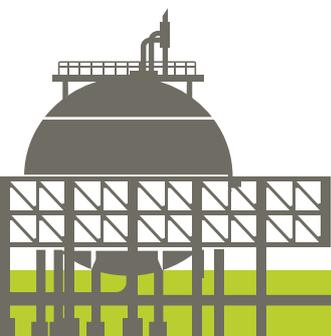
*Voluntary insurance against environmental risks guarantees payment of reimbursements to people suffering from adverse effects of the company's business and contributes to more responsible safety approaches on the part of the oil and gas companies.*

- ▶ **presence of a corporate system of voluntary insurance** against environmental risks
- ▶ **voluntary insurance** against environmental risks in respect of individual projects or individual subsidiaries
- ▶ **absence of voluntary insurance** against environmental risks

#### 1.8 Oil recovery rate increase program

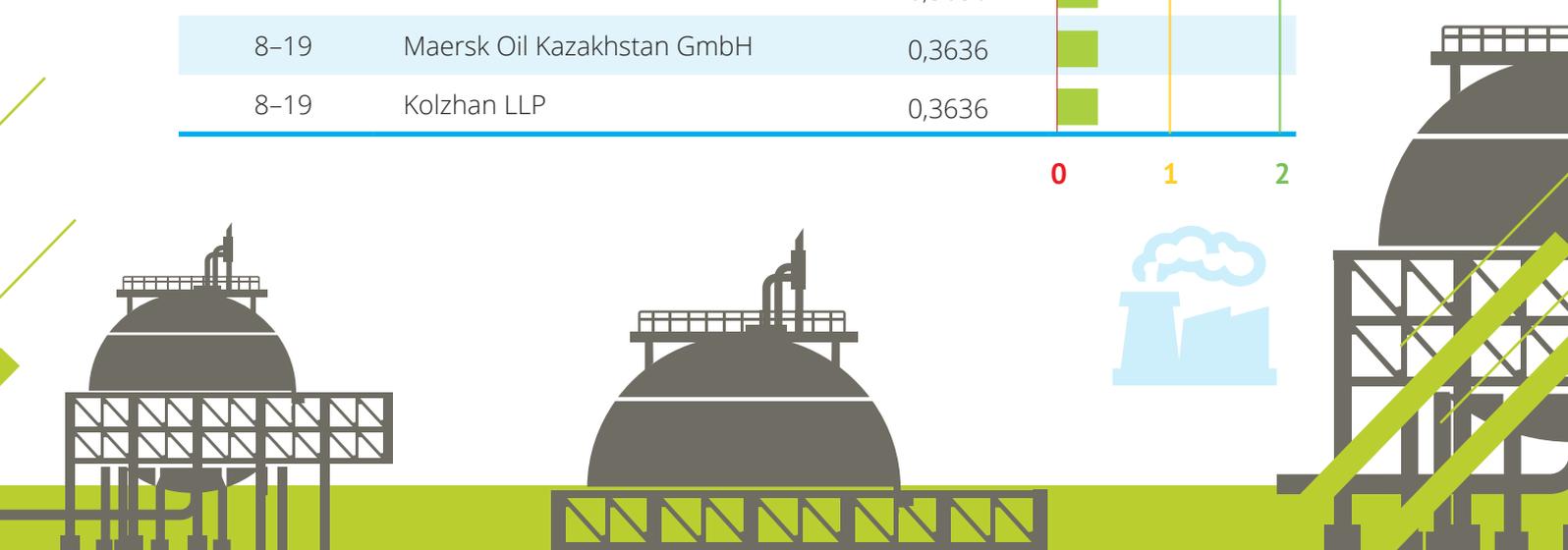
*Residual oil accounts on average for more than a half of initial oil-in-place. Therefore increase of oil recovery rate is an important task for oil companies.*

- ▶ **quantitative indicators of oil recovery rate increase program implementation demonstrate positive dynamics** as compared with previous year
- ▶ oil recovery rate increase program **is in place**
- ▶ **no oil recovery rate increase program** in place



# Section II: Environmental Impact

Section II Position	Company	Section II Rating Point
1	Embamunaigas JSC	1,5455
2	Karachaganak Petroleum Operating B.V.	1,3636
3	National Company "KazMunayGas"	1,1818
4	North Caspian Operating Company N.V.	0,9091
5-6	Karazhanbasmunai JSC	0,7273
5-6	Caspi neft JSC	0,7273
7	Zhaikmunai	0,5455
8-19	Tengizchevroil LLP	0,3636
8-19	Mangistaumunaigas JSC	0,3636
8-19	Ozenmunaigas JSC	0,3636
8-19	CNPC-AMG	0,3636
8-19	JV Kazgermunai LLP	0,3636
8-19	PetroKazakhstan Kumkol Resources	0,3636
8-19	Buzachi Operating Ltd.	0,3636
8-19	South-Oil LLP	0,3636
8-19	Turgai Petroleum JSC	0,3636
8-19	KazakhOil Aktobe LLP	0,3636
8-19	Maersk Oil Kazakhstan GmbH	0,3636
8-19	Kolzhan LLP	0,3636



## List of Rated Criteria

- 2.1 Emission rates of pollutants into the atmosphere**  
*Emission of pollutants into the atmosphere is one of the main indicators of environmental impact by the oil and gas companies.*
- 2.2 Emission rates of greenhouse gases into the atmosphere**  
*Measurement of direct and indirect greenhouse emissions is not required under the applicable law in Kazakhstan. Voluntary monitoring of emissions and implementation of programs aimed at their reduction demonstrates company's conscientious approach to reducing its contribution to anthropogenic influence on the global climate.*
- 2.3 Associated petroleum gas utilization (APG)**  
*Associated petroleum gas (APG) is an extremely valuable feedstock. According to the Kazakhstan legislation APG flaring is allowed only following special permission from the Ministry of Oil and Gas of Kazakhstan.*
- 2.4 Discharge rate of wastewater into surface water bodies**  
*Wastewater discharge into surface water bodies is extremely detrimental to the environment. It is difficult to overestimate the importance of the issue. Zeroing the amounts of such discharges is a significant factor pointing to the commitment of an oil and gas company to environmental protection.*
- 2.5 Water consumption for the company's own needs**  
*Oil and gas production companies need a lot of water for their production needs. The task of socially and environmentally responsible water consumption is on the agenda.*
- 2.6 Ratio of the amount of the utilized and disposed (including by third parties), wastes to the amount of wastes being handled (amount of wastes present as of the beginning of the year + amount of wastes generated during the year + amount of wastes received from other enterprises)**  
*Waste management is an important element of the company's business. Environmentally responsible companies are seeking to minimize wastes and their maximum utilization.*
- 2.7 Ratio of polluted areas as of the year's end to the year's beginning**  
*Zeroing polluted areas is a must for any oil and gas business. In case of an accident, polluted areas must be promptly cleaned up and the degree of pollution must be reduced to allowable levels.*
- 2.8 Rate of pipeline accidents leading to spills of oil, condensate, oil products and oilfield water**  
*Regrettably, oil spills from pipelines is a frequent occurrence in Kazakhstan. Reducing these accidents to zero is the industry's commitment both to the law and the public.*
- 2.9 Amounts of oil, condensate and oil products spilled as the result of accidents and leaks**  
*This criterion allows appraising oil and gas companies simultaneously in two respects: the efficiency of accident prevention and emergency response.*
- 2.10 The proportion of excess charges in the total payments for adverse environmental impact**  
*By extent of excess environmental charges one may judge how responsibly a company follows environmental legislation and standards.*
- 2.11 Power generation from renewable energy sources (RES), including for own needs**  
*In view of the need to reduce environmental impacts (including to prevent climate changes) the issue of power generation from renewable sources is particularly acute. This indicator has been included in the environmental rating in order to stimulate companies to work in this direction.*

For all criteria of the Section 2 reflections in the Rating are following:

- ▶ Value is equal or better than industry average
- ▶ Value is worse than industry average
- ▶ Data is not publicly available

## Section III: Transparency

Section III Position	Company	Section III Rating Point
1	National Company "KazMunayGas"	1,4444
2-3	Karachaganak Petroleum Operating B.V.	1,1111
2-3	North Caspian Operating Company N.V.	1,1111
4	Embamunaigas JSC	0,8889
5	Tengizchevroil LLP	0,6667
6-12	JV Kazgermunai LLP	0,5556
6-12	Karazhanbasmunai JSC	0,5556
6-12	PetroKazakhstan Kumkol Resources	0,5556
6-12	South-Oil LLP	0,5556
6-12	KazakhOil Aktobe LLP	0,5556
6-12	Zhaikmunai	0,5556
6-12	Caspi neft JSC	0,5556
13-17	CNPC-AMG	0,4444
13-17	Buzachi Operating Ltd.	0,4444
13-17	Turgai Petroleum JSC	0,4444
13-17	Maersk Oil Kazakhstan GmbH	0,4444
13-17	Kolzhan LLP	0,4444
18	Ozenmunaigas JSC	0,3333
19	Mangistaumunaigas JSC	0,2222



## List of Rated Criteria

- 3.1 Non-financial reporting in the field of sustainable development or environmental report is in compliance with the international requirements (such as GRI or IPIECA).**  
*Non-financial reporting following international requirements allows consistent disclosure of environmental performance indicators.*
- ▶ GRI application level **Comprehensive or IIRF full**
  - ▶ either GRI application level **Core or IIRF partial** or reporting is in compliance with **IPIECA/ API/IOGP requirements** for oil and gas sector
  - ▶ not present
- 3.2 Third party confirmation (verification) of non-financial reporting**  
*Third party confirmation (verification) of the submitted non-financial information as well as the appraisal of the company's use of the reporting system (including its reporting principles). This is a voluntary procedure, but it helps boost confidence of interested parties in respect of the information disclosed by a company.*
- ▶ **professional verification** (based on professional standards ISAE 3000, AA1000AS) and **verification** based on the opinion of interested parties (including public opinion)
  - ▶ **professional verification** (based on professional standards ISAE 3000, AA1000AS) or **verification** based on the opinion of interested parties (including public opinion)
  - ▶ **no third-party verification** is available, or **no reporting** is available in accordance with international requirements
- 3.3 Public access to documentation on environmental impact assessment (e.g. EIA) throughout the project's lifecycle**  
*Environmental Impact Assessment is the main document on the preparatory phase of an oil and gas project showing the degree of the project's potential negative impact on the environment. Accessibility of Environmental Impact Assessment allows public involvement in decision-making aimed to minimize projects environmental impact.*
- ▶ **for majority of projects** ▶ **for some projects** ▶ **not present**
- 3.4 Access to OSCPs and OSERP (in part of environmental impact) in the public domain**  
*Oil spills have a very negative impact on the environment. Public access to OSCPs and OSERP makes it possible for broad public to take part in making decisions on emergency prevention and emergency response.*
- ▶ **with feedback mechanism** ▶ **without feedback mechanism** ▶ **not present**
- 3.5 Informing the public (through the company web-site) about emergencies/accidents and mitigation measures thereof in respect of accidents having significant environmental impact, causing major damages and arousing loud public discussions, including those caused by contractor activities**  
*Kazakhstan's oil and gas companies are only beginning to understand the importance of informing public of industrial accidents. Public acknowledgement of responsibility for damages caused to people and environment is an indicator of the company's social and environmental awareness maturity.*
- ▶ **reliable data at the company web-site is available** or **no major accidents** during the reporting period
  - ▶ **fragmentary data** at the company web-site
  - ▶ **data missing or unreliable**
- 3.6 Informing the public (through the company web-site) of environment-related conflicts and measures taken to resolve them within the areas of the company's operation, including its subcontractors**

*Environment-related conflicts are defined as situations with the past, present or future environmental impact which:*

1. *Lead to inspections from regulatory authorities and are reflected on their web sites;*
2. *Lead to protest movements from local communities;*
3. *Are discussed in mass media;*
4. *Are discussed by influential public organizations (such as Greenpeace, WWF, etc).*

*Disclosure of information on such conflicts indicates the company's serious intentions for dialog with the public.*

- ▶ **reliable data at the company web-site is available or no environment-related conflicts during the reporting period**
- ▶ **fragmentary data at the company web-site**
- ▶ **data missing or unreliable**

### 3.7 Established procedure in place for processing public complaints

*Company's transparency, its willingness to cooperate with public on various matters, including environmental protection, is indicative of a civilized approach to business.*

- ▶ **with feedback mechanism and procedure**
- ▶ **with either a feedback mechanism or a procedure**
- ▶ **not present**

### 3.8 Stakeholder engagement in holding and reviewing team-headquarters emergency training exercises, comprehensive response training and other OSR exercises

*Stakeholder engagement in holding and reviewing emergency training exercises, comprehensive response training and other OSR exercises allows the general public to assess company's readiness for oil spills.*

- ▶ **established corporate procedures for stakeholder engagement in holding and reviewing team-headquarters emergency training exercises, comprehensive response training and other OSR exercises are in place**
- ▶ **stakeholders are engaged** in separate team-headquarters emergency training exercises, comprehensive response training and other OSR exercises
- ▶ **stakeholders are not engaged** in any team-headquarters emergency training exercises, comprehensive response training and other OSR exercises

### 3.9 Access in the public domain to industrial environmental monitoring reports including quantitative results reflecting state of the art and dynamics

*Industrial environmental monitoring allows to continuously keep track and timely respond to negative environmental impact as a result of industrial activities. Availability of industrial environmental monitoring results enables to assess company's effectiveness in minimizing current environmental impact.*

- ▶ **for majority of large-scale projects** ▶ **for separate projects** ▶ **no**

## Test mode in 2018

(below criteria will not be included in Rating 2018 calculations):

#### Section III criteria:

#### Availability of information on the total length of pipelines exploited by the company beyond its service life

- ▶ **histogram of pipeline age exploited by the company is available** in the public domain
- ▶ **information on the total length of pipelines exploited by the company beyond its service life is available** in the public domain
- ▶ **information is not present**

# Analysis

## for the Environmental Transparency Rating of Oil & Gas Companies Operating in Kazakhstan 2018

The Rating of Kazakhstan oil and gas companies is compiled based exclusively on the information from public domain. As a result, the availability, completeness, and quality of environmental disclosures are the major factors affecting the assigned scores. There is no doubt that compared with the first Rating issued in 2017, the corporate disclosure level in the oil and gas industry improved. This is reflected both in the number of disclosed environmental aspects and quality of their disclosure. As a result, the average rating score grew both for each section of the Rating and Rating overall. At the same time, the utmost increase in transparency is observed in the quantitative environmental impact indicators.

	Rating in 2017	Rating in 2018
<b>Average Rating score</b>	0,43	0,51
<b>Average Section score</b>		
I	0,32	0,32
II	0,39	0,6
III	0,58	0,63

Kazakhstan oil and gas companies taking part in the Rating vary greatly in terms of their environmental disclosure level. There are two levels of corporate disclosure:

### 1. High

This group includes *National Company KazMunayGas, JSC, Embamunaygas, JSC, North Caspian Operating B.V., and Karachaganak Petroleum Operating B.V.* The companies annually publish non-financial reports in line with the international standards and disclose ecologically significant environmental information in the media and special sections of their corporate websites.

### 2. Low

The corporate website either completely lacks a special section dedicated to environmental issues, or such section is not informative and contains only general environmental protection statements. The companies falling into this group are *Tengizchevroil, LLP, Mangistaumunaigaz, JSC, Ozenmunaigas, JSC, SNPS-Aktobemunaigas, JSC, JV Kazgermunai, LLP, Karazhanbasmunai, JSC, Buzachi Operating Ltd., SOUTH-OIL, LLP, Turgai Petroleum, JSC, KazakhOil Aktobe LLP, Zhaikmunai, LLP, Maersk Oil Kazakhstan GmbH, Caspi Neft, JSC, PetroKazakhstan Kumkol Resources, JSC, and Kolzhan, LLP.*

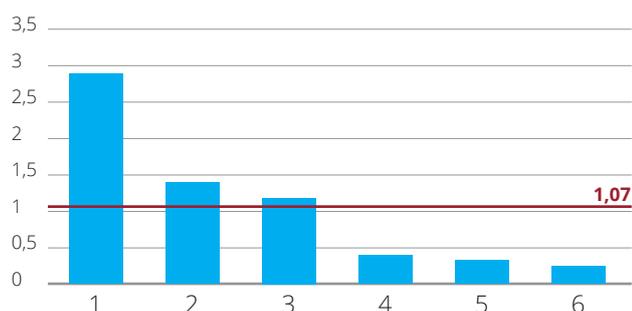
As in the previous year, more than half of the companies shared information on ISO 14001 certification availability. Some businesses also have energy efficiency and biodiversity conservation programs in place. Since Criterion 1.3 (Interaction with local population leading traditional lifestyle) is irrelevant, it has been decided to refrain from its calculation entirely

and not to factor it in the overall rating. 3 out of 19 companies issue reports in line with the international standards (e.g. GRI) and verify their non-financial statements, while 4 companies disclose EIA data in public domain. Remarkably, the majority of companies have feedback mechanisms in place as well as an established procedure for handling public inquiries.

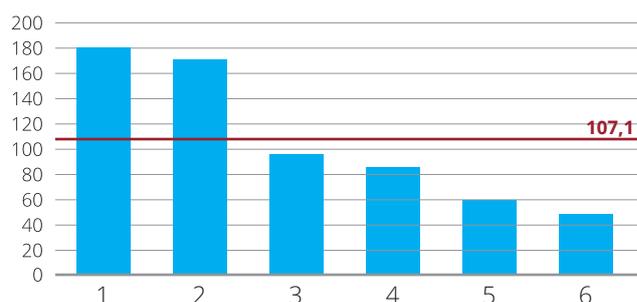
At the same time, the biggest challenge was faced when it came to quantifying environmental impacts since calculation of industry averages requires at least 3 companies disclosing the data. Only one company disclosed 2 quantitative indicators — Criterion 2.7. Contaminated land dynamics and Criterion 2.6 Waste neutralization and disposal — receiving green flags for respective areas. At the same time, no rated companies provided data on Criterion 2.11 Renewable Energy Generation, therefore, the indicator was not factored in the calculations of industrial averages.

Graphical representation of results is possible for criteria where adequate statistics is available. The graphs below display specific discharge of pollutants and greenhouse gas emissions for companies disclosing respective data.

**Discharge of pollutants in the atmosphere,  
kg / toe**



**Greenhouse gas emissions,  
kg / toe**



In view of the above, there is every reason to hope that subsequent Ratings will further contribute to improving the transparency and efficiency of Kazakhstan oil and gas companies in terms of environmental protection.



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