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RAPID ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMS OF THE LARGEST ARCTIC COMPANIES

Abstract. *The paper presents an express assessment of mining companies` corporate social responsibility programs (CRS) who are operating in the Arctic region of the Russian Federation. The research object is mainly chosen due to the following factors: 1) large public companies are interested in the development of CSR programs; 2) in order to create a favorable impression about their activities among stakeholders (investors, local population, media), these large companies place reports about social responsibility and sustainable development in open access; 3) the Arctic region which is characterized by unfavorable climatic conditions, remoteness from the Central region of Russia, requires employers to increase social responsibility to employees and society. Based on the methodology of rapid assessment of CSR programs, the analysis of the activities of seven companies of the mineral complex on 12 parameters for years 2015-2016 was performed. As a result of the evaluation, EuroChem was awarded the highest score in CSR programs (17 points) and PJSC Norilsk Nickel had the lowest points (-5). It should be noted that this method of rapid assessment of companies is based not on absolute indicators but on their relative change in time: 2017 compared to 2016. The disadvantage of this study is also the inability to separate the CSR programs of companies into parts that are distributed in the Arctic region and parts that are used throughout the country. Further research involves the study of other methods of evaluation of companies ' CSR programs, their application for the evaluation of companies of the Arctic mineral complex as well as the development of recommendations for their improvement.*

Keywords: *Arctic, corporate social responsibility, mining companies.*

Attraction of qualified labor resources in the Arctic region is a task of national importance. And it is not only about the relocation of specialists from other regions but also about the retention of personnel already living

in the North. The conditions under which specialists are ready to come to work in the Arctic or stay there should be provided by several participants: companies-employers, federal and regional authorities, local authorities. In relation to employers, there are already statutory obligations: reduced duration of working time, travel expenses to the place of vacation, longer vacation. However, in addition to legal acts the largest enterprises should establish their programs for improving the lives of employees and the local population – corporate social responsibility (CSR) programs [1, 2].

The largest taxpayers in the Northern regions are usually energy and mining companies which were among the first to use social codes, social responsibility, social reporting and social audit. This was due both to the need to enter the world market and gain a certain image there and the fact that they were often forced to replace the state or closely cooperate with it in social terms in those territories where they operated. Therefore, the biggest mining and energy companies of the Arctic were chosen as the object of research.

CSR is determined by minimizing the negative impact on society and accordingly the rules and regulations governing the interaction of companies with society. In the case of the Arctic, this means that companies need to take action within the framework of CSR to ensure the well-being of the local population, wildlife and the environment while maintaining the quality of the natural environment in the region. An example of CSR need is indigenous life in the Arctic, generally based on traditional economies and heavily dependent on the quality of the natural environment [3, 4].

Promotion of the implementation and development of corporate social responsibility is one of the most important attributes of the influence of external factors on the company's activities. CSR currently have a high degree of significance for Arctic issues.

Today, an important role in promoting CSR belongs to the institutions of power. Nevertheless, the level of state motivation and stimulation of CSR In Russia has been and remains extremely low.

For a general description of the companies` responsibility degree the so-called *rapid assessment* is applied. The growth rate is calculated for 12 indicators taken from non-financial reports of the companies. Percent of increase (decrease) of each indicator is evaluated and corresponding number of points is giving (table 1).

Table 1
Scale assigning scores of the indicators of CSR

Percent of increase (decrease)	1-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-...
Score	1(-1)	2(-2)	3(-3)	4(-4)	5(-5)	6(-6)	7(-7)	8(-8)	9(-9)	10(-10)

In the absence of positive or negative dynamics as well as the value of growth less than 1% the company is assigned a value of 0 points. The calculation of the total amount of points was as follows: $R = (X1+X2+X5+X6+X7+X11+X12) - (X3+X4+X8+X9+X10)$ where R - the total amount of points, X_n - the number of points accrued, n - the index number.

Negative values of the total points illustrate the reduction of the company's socially oriented practice and can be a signal for additional control at the compliance level. Positive values characterize the desire of the company to maintain and strengthen the status of social responsibility. If the result is more than 12 points ($R > 12$) it means that company tends to achieve a leading position in this area.

On the basis of the presented method of *CSR rapid assessment* the final points were calculated for the largest mining companies operating in the Arctic: PJSC Gazprom Neft (GPN), BP, PJSC Norilsk Nickel (NN), Polymetal (PM), EuroChem (ECh), PJSC NOVATEK (NT), PJSC Rosneft (RN).

The indicators of 2016 and the final estimates are presented in table 2:

Table 2
Results of rapid assessment of CSR programs of mining companies

Index	GPN	BP	NN	PM	ECh	NT	RN
1. Average monthly ZP (thousand rubles /person)	100,2	87	51,2	56,2	67,2	64,9	93,7
2. Level of collective agreement (in %)	69	75	85	78	91	85	70
3. Staff turnover (%)	16,2	16	15,7	10,1	3,6	7,8	10,9
4. Occupational injury frequency rate	0,52	0,21	0,6	0,59	1,08	1,02	0,54
5. Number of training hours per 1 employee (hours)	67	-	-	63	52	-	-
6. Growth of expenses for local communities support (RUB mln)	4543	3350	3657	2695	4780	4289	4264
7. The ratio of spending	0,04	0,035	0,03	0,05	0,02	0,02	0,03

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Index	GPN	BP	NN	PM	ECh	NT	RN
to support local communities to net income			8				
8. Energy consumption per unit products /activities (energy intensity)	115,4	-	110,4	-	118,4	109,3	-
9. Water consumption per unit of production / activity	7,5	-		-	,58	2	-
10. Mass of generated waste per unit of production /activity (million tonnes)	689,1	200,2	497	421	100,5	208,5	209
11. Security costs and investments in environment (RUB million)	15750	1752	1775	623	834,4	738,1	12534
12. Ratio of expenses and investments in environmental protection to net profit	0,0	0,02	0,03	0,019	0,02	0,022	0,06
SCORE	7	14	-5	8	17	6	11

According to the results of the evaluation, EuroChem is the most socially responsible company out of all the analyzed companies operating in the Arctic (17 points). This may be due to the highest level of spending on support of local communities (4780 mln rub in 2016). The least socially responsible company, according to the results of the analysis, was the company Norilsk Nickel (-5). This low figure may be the result of a large amount of waste generated per unit of production (497.09 million tons) as well as result of a high level of staff turnover (15.7 %). The second place in the degree of social responsibility after EuroChem is taken by BP (14 points) which is due to the lowest level of occupational injuries (0.21). In third place is Rosneft (11 points) whose high social responsibility is determined by the large volume of expenses and investments in environmental protection (12534 million rubles) and high average monthly wages of employees (93.7 thousand rubles). In fourth place is Polymetal (8 points) which is due to low staff turnover (10.1%) and a large number of hours for training (63 hours). The fifth place belongs to Gazprom Neft (7 points). Its level of responsibility is due to the maximum volume of expenditures and investments for environmental protection (15750 million tons). The sixth place is held by NOVATEK (6 points), which is highly responsible for a small amount of waste generated per unit of production (208.5 million tons).

It should be noted that the method of rapid assessment presented in the paper takes into account only the dynamics of CSR indicators of companies but not their absolute values in comparison with each other. Thus, comparing Gazprom Neft and BP, it can be seen that in absolute terms most of the values of Gazprom Neft exceed BP but the dynamics of these indicators are lower in time which led to the low final indicator.

It is also worth emphasizing that the companies selected for comparative analysis are not only operating in the Arctic but their CSR reports are written for the whole company not for the Northern division. Thus, some of the items may not be implemented or not fully implemented directly in the Arctic but they were included in the report. The need for separate accounting of indicators relating to the Arctic territories has been repeatedly voiced during various discussions, including by representatives of the state Commission on the Arctic.

In addition to that, companies do not have a statutory obligation to provide a report on CSR there is also a certain form. Existing CSR documents and regulations are advisory. Therefore, some indicators are not provided by the company and their assessment is not possible [5-7].

According to the results of the study, it can be concluded that EuroChem has the highest indicator of rapid assessment and Norilsk Nickel has the lowest but this assessment reflects only the dynamic performance of the company therefore can not be considered objective.

This study is the first step to compare different methods of assessing CSR programs of companies operating in the Arctic. Further work involves the identification of the best methods of evaluation, the implementation of the evaluation of companies as well as the development of recommendations for additions to CSR programs in the North.

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