



Rational
Approach

ENVIRONMENTAL RESPONSIBILITY RATING OF OIL & GAS COMPANIES IN RUSSIA



ORGANIZERS:

CREON



PARTNER:

**NATIONAL
RATING
AGENCY**



INTRODUCTION



Russian oil & gas is one of the most environmentally unfriendly industries in the country, but currently and in the nearest future, this industry is the basis of the Russian economy, and therefore the society needs to undertake efforts aimed at its environmentalization.

In order to reduce the industry's impact on the environment, consumers and financial institutions should decide on giving preference to companies with the least 'environmental footprint', i.e. producing minimal environmental damage and eager to practice corporate social responsibility in their activities. For taking decision, an end-consumer or a financial institution must be provided with the unbiased information concerning the extent of environmental responsibility of the company.

The pilot environmental rating of Russian oil & gas companies in 2014 is an initiative by WWF Russia and CREON consulting group with participation of National Rating Agency. The Rating provides an unbiased and comparable data on environmental responsibility of companies in the oil and gas sector and the impact of their activities on the environment. End-consumers and financial institutions will refer to the Rating for choosing between the companies' products and services and for evaluating corporate risks (including reputation) on the basis of unbiased comparison and evaluation of environmental responsibility of the companies and their management's commitment.

The Rating is destined to facilitate quality improvement of the environmental risk management in hydrocarbon crude production, transportation and processing. Reduction of negative impact on the environment leads not only to direct nature-preserving effect, but also brings an important social result: reduction of negative impact on the health of personnel and local communities, prevention of traditional places of inhabitation from being destroyed or damaged.

The Rating demonstrates that Russian oil and gas companies maintain a high level of informational transparency with respect to environmental responsibility issues. Websites of the most companies in the industry have special sections devoted to ecological sides of their activities. Over half of the rated companies are publishing specialized annual environmental reports or disclosing their ecological data inside sustainable development reports. Considerable part of these reports complies with international GRI (Global Reporting Initiative) standards and are certified by a public or professional testifier.

Formerly, environmental responsibility and transparency was a characteristic of the largest publicly traded oil and gas companies, but the situation has changed now. Top lines in the Rating belong not only to the industry leaders that operate on the national and global scale, but also to the companies that are focused on specific regions of Russia.

The volume of publicly available environmental information disclosed by the companies is growing every year. Our Rating has also become the growth driver for information transparency: after having had communicated with the project organizers, some of the companies either have already published additional environmental materials, or have stated their readiness to do it next year. We do hope that this Rating will become a substantial stimulus to increase transparency of the companies, to facilitate



interaction between the parties involved (civil society, local communities and indigenous groups) and will ensure open discussions on the future projects. Eventually, the Rating will encourage companies to perfect their policies and practices of corporate social responsibility.



F.N. Kilzie
Head of CREON Group



E.A. Shvarts
Director of Conservation Policy,
WWF Russia



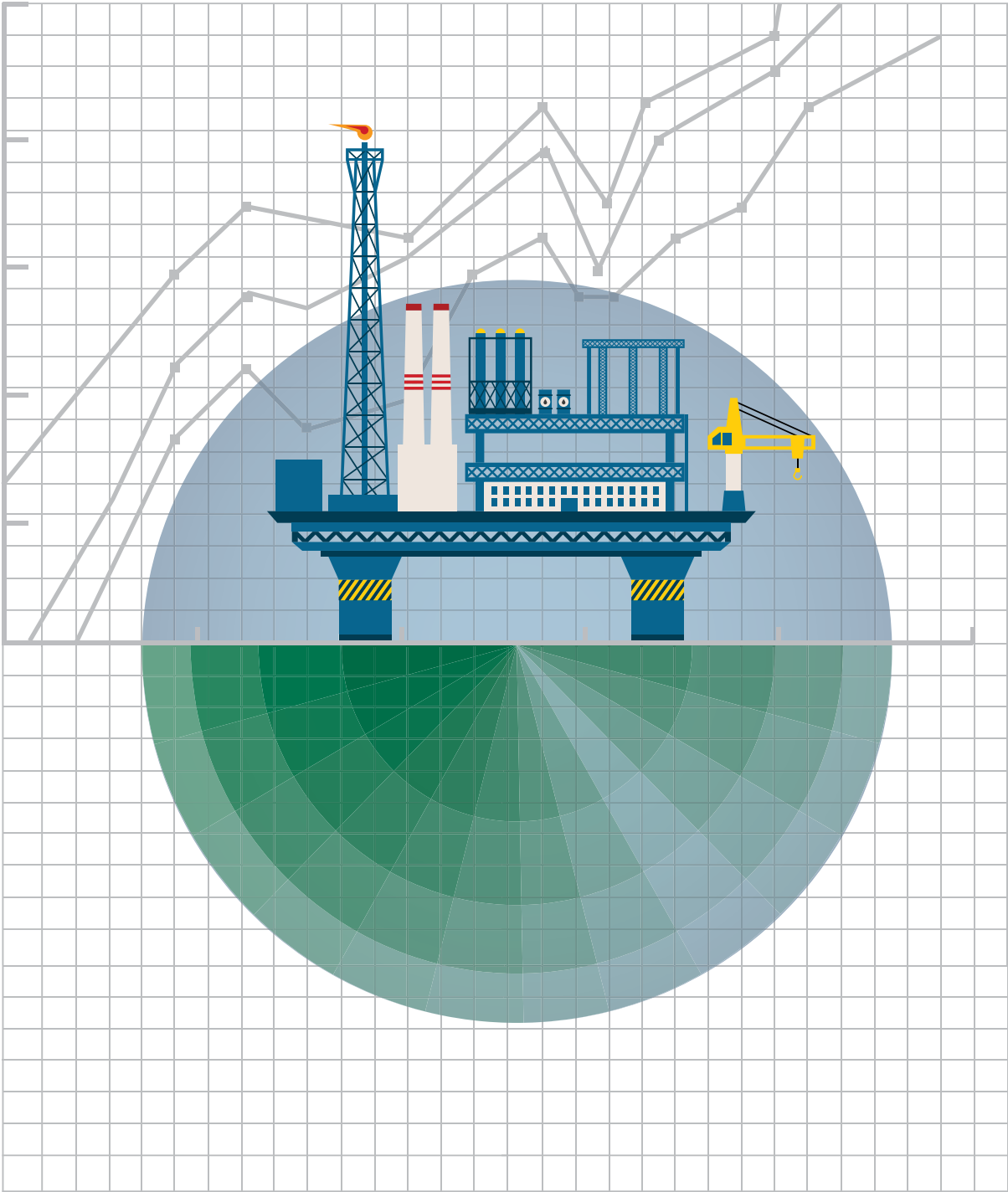
V.N. Chetverikov
General Director,
National Rating Agency



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RATING ORGANIZERS



CREON GROUP

CREON Group is the leading advisory firm in the Oil & Gas, Petrochemicals, Chemicals and related industries of the Russian Federation and CIS countries.

CREON's mission is to assist clients in achieving success and to promote dynamic growth in the Oil & Gas, Petrochemicals, Chemicals and related industries.



WORLD WILDLIFE FUND (WWF) RUSSIA

World Wildlife Fund (WWF) is one of the largest international non-governmental environmental organizations with over 5 million active supporters and working in more than 100 countries.

WWF mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature. The main goal is to protect biodiversity on the Earth.



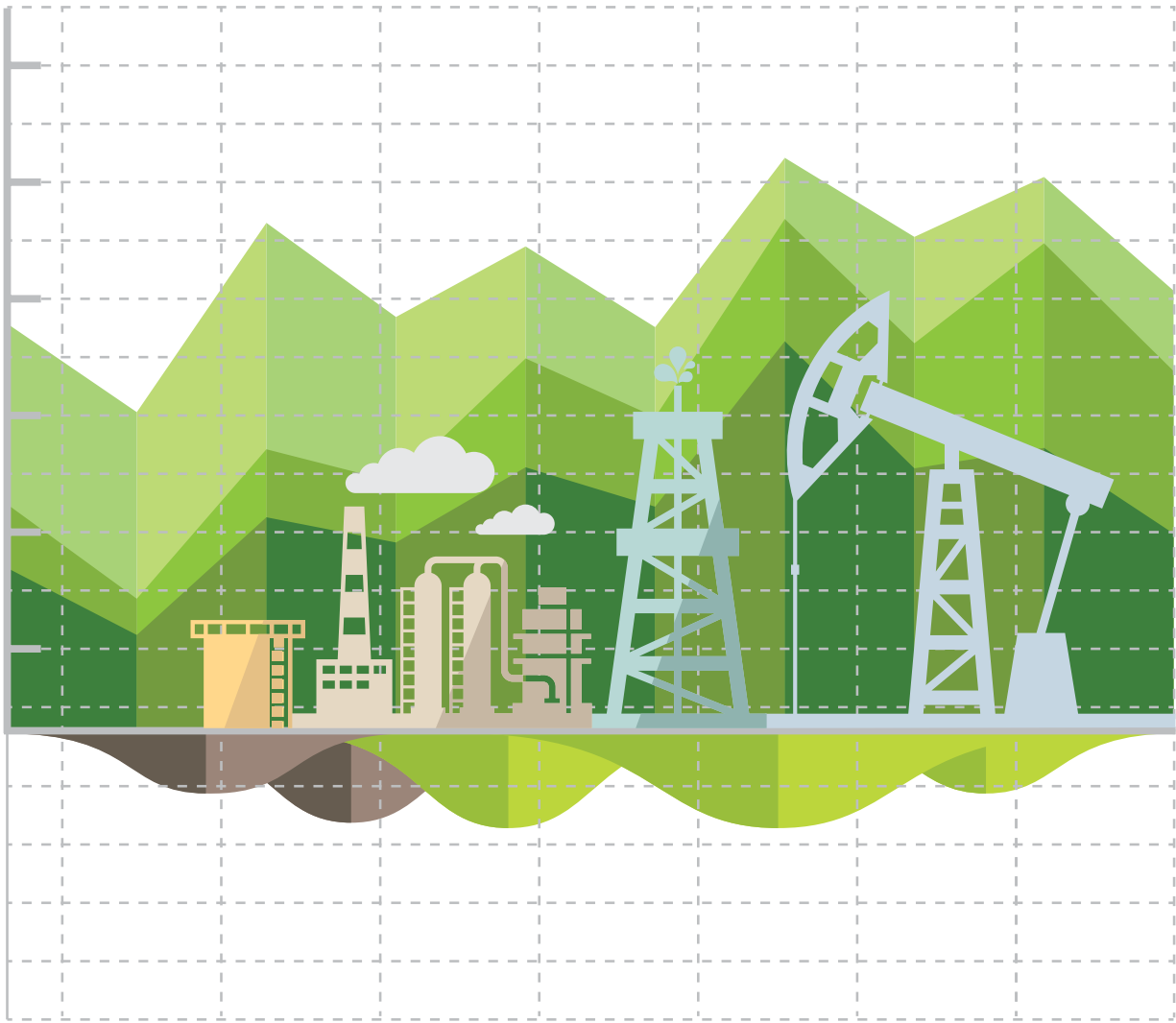
Partner of the Rating

National Rating Agency (NRA)

National Rating Agency is one of the leading rating agencies in Russia. NRA specializes in individual credit rating of companies both in financial and non-financial sectors.

The Agency is actively involved in socially important projects, and also conducts research and analysis on a broad range of industry topics.







RESULTS



FINAL STANDING	COMPANY	FINAL RATING SCORE
1	Surgutneftegaz	1,6164
2	Sakhalin Energy (S-2)	1,5253
3	Gazprom	1,3545
4	Tatneft	1,2870
5	Irkutsk Oil Company (INK)	1,1106
6	Salym Petroleum	1,0996
7	Rosneft	1,0860
8	Zarubezhneft	1,0556
9	LUKOIL	0,9943
10	Gazprom Neft	0,8717
11	Bashneft	0,7315
12	NOVATEK	0,7205
13	Slavneft	0,4312
14	Tomskneft VNK	0,3757
15	RussNeft	0,2804
16	Exxon NL (S-1)	0,2698
17-19	Belkamneft	0,1852
17-19	Alliance	0,1852
17-19	Total PPP	0,1852

ABOUT THE RATING



RATING OBJECTIVE

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

RATING TARGETS

1. To identify key indicators of environmental activities for oil & gas companies in Russia.
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 use
3. To make record of the year-over-year changes in the above-listed indicators.

FUNDAMENTAL PRINCIPLES OF THE RATING

- The companies are rated based on the criteria formulated first of all in the Environmental Standards for Operations of Oil and Gas Companies Acting in Russia¹.
- The Methodology is subject to discussion with all the interested parties. Draft Rating methodology was publicly discussed during the 21st World Petroleum Congress on June 17, 2014. Regular and distance consultations were held with the interested parties to improve the Rating's methodology over the months that followed WPC.
- The evaluation is carried out in all segments – starting from E&P to processing, values are indicated for production and processing combined. It should be noted that transportation of hydrocarbons contributes to the environmental impact, however it is not taken into account in the present Rating due to the lack of information.
- The Rating is based on publicly available information about activities of companies in the Russian Federation. This principle is a logical continuation of the corporate social responsibility concept stated in the global objective of the Rating.
- The calculation of the Rating is performed by the professional rating agency which is selected in a tender competition. For 2014, National Rating Agency (www.ra-national.ru) was chosen upon

¹ Environmental Standards for Operations of Oil and Gas Companies Acting in Russia. – Moscow. 2004
<http://www.wwf.ru/resources/publ/book/109>



consensus decision by WWF and CREON.

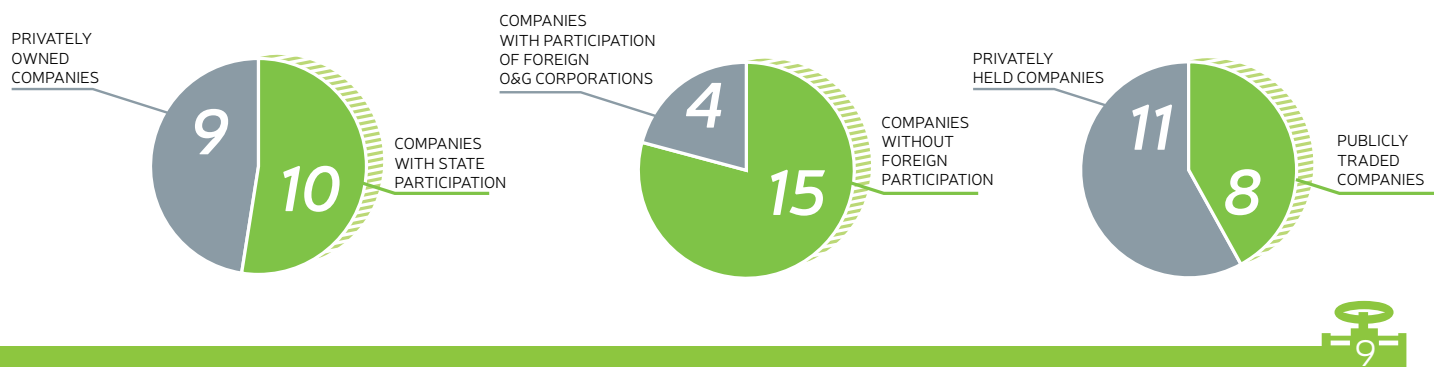
- The companies to be included in the Rating are selected based on the volume of oil and natural gas production. The lower limit was set to 1.5 mln tons in 2013.
- The Rating is published once a year. This will allow to evaluate dynamics of the environmental indicators.

OIL AND GAS COMPANIES INCLUDED IN THE RATING

19 companies were included in the Rating. Companies are listed in the table below with estimated hydrocarbon production volumes for 2013.

#	COMPANY	2013 OIL AND GAS CONDENSATE PRODUCTION, MLN TONS
1	Rosneft	192,6
2	LUKOIL	86,7
3	Surgutneftegaz	61,5
4	Gazprom Neft	32,2
5	Tatneft	26,4
6	Slavneft	16,8
7	Gazprom	16,3
8	Bashneft	16,1
9	Tomskneft VNK	10,2
10	Russneft	8,8
11	Salym Petroleum Development	7
12	Exxon Neftegaz Limited (Sakhalin-1)	7
13	Sakhalin Energy (Sakhalin-2)	5,4
14	NOVATEK	4,3
15	Zarubezhneft	2,8
16	Irkutsk Oil Company	2,8
17	Alliance	2,4
18	Belkamneft	2,2
19	Total PPP	1,6

Rated companies split by several criteria:



RATING METHODOLOGY



The Rating consists of three sections: Environmental Management, Environmental Impact, and Disclosure / Transparency

Section 1

Section 1 (Environmental Management) assesses the quality of eco-management in the company. Criteria included in this section are in most cases substantially more rigid compared to Russian legislation on environment protection. However, these criteria correspond to the best global standards and practices in oil and gas business.

Section 2

Section 2 evaluates the scale of impact of oil and gas companies on the environment. In particular, the damage level is revealed for air, water and land during the implementation of projects, as well as the ecological performance of the industrial operations. In most cases the criteria are based on components of state statistical reporting devoted to environment protection. This Section includes quantitative values that are being transformed to qualitative scale by comparing to industry-average indicators for every criterion. The industry-average indicators, when not available from official sources, are calculated as an arithmetic mean value for companies participating in the Rating. For comparative analysis across the companies, the data are used per production unit by dividing gross indicators into the volume of hydrocarbons produced and processed.

Section 3

Section 3 evaluates the extent of companies' readiness to disclose information with respect to environmental impact of their industrial activities. Historically, Russian oil and gas business was considered as a rather non-transparent community not least because of the unwillingness to publish ecological information. The recent trend is a growing transparency of the companies.

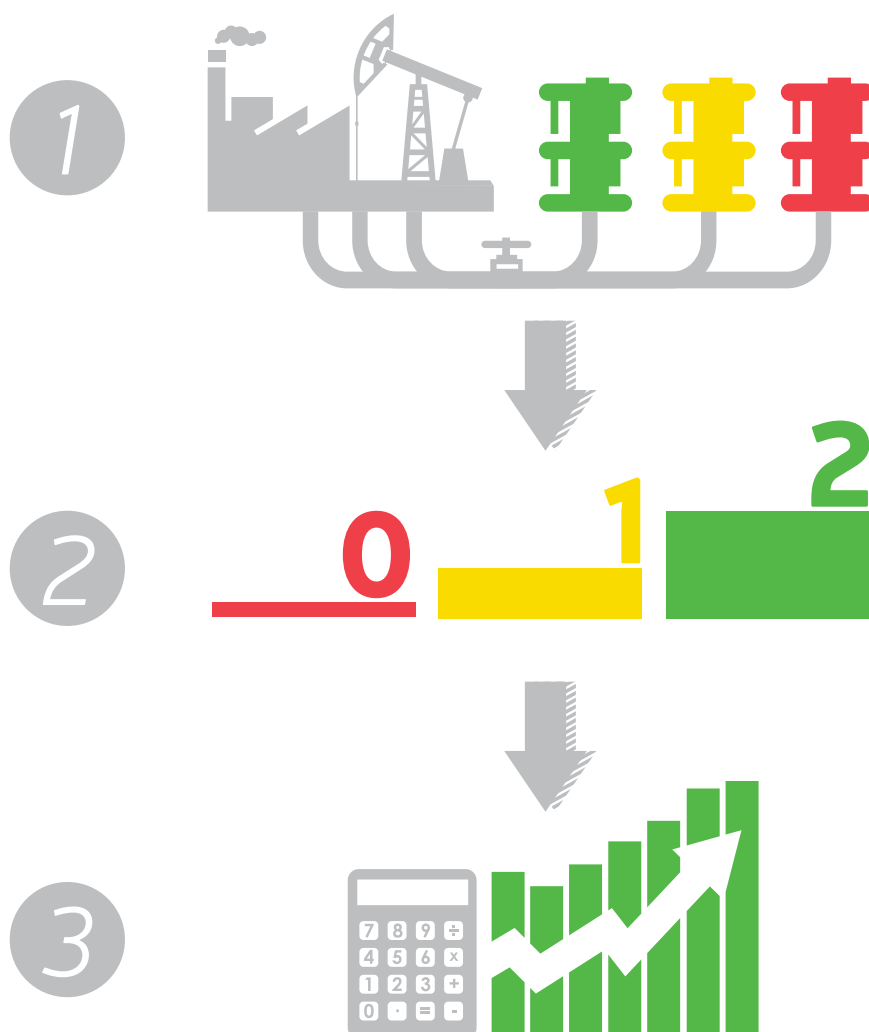


The Rating is calculated in three stages:

At Stage 1 companies are assigned color flags for each of criteria – Red, Yellow or Green. When a criterion is not relevant for the given company (for example, the company does not produce fuel), no flag is assigned. When the information related to the criterion is not available publicly, red flag is assigned.

At Stage 2, points are assigned for every criterion. Red flag counts as 0 points, Yellow as 1 point, and Green as 2 points. For each section, companies are assigned a normal average 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 the given company, are not included in the calculation. As a result, every company is assigned final points for Eco-Management Section, Environmental Impact Section and Transparency Section. Final points vary from 0 to 2. At this stage, the leaders are chosen in every of the following areas: Management, Operations, Information, respectively.

At Stage 3, the final Rating is calculated for every company by averaging three values assigned in accordance with Stage 2.





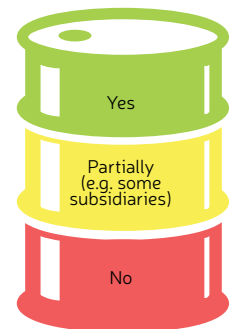
ENVIRONMENTAL MANAGEMENT



LIST OF CRITERIA

1.1 ISO 14001 Environmental Management System

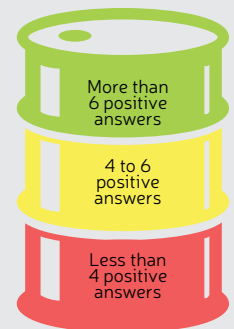
Certification in accordance with ISO 14001 standard is facultative and is gaining popularity in the global oil and gas business community. Certification of environmental management testifies that the company pays substantial attention to systematic management of environment protection.



1.2 Company's Environmental Policy and publicly available support documents include:

- Requirements to additional risk assessment in environmentally sensitive areas;
- Commitments to reduce landscape fragmentation and disturbed lands area;
- Commitments to protect animal migration routes;
- Requirements to Strategic Environmental Assessment (SEA) in major infrastructure projects, if any;
- Prohibited hunting; fishing, gathering non-wood forest products by personnel in company areas of operations during working hours;
- Requirements to applying company's environmental standards to contractors;
- Willingness to avoid work in specially protected natural areas (SPNAs), their buffer zones, and World Natural Heritage (WNH) sites;
- Commitments relative to pipeline integrity.

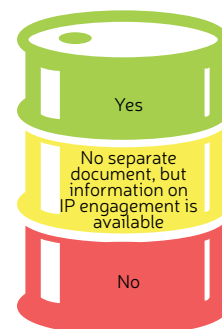
Above requirements to environment policies of the oil and gas companies are facultative. They are not enforced by the Russian legislation, and have been proposed by the environmental community in the Environmental Standards for Operations of Oil and Gas Companies Acting in Russia (<http://www.wwf.ru/resources/publ/book/eng/109>). Commitment to requirements listed in the criterion testifies that the company pays particular attention to environment protection.





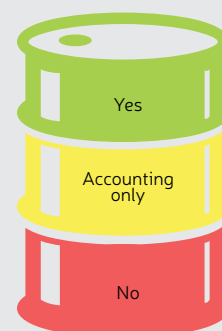
1.3 The Policy, or any other document approved by company, on relations with indigenous small-numbered peoples of the North, Siberia and the Far East (IP)

Minimizing the impact of company's activity on the health of local population, as well as preservation of traditional places of inhabitation, lifestyle, traditions and habits of the indigenous small-numbered peoples of the North constitute an important indicator of corporate social responsibility of the company.



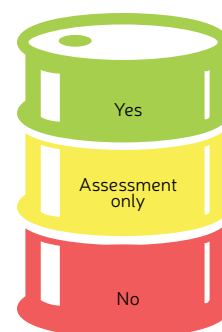
1.4 Accounting of direct and indirect greenhouse gas emissions and their reduction programme

Accounting of direct and indirect greenhouse gas emissions is not required by the Russian law. Facultative accounting and implementation of reduction programme demonstrates a conscious approach of the company to minimizing its contribution to human impact on the climate in Russia and globally.



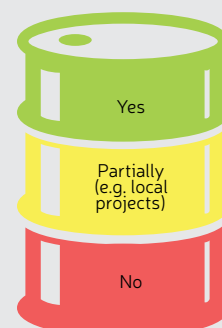
1.5 Energy consumption assessment and energy efficiency programme

Energy efficiency issues are being actively discussed at the government level since recently. Company initiatives aimed at reducing energy consumption underline company's concern with respect to preservation of nonrenewable resources of the planet.



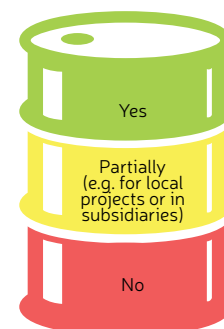
1.6 Biodiversity conservation programme in company areas of operations

Russia is one of the most abundant countries in terms of biodiversity. Our common goal is to preserve Russia's natural riches. Green flag is assigned to companies, fully recognizing their environmental impact in areas of operation and adopting programs aimed at preservation of wildlife diversity.



1.7 Wildlife rescue section in Oil Spill Contingency Plans (OSCPs) and/or Oil Spill Emergency Response Plan (OSERP)

Inclusion of wildlife rescue section in OSCP is an acknowledged global practice of responsible oil and gas companies, and it only starts to be implemented in Russian businesses. The component is important as it ensures that wildlife rescue is not neglected during emergency situations.



RESULTS FOR SECTION ONE

FINAL STANDING	COMPANY	FINAL RATING SCORE FOR ENVIRONMENTAL MANAGEMENT (SECTION 1)
1	Sakhalin Energy (S-2)	2,0000
2-3	Surgutneftegaz	1,5714
2-3	Salym Petroleum	1,5714
4	LUKOIL	1,2857
5-6	Gazprom	1,2857
5-6	Rosneft	1,1429
7	Gazprom Neft	1,1429
8-11	Tatneft	1,0000
8-11	Zarubezhneft	1,0000
8-11	Bashneft	1,0000
8-11	NOVATEK	1,0000
12	Irkutsk Oil Company	0,8571
13-14	Slavneft	0,5714
13-14	Tomskneft VNK	0,5714
15	RussNeft	0,2857
16	Exxon NL (S-1)	0,1429
17-19	Belkamneft	0,0000
17-19	Alliance	0,0000
17-19	Total PPP	0,0000



2

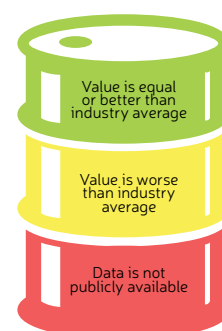
ENVIRONMENTAL IMPACT



LIST OF CRITERIA

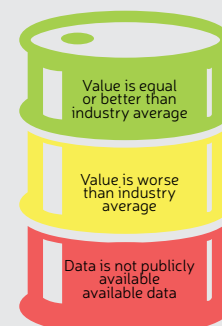
2.1 Specific gross emissions of air pollutants

Emission of air pollutants as a result of industrial activity is one of the main indicators of environmental impact of oil and gas companies. Apart from this, air pollution is directly linked with climate change on the Earth.



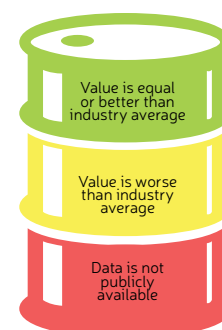
2.2 APG utilization rate

Associated petroleum gas is valuable feedstock for petrochemical industry. However, rational use of APG has been an acute problem in Russia until recently. In 2009, the Government of the Russian Federation adopted target limit for APG flaring at no more than 5% and introduced significant economic incentives for APG processing.



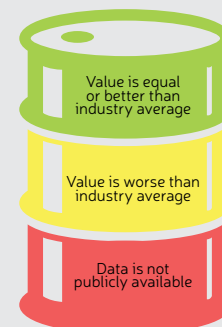
2.3 Specific volume of polluted water discharged to surface water bodies

Water discharge to surface water bodies brings colossal damage to environment. The importance of addressing this issue can hardly be overestimated. Keeping this indicator at zero level is not only required by Russian legislation, but is also a notable sign of the company's willingness to protect environment.

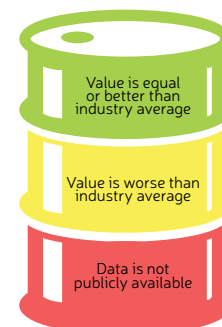


2.4 Specific fresh water withdrawal

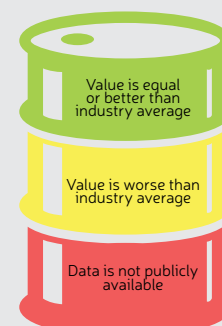
Industrial processes of oil and gas companies require substantial volumes of water. However, a socially responsible business approach implies optimizing water consumption for improved conservation of this valuable resource.

**2.5 Ratio of annual waste generation volume to annual waste management volume (managed = utilized + decontaminated by the company + transferred to third parties)**

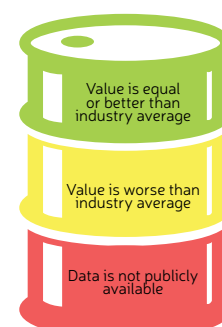
Waste management is an important part of economic activities of companies. Environmentally responsible companies seek both to minimize waste generation and to maximize waste utilization.

**2.6 Polluted land area ratio for end to start of the reporting year**

Trying to keep land pollution level at zero is obligatory for oil and gas industry. In case of emergency, polluted areas must be treated to restore normative values within the shortest time period.

**2.7 Disturbed land area ratio for end to start of the reporting year**

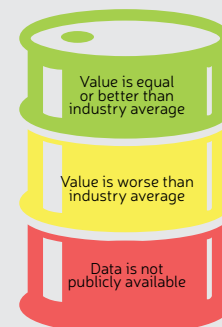
Development of new oilfields disturbs soil, eliminates vegetation, and changes hydrological conditions and landscape. The liability of the oil and gas industry is to recultivate all the disturbed lands to wild landscape conditions.





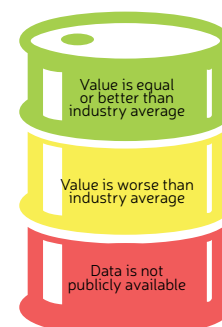
2.8 Share of disturbed and polluted land area to total area operated by the company

This criterion provides for a comparative evaluation of rational land use by different oil and gas companies. The lowest indicators usually belong to those companies that are exploiting land resources in the most environmentally competent way.



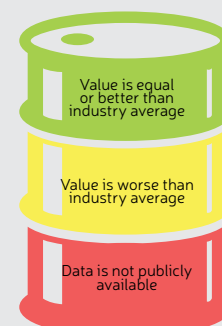
2.9 Specific pipeline leaks rate

Unfortunately, pipeline leaks are a typical problem for oil and gas industry in Russia. The liability of the company to the law and the society is to reduce the leaks to zero.



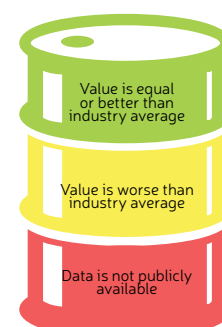
2.10 Specific amount of oil, condensate and oil products spilled as result of accidents and leaks

The criterion evaluates activities of oil and gas companies in two areas at a time. In the first place, it assesses ability to prevent emergencies at the company's production facilities; in the second place, it measures emergency response action.



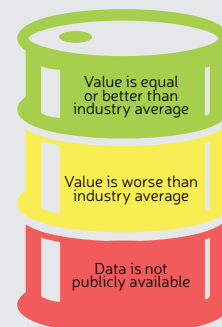
2.11 Share of excess charges in total payments for adverse environmental impact (ratio of environmental charges for excess emissions, discharges, and waste disposal to total environmental charges for the reporting year)

The volume of excess charges for adverse environmental impact paid by the company describes its responsibility level with respect to complying with environment protection laws and ecological standards.



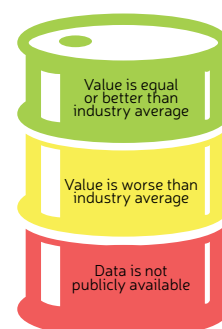
2.12 Share of cleaner fuel (Euro 4-5 high-octane gasoline, Class 3-4-5 diesel, gas motor fuel, and biofuel) in total fuel production

Shifting to better-quality and cleaner fuel is a global trend. This criterion demonstrates the willingness of the company to keep abreast with the world's leading fuel producers.



2.13 Power generation from renewable energy sources (RES), including that for internal consumption

As the need to reduce environmental load (including climate change) grows, the issue of generating power from renewable energy sources is becoming increasingly important. This criterion was included in the environmental rating in order to stimulate companies to develop the RES use.



RESULTS FOR SECTION TWO

FINAL STANDING	COMPANY	FINAL RATING SCORE FOR ENVIRONMENTAL IMPACT (SECTION 2)
1	Surgutneftegaz	1,8333
2	Tatneft	1,7500
3	Irkutsk Oil Company	1,3636
4	Gazprom	1,3333
5	Zarubezhneft	1,1667
6	LUKOIL	0,9167
7	Sakhalin Energy (S-2)	0,9091
8	Rosneft	0,7500
9	Salym Petroleum	0,7273
10	Gazprom Neft	0,5833
11	Bashneft	0,4167
12	NOVATEK	0,2727
13	Slavneft	0,1667
14-19	Tomskneft VNK	0,0000
14-19	RussNeft	0,0000
14-19	Exxon NL (S-1)	0,0000
14-19	Belkamneft	0,0000
14-19	Alliance	0,0000
14-19	Total PPP	0,0000



3

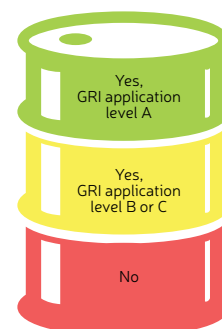
DISCLOSURE / TRANSPARENCY



LIST OF CRITERIA

3.1 Non-financial reporting in compliance with GRI requirements

GRI Guidelines is the most commonly applied standard of non-financial reporting which systematically reveals environmental performance of the company.



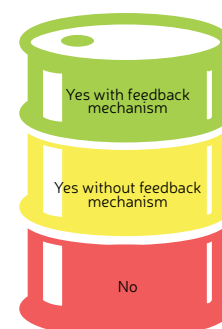
3.2 External assurance of non-financial reporting in compliance with GRI requirements

External assurance is a verification of non-financial reporting of the company and assessment of compliance to GRI standard (including the principles of reporting). This voluntary initiative of the company strengthens the trust of the stakeholders towards the data disclosed.



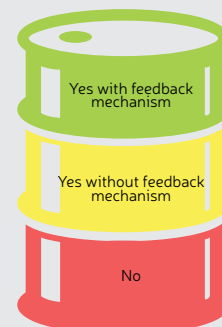
3.3 Public access to Environmental Impact Assessment (EIA) including Internet access, EIA being also available online after public consultations

At the stage of project definition in oil and gas industry, the Environmental Impact Assessment is the main document reflecting the possibility of negative impact on the environment. Availability of EIA allows the society to take part in decision-making with respect to minimizing environmental damage caused by the implementation of the project.



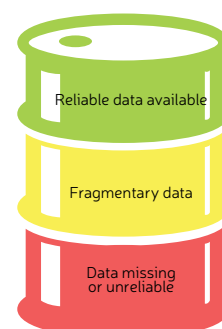
3.4 Public access to OSCP and OSERP (sections regarding environmental impact mitigation) including Internet access

Oil spills are causing huge damage to environment. Availability of OSCP and OSERP allows the society to participate in decision-making on emergency prevention and immediate emergency response.



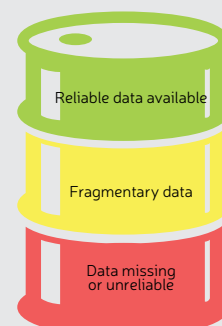
3.5 Informing the public on major accidents followed by significant socio-environmental damage, including those caused by contractor activities

The importance of informing the public about accidents is only now being recognized by Russian oil and gas industry. Public claim of the responsibility for a damage to people and nature is the sign of corporate social commitment of the company.



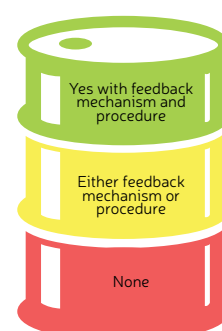
3.6 Informing the public on environmental conflicts in company areas of operations, including conflicts caused by contractors activities

Environmental conflict is a tension between the company and the stakeholders (government bodies, mass and local media, environmental NGOs etc.) over the issues of ensuring environmental safety during preparation and operation of production activities.



3.7 Established procedure for public claim review

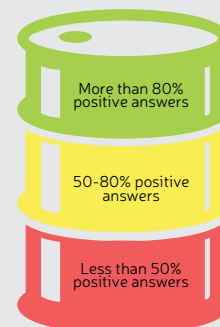
Openness of the company, its readiness to interacting with public on various topics including environment claims is an indicator of the civilized business conduct.





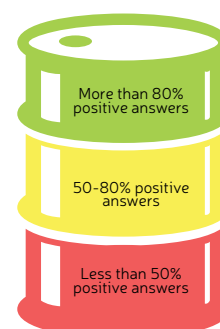
3.8 Public availability of criteria 1-7 of the Section 1 for the reporting period

This criterion describes the company's level of transparency on Environmental Management issues (*Section 1*).



3.9 Public availability of criteria 1-13 of the Section 2 for the reporting period

This criterion describes the company's level of transparency on Environmental Impact issues (*Section 2*).



RESULTS FOR SECTION THREE

FINAL STANDING	COMPANY	FINAL RATING SCORE FOR DISCLOSURE / TRANSPARENCY (SECTION 3)
1	Sakhalin Energy (S-2)	1,6667
2-3	Surgutneftegaz	1,4444
2-3	Gazprom	1,4444
4	Rosneft	1,2222
5-6	Tatneft	1,1111
5-6	Irkutsk Oil Company	1,1111
7-8	Salym Petroleum	1,0000
7-8	Zarubezhneft	1,0000
9-10	Gazprom Neft	0,8889
9-10	NOVATEK	0,8889
11-12	LUKOIL	0,7778
11-12	Bashneft	0,7778
13	Exxon NL (S-1)	0,6667
14-19	Slavneft	0,5556
14-19	Tomskneft VNK	0,5556
14-19	RussNeft	0,5556
14-19	Belkamneft	0,5556
14-19	Alliance	0,5556
14-19	Total PPP	0,5556

ANALYSIS



EVALUATION OF RUSSIAN OIL & GAS BUSINESS TRANSPARENCY LEVEL

The basic principle of the rating compilation is that exclusively publicly available information is used. Therefore, the focus was primarily on the completeness and quality of environmental information disclosed. At the practical formulation stage (June-October 2014) the organizers sent out suggestions to participating oil & gas companies pertaining to public disclosure of the corresponding information. Many companies heeded to the suggestion and have considerably expanded the amount of environmental data published at their Internet sites. Some other companies actually promised to do the same in 2015.

Oil & gas companies included in the rating have different level of information transparency when it comes to environmental aspect of their businesses. One can single out three different levels of information transparency on the matter:

1. High level of information transparency. The company site has a substantially informative special chapter dedicated to the company's environmental protection policy. The company publishes sustainable development and/or environmental reports on the annual basis.

2. Middle level of information transparency. The company site has a substantially informative special chapter dedicated to the company's environmental protection policy. However, the company does not publish sustainable development and/or environmental reports on the annual basis.

3. Low level of information transparency. The company site either completely lacks any chapters dedicated to the company's environmental protection policy, or the corresponding chapter is not informative enough and contains only general information (a list of environmental policy principles at best). The company does not publish sustainable development and/or environmental reports.

19 rated companies have been assigned the corresponding information transparency level as follows:

- **High level** - 10 companies (Rosneft, LUKOIL, Gazprom, Surgutneftegaz, Tatneft, Gazprom Neft, Bashneft, Sakhalin Energy, NOVATEK, Zarubezhneft);
- **Middle level** - 2 companies (Salym Petroleum, INK);
- **Low level** - 7 companies (Slavneft, Tomskneft, RussNeft, Belkamneft, Alliance, Exxon NL, Total PPP).

All publicly traded companies included in the rating are maintaining a high level of transparency in part of environmental issues. Nowadays, investors pay attention to all company-related information including, naturally, ecology-related data. When a company publishes detailed reports on environmental protection, it decreases the level of public uncertainty related to its business and improves its investment prospects.

Unfortunately, subsidiaries' transparency continues to lag behind industry average. For example,



Slavneft and Tomskneft remain isolated from general public in terms of information made available. These companies are equally owned by Gazprom Neft and Rosneft. Since both parent holdings strive to provide a high level of environmental transparency, one may only wonder if all corporate environmental policy standards are enforced in their subsidiaries' business. This also applies to the majority of Russian branches of multinational corporations, such as Total PPP.

In general, there is a certain correlation between company production volume and the level of information transparency. This is a positive and long-expected trend, when a growth of business outreach results in corresponding social responsibility promotion.

It is also important to note that the overall Russian oil & gas companies' information transparency has improved considerably over the recent years. There are specific examples to the statement. For instance, in 2013 state-owned Zarubezhneft published (for the first time ever) the Report on Sustainable Development created in accordance with GRI 3.1 standard requirements (Application Level C with public assurance). In 2014, this company again published the Report, this time with account for GRI G4 requirements. As a result, the report became even more complete and comprehensive. This is a vivid example of how the company that used to be nearly completely sealed off to general public makes noticeable effort to implement international standards in non-financial reporting. Another positive example is that of Surgutneftegaz that expanded considerably the content of its environmental site chapter in 2014. In particular, the company site now features oil spill contingency plan, environmental impact indicators, and related contact data for general public. The Rating was one of the factors for introduction of the aforementioned changes.

RESULTS OF DATA COLLECTION BY SPECIFIC CRITERIA

Collecting information in regards to environmental management proved to be least difficult. Nearly all companies (15 out of 19) published information on availability of ISO 14001 certificates. Many companies showcase the Environmental Policy or similar document on their sites. The majority of rated companies also published their agendas related to decreasing greenhouse gas emissions, improving energy consumption efficiency, and improving standing of small indigenous peoples of the North. These programs are most often described in sustainable development reports, and less frequently are published as separate documents on Internet sites. Biodiversity programs are less available. Only one company provides the full-fledged strategy document while seven more companies have separate projects in this field. Finally, the biggest problem is with chapters on wildlife rescue in oil spill contingency plans. This particular issue is only covered by 3 of 19 companies. Furthermore, the considerable number of companies does not make oil spill contingency plans public at all.

As for the very content of the companies' environmental policies and, in particular, the presence of additional requirements outside legal framework, the following conclusions can be made. The majority of participants require their subcontractors to adhere with the corporate environmental standards. More than one third of respondents have implemented animal migration paths protection measures to a varying degree (animals' natural habitat protection, fish and other fauna medium

monitoring and preservation, etc.) Five companies also introduced responsibilities related to the decrease of disturbed soils area and landscape fragmentation. In this respect, the most frequent exact wording is «reclamation of disturbed soils». There are almost no set obligations to avoid works in specially protected natural areas and corresponding buffer zones, as well as at World Natural Heritage sites. Another rarity is the additional environmental risks assessment in environmentally sensitive areas (only two companies indicated they have this procedure in place).

Quantitative environmental impact indicators are of interest as well. The seven companies that are nearly completely sealed in terms of publicly available information do not provide any indicators for either criterion at all. The following is true for the remaining twelve companies with high and medium level of transparency:

- 11 companies publish APG utilization rate data (partly due to respective WWF multi-year campaigning)
- 11 companies provide water withdrawal information
- 10 companies made air emissions data public
- 9 companies inform general public of waste generation volume and waste management measures.

Overall, the situation with public display of other Section 2 indicators is worse. Thus, data on polluted water discharge to surface water bodies and statistics on pipeline leaks are disclosed only by 7 companies. Again, only seven companies publish information on polluted lands, and only 5 companies provide data on disturbed lands. Just five companies show data relating to the share of excess charges in total payments for adverse environmental impact, and only six companies indicate specific amount of oil, condensate, and oil products spilled as result of accidents and leaks. Finally, only one company shows the share of disturbed and polluted land area to total operated area, which has prevented this criterion from being calculated in this year's rating. The indicator is though very important as it makes it possible to assess sustainability of land resources exploitation.

The issue that was discovered during information collection and processing is that some of Section 2 criteria values differ widely, and this results in stumbling blocks for calculation of the industry mean average value per criterion. In particular, this is relevant for assessment of polluted water discharge to surface water bodies (the minimum and the maximum differ by three orders of magnitude) and with regard to spilled oil share (five orders of magnitude difference). Perhaps, this phenomenon can be best explained with differences in corporate environmental impact assessment methodologies and/or different quantitative scaling. One of the ways to resolve data incoherence issue would be to organize an in-between representative meeting dedicated to environmental data unification. Such meeting would be of benefit for both the commercial companies and state agencies collecting statistical data. Moreover, this would be helpful for preparing future rating iterations.



Table. Average values of rated criteria

CRITERION	AVERAGE FOR RATED COMPANIES (2013 DATA)
Specific gross emissions of air pollutants	3.82 kg per ton of oil equivalent
APG utilization rate	78,92%
Specific volume of polluted water discharged to surface water bodies	0.05 cub. m per ton of oil equivalent ¹
Specific fresh water withdrawal	2.03 cub. m per ton of oil equivalent
Ratio of annual waste generation volume to annual waste management volume (managed = utilized + decontaminated by the company + transferred to third parties)	1,58
Polluted land area ratio for end to start of the reporting year	0,39
Disturbed land area ratio for end to start of the reporting year	0,97
Share of disturbed and polluted land area to total area operated by the company	Insufficient data for averaging
Specific pipeline leaks rate	25.14 leaks per 1 thousand km of pipeline
Specific amount of oil, condensate and oil products spilled as result of accidents and leaks	0.82 kg per ton of oil equivalent ²
Share of excess charges in total payments for adverse environmental impact (ratio of environmental charges for excess emissions, discharges, and waste disposal to total environmental charges for the reporting year)	0,43

Most fuel companies produce high quality cleaner fuel. Average share of the latter in the overall production volume totals 94.6%. However, RES based energy generation is the absolute novelty in Russian oil & gas industry. This is only done by Gazprom, which produces 0.001% of its energy from renewable energy sources and uses it for auxiliary equipment. Several companies (Lukoil in particular) mention separate RES projects in their reports, but do not disclose RES share in the total volume of generated energy.

Almost all companies provide contact information for feedback. Nine of nineteen companies publish non-financial reports in accordance with GRI requirements. At the same time, there is room for improvement. For example, less than half of all companies publish oil spill contingency plans and EIA materials in the Internet.

¹ The difference between the largest and the least data values is 3 orders of magnitude, data errors are possible

² The difference between the largest and the least data values is 5 orders of magnitude, data errors are possible

PILOT PROJECT PROVED SUCCESSFUL

The pilot Environmental Responsibility Rating of oil and gas companies in Russia was successfully launched in 2014. The Rating is based on an unbiased and comparable data assessed to identify the level of environmental responsibility of 19 companies in the oil and gas sector in Russia and the impact of their activities on the environment. Companies were actively co-operating in disclosing information, and our project has become a real stimulus to improve their transparency. There is every reason to hope that the next editions of the Rating will contribute to perfection of the methodology, and consequently to increasing credibility and accuracy of the assessments. After all, the ultimate goal of the Rating is to stimulate the companies to practice rational use of hydrocarbon resources, environment protection and corporate social responsibility in Russia.

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