



Trans European Policy Studies Association

TEPSA BRIEFS

MARCH 2022

Corporate Social Responsibility in the Arctic

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Abstract

External interests in the Arctic region have grown significantly during the past decade(s), due to climate change and the richness of natural resources and new shipping routes that are becoming accessible. This creates opportunities and challenges for societies and businesses in a region comprising of subsistence, mixed and market economies. To ensure responsible business conducts in the region a new CSR Arctic strategy has been proposed of which the main aspects are explained in this Brief.

Introduction

In the Arctic, environmental and ecological transformations of great magnitude are taking place. They are to a large extent driven by economic activities, mostly taking place outside the Arctic, but which have vast economic, socio-political and cultural consequences. These impact the health and wellbeing of Arctic residents and the livelihoods of Indigenous peoples. Such changes require mitigation, adaptation

policies, as well as actions to ensure the resilience and thriving of human and non-human Arctic systems¹.

Fundamental characteristics of the Arctic economy and business operations are the interconnection of systems and the interaction with Indigenous peoples, which offers a unique context involving nature, climate change, technology, markets and new ways of doing business associated with Arctic values, culture, and traditions. This conveys a message about the highest level of responsibility new to the discussion on Corporate Social Responsibility (CSR), essential for business conduct in the region, as well as the idea of Arctic Citizenship clarified in this Brief².

The new CSR strategy in the Arctic

The new CSR strategy relevant for sustainable business conduct in the Arctic region highlights some new aspects, including:

- 1. Systemic level:** Risks and interconnectedness of systems need to be assessed and reassessed on nano, micro, meso, macro and cosmic levels, where the nano level means risk to individuals and families, while cosmic level risk considers

¹ Arruda, G. M. & Johannsdottir, L. (2021), *Corporate Social Responsibility in the Arctic - The New Frontiers of Business, Management, and Enterprise*, London and New York: Routledge.

² *Ibid*; Arruda, G. M. (2019), *Sustainable Energy Education in the Arctic. The Role of Higher Education*, London: Routledge.

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existential risks to ecosystems, people, and communities³.

2. **Multi-cultural level:** Responsible business practices involve not only respect for human rights, labour regulation and environmental standards, but a deep understanding and respect of multicultural differences and perspectives on development.
3. **Multi-stakeholder adaptation:** A complex period of change is ongoing, not only involving physical and geographical adaptation but more in-depth processes of multicultural encountering and co-creation of sustainable futures. This very delicate balance requires mutual learning and multicultural understanding of business practices, purposes, impacts and benefits, for both businesses and Indigenous communities of the Arctic.
4. **New stakeholder dimensions:** Stakeholders in the new dimension should include elders, infants, youth, future generations, non-human participants and the natural environment.
5. **Community cohesion:** The CSR and sustainability debates in the Arctic require exploring challenges and adaptation mechanisms through multiple knowledge systems⁴⁵, for instance by involving students and scholars in inclusive democratic debates based on their experiences and perspectives. Active social participation in the local climate and sustainability debates depends on efficient sustainability communication and literacy initiatives.
6. **Arctic citizenship.** The impact of business and entrepreneurship in the Arctic in different industries may generate a wave

of innovation in technology, international politics and governance, which will redefine the regional identity - or the Arctic Citizenship⁶. This concept redefines the Arctic regional identity and the citizen's capabilities to become global citizens.

7. **Clusters of technology:** There are important clusters of innovation in the Arctic. This means a number of organisations share similar aims, characteristics, goals and activities, as well as a sense of geographical belonging. This sense of belonging, collaboration, and specialisation allow these companies to develop efficient solutions for problems, based on their efficient local networks, unique natural capital, technical infrastructure and knowledge base.

Solutions in complex environmental context

Complex and interlinked environmental challenges can trigger a chain of additional impacts on social and economic systems, both locally and globally, because economic growth and enhanced societal well-being depend on ecological factors. These challenges are the signal of emergent challenging environmental contexts in need of prompt coordinated action, which puts concepts and models into practice to sustain a resilient, diversified and durable economy. At a time when science points out that a point of no return was reached, resilience strategies are being designed and implemented towards solutioning complex environmental contexts in the short, medium and long term⁷.

³ Johannsdottir, L. & Cook, D. (2019), "[Systemic risk of maritime-related oil spills viewed from an Arctic and insurance perspective](#)", *Ocean and Coastal Management*, 179 (104853), pp. 1-17; Thurm, R. et al. (2018), *Blueprint 5. A Step-By-Step Approach to Organizational Thrivability and System Value Creation*, Berlin: Reporting 3.0.

⁴ Arruda, G. M. (2018), *Renewable Energy for the Arctic: New Perspectives*, London: Routledge.

⁵ Bitz, C. et al. (2016), "Post-Season Report". The US Arctic Research Committee, Washington D.C., US. Available at: <https://www.arcus.org/sign/sea-ice-outlook/2016/post-season>.

⁶ Arruda, G. M. (2015), "[Arctic governance regime: The last frontier for hydrocarbons exploitation](#)", *International Journal of Law and Management*, 57(5), pp. 498-521, p. 500; Arruda, G. M. (2019), *op cit*.

⁷ Arruda, G. M. & Johannsdottir, L. (2021), *op cit*.

In previous decades, environmental issues were treated in silos without considering their economic and social impacts. Currently, with the development of interdisciplinary studies, environmental sciences and social sciences are developing as dimensions of the same phenomena; common understanding has emerged about the intrinsic relationship between environment and society. Solutions for the environment are also solutions for people, their livelihoods and well-being.

These are times when transformational change is needed at a systemic level and the technological leadership of the Arctic clusters of innovation is fundamental to put into practice components of responsible research and new business models based on green transition, circular economy, smart specialisation, blue and bioeconomy. These are concepts, models and practices that emphasise an integrated understanding about the functions of environmental assets, ecosystems services, and socio-environmental systems from the viewpoint of present and future use, management, and resilience.

These systemic models of multi-stakeholder collaboration, which are based on knowledge and resource sharing, create circular and self-sustainable local solutions. It follows the re-evaluation of local value chains and the replacement of unsustainable fossil-based resources, upgrading side-streams and waste systems to achieve zero-waste, zero-emissions, and the core values of sustainable development.

Among the criteria of a sustainable bioeconomy, the replacement of petroleum-based products, additives, energy and applications can mean a real step forward in promoting a sustainable economy based on 100 % natural raw materials (plant-based raw

materials) and renewable energy that represents a sustainable option and higher-performance substitutes for petrochemical-based production, as well as the potential of opening new market niches and green job opportunities.

The EU and CSR in the Arctic

The European Union (EU) aims for a stronger engagement for “peaceful, sustainable and prosperous Arctic” that is considered of strategic importance⁸. The EU recognises both the geopolitical, environmental, economic, security and social challenges, and the opportunities in the region, many of which have to do with business conducts, sustainable approaches, collaboration and green transition benefiting the Arctic peoples. It is even claimed that the “EU has a significant impact on the Arctic through its environmental footprint and demand for resources and products”⁹. The main aspects of the EU’s Arctic engagement targets are therefore to contribute to¹⁰:

- Develop through international cooperation a peaceful and constructive dialogue;
- Tackle the ecological, social, economic and political impact of climate change and environmental degradation;
- Promote a comprehensive, inclusive and sustainable development of the Arctic regions.

The European Green Deal is also relevant for the Arctic region as it aims to transform the EU into a modern, resource-efficient and competitive economy, ensuring¹¹:

- No net emissions of greenhouse gases by 2050;
- Economic growth decoupled from resource use;

⁸ European Commission (2021), [A stronger EU engagement for a greener, peaceful and prosperous Arctic](#), Joint Communication to The European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, JOIN(2021) 27 final (accessed 2 February 2022).

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ European Commission (n.d.), [A European Green Deal - Striving to be the first climate-neutral continent](#) (accessed February 2 2022).

- No person and no place left behind.

Conclusion

The EU advocates for a balanced combination of Arctic industrial specialisation allied to science-informed decision-making with respect to Traditional Knowledge to reduce risks, enable adaptation of local communities, and promote sustainable development according to the parameters established by the Sustainable Development Goals (SDGs) and the Agenda 2030. Joint efforts of extending information analysis and communication, research leadership, ecological innovation, youth employment, and knowledge sharing among collaborators contribute, in practice, to the efficient implementation of regional and international frameworks. In addition, these efforts enable the efficient incorporation of CSR into the activities of companies operating in the Arctic region.

In the Arctic of the 21st century, the 17 SDGs have become an integral part of transdisciplinary polar education and research applied to business and management. In its integrated EU policy for the Arctic, the European Commission emphasised that EU's actions should contribute to implementing the Agenda 2030 and be in line with the SDGs. The latter should be regarded as one of the most important aspects guiding the future of polar regions, polar projects and CSR strategies. The SDGs cannot be implemented independently from each other as they are intertwined and multidimensional concepts, cutting across the 2030 Agenda. As a result, coherence is essential to achieve the SDGs, which represent the criteria for new governance mechanisms and forming the global citizens of the 21st century.

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Co-funded by
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