

**REGIONAL  
BRIEFING**

**Eastern Europe  
& Central Asia**

**Business & human rights in Eastern Europe & Central Asia –  
A round-up of recent developments**

April 2013

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## 1. Introduction

### 1.1. About this briefing

This briefing highlights reports from a range of sources about how businesses have impacted human rights, positively and negatively, in Eastern Europe & Central Asia over the past four years. The briefing refers to Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. Ella Skybenko, Business & Human Rights Resource Centre's Eastern Europe & Central Asia Researcher based in Ukraine, provides our coverage of these countries.

This is not a comprehensive overview. It flags some major issues, cases, developments and trends. For more detail see our [website](#), with sections on over 190 countries, over 5000 companies, and 150 issues.

### 1.2. About the Resource Centre

Business & Human Rights Resource Centre, an independent non-profit organization, provides the leading information hub on business & human rights: [www.business-humanrights.org](http://www.business-humanrights.org). The website tracks reports about the human rights impacts (positive & negative) of over 5000 companies in over 180 countries, and provides guidance tools and resources for all those working in this field. Our researchers are based in Brazil, Colombia, Hong Kong, India, Jordan, Kenya, Lebanon, Senegal, South Africa, Thailand, UK, Ukraine and USA. Mary Robinson, former UN High Commissioner for Human Rights and President of Ireland, is Chair of the Centre's International Advisory Network. Our Academic Partners comprise 23 leading academic institutions. The Centre does not accept funding from companies or company foundations, in order to maintain its independence and to prevent any possible perception of a conflict of interest.

Our mission: To encourage companies to respect and promote human rights, and avoid harm to people. We do this by advancing:

- **Transparency** – pursuing, collecting and disseminating to a global audience information about company conduct, positive and negative;
- **Public accountability** – helping civil society get companies to address concerns; seeking responses and drawing attention to each company's response or failure to respond; and
- **Informed decision-making** – providing the leading business & human rights resource and guidance hub, to assist civil society, companies and others.

We seek responses from companies when concerns are raised by civil society. Advocates thank us for bringing global attention to their concerns and for eliciting responses from companies. Companies thank us for providing them the opportunity to present their responses in full. This process often leads to real improvements on the ground.

Special portals on the Resource Centre's website include:

- [“Getting Started – an introduction to business & human rights”](#)
- [“Tools & Guidance”](#)
- [“UN Working Group on business & human rights”](#)
- [“UN Guiding Principles on Business and Human Rights”](#)
- [“UN Special Representative on business & human rights”](#)
- [“Corporate Legal Accountability”](#)
- [“Business, Conflict & Peace”](#)
- [“Business & Children”](#)
- [“Business & Freedom of Association”](#)
- [“Human rights impacts of oil pollution: US Gulf Coast, Ecuador, Nigeria”](#)

For further details, see the "[About us](#)" section of our website. [Sign up for free Weekly Updates on business & human rights here.](#)

### 1.3. Company responses in Eastern Europe & Central Asia

We seek company responses when concerns are raised by civil society and when we find no evidence that they have otherwise responded to the concerns. Many of the responses we have received from companies operating in Eastern Europe and Central Asia are included in this briefing. This response process encourages companies to publicly address human rights concerns, and provides the public with both the allegations and the company's comments in full. In some cases this process helps to bring about resolution of the issues. In other cases it has led to dialogue between the company and those raising the concerns. In all cases it has increased transparency.

The overall worldwide company response rate to us has been around 75% since 2005; the rate for companies headquartered in Eastern Europe & Central Asia since 2005 is 47%.

We have calculated the response rates from companies headquartered in the region for responses that we have sought since 2005. Below we indicate the country where the companies are headquartered, and the number of responses obtained out of the total number of responses requested:

- Bulgaria - 100% (1 out of 1)
- Armenia - 83.33% (5 out of 6)
- Kazakhstan – 61.54% (8 out of 13)
- Azerbaijan - 50% (3 out of 6)
- Bosnia & Herzegovina – 50% (1 out of 2)
- Russia - 37.50% (6 out of 16)
- Ukraine - 12.50% (1 out of 8)
- Croatia – 0% (0 out of 1)

We have sought company responses over issues arising in other countries in the region as well, but those companies were headquartered outside the region. The numbers above relate only to companies headquartered in Eastern Europe & Central Asia. Details about all of the company responses we have sought worldwide since February 2005, including from companies operating in Eastern Europe & Central Asia but headquartered outside the region, can be found [here](#).

We indicate in the individual company sections of our website the response rate of each company that we have invited to respond to an allegation. While a company's response rate is not a reflection of a company's actual conduct, and while the quality of responses varies, it is an important indicator of a firm's openness to engaging with human rights concerns being raised by civil society.

Here is a selection of the best and worst response rates by companies headquartered in Eastern Europe & Central Asia:

- Alaverdi Copper Smelting (Armenia) 100% (1 response; 1 invitation)
- Rusal (Russia) 100% (1 response; 1 invitation)
- Tengizchevroil (Kazakhstan) 100% (2 responses; 2 invitations)
- CaspiEcology Environmental Services (Kazakhstan) 100% (2 responses; 2 invitations)
- Ukrenergo (Ukraine) 100% (1 response; 1 invitation)
- Gazprom (Russia) 0% (0 responses; 1 invitation)
- GeoPro Mining (Russia) 0% (0 responses; 2 invitations)

- HEP (Croatia) 0% (0 responses; 1 invitation)
- Rosoboronexport (Russia) 0% (0 responses; 2 invitations)
- ТОО «Горнолыжный курорт «Көкжайлау» (Kazakhstan) 0% (0 responses; 2 invitations)

#### 1.4. Research missions in Eastern Europe & Central Asia

As part of our work, the Resource Centre carries out research missions to:

- gain a clearer picture of what is happening on the ground;
- build contacts with local NGOs and civil society, to better understand their concerns and explain how the Resource Centre can draw global attention to their concerns;
- build contacts with local companies and business organizations, to introduce the Resource Centre, explain how we will invite them to respond to human rights concerns, and encourage them to send information about their positive initiatives that promote human rights ; and
- inform NGOs, companies and others about the resources our website offers, and invite them to sign up for our Weekly Updates.

The Resource Centre's first mission in Eastern Europe & Central Asia was to the Czech Republic in April 2011. During that mission we met with civil society representatives; enhanced our understanding of pressing business & human rights issues in that country, such as discrimination against Roma people and industrial pollution affecting health; and established useful contacts for follow-up on specific cases of alleged corporate abuses. Our [second mission was to Kazakhstan and Kyrgyzstan](#) in May 2012. It focused largely on environmental pollution affecting health, workplace discrimination, health & safety in the oil industry, labour rights abuses, revenue transparency in the extractive sector, and child labour in the agriculture and construction sectors. We met with local activists, NGOs, independent foundations, journalists, and business associations. After the mission we received a number of reports on alleged abuses that we posted on our website, bringing concerns of local NGOs to a global audience and seeking company responses to concerns from the region.

## 2. Key concerns

### 2.1. Workplace health & safety

Reports on alleged workplace health & safety abuses throughout Eastern Europe & Central Asia remain frequent. Most countries in the region have a common history of a centrally planned economy followed by transition to a market economy. There too often seemed to be a silent acceptance that neglected occupational health & safety was one of the inevitable prices workers had to pay in the course of transition.

Over the past few years there has been some progress. New legal frameworks and institutional arrangements dealing with health & safety at work have been set up in some countries, most notably in the new European Union member countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia). In other countries there has tended to be less progress. Reportedly in Ukraine, for example, [between 2005 and 2010 almost 5000 workers died](#) and over 85,000 were injured at work. The proportion of workers engaged in harmful working conditions reportedly increased 30 per cent during this period. In 2011, Russian President Dmitriy Medvedev said that [three quarters of labour law violations in Russia](#) related to unsafe working conditions, and that the number of people who died as a result of accidents at work was increasing. He added that in 2010, 7889 people in Russia were disabled by their workplace injuries.

**Extractive sector:** In Russia, there were reportedly [22 accidents at coal mines during 2010](#), which killed a total of 135 people. In May 2010, Russian Prime Minister Putin [proposed extensive new powers for the country's industrial safety regulator](#), Rostekhnadzor, following methane mine blasts that killed 66 miners. At least [three people were killed and seven injured](#) as a result of a mine explosion near Tkibuli, Georgia, in August 2010. In the same month, the Ukrainian Government announced [new safety measures for three large coal mines](#), in response to accidents that killed dozens of miners. During the first seven months of 2010, a total of 75 miners had reportedly been killed and 3000 injured

in a series of accidents at Ukrainian mines. In Romania, days after [the death of five miners at the Uricani mine](#) in February 2011, the Prime Minister said that the government will restructure Romania's mining sector by 2018. In November 2012, seven miners were [injured in a methane gas explosion](#) at the Gramoteinskaya coal mine in West Siberia, Russia. A criminal case was opened into alleged violation of safety regulations.

**Other sectors:** Clearly serious accidents occur in many other sectors too. For example in February 2010, over 40 workers at the Altai Broiler poultry farm in the South Siberia region of Russia were [hospitalised with acute intestinal infection](#) of unknown origin. In May 2011, a construction worker at the National Stadium in Warsaw died. He worked for the company Mostostal. This was [the third fatal accident at the National Stadium in Warsaw](#) during its construction for the Euro 2012 football championships. In the Czech Republic, [two workers died of CO2 poisoning](#) and another six suffered light poisoning at a milk processing plant in Trnávka in March 2010. In September 2012, at least [14 migrant workers died](#) in a fire at a clothing firm in Russia; [one person died and three were hospitalised](#) as a result of fire at a large clothing market in Dushanbe, Tajikistan.

## 2.2. Impact of pollution on health

Environmental activists and others continue to highlight the harmful effects of water, land and air pollution on people's health.

In October 2010, about 800,000 cubic metres of [red sludge spilt](#) from the reservoir of an alumina plant in Hungary owned by MAL Hungarian Aluminium. At least seven people died, around 150 were injured and hundreds more were forced from their homes. The company insisted it could not have detected or averted the disaster. The company was [fined about \\$647 million for environmental damages](#).

In February 2010, the Ukrainian parliament declared [an environmental emergency in Kalush](#) as a result of chemical industries' activities that had changed local rock structure, leading to ground collapse and the resulting destruction of homes and communication lines. Also, water supplies became salinised. Ukraine is home to dozens of potentially larger future ecological disasters. In 2010, [the environmental ministry named two plants](#) with industrial waste ponds which, if breached, could cause a disaster: Mykolayiv Alumina Plant and Zaporizhya Aluminium Plant. A [report of a joint UN-EU mission of experts](#) in May 2010 called for immediate action to avert an environmental disaster in western Ukraine, where toxic materials from former mines could spread into the area and threaten the health of local communities.

In March 2010, over 1200 people protested in Uzbekistan against the expansion of the Tajik Aluminum Plant, [claiming the factory had damaged](#) local residents' health. In June 2010, thousands of residents in a Macedonian town supported a joint effort by local NGOs and the municipality [to sue the state for failing to prevent pollution from a lead and zinc smelter](#). The factory is accused of being the source of various health problems. In February 2011 in Bosnia and Herzegovina, [hundreds of people protested against allegedly dangerous levels of air pollution](#) from the local ArcelorMittal steel mill.

In Kazakhstan, it was reported in 2012 that for the previous 10 months Agip KCO had been [conducting hydro testing](#) at the gas processing plant "Bolashak" using drinking water, even though local residents were already experiencing a critical shortage of it. In addition, the company had been allegedly [dumping toxic water](#) in local lakes for five months and later began to dump the contaminated water in the Atyrau city's sewage system. Agip KCO is part of ENI and an agent company of North Caspian Operating Company (NCOC). Since this directly threatened the health and lives of Atyrau residents, the Resource Centre invited Eni and NCOC to respond. Both companies [responded](#).

There are widespread cases of pollution caused by mining operations in Armenia. In February 2012, experts from the Armenian Academy of Science stated that [mining has been disastrous](#) for the country in terms of public health and the environment. According to the Environmental Geochemistry Laboratory, 57 per cent of the population of Yerevan, Armenia's capital, lived in contaminated conditions due to ground pollution. In January 2011, the Armenian NGO EcoLur said that dumps by Kapan Combine and Zangezur Copper & Molybdenum Combine contained a ["huge variety of heavy metals and toxic elements"](#), which got into human beings through food and water in the town of

Kapan. EcoLur says the toxics can cause genetic mutations, and affect immune and reproductive systems and bone tissues. Public monitoring conducted by EcoLur showed there is high probability of [radiation risks on the sites of open-cast gold-polymetallic mines](#).

In April 2010, experts warned that the [Tchotchkan tailing dump of Akhtala Ore Processing Combine](#) in Armenia could become an irreversible disaster as the dump threatened to collapse at any moment. Environmentalists are also concerned that the development of Hrazdan iron-ore deposit, located near the town of Hrazdan, [may pollute the town with heavy density metals](#) and cause diseases among the local population. According to assessments of experts, the development of the deposit will result in pollution of drinking water.

In March 2012, the Armenian NGO EcoLur reported that Alaverdi Copper Smelting Company (owned by Vallex Company Group) was allegedly [operating without any filters](#) and emitting into the atmosphere sulphuric anhydride, heavy metals and compounds toxic for people. This occurred despite the fact that the firm had obtained filters for extracting sulphuric anhydride with funds from the European Bank for Reconstruction and Development. The Resource Centre invited Alaverdi Copper Smelting Company to respond. The company [responded](#).

In April 2012, Kazakh environmental NGOs raised concerns about impacts of operations of Tengizchevroil (joint venture of Chevron, ExxonMobil, KazMunayGas, LukArco) [on the environment and health of the local population](#) in Kazakhstan. They said that the Environmental Impact Assessment was 15 years old and the company was not conducting any studies on the health of Kulsary residents, even though the morbidity rate had increased 10 times over recent years. The Resource Centre invited Tengizchevroil to respond. The company [responded](#).

In 2013 in Kazakhstan, local people and NGOs [are petitioning the government](#) of Kazakhstan to stop construction of Kok-Jailau ski resort over environmental and health concerns. The Resource Centre invited six companies involved in the project to respond. Five companies [responded: Arup, CaspiEcology Environmental Services, Ecosign Mountain Resort Planners, Engineerisk, KPMG](#). One company did not respond: TOO «Горнолыжный курорт «Көкжайлау». Subsequently, in February 2013, Kazakh NGO Green Salvation sent us a rejoinder to the companies' responses. We sought responses from the companies to the rejoinder. The same five companies [responded and the same one company did not respond](#).

### **2.3. Concerns associated with projects funded by development banks**

NGOs have highlighted alleged human rights abuses associated with projects financed by intergovernmental development banks. One example is the Gazela Bridge Rehabilitation Project in Belgrade, Serbia, which received funding from the European Investment Bank (EIB) in 2007. The project involved the resettlement of 175 predominantly Roma families from underneath the bridge. The NGOs CEE Bankwatch and Centre for Ecology and Sustainable Development submitted [a complaint](#) to the EIB's redress mechanism, alleging the bank mishandled repeated requests for information and inadequately assessed the project's complex social impacts. The [EIB issued conclusions](#) in 2010 on the complaint, which acknowledged that the EIB's social standards had not been met and recommended actions to remedy this.

In October 2012, [CEE Bankwatch reported](#) that Roma families resettled to accommodate EIB (European Investment Bank)/EBRD (European Bank for Reconstruction and Development) funded Gazela and Sava bridges were living in metal containers in Serbia. The plight of the Roma in Belgrade was raised with Sir Suma Chakrabarti, the president of the EBRD, during a meeting with Serbian civil society held in September 2012. Mr. Chakrabarti reportedly expressed surprise that the situation was so grave and promised to assist the resettled families.

CEE Bankwatch Network's report ["Between a rock and a hard place. How local communities pay the cost of EBRD-financed gold mining projects"](#), published in November 2009, highlighted the harm caused to the environment and communities by three such projects. They are: the Kapan polymetallic mine in Armenia, operated by Deno Gold Mining (part of Dundee Precious Metals); Chelopech mine in Bulgaria, operated by Chelopech Mining (also owned by Dundee Precious Metals); and Centerra

Gold's Kumtor mine in Kyrgyzstan. The Resource Centre invited Dundee Precious Metals and Centerra Gold to respond to this report. Both companies [responded](#).

## 2.4. Discrimination

Among the most widespread cases of discrimination reported in Eastern Europe & Central Asia are gender and age discrimination in the workplace, and discrimination against Roma people. There have also been cases of sexual orientation discrimination reported in the region.

In 2010 in Ukraine, the Ukrainian Helsinki Human Rights Union estimated the [difference between men's and women's remuneration](#) for the same type of work to be 30 per cent. The NGO went on to state that job refusals, based on family status and age of a woman, are common practice. Specifically, single women, women with young children and women over 40 fall under the most discriminated category. Women reportedly face refusal to grant them maternity leave, child-care leave, or payment of benefits stipulated by the state; are restricted in their professional/career growth; and suffer sexual harassment.

In Bulgaria, the average salary of women was [15.7 per cent lower than that of men](#), according to a report published in March 2010 by the Confederation of Independent Bulgarian Unions.

In Russia, the company Kelly Services has conducted research on employment problems in February 2011. According to its survey, [53 per cent of Russians over 45 said they faced discrimination](#) when looking for a job. An August 2011 report said that on the recruitment website Superjob.ru, 54 per cent of the jobs advertised include [age as a criterion for potential candidates](#). At Rabota.ru, a project manager said that age preferences are listed in 75 per cent of job advertisements, and even if age is not specified, in most cases it is implied. In Ukraine, according to a study conducted by Kharkiv Institute of Social Research, age limit is indicated in 15% of job ads in newspapers and in 58% of job ads on the Internet. [The Kelly Global Workplace survey](#) found in 2011 that age discrimination is becoming more prevalent in Hungary with 55% of workers aged 45 or older being discriminated against on the basis of their age. The same survey reported that 45% of younger workers aged up to 24 believed they were victims of age discrimination.

In January 2012, a gay air steward for the Russian carrier Aeroflot was reportedly [forced to marry a woman](#) in order to keep his job after he tried to found a gay support network at the airline. The Resource Centre invited Aeroflot to respond; the company [responded](#).

In Poznan, Western Poland, restaurant owners and representatives of the Roma community held a meeting in February 2011 after claims that the [ethnic minority had been banned from bars and clubs](#) there. The main goal of the talks was for both sides to comprehend each other's position, said local government lawyer Patryk Pawełczak.

In Czech Republic, predatory lending to Roma people is a widespread problem, according to local NGO ["Zvule Prava"](#). In 2011, financial institutions such as ACM Money and Provident Financial reportedly provided loans to Roma people under abusive conditions. The loans carry an exorbitant interest rate that many Roma people cannot pay, impacting Roma families' livelihoods.

It is estimated that 6%–7% of the Hungarian population are Roma, whose employment rate significantly lags behind the non-Roma population. A complex set of factors lies behind the under-representation [of Roma population in the labour market](#), including a generally low level of education, regional segregation, effects of the economic transition, and discrimination by employers; many studies have highlighted the latter factor which remains a significant concern.

In April 2012, Human Rights Watch issued the 62-page report ["Second Class Citizens: Discrimination Against Roma, Jews, and Other National Minorities in Bosnia and Herzegovina"](#), highlighting discrimination against ethnic & national minorities in politics and government, but also discussing discrimination against Roma in accessing housing, education, healthcare, and employment. Although the government has established an employment program for Roma, very few Roma or employers have participated.

Amnesty International noted in a 2010 report [gender segregation in employment in Tajikistan](#), with the majority of the working female population (86%) working in the low-paid sectors, such as agriculture (75%), public health services, and education. Wages in these branches are approximately four to seven times lower than in other sectors such as industry, construction, and transportation.

## 2.5. Labour rights other than health & safety, discrimination

**Living wage & non-payment of wages:** In Russia, hundreds of workers employed by construction company Moskonversprom for the 2014 Winter Olympic Games in Sochi [did not receive salaries for months](#), with some complaining that they were going hungry after giving up their passports as collateral to get food at grocery stores. The company blamed its subcontractors for poor working conditions and delayed wages.

In February 2010, 150 workers from the Greek textile factory Bulfanko in Bulgaria went on [strike over four months of unpaid wages](#), complaining that their families were starving. In November 2010, workers at the Nayirit chemical plant in Armenia were [demanding four months back pay](#). In Uzbekistan, the privately-owned *Chastnaya Sobstvennost* newspaper [did not pay wages to its staff for several months](#). In March 2010, its journalists were paid their wages for October 2009 only. The newspaper's director and editor-in-chief refrained from public comments.

In February 2012, [Carlsberg reportedly sacked nine workers](#) at its Lithuanian brewery who were on strike calling for the right to collective bargaining and for safe working conditions. Carlsberg called in the police to investigate striking workers and allegedly sacked the nine workers as punishment, only to rehire them on temporary contracts. The Resource Centre invited Carlsberg to respond. The company [responded](#).

**Freedom of association:** In Kazakhstan in May 2011, oil workers at OzenMunayGaz, Karazhanbasmunay and Ersay Caspian Contractor (part of ENI) initiated a [strike demanding better pay and working conditions](#). During the strike some 900 workers were fired. The workers also called for allowing the creation and functioning of independent trade unions. Several months of industrial action ended in rioting; [at least 15 people were killed](#) in the unrest in the town of Zhanaozen and more than 100 injured. In May 2012, 37 defendants, mostly oil workers, were tried in connection with the riots. 13 defendants were given sentences of up to seven years; 16 others received conditional sentences and the remaining defendants were either given amnesties or acquitted. On 14 December 2012, Human Rights Foundation [sent a letter](#) to the president of Kazakhstan (on the occasion of the first anniversary of the killings) calling on him to investigate "credible allegations of torture" of oil workers sentenced after the Zhanaozen riots.

In 2011, the Confederation of Trade Unions of Azerbaijan (AHIK) [filed a lawsuit against McDonalds](#) over the dismissal of the chair of the Baku McDonalds restaurants' union. Since the beginning of 2009, local trade unions have been organised in four McDonalds restaurants in Azerbaijan. Subsequently all union members were reportedly called for individual conversations with management and allegedly forced to sign documents to leave their union. The Resource Centre invited McDonalds to respond in 2012, when we received the report on the alleged abuses. The company [responded](#).

**Child labour:** The Uzbek-German Forum for Human Rights has been monitoring child labour in the Uzbek cotton industry since 2009. According to its reports, forced child labour is endemic and widespread in Uzbekistan's cotton industry; between 1.5 and 2 million [schoolchildren between the ages 10-16 are forced by local authorities to pick cotton](#) every harvest season. In December 2010, the Uzbek NGO Ezgulik issued a report, documenting [severe flaws in the World Bank's social assessments](#) when it provided the second phase of a \$67.9 million loan to the Uzbek Government. According to Ezgulik, most disturbing was the Bank's conclusion that their social assessment did not reveal extensive use of child labour. "School kids are working in cotton fields in hazardous conditions...while the agro-project managers of the World Bank keep reporting success stories about the situation in the farming sector of Uzbekistan", concluded Ezgulik.

In September 2011, more than 60 of the world's better-known apparel companies and brands [signed a pledge to not source Uzbek cotton](#) harvested using forced child labour. "We are a major cotton



consumer and like many companies, we take a clear stand against child labour, regardless of country”, said Henrik Lampa from H&M.

Fashion firm IMG [cancelled the fashion show of Gulnara Karimova](#), the Uzbek leader’s daughter, scheduled for 15 September 2011 as part of New York Fashion Week, on the basis of human rights abuses in the country including state-sponsored child labour.

The [NGO Anti-Slavery International](#) said [new evidence obtained in 2012](#) proved that children were again forced to pick cotton during the last cotton harvest in Uzbekistan. Each child was given a daily quota. Those who failed to meet their targets, or who picked a low quality crop, were reportedly punished by beatings, detention or told that their grades would suffer. Children who ran away from the cotton fields, or who refused to work, were threatened with expulsion from school.

According to children’s rights organizations in Kazakhstan and Kyrgyzstan, child labour remains a serious problem in these two countries, mainly in tobacco fields, agriculture and the construction sector. The situation is aggravated by the fact that there are no statistics on the number of children involved in child labour or the number of labour migrants entering the countries accompanied by children.

According to the U.S. Department of Labor’s “2011 Findings on the Worst Forms of Child Labor”, [children in Moldova were involved in the worst forms of child labour](#), particularly in hazardous activities in agriculture (see p. 410). A 2009-2010 Moldovan National Child Labour Survey estimated that 109,000 children were engaged in dangerous child labour, mostly in family businesses and on farms. In Croatia children, particularly from the Roma community, reportedly [continued to be exploited in the worst forms of child labour](#), including in agriculture (see p. 218). Children in Kosovo were [primarily engaged in hazardous street work](#) in urban areas and hazardous activities in agriculture in rural areas (see p. 343).

## 2.6. Other concerns

In December 2011, the UN peacekeeping department temporarily suspended the contracts of two Russian air transportation firms, UTair Aviation and Nefteyugansk United Airline, both active in Sudan and Democratic Republic of the Congo. The suspension came after several [staff were charged with sexual abuse of local residents](#). The Resource Centre invited both companies to respond; both [responded](#), saying they had applied the required disciplinary measures to the employees accused of severe sexual misconduct and assisted the UN committee in investigating the incident.

In January 2012, the Russian state arms trader Rosoboronexport reportedly [signed a contract to sell the Syrian government 36 combat jets](#) capable of attacking ground targets. Human Rights Watch [urged governments and companies](#) around the world to stop signing contracts with arms suppliers such as Rosoboronexport that provide weapons to the Syrian Government despite continued attacks by the government on unarmed civilians. The Resource Centre invited Rosoboronexport to respond, but it did not do so.

In May 2012, human rights groups and journalists raised serious concerns about the human rights situation in Azerbaijan as it was preparing to host the Eurovision Song Contest. The concerns included [the alleged eviction of people to make way for a concert hall](#) for the event and reported attempts to ["silence dissent"](#) before the contest was held. Widespread and systematic abuses of human rights by the Government of Azerbaijan have been reported for years by Azerbaijani human rights advocates, Amnesty International, and Human Rights Watch. In a [briefing on Azerbaijan](#), Human Rights Watch detailed how journalists and human rights defenders were harassed and subjected to violence. We [invited seven companies](#), in light of their status as sponsors and partners of the Eurovision Song Contest or of country entrants, to respond to human rights concerns raised in relation to Azerbaijan and its hosting of Eurovision. [Five companies responded; the other two did not](#). BBC News reported that independent journalists were [secretly filmed in their hotel rooms in Azerbaijan](#) having sex in an attempt to blackmail them and stop them from criticising the government. The Resource Centre invited seven hotels to respond to concerns about human rights abuses in hotel rooms in Azerbaijan, and to say what they were doing to prevent such abuses taking place on their premises. All seven hotels [responded](#).

### 3. Positive developments

#### 3.1. Steps to protect environment and health

In March 2010, the Ministry of Environmental Protection in Ukraine praised the steel pipe and railway wheel maker Interpipe over [emissions reduction and water conservation](#). In 2009, the gross level of emissions was reportedly reduced by more than 50 per cent in comparison to 2008 and the amount of waste water was reduced by 53 per cent.

Also in Ukraine, Metinvest, a mining and metals group of companies, launched its "[Environment is Everybody's Business Program](#)" in 2011 as part of its social investment strategy. The programme includes raising awareness on climate change.

The Russian petrochemical company SIBUR initiated a [programme "Business for environment"](#). SIBUR is offering financial and administrative support to non-governmental environmental organizations developing relevant ideas and projects.

#### 3.2. Grievance mechanism and human rights policy

Given the widespread lack of access to remedy for victims of corporate abuses, it is significant that Russian firm Sakhalin Energy Investment Company has developed [a whistle blowing/grievance procedure](#). It reportedly provides an independent channel enabling employees, contractors, suppliers and their staff, joint venture partners and members of the community to raise any concerns if they believe the company's business practices are having a detrimental impact on the community, the environment or on their quality of life. A June 2011 report written on behalf of Professor John Ruggie, UN Special Representative on business & human rights, entitled "[Piloting Principles for Effective Company-Stakeholder Grievance Mechanisms: A Report of Lessons Learned](#)", noted that Sakhalin Energy was one of four companies in the world which conducted a pilot project to test the practical applicability of a set of principles for effective non-judicial grievance mechanisms.

Additionally, Sakhalin is the only company headquartered in Eastern Europe & Central Asia included in our [running list of companies with a human rights policy statement](#), in other words, the only company in that region that has adopted such a statement, as far as we are aware.

#### 3.3. Initiatives promoting health and education

In February 2012 Coca-Cola, in partnership with the Red Cross Society of Ukraine, [assisted thousands of people at risk from the extreme cold weather](#) which swept across Ukraine. The Coca-Cola Foundation provided 58,000 CHF (US\$63,526) in cash to support the work of the Ukraine Red Cross. Coca-Cola Beverages Ukraine arranged deliveries of more than 4000 litres of drinking water and juices to rescue sites, and to medical and social services centres.

In April 2010, the East Europe Foundation and telecommunications company Telenor Group in Ukraine provided 296,497 UAH (US\$37,531) to organizations in two regions of Ukraine to establish three [community centres for elderly citizens](#). The centres will provide social services and medical advice.

Also in Ukraine, before the 2010/11 school year, OJSC ArcelorMittal Kryviy Rih allocated UAH 5.9 million (US\$740,276) [to repair and renovate six city secondary schools](#) while in June 2010, the company spent UAH 3.5 million (US\$43,914) for repairs and renovations to city hospitals.

#### 3.4. Other initiatives

From April 2009 to September 2010 the Polish Confederation of Private Employers (Lewiatan), together with Solidarity Trade Union and the firm Deloitte, developed [tools to help companies understand and implement social responsibility strategies](#) within the framework of an EU-funded project. This included a methodological guide for planning, implementing and evaluating social responsibility activity.

In July 2011, the Ukrainian brewery company Slavutich (part of Carlsberg Group) established a [code of conduct for its suppliers](#). The code stipulates several compulsory requirements, including in areas such as labour and human rights, occupational health and safety, and the environment. The code obliges the company's partners to fully keep within all applicable laws and industry standards with respect to their employees' working conditions.

In December 2011, [Tengizchevroil funded a new water pumping station](#) in Kulsary, a city in Kazakhstan, as part of its voluntary social infrastructure programme Egilik. The station's daily production capacity is enough to supply the entire city's population with potable water. Since it started in 2009 until December 2011, \$45 million had been invested into this multi-year project.

#### 4. Legal, policy and regulatory developments

There were several important legal and policy developments over the past four years.

##### 4.1. Lawsuits

There are increasing numbers of lawsuits filed over alleged human rights abuses by companies in various countries of the region.

In Armenia, a number of lawsuits have been filed. In February 2011, the Ecological Security and Defense NGO filed [a lawsuit against the Ministry of Nature Protection](#). The group claimed the ministry stood idly by while the River Voghj, which flows through Kapan, was polluted with waste dumped directly into it by Deno Gold Mining, the Kajaran Copper Molybdenum Plant and Armenia Water and Sewage. Judge Arman Tovmasyan declared that the ministry must prove that it has taken concrete steps to rectify the problem.

In Armenia in May 2010, 13 former employees of Deno Gold Mining Company (part of Dundee Precious Metals) brought a court action [demanding outstanding salaries](#) for night shifts during 2005-2009. The Ministry of Employment and Social Issues noted that the outstanding amounts made up 6,742,000 AMD (US\$17,650). A local NGO managed to reach an amicable settlement with Deno Gold Mining, and the company paid outstanding salaries to almost all former employees, except those who had left the country.

In 2007, as a result of Deno Gold Mining's underground operations in its mine near the village of Shaumyan, Armenia, there were several landslides which endangered the lives and health of the villagers and damaged their properties. In 2009, the Armenian non-profit organization "For Ensuring Ecological Safety and Developing Democracy" filed a lawsuit in the local court on behalf of 28 villagers [demanding that the company prevent these risks](#) and pay compensation for damages. In February 2010, Deno Gold Mining offered to sign an amicable settlement and agreed to buy out the property of all residents living in the village at market prices so that the villagers could leave their homes and move to another area. As of February 2013, all villagers sold their houses to the company except for one woman who refuses to sell her property.

In Armenia in May 2010, [41 residents of the village of Artavaz filed a lawsuit](#) seeking to overturn a government decision that re-zoned 96 nearby hectares as being in the "prevailing public interest" to enable the construction of a water bottling plant, and allocated them to the company A&M Rare. Lawyers representing the villagers asserted that their clients' "right to property" had been violated, given that the "prevailing interest" in this case was not that of the public but rather the commercial interests of a corporation. The parcels of land in question are sources of "vital, life-sustaining interest for the villagers and rural economies", the plaintiffs asserted.

In Montenegro in March 2011, the non-profit organization [MANS brought a civil lawsuit](#) demanding that the telecommunications company m:tel stop giving police access to all forms of communication it provided. The Agency for Personal Data Protection ordered m:tel to cease giving personal data to the police, stating that the agreement violated the law and constitution. In November 2011, Podgorica's court annulled the agreement between the police and the company for violating the right to privacy.

In February 2012, the Cassation Court of Armenia [reaffirmed a verdict in favour of Kapan residents](#) in a lawsuit requesting Arm Water Sewage to perform their contractual obligations on discharging sewage and eliminating risks to people's health.

In October 2012, Dundee Precious Metals [won a key court battle](#) over a gold mining project in Bulgaria despite environmental concerns and fierce protests by local communities. The people from Krumovgrad and nearby villages are worried that the planned waste facility would be just one kilometre away from the town and the river, and could have an adverse impact on their health.

In 1995, Nadezhda Fadeyeva and other Russian citizens from the town of Cherepovets brought an [action in a local court against Severstal](#), Russia's largest iron-smelting company. They alleged that the level of air and noise pollution from Severstal's steel plant made the area in which they lived unsafe for habitation, and argued that they should be resettled to an environmentally-safe area. Since the issue was not resolved in local courts, Mrs Fadeyeva took the case to the European Court of Human Rights (ECHR). In 2005, the ECHR unanimously ruled for the plaintiff, finding that the Russian Government had failed to regulate the environmental pollution from the Severstal plant which affected the quality of life at the applicant's home. The Court ruled that the Russian Government had an obligation to take appropriate measures to remedy the plaintiff's situation; it suggested one possible solution was resettlement in an ecologically safe area. In February 2007, a memorandum prepared for the Committee of Ministers regarding Russia's execution of the court's judgment in this case noted that Russia had yet to provide all necessary information to show it had remedied the situation in Cherepovets. On 1 August 2011, the Russian organization Human Rights Centre "Memorial" sent a petition on behalf of the plaintiffs to the mayor of Cherepovets asking that the ECHR judgment be fully enforced and that the plaintiffs be resettled.

## 4.2. Laws & regulatory action

**Anti-discrimination laws:** In February 2010, Albania's Parliament [banned discrimination and harassment](#) based on sexual orientation and gender identity. The law covers employment, housing, provision of goods and services, education and access to public places. "It's a pretty strong law and covers both 'direct' and 'indirect' discrimination", said Tirana activist Mindy Michaels from the Alliance against Discrimination of LGBT.

Effective since April 2011, an [amendment to the Slovakian Labour Code](#) brings the list of grounds related to employment for which a person or group is protected in line with the Anti-Discrimination Act. The Labour Code now contains an explicit reference to sexual orientation as a prohibited ground of discrimination.

**Freedom of association:** In June 2012, the International Labour Organization (ILO) [recommended to the Polish Government that](#) their laws concerning employees' freedom of association should be changed. It requested that the government take necessary measures to ensure that all workers, without any distinction, enjoy the right to establish and join trade unions. The ILO's recommendations came after it had investigated a complaint submitted by the Polish independent self-governing trade union, alleging that Polish legislation restricted the rights of certain categories of workers to establish and join trade unions and did not effectively protect against acts of anti-union discrimination.

**Cyanide:** In January 2010, the Hungarian parliament [banned all metal processing using cyanide](#). Hungary is the first EU member state to have taken this step. The "Cyanide-Free Hungary!" coalition, which campaigned for the ban, consisted of over 50 Hungarian NGOs, and 13 NGOs from other EU countries including Romania and Bulgaria.

In April 2010, the Supreme Administrative Court of Bulgaria [cancelled the environmental permit for Dundee Precious Metals](#) that would have seen the firm introduce controversial cyanide technology for extracting gold at its Chelopech mine. The local branch of the NGO CEE Bankwatch said: "Dundee Precious Metals may not like this verdict from the court, but it does present them and other gold mining companies with the opportunity to now investigate and invest in technologies which are safer, environmentally sound and with far fewer serious risks to the public..."

However, CEE Bankwatch also [criticised the European Commission's rejection of a resolution](#) to ban cyanide use in mining activities across Europe, citing closed-door communications between the Commission and the mining industry as a likely cause of this decision.

**Mining regulation:** In Armenia, civil society organizations say that a [Bill on Minerals](#) adopted in November 2011 prioritises the rights of mining companies over the environment. In particular, it does not require companies to pay for damage caused to the environment by dumping waste and unconditioned minerals.

**Internet filtering:** In January 2012, [a new law came into force in Belarus](#) that allows the authorities to prosecute internet cafes if their users visit any foreign sites without being "monitored" by the owner. All commercial activity conducted online by businesses registered in Belarus is now illegal unless conducted via a ".by" (Belarusian) domain name.

In July 2012, [Russia's parliament passed a controversial bill](#) allowing the government to block "blacklisted" websites, which critics warn could ultimately be used to crack down on dissent. The bill calls for the creation of a federal website "nolist". Internet providers and site owners would be forced to shut down any websites on this list.

## 5. The international business & human rights framework

On 16 June 2011, the [United Nations Human Rights Council endorsed a new set of Guiding Principles on Business and Human Rights](#) designed to "provide – for the first time – a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity". The [Guiding Principles](#) are the product of six years of research led by the UN Special Representative on business and human rights, Professor John Ruggie, involving consultations, site visits and feedback from governments, companies, business associations, civil society, affected individuals and others around the world. The process included a consultation in Moscow in March 2010. Russia was one of the core sponsors of the UN Human Rights Council resolution endorsing the Guiding Principles.

Back in 2005, Russia was one of the governments that co-sponsored the resolution of the UN Human Rights Council authorising John Ruggie's mandate, along with Argentina, India, Nigeria and Norway.

In May 2011, the CEO of the Russian company Sakhalin Energy submitted [a letter](#) to John Ruggie saying: "I would like to commend your achievements in clarifying the corporate responsibility to respect human rights in particular, and providing a really practical guide for companies such as ours in their efforts to meet this responsibility...Sakhalin Energy is committed to incorporating them [the Guiding Principles] into its own operations as part of our commitment to respect human rights."

The UN Human Rights Council resolution adopted in 2011 also established a [UN Working Group on the issue of human rights and transnational corporations and other business enterprises](#) with a three-year mandate. Among its roles is "to promote the effective and comprehensive dissemination and implementation of the Guiding Principles". A member of the Working Group from this region is Pavel Sulyandziga of Russia, a Russian indigenous rights activist of Udege nationality. In April 2012, the UN Working Group released its [first report](#) to the Human Rights Council.

The first annual [United Nations Forum on Business and Human Rights](#) was held 3-5 December in Geneva. The main focus of the Forum was to discuss trends and challenges in the implementation of the UN Guiding Principles. At one of the Forum's sessions, that Business & Human Rights Resource Centre and SOMO helped to organise, civil society groups discussed challenges they face in advancing the Guiding Principles and identified opportunities for affected stakeholders – this session included interventions by [Sergey Solianik \(starts at 24:40 on the video\)](#), member of the Kazakh NGO Crude Accountability, and [Pavel Sulyandziga \(starts at 43:47 on the video\)](#). Andrei Galaev, Chief Executive Officer of Sakhalin Energy Investment Company, made [a keynote statement](#) at the opening session of the Forum (starts at 81:12 on the video).

Other relevant comments & materials by or about Working Group member Pavel Sulyandziga:

- ["How to make business respect human rights?"](#) (audio), 27 Nov 2012 (with a link to the original Russian audio)

- [Pavel Sulyandziga's profile](#) on the website of Office of the High Commissioner for Human Rights
- [Profile of Pavel Sulyandziga](#) by Russian Association of Indigenous Peoples of the North, Siberia and the Far East (in Russian)
- ["Human Rights groups and States concerned over Russian suspension of RAIPON"](#), 26 Nov 2012, Huntington News.net. Refers to RAIPON's first vice-president, Pavel Sulyandziga, and his actions to fight against the decision by Russia

## 6. Looking ahead

### 6.1. Issues

In Armenia, environmentalists are concerned by the continuing implementation of new mining projects, some of which may lead to [ecological disasters](#). According to Armenian State Statistical Service, the gross volume of mining products exported from Armenia in 2011 [increased by 55 per cent](#) compared with the same time period for 2010. There are likely to be new cases of harm to health caused by the extractive industries in Armenia over the coming years.

In Kazakhstan and Kyrgyzstan, [the oil industry is expanding rapidly](#). Increasing concerns over its impacts on the environment and human health, as well as potential labour rights abuses, will likely be raised. There are [reports](#) of health and safety problems in large oil companies in Kazakhstan.

Given the announcement in October 2011 that [Turkmenistan holds the world's second largest gas field](#) and the fact that the gas industry is also expanding very quickly in the country, we are likely to see in that country cases of negative impacts on the environment & health.

In Uzbekistan, despite the constant pressure from international civil society, the issue of forced child labour in the cotton industry has not been resolved and remains an issue for international scrutiny. The government does not seem to respond positively to pressure from outside to stop child labour, demand for Uzbek cotton is very high, and the amount of cotton sold by Uzbekistan keeps growing each year.

Even though the region remains challenging for the business & human rights agenda, we are beginning to see some positive trends. Those include an increasing number of company responses to reports raising concerns about their operations; a growing number of countries in the region introducing positive changes to laws in the area of business & human rights; and the potential of the UN Guiding Principles to help raise awareness among business and others under the positive influence of companies like Sakhalin Energy.

### 6.2. The Resource Centre's plans for the region

Business & Human Rights Resource Centre will continue to deepen its coverage of the issues discussed in this briefing. We will continue to bring the concerns of local advocates to an international audience, ask companies to respond to allegations against them, and provide examples of positive initiatives by companies.

Furthermore, to increase the number of people who can access relevant materials about the region, the Resource Centre will provide more [summary translations from Russian to English](#) of key reports and articles. It will also increase its provision of Russian translations of key English documents, including materials on how to implement the UN Guiding Principles. We have translated a number of tools about the Guiding Principles into Russian; these are available on our [UN Guiding Principles Portal](#).

In the coming years, funding permitting, we hope to conduct further research missions in Eastern Europe, including to Armenia, Hungary and Slovakia. In Hungary and Slovakia, we will likely focus on discrimination against Roma people, workplace health & safety, and companies' environmental impacts affecting human health. In Armenia, we will focus on environmental pollution by companies affecting people's health, workplace health & safety, and labour rights issues.

The purpose of these missions is to find out what local civil society organizations' most serious concerns are about companies' human rights impacts, so that we can bring them to international attention. As well as building contacts with victims, community groups and NGOs through direct meetings, we also meet with local companies to inform them about our site and the resources we offer, let them know that we will invite them to respond to specific human rights concerns, and ask them to send materials about positive steps they are taking.

Our [Corporate Legal Accountability Portal](#) will profile more lawsuits relating to corporate abuses in Eastern Europe & Central Asia. One such lawsuit profile is already in preparation and we will post it on the portal soon: the lawsuit against Deno Gold Mining in Armenia over water pollution (see description in section 3.1. above). Our other thematic projects will also feature new cases from and about the region:

- [Business, Conflict & Peace](#) (which includes a section on Bosnia & Herzegovina)
- [Business & Children](#)
- [UN Guiding Principles](#) and [UN Working Group on business & human rights](#)
- [Business & Freedom of Association](#)

## 7. Follow our work on Eastern Europe & Central Asia

You can follow our coverage by region and country here:

<http://www.business-humanrights.org/Categories/RegionsCountries/EuropeCentralAsia>

If you would like to receive our free Weekly Updates, the sign-up form is accessible here:

[http://www.business-humanrights.org/weekly\\_update\\_signup](http://www.business-humanrights.org/weekly_update_signup)

Please do not hesitate to get in touch with any questions or suggestions of material for our website: Eastern Europe & Central Asia Researcher Ella Skybenko: [skybenko@business-humanrights.org](mailto:skybenko@business-humanrights.org)

[Click here to donate today](#)

Please consider donating to Business & Human Rights Resource Centre, to enable us to continue our work in Eastern Europe & Central Asia and internationally, and to offer our information to a global audience without any charge. As we do not accept donations from companies or company foundations, in order to prevent any possible perception of a conflict of interest, donations from individuals and foundations are essential for our work to continue.

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