



# North Caspian Operating Company

## Summary

There are a number of noted human rights allegations related to North Caspian Operating Company and the Kashagan oil field, including:

- ➔ **Health Impacts on Workers and Local Communities:**  
NGOs and activists have raised alarms that residents of the Atyrau region are at significant risk of exposure to poisonous substances. The U.S. Agency for Toxic Substances and Disease Registry has classified hydrogen sulphide as a neurotoxin, and intense exposure to this chemical can cause death or severe illness. Long-term exposure can lead to brain damage, permanent memory loss, vision problems, nausea and headaches. Top medical staff at the region have expressed fear that, if an accident were to occur at Kashagan, tens of thousands of people living in Atyrau could be killed or severely impacted by toxic gas emissions. Common problems in the area include cardiovascular illness, blood disease, premature births, respiratory illness and stillbirths. Children have experienced skin diseases, made worse by bathing in the Caspian Sea. Residents also expressed difficulty accessing healthcare.
- ➔ **Environmental Degradation and Pollution:**  
Just a few weeks after production began at Kashagan, a major leak prompted an emergency shutdown. NCOC promised to install air monitoring centres near its processing facilities and Atyrau; however, as of 2007, these facilities only evaluated the levels of two hazardous pollutants rather than the nine recommended by environmental experts. The company allegedly did not allow the government or researchers to conduct independent monitoring. NCOC has also been accused of improperly dumping toxic wastewater into the municipal sewage system. The wastewater contained toxic substances in concentrations of tens to hundreds of times



Country: **Netherlands**  
(operates in **Kazakhstan**)



[Website](#)



[BHRRC company page](#)

## Human Rights Commitments

- ⊕ [Grievance hotline](#)
- ⊕ [Code of conduct](#)
- ⊕ [General business principles](#)
- ⊕ [2019 Sustainability Report](#)
- ⊕ The company **responded** to our questionnaire of its human rights policies and commitments; see the annex for the full response

## Human Rights Impacts

- ⚠ Health and safety
- ⚠ Environmental and water rights
- ⚠ Right to livelihood and adequate standard of living
- ⚠ Labour rights and wages
- ⚠ Access to information
- ⚠ Community, cultural and property rights
- ⚠ Deaths and/or violence
- ⚠ Corruption

above the maximum permissible concentration. The company had not even begun construction of a wastewater management facility by 2012, twelve years into project development, which is in violation of the Kazakhstan Water Code. In another incident, the company was found to dump wastewater into salt steppe lakes, which posed significant risks of leaking into the Caspian Sea. Pollution, emissions and disturbances from Kashagan have contributed to the mass die-offs of marine life in the Caspian Sea.

➔ **Access to Water:**

The Bolashak facility, which processes oil and gas from Kashagan, draws water from the same water main that supplies communities of the Mangistau region. As a result, the facility could endanger local access to water for the surrounding communities, especially with the absence of an adequate water recycling system.

➔ **Socioeconomic Impacts and Right to Livelihood:**

Villagers reported drops of their fish catch and skin diseases on the fish they did catch, making them unmarketable. This has presented considerable threats to livelihood, since, in some villages, 40% of the population had been employed with the fishing industry. While the Kashagan project has provided some employment opportunities to make up for these losses, critics say that residents face inadequate means to sustain their families. Even when employment opportunities are available, they are often not given to local workers. While the production sharing agreement between NCOC and the government of Kazakhstan requires the company to carry out social and infrastructure projects, civil society groups say that there is little, if any, public participation when designing, implementing or monitoring these projects. One company-built school was located far from the community it was meant to serve with no means of public transportation; as a result, children sleep on the floor of the school from Monday until Saturday.

➔ **Labour Rights and Occupational Safety:**

Workers have expressed they feel weak and sleepy, symptoms of exposure to toxic gases. NGOs also told Friends of the Earth about cases of workers dying in their sleep. Five-hundred Turkish workers were allegedly poisoned at the Karabatan-Bolashak facility, according to a trade union representative.

➔ **Access to Information:**

Environmentalists have criticised NCOC for failing to release all information available concerning the environmental, social and health impacts of the Kashagan oil field. Residents near the Bolashak processing facility, which deals with dangerous, sulphurous compounds, say they were never informed about the risks for their community, particularly related to toxic gases. The region's official medical staff told Friends of the Earth that there is a low awareness about the potentially catastrophic impacts of oil development for the Caspian Sea. Additionally, the production sharing agreement between NCOC and the Kazakhstan government is not available, leaving the exact terms of the contract unknown.

The company has publicly available commitments of occupational safety and other topics in its code of conduct. NCOC responded to our questionnaire of its human rights policies and commitments; see the annex for the full response.

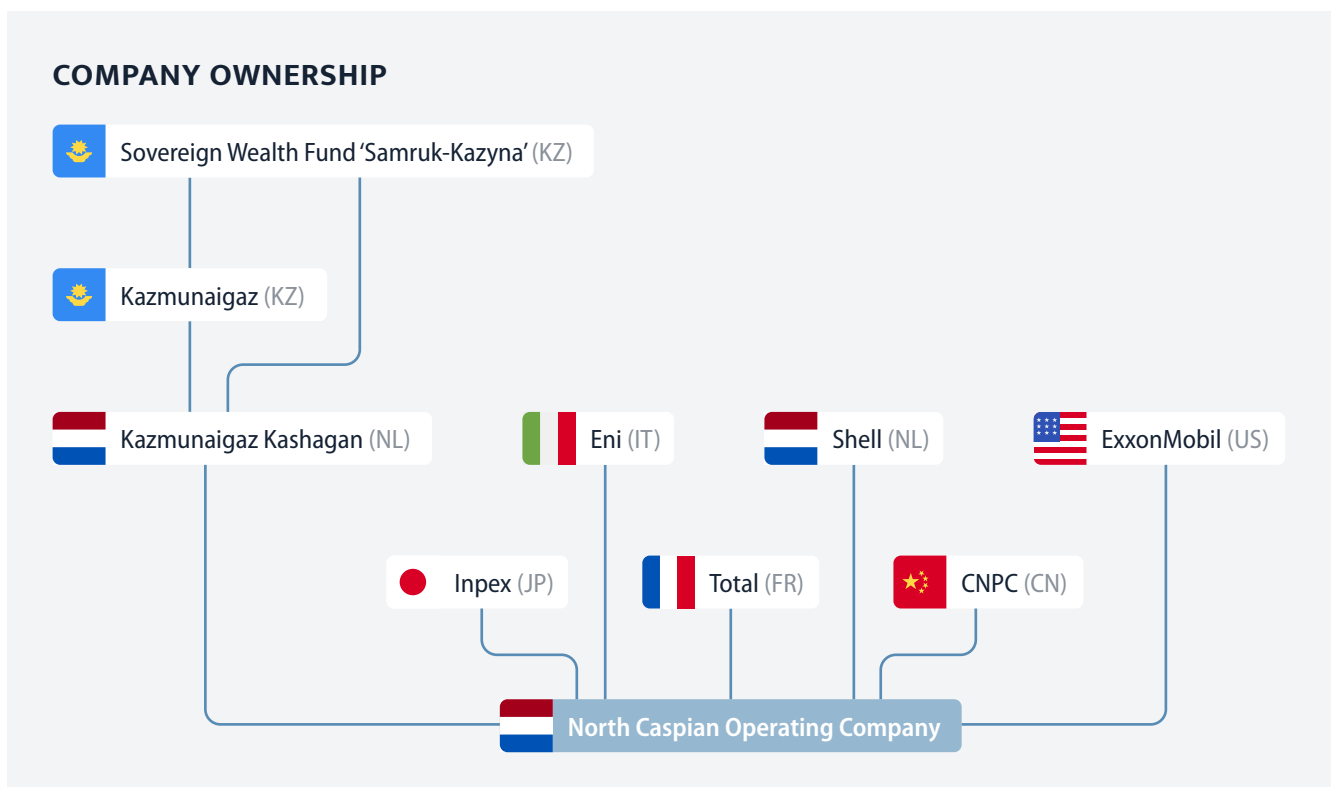
## Company Information

North Caspian Operating Company (NCO) operates the Kashagan oil field, which is located within the Caspian Sea. According to the Financial Times, ‘Kashagan is perhaps the world’s most technically demanding oil field, making wrong decisions costly and possibly fatal’.<sup>2</sup> After sixteen years of development—including eight years of delays—Kashagan began producing oil during 2016.

North Caspian Operating Company is a joint venture between KazMunaiGas (16.88%), Eni (16.81%), Shell (16.81%), ExxonMobil (16.81%), Total (16.81%), CNPC (8.33%) and Inpex (7.56%).<sup>2</sup> Notably, KazMunaiGas is Kazakhstan’s state-owned oil company. NCO is an operating company for the North Caspian Sea Production Sharing Agreement (NCSPSA). The company was formerly known as Agip KCO.

The Kashagan oil project has received some support from international financial institutions and foreign banks. While the European Bank for Reconstruction and Development (EBRD) has not directly funded extraction, it has funded supporting infrastructure and development. For example, the EBRD provided a loan for the equipment needed to build the artificial islands where extraction would take place. EBRD also funded a nearby marine base, Atash Bautino, but it claimed that it was unrelated to the Kashagan project. However, the main client of the loan beneficiary is NCO. According to Friends of the Earth, ‘the decision on the project impacts has not taken into account overall impact of Kashagan oil project development on the Caspian Sea, as well as cumulative impact of Caspian Oil development in the region that represents clear violation of EBRD environmental policy’.<sup>2</sup> Friends of the Earth also pointed out that, even though EBRD said that the Bautino project would not have a significant negative impact for the environment, effects in the area were already significant.<sup>2</sup>

Critics have argued that the original production-sharing agreement shifted risks from the investors to the state. Therefore, any laws or judicial rulings in Kazakhstan that may impact the project would prompt an adjustment to the contract that would restore the investors’ rate of profit.<sup>2</sup> However, the government of Kazakhstan later expressed dissatisfaction with the agreement and sought to amend it. In 2008, the government stated, ‘the country has not received adequate returns from these projects, even with the prices for raw materials being high’. The terms of the current production sharing agreement are not public.<sup>2</sup>



# Human Rights Allegations

## Health Impacts on Workers and Local Communities

NGOs and activists have raised alarms that residents of the Atyrau region are at significant risk of exposure to poisonous substances. Oil from both Kashagan and the nearby [Tengiz](#) oil field contains high levels of sulphur and mercaptans, both of which are highly hazardous for humans.<sup>22</sup> According to Friends of the Earth, ‘Thousands of people have already been relocated in the region because of sulphur emissions and other highly poisonous chemicals such as mercaptans, which are present at very high levels in Northern Caspian oil.’<sup>23</sup>

Reactive sulphur can become toxic under certain conditions which are present in Kazakhstan, including very high temperatures.<sup>24</sup> The U.S. Agency for Toxic Substances and Disease Registry has classified hydrogen sulphide as a neurotoxin, and intense exposure to it can cause death or severe illness. Long-term exposure can lead to brain damage, permanent memory loss, vision problems, nausea and headaches. The U.S. Environmental Protection Agency has noted this as a particular risk near oil and gas fields since communities near such fields have been found to experience ‘neurological deficits’.<sup>25</sup> Notably, hydrogen sulphide is believed to be the substance that poisoned the children in Berezovka. (See company profile about [Karachaganak Petroleum Operating](#).)

Top medical staff at the region have expressed fear that, if an accident were to occur at Kashagan, tens of thousands of people living in Atyrau could be killed or severely impacted by toxic gas emissions. Risks are so high that, allegedly, plans to relocate the entire population of Atyrau (220,000 as of 2007) had been considered.<sup>26</sup> Consortium experts have estimated that, in case of an accident, a toxic cloud could cover the entire city within fifteen minutes. Perpetuating the problem, residents have not been informed of how to act during an emergency, and they are not prepared for a mass evacuation.<sup>27</sup> There is, allegedly, no emergency plan for the city nor for nearby settlements of Karabatan and Iskenye.<sup>28</sup> A number of factors amplify the risk of mass poisoning, including: the close proximity of the oil field to the city of Atyrau; highly windy conditions that could quickly spread toxic clouds; and the geography of the local valley, which is below sea level and allows heavy gases to concentrate in the area. The company has deemed the scenario ‘unlikely’.<sup>29</sup>

The company was already forced to move workers’ living quarters and other facilities after simulations showed that they were in danger of mass poisoning. The risk at some areas is so acute that workers must carry gas masks.<sup>30</sup>

Even in 2007, nine years before production at Kashagan began, local villages had already reported health problems. The Koshanai waste treatment facility and the Bautino marine base, both of which are involved with Kashagan’s operations, are both located close to residential areas, and locals have complained about their health impacts. Common problems of the area include cardiovascular illness, blood disease, premature births, respiratory illness and stillbirths. Children have experienced skin diseases, made worse by bathing in the Caspian Sea. It is important to note that other activities—including the Tengiz oil field—may have contributed to these health conditions. However, medical specialists have stated that the aforementioned health problems are likely related to oil development and the massive amount of toxic emissions in the area.<sup>31</sup>

Residents also expressed difficulty accessing healthcare. Some claimed that they went to Aktau for treatment, but the medical professionals did not want to treat them.<sup>32</sup> The toxicologist at Atyrau regional hospital complained that the community did not have a chemical and toxicological laboratory, despite a number of major chemical risks in the area. The doctor said that, when there are cases of poisoning, he sends blood samples off for forensic examination, but the labs in question test only the blood upon the request of law enforcement agencies (like in case of crimes). As a result, local doctors have to guess whether patients have been poisoned because of combustion of oil products. However, the toxicologist explained, ‘legally we have no right to make 100% diagnosis without confirmation from the laboratory’. Additionally, local people have claimed that many workers have died in their sleep because of poisoning from the oil fields; the toxicologist said it is impossible to confirm this without results from a toxicology lab—which the community does not have access to.<sup>33</sup>

## Environmental Degradation and Pollution

The Kashagan oil project is located within the Caspian Sea, the world's largest enclosed body of water. The Caspian Sea is extremely important to the economy, well-being and socioeconomic status of surrounding countries.<sup>12</sup> Consequently, pollution of the water can have devastating impacts for the environment, wildlife and local communities. Because of the extreme climate of Kazakhstan and the high concentration of toxic compounds within the oil, NGOs have warned that oil extraction and transport 'bears high risk of causing irreparable environmental devastation'.<sup>13</sup>

Oil in the northern Caspian Sea contains approximately forty toxic pollutants that can have strong negative impacts for the environment and the health of local communities. Mercaptans are particularly dangerous, and researchers warn that amounts as low as 0.001mg/m<sup>3</sup> can be lethal to humans. The oil in Kashagan also contains very high levels of reactive sulphur—up to 18%. Reactive sulphur can form toxic hydrogen sulphide gas, which has severe, negative health impacts for those who are exposed to it (see above). It can also form acid rain; as a result, sulphur pollution from Kashagan has direct implications for Europe. Concerningly, sulphur does not dissolve; instead, it accumulates in the air, soil and water. Depending on climatic conditions, it can travel 2,000 km over just two days.<sup>14</sup>

Sulphur has already caused major environmental problems at Kashagan. From the beginning of the project, issues surfaced about where and how to store the sulphur from Kashagan. Consortium experts calculated that the Bolashak processing facility, which prepares the oil from Kashagan for export, would produce more than one million tons of sulphur per year. Eventually, agreements were made to store the sulphur in sealed wooden boxes. However, the company made unauthorised changes to the design, drawing criticism from the Head of the Department of Ecology in Atyrau, Erbol Kuanov.<sup>15</sup> Just a few weeks after the project started operations during 2014, production was shut down due to leaking pipelines that emitted corrosive, sulphuric gas. Some sources say that, after fourteen years of development, production at the target level lasted for just one hour before the emergency triggered a shutdown.<sup>16</sup>

The company initially attempted to conceal the cause of the failure; researchers later found that the leak was due to the high content of corrosive sulphur in the oil, which exceeded the maximum limit permissible in the pipes. Critics argued that this indicated a failure of the facility's capacity to adequately and to safely process the oil at Kashagan.<sup>17</sup> In the end, the consortium had to replace 200 km of leaking pipelines, delaying production by an additional two years.<sup>18</sup> Contractors expressed concern that valves and casings could rot due to sulphur exposure, potentially leading to a new accident.<sup>19</sup>

Kazakhstan's environmental ministry declared that it would seek \$737 million in damages for the pipe leak. The project had flared 2.8 million cubic meters of toxic gas, polluting the atmosphere and the local environment.<sup>20</sup> Consortium members challenged the fine at court, and the amount was reduced to just \$55 million. The company agreed to finance the social project, and it contribute \$50 million to the construction of an international exhibition in Astana. NGOs criticised the decision, saying, bureaucrats received 'bread and circuses' at the cost of damages to local communities near the oil field.<sup>21</sup>

Concerns around air pollution have also been persistent. Locals complained that, when construction began at the Bolashak complex, 'there was so much dust in the air that the local residents could not recognize their cows when they returned from the steppe in the evening; the animals were completely covered in dust'.<sup>22</sup> NCOG promised to install air monitoring centres near its processing facilities and Atyrau; however, as of 2007, these facilities evaluated only the levels of two hazardous pollutants, rather than the nine recommended by environmental experts. Additionally, during construction, the air monitoring centres only worked at half capacity, and thus, they did not give full data on emissions. The company allegedly did not allow the government or researchers to conduct independent monitoring.<sup>23</sup> Of the twenty-eight air monitoring stations at Atyrau, twenty belong to NCOG.

NCOC did not provide information from its air monitoring stations for several months during 2017; ecologists said this made it impossible to tell which company was polluting the air or how much pollution came from NCOC during that time.<sup>↗</sup> During 2017 - 2020, 177 - 180 thousand tons of emissions were detected in Atyrau, mainly from major oil fields like Kashagan and Tengiz. Within the span of nine months, 151 instances of pollution exceeding the maximum permissible concentration (MPC) were registered, including two extreme exceedances.<sup>↗</sup>

NCOC has also been accused of improperly dumping toxic wastewater into the municipal sewage system. The wastewater contained toxic substances in concentrations of tens to hundreds of times above the maximum permissible concentration. The company had not even begun construction of a wastewater management facility by 2012, twelve years into project development, which is in violation of the Kazakhstan Water Code. Notably, the Water Code did not prohibit dumping untreated wastewater into the sewage system. The company was not ordered to address the issue until the scandal emerged. Employees began to dump the waste into a new location in Atyrau. Municipal pipes were soon clogged by oil products, causing outrage from utility companies and local residents. The company, allegedly, continued to dump wastewater outside of the city.<sup>↗</sup>

In another incident, the company had been found to dump wastewater into salt steppe lakes, which posed significant risks of leaking into the Caspian Sea. The oil-saturated wastewater in evaporation ponds had allegedly caused fires.<sup>↗</sup>

Furthermore, environmentalists have raised alarms about the lack of a comprehensive oil spill response plan in the case of a leak from oil tankers.<sup>↗</sup>

Pollution, emissions and disturbances from Kashagan have contributed to the mass die-offs of marine life in the Caspian Sea, including 10,000 seals during 2000 and thousands more since then. Researchers estimated that NCOC's icebreakers killed nearly 5,000 seals each year, out of a population of only 90,000, according to leaked company documents.<sup>↗</sup> One environmentalist warned that, if left unchecked, the oil industry could result in a 'total biological death' of the Caspian Sea during the coming decades, largely due to toxic pollutants within the oil.<sup>↗</sup> These die-offs have already had severe impacts for the local people, many of whom rely upon the fishing industry (see below).

## Access to Water

Oil and gas projects in Atyrau, including Kashagan, have contributed to water shortages at local communities. The area has experienced increasing droughts and a lack of drinking water during recent years. As of 2017, the Mangistau region has experienced water shortages of up to 40,000 cubic meters per day. The Bolashak facility, which processes oil and gas from Kashagan, draws water from the same water main that supplies communities for the Mangistau region. As a result, the facility could continue to endanger the access to water for local communities, especially in the absence of an adequate water recycling system.<sup>↗</sup>

Additionally, NCOC has been accused of dumping toxic wastewater into the sewage system (see above).

## Socioeconomic Impacts and Right to Livelihood

Livelihoods and means of sustenance have been severely impacted by oil projects at the Caspian Sea, including Kashagan and Tengiz. For instance, disturbances and pollution have had severe negative impacts for fishing in the Caspian Sea and surrounding waters. Mass die-offs of marine life have occurred in nearby water for two decades. Internal NCOC documents have acknowledged the company's activities as contributing to the mass deaths.<sup>↗</sup> Villagers reported drops of their fish catch and skin diseases on the fish they did catch, making them unmarketable. This has presented considerable threats to livelihood, since in some villages, 40% of the population had been employed with the fishing industry.<sup>↗</sup>

While the Kashagan project has provided some employment opportunities to make up for these losses, critics say that residents face inadequate means to sustain their families. While development was underway, NGOs warned that, once the construction phase concluded and facilities began operation, employment of the sector would drop, leaving the local population without employment while also unable to return to their previous forms of livelihood.<sup>↗</sup>

Even when employment opportunities are available, they are often not given to local workers. Most employees working with developing the Bolashak facility were not local residents. Speaking English was required to work in the facility, even as a cleaner at the railway station. The official languages of Kazakhstan are Kazakh and Russian; as such, the English requirement severely limited the ability of locals to apply for work. Reportedly, government authorities later concluded an agreement with the company to appoint an additional 3,000 local workers for the construction of the facility.<sup>2</sup>

In a ‘tragedy of the commons’, families of Bautino no longer swim in the bay or allow their children to play in the water, due to pollution and health problems related to oil activity. Since the open-sea water at the other side of the village is much rougher, villagers said they no longer had any place to bathe.<sup>2</sup> Further pollution of the waters in and around the Caspian Sea shall likely lead to similar outcomes at other communities, who shall no longer be able to use the historically critical waters for their daily lives.

While the production sharing agreement between NCOC and the government of Kazakhstan requires the company to carry out social and infrastructure projects, civil society groups say that there is little, if any, public participation with designing, implementing or monitoring these projects. While there have been some meetings and surveys, little discussion occurs between NCOC and the public or civil society groups, and there is allegedly no dialogue around costs. Activists also expressed concern about a lack of accountability for environmental impact assessments and social investment projects.<sup>2</sup> Corruption is allegedly rampant, and it has impacted the contracts and costs for social development projects.<sup>2</sup>

NGOs have also criticised the investment projects that have already been implemented. A sixty-apartment housing block, instead of providing social housing, was privatised and sold to individuals who could afford a mortgage, effectively excluding low-income families. These apartments were allegedly poorly constructed.<sup>2</sup> A kindergarten facility at Makatsky, which took more than eight years to construct, was built more than 5 km away from the village it was meant to serve. Activists say that the school began operating during 2019 and required major repairs only one year later.<sup>2</sup> NGOs have also criticised a school that was built to serve the village of Karabatan, but that was constructed about an hour away from the village. There is no public transportation to reach the school, and residents do not have the ability to take their children there. NCOC offered to provide a bus, but not to pay for petrol, and local districts could not decide who should pay. Consequently, children rely upon the train, which does not run regularly. The children take the train Monday morning and stay until Saturday afternoon, sleeping on the floor in the school building during the nights—which is sometimes without heating during the winter.<sup>2</sup>

## Labour Rights and Occupational Safety

Toxic gases at the Kashagan oil field and production facilities present significant dangers to workers’ health. Local NGOs have raised concerns that foreign employees are better protected from emissions than local workers. Additionally, workers have expressed they feel weak and sleepy, symptoms of exposure to toxic gases. NGOs also told Friends of the Earth about cases of workers dying in their sleep.<sup>2</sup> Locals have repeatedly brought up these cases, but local medical experts have said it is impossible to determine the cause of the deaths without access to a toxicology lab. Notably, such a lab is not present in Atyrau, and blood samples sent to existing labs are examined only upon the request of law enforcement.<sup>2</sup> Additionally, workers are exposed to the same health risks as local populations (see above).

Workers referred to two compressors as ‘the widow-maker’ and ‘the rotating bomb’ due to their technical issues and breakdowns. A company spokesman asserted that the nicknames referred to the complexity of the machinery, not unsafe working conditions.<sup>2</sup> Nevertheless, the compressors were soon replaced, even though they had hardly been used, due to the harsh chemical composition of the gas wearing on the materials.<sup>2</sup>

Five-hundred Turkish workers were allegedly poisoned at the Karabatan-Bolashak facility, according to a trade union representative. Trade unions intervened to secure financial compensation for the affected workers.<sup>2 2 2</sup>

## Access to Information

Environmentalists have criticised NCOC for failing to release all available information about the environmental, social and health impacts of the Kashagan oil field.<sup>2</sup> Residents near the Bolashak processing facility, which deals with dangerous sulphurous compounds, say they were never informed about risks for their community, particularly related to toxic gases. They also were not told beforehand of public hearings about the facility. The environmental impact assessment for the facility is not available for the public. Similarly, Aytrau residents were not informed about public hearings held in relation to the Bautino port project. The public hearings did not provide access to an expert who was informed about the technical elements of the project plans.

As a result, NGOs have decried the proceedings as a violation of the Aarhus Convention, which requires public access to environmental information and public participation in environmental decision-making.<sup>2</sup>

The region's official medical staff told Friends of the Earth that there is low awareness about the potentially catastrophic impacts of oil development for the Caspian Sea. Furthermore, documents indicate that company officials were aware that activities at Kashagan were causing mass die-offs of marine life, including thousands of endangered seals, but it did not disclose this information. The data was not made public until a journalist leaked internal company documents.<sup>2</sup>

Additionally, doctors of the area are legally unable to confirm diagnosis of poisoning from oil facilities without tests from a toxicology lab. However, Atyrau does not have such a lab. Doctors have sent off blood samples to labs in other areas, but they are only tested upon the request of law enforcement. As a result, medical experts have no way of gathering evidence about poisoning from oil development.<sup>2</sup>

Other NGOs have pointed out that, despite the history of mishaps at the field, it is difficult to predict future accidents, due to a lack of operational information about the project and the condition of the company's equipment.<sup>2</sup>

Additionally, the production sharing agreement between NCOC and the Kazakhstan government is not available, leaving the exact terms of the contract unknown. According to Publish What You Pay, the only known public document explaining the fiscal terms for the Kashagan project was repealed during 2003. Civil society groups inquired about the terms of the contract, including social and infrastructure projects, but they did not receive the documents.<sup>2</sup>

## Human Rights Commitments

NCOC has the following documents and policies on its website:

- ➔ [Grievance hotline](#)
- ➔ [Code of conduct](#)
- ➔ [General business principles](#)
- ➔ [2019 Sustainability Report](#)

According to the company, 'NCOC N.V.'s approach to respecting human rights consists of several core elements, including adherence to corporate policies, compliance with applicable laws and regulations, regular dialogue and engagement with our stakeholders and contributing, directly or indirectly, to the general well-being of the communities within which we work'. NCOC says it embeds human rights commitments in its social investments, human resources and contracting and procurement. Additionally, the company says it seeks business partners and suppliers that follow similar standards. NCOC's staff 'should understand the human rights issues where they work' and follow the company's commitments, standards and policies.



Regarding **health, safety, security and the environment (HSSE)**, the company says, 'To have an HSSE record we can be proud of, we are committed to the goal of doing no harm to people and protecting the environment, while developing energy resources, products and services consistent with these aims. We aim to earn the confidence of customers, shareholders and society, to be a good neighbour and to contribute to sustainable development. NCOC N.V. owned and operated facilities must be operated with the necessary permits, approvals and controls that are designed to protect health, safety and the environment. Contractors (suppliers) and other business partners are expected to commit to the same levels of HSSE protection as NCOC N.V.'. The company goes on to explain its HSSE framework and company management system emphasises managing risks to health, safety, security, environment and asset integrity. Additionally, NCOC says it complies with applicable legal and self-imposed requirements.

According to the company, 'HSSE incidents are reported, investigated and analyzed, and corrective actions are taken and lessons learned are captured and shared. Finally, we monitor, audit and review HSSE performance and systems to measure progress, identify trends, assess compliance and drive continual improvement'.

Regarding **sustainable development**, the company states, 'NCOC N.V.'s commitment to sustainable development requires us to balance our short- and long-term interests; and integrate economic, health, safety, security, environmental and social considerations into our business decisions. Involving many different stakeholders, NCOC N.V. is associated with a number of reputational challenges which could significantly impact (positively or negatively) project delivery in terms of schedule and cost. The long term reputation of NCOC N.V. and its ability to operate highly rely on its capability to go beyond the oil & gas business and transform this world-scale project into an opportunity to develop the Kazakhstan local and national economy in a sustainable manner, to support the development aspirations of surrounding communities whilst satisfying environmental requirements'.

Regarding **equal opportunity**, the company says, 'NCOC N.V. will ensure that its employment-related decisions are based on relevant qualifications, merit, performance and other job-related factors. NCOC N.V. will not tolerate unlawful discrimination relating to employment'. The non-discrimination policy includes provisions on hiring, training, local legislation, compensation, discipline and termination.

The company also maintains a **grievance hotline** which is designed to receive messages related to violations of the code of conduct and other company policies. The company also states, 'As per the Republic of Kazakhstan legislation any worker, individuals or communities, in case they feel their rights were adversely impacted, can file a complaint to State Prosecutor Office or Court'.

# Annex

## Human rights policies and practice – questions for companies

Company name: NCOC N.V.

Respondent's department: Managing Director's Department

Name of respondent: Yermek Marabayev

Email address of respondent: [Yermek.Marabayev@ncoc.kz](mailto:Yermek.Marabayev@ncoc.kz)

### Governance and Policy Commitments

#### 1. Commitment to respect human rights.

a) Does your company have a publicly available commitment to respect human rights?

YES / NO

If YES, please provide the web-link for this policy commitment:

[Code of Conduct](#)

If your company has a commitment to respect human rights, but it's not publicly available, please provide an attachment (*please note it will be published on our website*):

b) Does your company require that its business partners also commit to respecting human rights, including rights related to salient risks to communities' livelihoods, security, and health (such as the right to water and the ownership or use of land and natural resources)?

YES / NO

[General Business Principles](#)

[Also, this requirement is implemented through Industrial Relations & Worker welfare requirements to Contract management.](#)

#### 2. Commitment to respect labour rights of workers.

Does your company have a publicly available policy commitment to respect labour rights that the ILO has declared to be fundamental rights at work (ILO Core Labour Standards) or a publicly available policy commitment to respect the ten principles of the UN Global Compact?

YES / NO

[Company has several policies/procedures where NCOC making commitment to respect Labour rights and principles of the UN Global Compact.](#)

If YES, please provide the web-link for this policy commitment:

1. [The Republic of Kazakhstan Labour Code dated 23.11.2015 No 414-V- freedom of association and the effective recognition of the right to collective bargaining – are requirements of Articles 156, 157, 158 of the Republic of Kazakhstan Labour Code;](#)
2. [Law of the Republic of Kazakhstan On Trade Unions dated 27.06.2014 No 211-V](#)
3. [General Business Principles](#)
4. [Code of Conduct](#)
5. [General Business Policy on HSSE](#)

[General Business Policy on HSSE\\_KZ.pdf](#)

[General Business Policy on HSSE\\_RU.pdf](#)

[General Business Policy on HSSE\\_EN.pdf](#)



4. General Business Policy on HSSE.pdf

### Remedies and Grievance Mechanisms

3. **Grievance mechanisms to receive complaints or concerns from workers, external individuals, and communities.**

Does your company have one or more channels/mechanisms (its own, third party, or shared) through which workers, individuals, and communities who may be adversely impacted by your company can raise complaints or concerns, including in relation to human rights issues?

YES / NO

If YES, please explain how this mechanism can be accessed:

NCOC has dedicated Hotline, which is designed to receive any messages related to violation of the Code of Conduct, Company Business Principles and other Company policies. As per the Republic of Kazakhstan legislation any worker, individuals or communities, in case they feel their rights were adversely impacted, can file a complaint to State Prosecutor Office or Court.

4. **Remedying adverse impacts.**

Does your company provide for or cooperate in remediation to victims, where it has identified that it has caused or contributed to adverse human rights impacts (or others have brought such information to the company's attention, such as through its grievance channels/mechanisms)?

YES / NO

If YES, please provide examples:

NCOC is a reputable company whose shareholders are recognized Oil and Gas organizations and NCOC's business is managed in line with best International practices and includes Business Principles consistent with such best international practices.

If a Court decision found that NCOC had caused or contributed to an adverse human rights impact, NCOC would act on that finding in line with its Business Principles and best International practices.

**Performance: Company Human Rights Practices**

**5. Living wage.**

a) Does your company pay all its workers a living wage which is regularly reviewed and negotiated through collective bargaining with relevant trade unions?

YES / NO

b) Do workers receive equal pay for equal work?

YES / NO

**6. Transparency and accountability.**

*(For Armenian and Kazakh companies)* Does your company participate fully in the Extractive Industry Transparency Initiative (EITI) and publish information as required under the EITI?

YES / NO

*(for Georgian companies)* Does your company promote transparency by reporting taxes, revenue payments and disclosing contracts?

YES / NO - N/A

If YES, please provide examples:

**7. Freedom of association and collective bargaining.**

a) Does your company have a commitment to not interfere with the right of workers to form or join trade unions and to bargain collectively?

YES / NO

b) Does your company have measures in place to prohibit any form of intimidation or retaliation against workers seeking to exercise these rights?

YES / NO

If YES, please provide details: Code of Conduct

What percentage of your company's workforce is covered by collective bargaining agreements?

1,7%

**8. Workplace health and safety.**

a) Does your company have health and safety policies and procedures, including accident prevention and remediation, which comply with industry, national, and international standards?

YES / NO

If YES, what steps does your company take to ensure the health and safety policies and procedures are applied to workers?

NCOC has a detailed HSSE framework that consists of health and safety policies and procedures to ensure that NCOC remains structured and consistent in the approach to HSSE. This framework, together with the Company Management System, forms the foundations of how health, safety, security, environment and asset integrity risks are managed across the business. We maintain effective policies and procedures and set relevant objectives and targets as an integral part of the business planning process to drive continuous improvement in performance; and we identify, document and comply with applicable legal and other self-imposed requirements.

- b) Does your company disclose quantitative information on health and safety related to its direct employees, its workers, and on-site contractors, namely: injury rate, fatality rate, lost days, or near-miss frequency rate?

YES / NO

If YES, please provide the web-link:

HSSE incidents are reported, investigated and analyzed, and corrective actions are taken and lessons learned are captured and shared. Finally, we monitor, audit and review HSSE performance and systems to measure progress, identify trends, assess compliance and drive continual improvement.

[Pis read NCOC Sustainability Report](#)

*\* Updated data on Sustainability Report will be available in a short time.*

## 9. Land rights.

When acquiring, leasing or making other arrangements to use (or restrict the use of) land, does your company have a policy that recognises legitimate tenure rights, with particular attention to vulnerable rights-holders?

YES / NO

If YES, please provide a copy:

## 10. Security.

- a) Does your company ensure that safety and security measures, such as the use of security guards, follow an operating framework that respects human rights and international humanitarian law?

YES / NO

If YES, please provide details:

Main security man guarding contractor – “Grupp Chetyre” LLP involved in all operations on all facilities - is obliged to follow VPSHR – Voluntary Principles on Security and Human Rights. This is being ensured by regular inspections and trainings for security personnel. Separate training materials on the subject were developed. No incidents related to violation of human rights has ever been registered in company incident statistics.

- b) Are security and safety personnel required to act in a manner consistent with applicable international standards, particularly with regard to the use of force?

YES / NO

NCOC Security department ensures compliance with Voluntary Principles on Security and Human Rights (VPSHR) and requires its security contractors to abide by these Principles. VPSHR are included

into the contract with security contractors. Use of force is a part of company training program for security personnel and directly connected with VPSHR.

## 11. Water and sanitation.

Does your company implement preventive and corrective action plans to address identified, specific risks to the right to water and sanitation in its operations?

YES / NO

If YES, please provide examples:

### Onshore facilities:

- **Risk:** Ground water contamination – high salinity – not suitable for sanitation, drinking, and irrigation use

#### Preventive actions:

- process areas are isolated from ground waters by geomembrane, open and closed drains;
- secondary containments for process vessels;
- treated process waste waters are discharged into lined evaporation ponds;
- treated domestic effluents either:
  - ✓ reused for tree watering at sites;
  - ✓ discharged into lined evaporation ponds
    - industrial environmental control of the water quality.

Mitigation actions: oil spill response plans;

Controls: process and ground water quality monitoring.

- **Risk:** Fresh Water intake – Astrakhan Mangyshlak water pipeline

Mitigation actions: construction of Waste Water Treatment Plant aimed to reduce water intake by 70 %.

### Offshore facilities:

- **Risk:** Marine water contamination

#### Preventive actions:

- process areas at offshore islands are isolated from sea waters by geomembrane, open and closed drains;
- secondary containments for process vessels at offshore islands;
- treated domestic effluents, open drain waters and wastes are transferred for utilization at onshore to avoid potential negative impact to Caspian marine biota (NCOC's "Zero Discharge Policy");
  - industrial environmental control of the water quality.

Mitigation actions: oil spill response plans;

Controls: process and offshore environmental impact monitoring.