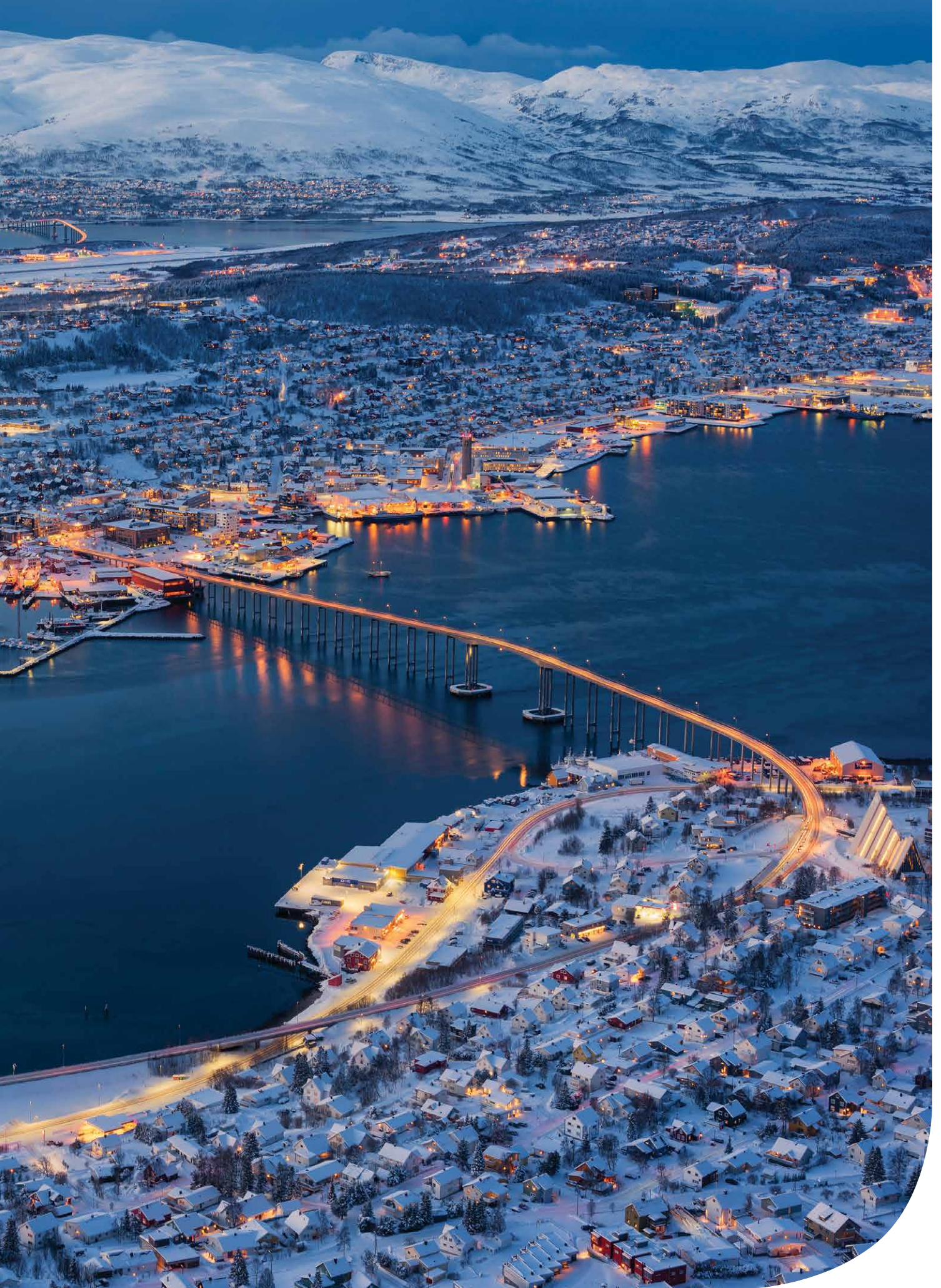


Arctic Investment Protocol

Guidelines for Responsible Investment in the Arctic

This Protocol was originally developed by the World Economic Forum.





Arctic Investment Protocol

The Arctic is a diverse and rapidly changing environment that is home for its four million residents and also an emerging global investment opportunity. To balance these dimensions, the Arctic Investment Protocol aspires to promote sustainable and equitable economic growth in the region that furthers community well-being and builds resilient societies in a fair, inclusive and environmentally sound manner. The following six principles of the Arctic Investment Protocol lay the foundation for responsible Arctic development:

1 Build Resilient Societies Through Economic Development

- Take a long-term investment view
- Promote long-term sustainability and economic diversification of projects and communities
- Create job opportunities and skills for residents, develop human capital that can serve to develop and diversify regional economies
- Promote development of civil societies through economic growth
- Openly discuss active partnerships with Arctic communities through investment opportunities



2 Respect and Include Local Communities and Indigenous Peoples

- Respect the rights of indigenous and local people and mitigate any adverse impact on their traditional practice
- Consult with local authorities, indigenous governance structures and relevant community authorities
- Before undertaking any activity that might adversely affect the traditional practices and livelihood of local communities and indigenous peoples, develop a consultation process that seeks agreement and complies with domestic laws
- Promote capacity-building in local communities and with indigenous peoples in order to enable active participation in processes concerning the land, territories or resources



3 Pursue Measures to Protect the Environment of the Arctic

- Review the feasibility of investment opportunities by balancing economic benefits with environmental and climate goals, incorporating environmental and social concerns into investment analysis
- Recognize the close linkages between the biophysical environment and society in the Arctic, and approach impact analysis in a holistic manner. Responsibly engage local communities in pursuit of measures to protect the Arctic environment with an ecosystem-based management approach where such an approach is required by national and international law
- Pursue technically and financially feasible measures that minimize the potential for adverse impact on the environment and health
- Where project impact is unknown or difficult to assess, investors and developers should take measures to manage project impact by implementing strong mitigation procedures and following a scientific and knowledge-based approach

4 Practice Responsible and Transparent Business Methods

- Conduct all business in a fair, legal and transparent manner; actively fight corruption
- Evaluate, report as required and address impacts on, as well as benefits for, communities and the environment at all stages
- Encourage the development of a grievance process for local communities, indigenous peoples and other Arctic stakeholders, in compliance with domestic laws

5 Consult and Integrate Science and Traditional Ecological Knowledge

- Pursue rigorous scientific research working towards understanding the impact of investment projects and of the broader effects of commercial activity in the Arctic
- Develop an overall foundation for investment that integrates rigorous science with traditional/ local ecological knowledge to ensure adequate environmental, social and economic impact assessment
- Adhere to accepted research norms for baseline data and impact monitoring in conjunction with investment





6 Strengthen Pan-Arctic Collaboration and Sharing of Best Practices

- Encourage public-private partnerships and collaboration where appropriate
- Recognize that the Arctic is a diverse and distinct environment with large geographical, demographic, seasonal and climatic variations that will determine the optimal regulatory framework and approaches across regions and situations
- Promote cross-border dialogue to adopt common standards and best practices to maximize the environmental, social and financial benefits of development in accordance with relevant national and international laws.

Endorse the Arctic Investment Protocol and Share Best Practices

As members of the global community wishing to see responsible and sustainable development in the Arctic, we encourage citizens and organizations around the world to support the six broad principles of the Arctic Investment Protocol.

There are two practical ways to show your support:

- First, join the international coalition of businesses, industry organizations and stakeholders and endorse the Arctic Investment Protocol at ArcticEconomicCouncil.com/EndorseAIP.
- Second, submit any examples of best practices for achieving sustainable investments in the Arctic and elsewhere at ArcticEconomicCouncil.com/BestPractices.

International guidelines have been consulted to inform the drafting of the Arctic Investment Protocol. See the Appendix A for a full list of the organizations consulted.






History and Evolution of the Arctic Investment Protocol

In 2015, the World Economic Forum's Global Agenda Council on the Arctic published the Arctic Investment Protocol. See Appendix B for a list of the original members of the Global Agenda Council on the Arctic. Even after the work of the Global Agenda Council on the Arctic ended in 2016, the World Economic Forum wanted to see the Arctic Investment Protocol move forward. The Arctic Economic Council (AEC) decided to endorse the intent of the Arctic Investment Protocol at its Annual Meeting in 2017, and the World Economic Forum later transferred the Protocol to the AEC. The AEC is an independent organization that facilitates Arctic business-to-business activities and responsible economic development through the sharing of best practices, technological solutions, standards, and other information in the Arctic area. The AEC is a global network with a shared mission of promoting Arctic development in a manner which is responsible and economically beneficial. See Appendix C for more information about the AEC members.

Appendix A

Aspen Principles for Long-Term Value Creation —


Explicitly written as aspirational guidelines for good business practice. In subscribing, and moving over time to implement these outcome-oriented principles in their own organizations, operating companies and investors are leading by example and taking a stand that a long-term focus is critical to long-term value creation.

 http://www.aspeninstitute.org/sites/default/files/content/images/Aspen_Principles_with_signers_June_10_0.pdf
The Aspen Institute (2007), Long-Term Value Creation: Guiding Principles For Corporations and Investors.


Aspen Principles of Arctic Governance — The Principles form the foundation and the standards by which future governance and sustainable management of human activities in the Arctic should be measured. The principles are:

1. Optimize ecosystem resilience, integrity and productivity by maintaining food-web (trophic) structure and protecting and restoring biodiversity and available habitat.
2. Maintain the full suite of Arctic ecosystem services to support human well-being on a continuing basis.
3. Promote investment in scientific research and related infrastructure necessary to ensure sustainable development and environmental protection.
4. Avoid exacerbating changes that may be difficult or impossible to reverse in temperature, sea-ice extent, pH, and other key physical, chemical and biological ecosystem parameters.
5. Assess, monitor and manage multiple human activities using an integrated, adaptive, ecosystem-based management system that takes into account risks and cumulative and interacting effects.
6. Apply ecosystem management processes based on science and traditional knowledge. New and expanded human activities are subject to prior assessment. Prudent measures to reduce or eliminate impacts are to be taken when there are reasonable grounds for concern that such activities will, directly or indirectly, bring about hazards to human health, harm living resources and ecosystems, damage amenities or interfere with other legitimate uses.
7. Fully respect the rights, including human rights, of Arctic residents and Arctic indigenous peoples, and maximize participation in and transparency of decision-making for all interested stakeholders.

8. Link global policy discussions to the need to conserve and manage Arctic ecosystems and dependent communities.
9. Promote cooperation among Arctic States to arrive at appropriate standards for managing activities in the Arctic to meet the special conditions of the Arctic region, while promoting sustainable development.
10. Inform, in a timely manner, national and international decision-makers as well as the public of the consequences of climate change impacts in the Arctic, and needed actions required to meet the above noted principles.

 <https://dl.dropboxusercontent.com/u/4257743/Aspen-Climate-Change-Report-v22lr%20%283.29.11%29.pdf>
The Aspen Institute (2011), The Shared Future: A Report of the Aspen Institute Commission On Arctic Climate Change

Equator Principles — The Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. The Equator Principles apply globally, to all industry sectors and to four financial products 1) Project Finance Advisory Services 2) Project Finance 3) Project-Related Corporate Loans and 4) Bridge Loans.

 http://www.equator-principles.com/resources/equator_principles_III.pdf
The Equator Principles Association (2011), The Equator Principles

Extractive Industries Transparency Initiative — The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debate, and enhance trust. In each implementing country it is supported by a coalition of governments, companies and civil society working together. Natural resources, such as oil, gas, metals and minerals, belong to a country's citizens. Extraction of these resources can lead to economic growth and social development. However, when poorly managed it has too often lead to corruption and even conflict. More openness around how a country manages its natural resource wealth is necessary to ensure that these resources can benefit all citizens. The EITI Principles are:



1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
3. We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
4. We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.
5. We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.
6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
12. In seeking solutions, we believe that all stakeholders have important and relevant contributions to make – including governments and their agencies, extractive industry companies, service companies, multilateral organisations,

financial organisations, investors, and non-governmental organisations.

<https://eiti.org/eiti/principles>
 Extractive Industries Transparency Initiative (2003),
 The EITI Principles

International Council on Mining & Metals Indigenous Peoples and Mining Position Statement — This position statement sets out ICMM members' approach to engaging with Indigenous Peoples and to free, prior and informed consent (FPIC) ICMM's vision is for constructive relationships between mining and metals companies and Indigenous Peoples that are based on mutual respect, meaningful engagement, trust and mutual benefit. Recognizing the potential vulnerability of Indigenous Peoples, the commitments in this position statement may be summarized as requiring members to: respect the rights, interests, special connections to lands and waters, and perspectives of Indigenous Peoples, where mining projects are to be located on lands traditionally owned by or under customary use of Indigenous Peoples; adopt and apply engagement and consultation processes that ensure the meaningful participation of indigenous communities in decision making, through a process that is consistent with their traditional decision-making processes and is based on good faith negotiation; work to obtain the consent of Indigenous Peoples where required by this position statement.

<https://www.icmm.com/document/5433>
 International Council on Mining and Metals (2013),
 Indigenous Peoples and Mining Position Statement


International Maritime Organization (IMO) — As a specialized agency of the United Nations, IMO is the global standard-setting authority for the safety, security and environmental performance of international shipping. Its main role is to create a regulatory framework for the shipping industry that is fair and effective, universally adopted and universally implemented

<http://www.imo.org/en/About/Pages/Default.aspx>

International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability — The Performance Standards provide guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations.


The Performance Standards are:

- **Performance Standard 1:** Assessment and Management of Environmental and Social Risks and Impacts
- **Performance Standard 2:** Labor and Working Conditions
- **Performance Standard 3:** Resource Efficiency and Pollution Prevention
- **Performance Standard 4:** Community Health, Safety, and Security
- **Performance Standard 5:** Land Acquisition and Involuntary Resettlement
- **Performance Standard 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources
- **Performance Standard 7:** Indigenous Peoples
- **Performance Standard 8:** Cultural Heritage

 http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbfd1a5d13d27/PS_English_2012_Full-Document.pdf?MOD=AJPERES
International Finance Corporation (2012), Performance Standards on Environmental and Social Sustainability

National Science Foundation (U.S.) Principles for the Conduct of Research in the Arctic

— The principles are formulated to provide guidance for researchers in the physical, biological, behavioral, health, economic, political, and social sciences and in the humanities. These principles are to be observed when carrying out or sponsoring research in Arctic and northern regions or when applying the results of this research. The principles address the need to promote mutual respect and communication between scientists and northern residents. Cooperation is needed at all stages of research planning and implementation in projects that directly affect northern people. Cooperation will contribute to a better understanding of the potential benefits of Arctic research for northern residents and will contribute to the development of northern science through traditional knowledge and experience.


 <http://www.nsf.gov/geo/plr/arctic/conduct.jsp>
National Science Foundation, Principles for the Conduct of Research in the Arctic.

Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises (MNEs) are a set of recommendations on responsible business conduct addressed by governments to MNEs operating in or from adhering countries. They are supported by representatives of business, worker organisations and non-governmental organisations. They are the most comprehensive set of government-backed recommendations on responsible business conduct in existence today. The governments adhering to the Guidelines aim to encourage and maximize the positive impact MNEs can make to sustainable development and enduring social progress. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. The Guidelines were first adopted in 1976 and have been reviewed 5 times since then (the last time in 2011) to ensure that they remain a leading tool to promote responsible business conduct in the changing landscape of the global economy. The Guidelines were developed with the active participation of business, labour, NGOs, non-adhering countries and international organisations.

Adhering countries are obliged to set up National Contact Points (NCPs) that are tasked with furthering the effectiveness of the Guidelines by undertaking promotional activities, handling inquiries, and providing a mediation and conciliation platform for resolving issues that arise from the alleged non-observance of the Guidelines. This makes the Guidelines the only international corporate responsibility instrument with a built-in grievance mechanism.

The Guidelines focus on two aspects of the business-society relationship: 1) positive contribution MNEs can make to sustainable development, and 2) avoiding adverse impacts and addressing them when they do occur. Addressing the two sides of the same coin in a holistic manner is one of the most important contributions the Guidelines make in the global field of responsible business conduct.

 http://mneguidelines.oecd.org/MNEguidelines_RBCmatters.pdf
OECD Guidelines For Multinational Enterprises Responsible Business Conduct Matters



UN Guiding Principles on Business and Human Rights

General Principles

These Guiding Principles are grounded in recognition of:


- (b) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; and
- (c) The need for rights and obligations to be matched to appropriate and effective remedies when breached.

Foundational Principles

II. The corporate responsibility to respect human rights
Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

III. Access to remedy

As part of their duty to protect against business-related human rights abuse, States must take appropriate steps to ensure, through judicial, administrative, legislative or other appropriate means, that when such abuses occur within their territory and/or jurisdiction those affected have access to effective remedy.

 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
United Nations (2011), Guiding Principles on Business and Human Rights

UN Principles for Responsible Investment — The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. The six principles are:

— **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.

— **Possible actions:**

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses

- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals


— **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

— **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

— **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.


— **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.

— **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

 [http://www.unpri.org/about-pri/the-six-principles/Principles-for-Responsible-Investment-Association-\(2006\),-The-Six-Principles.](http://www.unpri.org/about-pri/the-six-principles/Principles-for-Responsible-Investment-Association-(2006),-The-Six-Principles)

World Bank Group Environmental, Health and Safety Guidelines

— The EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP). IFC uses the EHS Guidelines as a technical source of information during project appraisal activities. The EHS Guidelines contain the performance levels and measures that are normally acceptable to IFC, and that are generally considered to be achievable in new facilities at reasonable costs by existing technology.

 http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines
World Bank Group (2007), Environmental, Health and Safety General Guidelines

Appendix B

Members of the Global Agenda Council on the Arctic

Anders Blom, Chairman, Protect Sápmi

Anne-Marie Brady, Editor-in-Chief, The Polar Journal

Lawson Brigham, Distinguished Professor of Geography and Arctic Policy, University of Alaska Fairbanks

Heather Conley, Senior Vice-President, Europe, Eurasia and the Arctic, Center for Strategic and International Studies

Michael Daly, Visiting Professor of Earth Sciences, University of Oxford

Neil Hamilton, Managing Director, Quaternary Research Pty Ltd

Rúni M. Hansen, Vice-President, Statoil ASA

Susan Harper, Director-General and Senior Arctic Official, Government of Canada

Sturla Henriksen, Chief Executive Officer, Norwegian Shipowners' Association

Yoko Kamikawa, Member of the House of Representatives of Japan

Andrei V. Kortunov, President, New Eurasia Foundation

Scott Minerd, Chief Investment Officer, Guggenheim Partners LLC

Ann Pickard, Executive Vice President, Upstream Americas – Arctic, Shell Energy Resources Company

Theodore Roosevelt, Managing Director and Chairman, Cleantech Initiative, Barclays

Laurence C. Smith, Professor and Chair, UCLA Department of Geography, University of California, Los Angeles (Vice-Chair)

Jonas Gahr Støre, Leader, Norwegian Labour Party (Chair)

Cho Tae-Yul, Vice-Minister of Foreign Affairs, Ministry of Foreign Affairs of the Republic of Korea

Mead Treadwell, President, Pt Capital, LLC

Felix H. Tschudi, Chairman of the Board and Owner, Tschudi Shipping Company AS

Artem Volynets, Chief Executive Officer, Sapinda CIS LLC

Jan-Gunnar Winther, Director, Norwegian Polar Institute

Wang Yuhang, Executive Vice-President and Party Committee Member, China Ocean Shipping Group Co.

Appendix C

The AEC's membership spans a diverse collection of businesses and industries – from big international corporations, local and micro businesses and partnerships to indigenous corporations and organizations in the Arctic area. The AEC members are experienced in doing business in the challenging Arctic conditions. The AEC provides a valuable network and partnership opportunities for those interested in the responsible economic development of the region. The AEC welcomes the participation of stakeholders from across the globe as its members.

For more information about the AEC membership and an updated AEC member list, please visit www.ArcticEconomicCouncil.com/members.





Endorse the Arctic Investment Protocol

AEC aims to establish higher standards for sustainable development in the Arctic by building a strong coalition of support among businesses, industry organizations, international organizations, and Arctic stakeholders for Arctic Investment Protocol principles.

Visit ArcticEconomicCouncil.com/EndorseAIP

Submit Your Arctic Investment Protocol Best Practices

The AEC invites stakeholders to submit practical working examples of best practices that have helped achieve sustainable investments in the Arctic and elsewhere. These examples will be incorporated into AEC's Arctic Investment Protocol best practices guidelines.

Visit ArcticEconomicCouncil.com/BestPractices

