

(Available in Russian)

Address to be delivered by Sakhalin Energy at

The Public-Private Partnership in the Fight Against Human Trafficking Conference

Panel 1 - Understanding human trafficking in the private economy - forms, industries and sectors involved, latest trends and responsibility of the private sector

Date: 20 July 2017

Place: Moscow, Russia

Natalia Gonchar, Head of Social Performance, Sakhalin Energy

Ladies and gentlemen,

First of all, I would like to express my gratitude for the kind invitation extended to Sakhalin Energy, as well as for this opportunity to present our experience at a forum of such magnitude. I hope you will find this information useful in the context of this conference as well as in a wider context of Business and Human Rights.

Human trafficking and forced labor should have been left behind in the past century; however, they continue to exist today. It is therefore of paramount significance that this issue is discussed at such a high level, with OSCE and the Russian Ministry of Foreign Affairs' involvement.

In 2018, the world will celebrate the 70th anniversary of the Universal Declaration of Human Rights. Now, 70 years later, respect for human rights remains one of the most significant marks of a mature society in general and a mature business community in particular. The laws of all civilized countries provide for the respect for human rights, including workers' rights. These laws specifically prohibit human trafficking, forced labor and child labor.

Over the past twenty years, special focus has been put on human rights in the context of business activities, since the ever-growing role of corporations in the community, as well as their potential negative impact, has become an obvious phenomenon.

At the international level, the Business and Human Rights agenda has been actively promoted through the UN Global Compact, the world's largest corporate social responsibility initiative.

Recently, the Guiding Principles for Business and Human Rights were adopted at the UN level, marking a special milestone in this area. An unprecedented number of international community members took part in the discussion and alignment process that took several years.

Sakhalin Energy was one of the five companies selected from around the globe that took active role in developing those of the Guiding Principles that relate to corporate non-judicial grievance mechanisms. As a Global Compact LEAD member and otherwise, we are actively engaged in promoting the Guiding Principles and their implementation via Russian and international forums.

One example of our input is Sakhalin Energy's role in the development of the Oil and Gas Sector Guide on Implementing the US Guiding Principles, a project initiated by the European Commission.

In addition, Sakhalin Energy became Russia's first company to adopt a corporate Human Rights policy based on the Guiding Principles as well as Russian national human rights legislation, and this Policy was adopted at the top management level.

Promoting and protecting human rights is a multi-faceted process. For business, it is not limited to simply adopting a set of declarations. I will now briefly outline those key elements of this process that are related to the theme of this conference.

The first element is human rights risk assessment and impact management.

It should be pointed out that such risk assessment should cover not only company activities, but the activities of its contractors as well.

While performing human rights impact assessment, special attention is paid to vulnerable groups, i.e. those whose human rights are most likely to be violated. Such groups include individuals with disabilities, women and migrant workers.

Another equally important element is establishing effective grievance mechanisms.

In view of labor issues, such grievance mechanisms can become the most preferable communication channel used to promptly inform the operator of any existing violations of labor laws and standards, as well as a tool to remediate such violations as early as possible.

Sakhalin Energy established its Grievance Procedure at the onset of the Sakhalin-2 Project.

This Procedure conforms to the best international non-judicial grievance standards, including the Guiding Principles. The procedure calls for complete confidentiality, sets a precise timeframe, grievance handling is tracked via an automated computer system, and those who have submitted a grievance are engaged with on a regular basis.

Finally, the third key human rights element is implementing appropriate standards throughout the entire supply chain, including our contractors, vendors and other business partners.

There are between 1,500 and 2,000 full-time employees in Sakhalin Energy. At the same time, our contractor headcount reached 25,000 during certain project phases. This is a multinational team: at the peak of construction activities, it included people from 40 different countries.

The Company realizes that the risk of human rights violations that may be committed by Company's own employees as well as contractor personnel is real; therefore, it is extremely important for us that all of Sakhalin Energy's contractors share our approach to human rights management standards.

How do we achieve this goal?

- At the earliest stage of the tendering process, the Company pre-qualifies its potential contractors for compliance with social responsibility standards (including respect for human rights);
- Later on, at the contract award stage, the Company embeds mandatory provisions for compliance with social responsibility standards (including occupational health and safety standards, HSE standards, code of business ethics, community and contractor grievance procedure and other human rights aspects);
- Contractors with the highest risk of impact must develop and implement Impact Management Plans where they outline possible risks, including those in the area of social responsibility and human rights;
- Finally, at the Execution phase, the Company performs regular monitoring of contractors for compliance with Sakhalin Energy standards

In conclusion, I would like to point out that even if a specific company and its contractors are doing great in terms of human rights compliance, there is no reason to be complacent.

Our company fully acknowledges the importance of effective and comprehensive dissemination and implementation of the Guiding Principles on Business and Human Rights within the business community.

We are certain that this will be conducive to social progress without human rights violations, including the resolution of such appalling issues as forced labor and human trafficking. Thus, we will be able to achieve the 17 Sustainable Development Goals set by the UN General Assembly two years ago as a new, transformative agenda for our world.

It is important that compared to the Millennium Development Goals, these new Goals put greater emphasis on human rights and take account of the Guiding Principles as one of the foundational documents whose implementation will help to reach these Goals. The latter include Peace, Justice and Strong Institutions; Decent Work and Economic Growth, as well as Partnerships for Sustainable Development, the goals directly related to this conference' agenda. I would like to express my hope that the outcomes of our conference will also contribute to reaching the UN Sustainable Development Goals.

Thank you very much for your attention.