



The violation of ecological laws and regulations is often unintentional, but any company found guilty of doing so can face fines running to many millions. This has a significant impact on the business and its reputation.

Environmental liability in Kazakhstan

The Oil & Gas sector in Kazakhstan has been developing at an impressive rate. With this we have seen an increase in regulatory activity as authorities seek to control the activities of subsoil users. The number of ecological audits of subsoil users by state authorities has grown year on year, as has the number of findings of violations of environmental law.

Even though violations are often unintentional, corporations face fines running to many millions and this has a significant impact on their business. For example, emissions in excess of permitted

levels can lead to a fine of 1,000% of the standard environmental emissions charge. Furthermore, if a company fails to pay administrative fines voluntarily, typically they will end up in court for forced collection and face criminal charges, which also can have a very damaging effect on their reputation. In addition, subsoil users may be forced to carry out expensive environmental restoration work. Ultimately, subsoil users can face a “triple environmental liability” in the form of a charge for excess emissions, compensation for ecological damage caused and administrative fines.

In the first half of 2019, the state authorities conducted 904 corporate audits, identified 1,773 violations of environmental law and imposed 614 administrative fines for a total of KZT 2 589 066 140



In the first half of 2019, 480 orders were issued with claims for compensation for environmental harm of KZT 33 375 799 970, of which 344 were enacted, resulting in recoveries of KZT 603 760 110 (2%).



Recent changes to environmental regulations and their impact on businesses

In accordance with the Kazakhstan-2050 Strategy and the concept of the “transition to a green economy”, the government is currently reforming its approach to environmental protection, as well as modifying state, industry and regional environmental protection programmes.

1

The government has made a number of amendments and additions to environmental legislation aimed at increasing the likelihood of administrative and criminal liability for subsoil users violating environmental legislation.

2

We have already seen the introduction of a number of Tax Code changes which should see an increase in the charge for pollutant emissions from flaring associated gas and natural gas. At the same time, the provision stipulating a 10-fold increase in the charge for environmental emissions in excess of established standards was abolished.

3

A number of Ecological Code amendments and additions regarding the allocation of greenhouse gas quotas and a reduction in emissions and the absorption of greenhouse gases were introduced. These amendments also brought changes to administrative legislation.

Professional legal support in resolving complex ecological issues at any stage of the development of your business is key to being able to highlight and minimise risks related to the violation of environmental law.

Why Deloitte Legal

Deloitte Legal — a leader on environmental legislation in Kazakhstan

Deloitte Legal in Kazakhstan is listed in leading international legal directories such as the Legal 500 EMEA and IFLR 1000.

Since 2007, our dedicated team of specialist environmental lawyers has been providing environmental law compliance services. We have extensive experience of advising state and private, national and multinational clients in a range of sectors including energy and resources, construction, mining, manufacturing and others.

Our lawyers are experts in Kazakhstan law and are graduates of some of the best universities in the world. They have gained their experience working as lawyers in industry and in leading international and Kazakhstan consulting and law firms.

A study by Deloitte Legal on future trends for legal services has shown that the market for legal services is moving and growing, and demand for alternative or non-traditional legal services is increasing. Deloitte Legal is in a unique position to respond to these changing requirements:

- We work closely with our tax and corporate finance experts through our “one-stop-shop” approach;
- Looking beyond our national borders, thanks to the Deloitte Legal global network, we work with legal colleagues around the world to ensure clients are getting the right advice for their corporate activities;
- We work closely with professional ecologists to consider the technical and health and safety aspects of ecological issues.

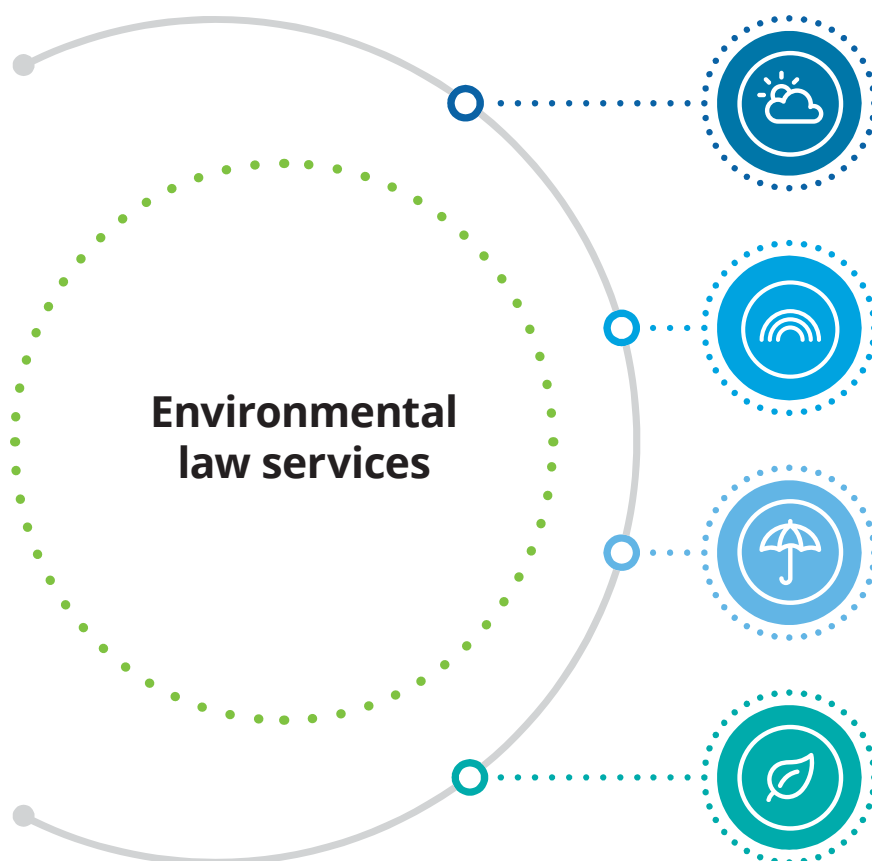
Deloitte Legal's international presence and cross-disciplinary capabilities stand out from those of a traditional law firm

Many people. One voice.



Our Environmental law services

At Deloitte Legal we tailor our services to each client's needs. Importantly, we work closely with clients to plan and provide services, enabling them to deliver greater value as an organisation.



Environmental Reviews

- Environmental and HSE due diligence — a review can be a full review of all environment related documentation or a targeted review of specific documents.
- Review SSU contract compliance with ecological and HSE obligations.
- Develop/review internal environmental and HSE policies and procedures in accordance with statutory and best global practices.

Interpretation/practical application of environmental law

- Advise on any environmental, ecological and legal regulations on emissions, oil production by-products such as sulphur and gas, the storage of oil, mining and oil refinery waste and liability for violations of environmental law.
- Advise on the recycling responsibilities imposed on a wide range of producers and importers of goods.

Administrative assistance/assessment

- Assist in obtaining licences, permits etc.
- Review and assess environmental payments and fines for emissions/excess emissions and damage from an environmental, administrative and tax law perspective.

Disputes/Litigation

- Represent client interests in court and out of court when disputing environmental audit findings and/or compensation for environmental damage.

An independent assessment of environmental documentation by Deloitte Legal will help you significantly reduce the risk of potential conflicts, prevent sanctions from state authorities and, most importantly, maintain your reputation as a law-abiding company.

Work Highlights



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Comprehensive review of environmental payment and reporting processes for a major subsoil user. The review included an assessment of administrative fines and environmental reporting declarations, a review of internal processes and their compliance with legislation and the development of a step-plan for improving such processes.

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Full environmental due diligence of a major subsoil user's compliance with environmental obligations including compliance with maximum possible emissions/discharge and post-inspection resolutions of the state authorities.

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Full environmental review of a major oil subsoil user's compliance with its ecological obligations as a subsoil user.

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Full environmental due diligence of a major coach manufacturer's compliance with environmental obligations, including compliance with permits, and the review of audit results.

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Representing the interests of a Kazakhstan oil producer in court in an appeal of ecological audit results.

Meet the team



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