

## Background

**Joint EPSU – SOMO Press Release – 9 June 2010**

*European Federation of Public Service Unions (EPSU)*

*Stichting Onderzoek Multinationale Ondernemingen (SOMO)*

### **Europe's electricity companies and Corporate Social Responsibility**

Energy policy is one of the core issues on the EU's political agenda. And while Commission and others continue the mantra of more liberalization and competition in the electricity sector, the reality sees a process of heavy concentration with a handful of companies dominating the sector and carrying out an essential service. With a limited number of companies corporate behaviour becomes important. A relatively small number of companies can set a standard and good examples. The Group of Wisemen chaired by Spanish prime minister Zapatero argued in its report to the European Council that European companies need to have a good governance and high social responsibility.

The trade unions and the electricity companies (represented by Eurelectric) agreed and adopted a position that a high level of corporate social responsibility and accountability can be expected of the companies. EPSU commissioned a study to understand if European's electricity companies are responding to the statement from Dutch research group SOMO.

SOMO focused on 4 standards generally recognized as providing insight in the corporate behaviour of the companies:

- Subscribing to the Carbon Disclosure project
- Respecting the multinational guidelines of the OECD
- Signing up to the UN's Global Compact Principles
- Reporting on the basis of the Global Reporting Initiative standards and the additional Electricity Utility Supplementary Standards.

The report monitors if the companies sign up to these standards. Not signing up to the standards does not imply that the companies do not have no CSR policy but is a strong signal of how connected and serious the companies are. Having signed the international standards and having formal policies in place does not imply that the companies also do act responsible. That is a work of ongoing investigation and why the role of EWCs is important in monitoring implementation.

Companies included in the report: Centrica, CEZ, Delta, Dong, EDF, EDP, EnBW, ENEL, Eon, ESB, EVN, Fortum, GazNatural, GDF Suez, Iberdrola, MVV, National Grid, RWE, Scottish and Southern, Statkraft, TenneT, Vattenfall, Veolia, Verbund.

- Centrica, EDF, EVN, GDF Suez, Iberdrola, National Grid, RWE, Vattenfall and Veolia subscribe to all the standards
- EnBW, Delta and Tennet do not. (Tennet has subsequently indicated they will start doing do in 2010).
- Some major ones such as Fortum and CEZ do not refer to the OECD guidelines on multinational companies as part of their frame of reference.
- Only a few report on the basis of the Electric Utility Sector Supplement such as DONG, Enel, E.ON, EVN, RWE and Vattenfall
- ČEZ, DELTA, EnBW, ESB, MVV, TenneT and Scottish and Southern do not even use the simple GRI reporting standards.

The report has also considered the supply chain policies of the companies. Most companies have indicated they operate codes of conducts or other policies. But few report the results of the implementation to the European Works Councils as a survey of EWC representatives

demonstrates. The European Works Councils do support their companies CSR policies but indicate:

- Reporting is insufficient to tackle uncertainty among employees and over climate change. The risk is that the CSR policy is only part of image building and reflects a lack of willingness by the management to work on CSR. Attention to the short term interests of shareholders then dominates.
- Some EWC agreements have an explicit reference to information and consultation over CSR policies even though this is not a legal obligation
- Almost all EWC members consider it important to be more directly involved in discussing CSR issues. They lists as advantages of discussing CSR issues in EWCs:
- It allows the companies to make use of the knowledge of the local companies and cultural differences (unwritten national WC procedures & traditions)
- There is more pressure for better policy and reporting
- The EWC members see as the biggest risk the danger of “White or Greenwashing” of company policy
- The EWC representatives argue that the involvement of EWCs in developing/implementing CSR policies is unsatisfactory.
  - There is sometimes information, but rarely consultation (e.g. on the CSR report)
  - EWCs lack possibilities, a clear mandate and resources such as time and money; expertise to discuss CSR policies (prevent ‘green washing’); resources to monitor and evaluate practices.

EWCs are ambitious regarding their company’s CSR policy. They see opportunities to be involved although strengthening their mandate to do so would be welcomed. The lack of such basis does restrain the opportunities and resources to act. EWCs can contribute in improving a company’s CSR policy and its implementation and monitoring. This would contribute to the credibility of the company’s CSR policy.

The report is available at: [www.epsu.org/a/6581](http://www.epsu.org/a/6581) or <http://somo.nl/news-en/csr-and-european-works-councils/>

For the joint statement between the European trade unions and European electricity employers: <http://www.epsu.org/a/5343>

For more information on the Corporate Policies of Europe’s energy companies <http://www.epsu.org/a/5660> or [www.psiru.org](http://www.psiru.org)