

Construction of the Polar Index of the Arctic Regions and the Rating of Companies Operating in the Arctic Zone of Russia



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ЭКОНОМИЧЕСКИЙ ФАКУЛЬТЕТ
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Sustainable development of Arctic

"Polar Index" is the joint venture set up by the Expert Center "PORA" and the Faculty of Economics of Lomonosov Moscow State University

The main goal of the project is an expansion of the Sustainable Development (SD) principles on Russian Arctic area

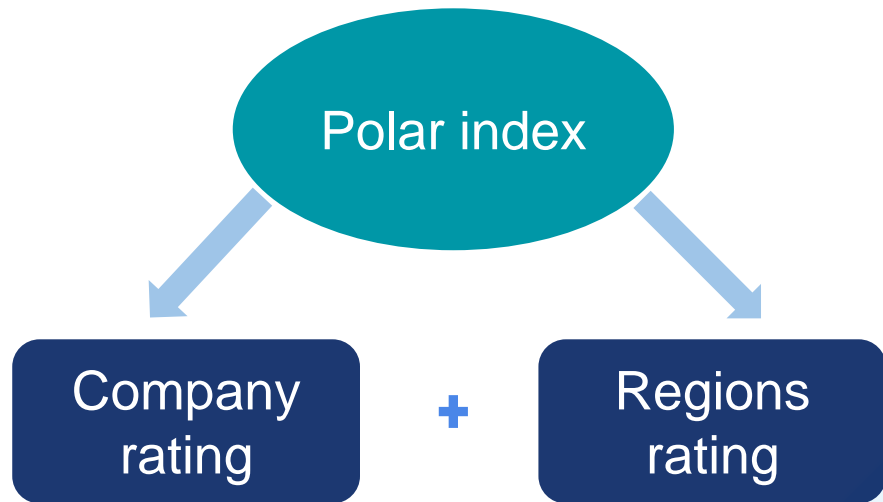


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Sustainable development: two ratings

There are two interconnected though independent ratings deal with sustainable development: Russian Arctic regions and companies operating on the territory of Arctic zone.



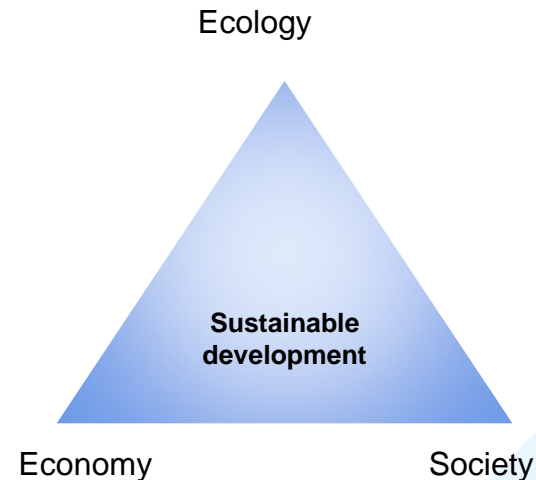


Sustainable development of Arctic

"PORA" Expert Center

- ❑ Established in 2017 to promote the development projects in Russian Arctic area;
- ❑ Promotion of the sustainable development ideas in the region;
- ❑ Urges all business and companies, working in Arctic region, to follow the SD principles.

We created a sustainable development rating - the "**Polar Index**", which reflects a comprehensive approach to assessing the Arctic development efforts. Our approach is based on the sustainable development assessment as a set of three key dimensions: social, economic and environmental.





Declaration on the Protection of the Environment and Sustainable Development in the Arctic (1996), as well as The United Nations Agenda for Sustainable Development Goals until 2030

- ❑ The progressive, inclusive and sustained economic growth is essential for prosperity;
- ❑ We acknowledge that socio-economic development rely on the rational use of the planet natural resources.

1. The economic growth is impossible without rational environmental management;



2. The economic development cannot be considered without ecological development;



3. Ecology is not just a thing-in-itself, it is interdependent with economy and society interests.





Rating examples

- ❑ The first rating of Russian mining companies environmental responsibility, initiated by WWF;
- ❑ The rating of environmental responsibility for oil and gas companies in Russia, also developed by WWF;
- ❑ Rating "Environmental initiatives of Russian companies in the media. FEC and metallurgy", created by the "Live Planet" TV channel.



The rating focuses on all aspects of sustainable development of the Arctic. It considers the interaction of society, nature, and industrial activities of humans as a whole.



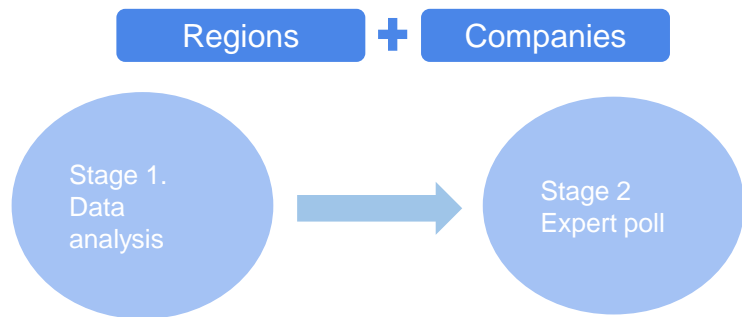
3-level model of Arctic sustainable development:

- internal triangle - the stability of companies operating in the Arctic as a balance between three groups: economic, environmental and social;
- external triangle boundaries – characteristics that reflect the regions sustainable development (ecological-economic, socio-economic and socio-ecological);
- external triangle - the balance between government, business and society as a key factor of sustainable development.

Polar index methodology

- ❑ Rating presents the areas of the Russian Federation, located in the Arctic zone and companies operating there;
- ❑ Two-stage procedure of rating

- ❑ The first stage: the Faculty of Economics project team investigate the open sources data in order to collect quantitative data on the areas of sustainable development identified in the rating methodology;
- ❑ The second stage: federal and regional experts make judgments as the qualitative part of the rating. It is a scaling from "1" to "10".
- ❑ The results are summarized and the total index of the company and the region is calculated, as well as their final place in the rating.





- ❑ The first rating of Russian regions and companies on criteria that reflect the three key dimensions of sustainable development (social, economic and environmental);
- ❑ The first Russian rating of sustainable development, taking into account the anthropocentric approach;
- ❑ The relevance of the rating in assessing social stability as a harmonious ties between society, government, and business;
- ❑ One of the rating key goals is increasing the investment attractiveness of the Russian Arctic.



Polar index of Arctic companies

“Polar index. Version 1.0”

Published 5 June 2018

The first specialized sustainable development rating of the companies operating in Russian Arctic

№	Компания	Полярный индекс
1	ПАО «Лукойл»	0,909
2	ПАО «СИБУР Холдинг»	0,901
3	ПАО «ГМК «НОРИЛЬСКИЙ НИКЕЛЬ»	0,856
4	ПАО «Роснефть»	0,839
5	ПАО «АК «Алроса»	0,826
6	ПАО «Северсталь»	0,812
7	«Росатом»	0,810
8	ПАО «Транснефть»	0,807



«**Polar index. Regions**» 2.0 –
The second rating within the program.

The Russian Arctic at the macro level and
its sustainability are assessed.

The study object is the regions that are fully
or partially located in the Russian
Federation Arctic zone

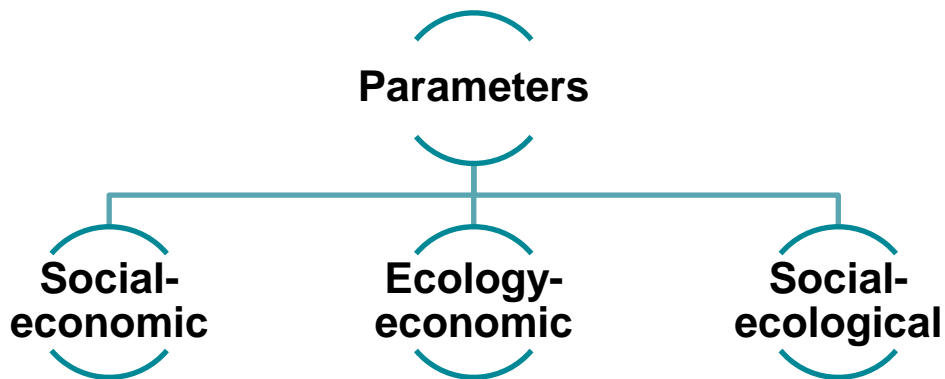


Methodology for calculating the rating

First stage: the index of sustainable development of regions is calculated.

Three groups of characteristics are considered

Second Stage: Expert poll in the questionnaire form





The results of rating calculation

№	Регион	Полярный индекс
1	Мурманская область	0,673
2	Республика Саха (Якутия)	0,670
3	Архангельская область	0,631
4	Ямало-Ненецкий автономный округ	0,628
5	Красноярский край	0,620
6	Чукотский автономный округ	0,604
7	Республика Карелия	0,602
8	Ненецкий автономный округ	0,595
9	Республика Коми	0,590
10	Земли и острова, расположенные в Северном Ледовитом океане	0,490



People's polar index

The next stage is the presentation of index based on a sociological survey of Russian Arctic inhabitants and forming "People's polar index".



The importance of the rating:

Unification the Russian Arctic zone into one single administrative contour is highly desirable.

Establishment of Russian Arctic macro region might become a good opportunity.

An ideological basis for macro region is the principles of sustainable development, implying the economic balance observance, as well as social, and environmental components.





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Information about the compilers of the rating



"PORA" Expert Center is a Russian platform for communication of state, public, and commercial organizations interested in sustainable development of Arctic. The "PORA" Expert Center was established to draw attention to the social, economic, and environmental aspects of human life in the Russian North.



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Department of Environmental Economics, Faculty of Economics, Lomonosov Moscow State University is a leading Russian center for studying problems of environmental protection and rational use of natural resources at the global, regional and corporate levels.

THANK YOU FOR YOUR ATTENTION!

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