

**High-level segment:  
From Principles to Practice:  
How can the global community ensure business respect for human rights?**

**December 04**

**Andrei Galaev,  
CEO, Sakhalin Energy Investment Company Ltd.**

Honorable Chair, Madam President, High Commissioner, Excellencies, Ladies and Gentlemen.

It is a great honor for me to be here today and speak to the participants of the first United Nations Forum on Business and Human Rights.

After centuries, finally human rights are on the list of top priorities for society and governments all around the world. But this has been a difficult process. In the beginning human rights were a question of charity, then a question of public order, later a social ambition, and now, today human rights are an obligation equally for States and for business.

As it is the bicentenary of Charles Dickens' birth, one of the crucial writers on human rights, let me bring to your attention a famous quote: "This is a world of action, and not for moping and droning in".

Nowadays, the "Great Expectations" in the private sector is that respect for human rights by business has to be a moral imperative. No business can be sustainable without high social performance and an appropriate corporate culture.

In 2011, the UN Council on Human Rights adopted the Guiding Principles on Business and Human Rights. This global standard brought greater clarity to the responsibilities that business bears in the society. In the business sector, with the UN Global Compact, we are working hard to move from theory to practice. With more than 100 Local Networks around the world and over 8000 corporate signatories, Global Compact is a unique platform and resource for advancing human rights among the business community.

As Sakhalin Energy CEO I would like to share with you some approaches used in our company. These practices have been successful for us, our partners and stakeholders. We are proud that they were tested by the experts of the Testing of Effective Grievance Mechanisms Programme (or the so called Ruggie's Principles testing programme).

From our perspective, there are FIVE critical steps to put Guiding Principles to practice.

**First**

- **Respect for human rights should be an integral part of any business activity, and companies should have appropriate formal policies and procedures in place.**

- For example, our Statement of Business Principles, which is a fundamental document for Sakhalin Energy, includes *respect and care for people, support for fundamental human rights* - as one of the core values of our company.
- We also introduced a separate Human Rights Policy that defines Sakhalin Energy approach to the issue, as well as the ways to manage risks associated with actual or potential impact on human rights from the Company's business activities.
- Responsible approach to human rights is also included in the key company's policies and management systems such as Sustainable Development Policy, Code of Conduct, Policy on HSE and Social Performance, Security Policy, Contract and Procurement Policy and others.

## **Second**

- **Development of a policy cannot guarantee that it is implemented in practice if a full due-diligence human rights process is not in place.**
  - This process encompasses allocation of resources, accountabilities, mechanisms and tools starting from risk and impact assessment, trainings and awareness programmes, monitoring, reporting and so on.
  - Our experience and the global practice show that it is critical to make accurate and proactive risk and impact assessments based on stakeholder engagement.

## **Third**

- Even in case a company has discussed and agreed with stakeholders mitigation measures, it may still receive concerns and complaints from its stakeholders. Business should be ready to address them. **Mechanism to remedy these concerns, or grievance mechanism, should be established and effective.**
  - Sakhalin Energy introduced such grievance mechanism before the start of major construction works. This mechanism is based on three procedures, namely: The Whistle Blowing Procedure (for business principles abuses such as corruption, dishonesty, etc.), The Human Resources Grievance Procedure (for the company staff) and The Community Grievance Procedure (for communities and contractors).
  - The above mentioned company's grievance mechanism also incorporates the approaches of the Guiding Principles.

## **Fourth**

- **Responsibility of a corporation to respect human rights must be related not only to business per se, but to the whole spectrum of corporate life, engagement with the outer world, relationships with all stakeholders.**

- For example, our contractor management system includes requirements to the contractors in the area of human rights. Our contracts include special clauses to this regard. We also committed ourselves to provide trainings for contractors, monitoring and audit of their activities with regard to human rights.

**And, finally, Five**

- **The progress should be controlled by top management of company. This should be supported by internal and external monitoring and audits.**
  - In Sakhalin Energy this issue is dealt with by its Business Integrity Committee. This Committee consists of executive directors, including CEO.
  - Our internal and external monitoring and audits cover such areas as labour practices, security, community impacts, compensations and resettlement issues, our relations with indigenous peoples, etc.

Ladies and Gentlemen,

I sincerely hope that our experience will be of practical use for the business community. Yet as Dickens wrote: "Tradesmen are not the same as they used to be, apprentices are not the same, business is not the same, business commodities are not the same..." As Sakhalin Energy CEO I believe that neither business nor human rights are the same, because they cannot be understood one without another any longer.

Thank you.