

Use of the GRI in Sustainability Reporting by European Electricity Companies

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About SOMO

- The Centre for Research on Multinational Corporations (SOMO) is an independent, not for profit research and network organisation working on social, ecological and economic issues related to sustainable development.
- Since 1973, the organisation investigates multinational corporations and the consequences of their activities for people and the environment around the world.

Context of the research

- EPSU commissioned research to SOMO of the use of GRI and EUSS by utility companies
- In 2009, the joint statement by social partners encouraged electricity sector companies to use the GRI Framework for sustainability and non-financial reporting
- Aims to
 - Give an overview of use of GRI by the sector
 - Identify gaps in reporting
 - Analysis of company decisions to report or not

Methodology

- 20 Companies
- 10 labour-related GRI and EUSS indicators
- 5 research questions
- Desk research and questionnaires

List of companies included

- ČEZ (CZ)
- DELTA (NL)
- DONG Energy (DK)
- Électricité de France (FR)
- Enel (IT)
- EDP/Hidrocantábrico (PT)
- E.ON (DE)
- EVN (AT)
- FORTUM (FIN)
- Gas Natural Fenosa (ES)
- Gazprom (RUS)
- GDF Suez (FR)
- Iberdrola (ES)
- RWE (DE)
- National Grid (UK)
- Statkraft (NOR)
- TenneT (NL)
- Vattenfall (SWE)
- Veolia Environnement (FR)
- Verbund (AT)

GRI and EUSS indicators investigated

- EU14 Availability of a skilled workforce.
- EU15 Percentage of employees eligible to retire
- EU16 Health and safety of employees (including contractors)
- EU17 Days worked by contractor and subcontractor employees
- EU18 Health and safety training among contractors
- LA1 Total workforce by employment type, employment contract, and region, broken down by gender.
- LA4 Coverage of collective bargaining agreements.
- LA6 Joint management–worker health and safety committees
- LA8 Risk-control programs regarding serious diseases.
- LA10 Average hours of training per year

Challenges and limitations

- Only looked at properly indexed information
- G3 vs G3.1

General findings – extent of reporting

	EU14	EU15	EU16	EU17	EU18	LA1	LA4	LA6	LA8	LA10
Company										
ČEZ Group	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DELTA*	n/a	n/a	n/a	n/a	n/a	Partial**	None	None	Partial**	Partial**
DONG Energy	Partial	Full	Full	None	Full	Full	Full	None	Full	None
EDF*	n/a	n/a	n/a	n/a	n/a	Partial**	Full**	None	None	Partial**
EDP	Full	Full	Full	Full	Partial	Partial	Partial	Full	Full	Full
Enel	Full	Full	Full	Full	Full	Full	Partial	Full	Full	Full
E.ON	Partial	Partial	Partial	None	Partial	Partial	Partial	Partial	Partial	Partial
EVN	Full	Full	Partial	Full	Partial	Full	Full	Full	Full	Full
Fortum	None	None	Full	Full	Partial	Full	Partial	Full	Partial	None
Gas Natural	Full	Full	Full	Partial	Full	Full	Full	Full	Full	Partial
Gazprom Neft	n/a	n/a	n/a	n/a	n/a	Partial	None	None	Partial	Partial
GDF Suez	n/a	n/a	n/a	n/a	n/a	Full	Partial	Partial	Full	Full
Iberdrola	Full	Full	Full	Full	Full	Partial	Full	Full	Full	Full
National Grid*	n/a	n/a	n/a	n/a	n/a	Partial**	Partial**	None	None	Partial**
RWE	Full	Full	Full	Partial	Full	Partial	Partial	None	Full	Partial
Statkraft*	Partial**	None	Partial**	None	Partial**	Partial**	Partial**	None	None	None
TenneT	None	None	None	None	None	Full	Full	None	Partial	Partial
Vattenfall*	Partial**	Partial**	Partial**	Partial**	Partial**	Partial**	Full**	Full**	Full**	Partial**
Veolia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Verbund	Full	Full	Full	None	Full	Partial	Full	Full	Full	Full

General findings – extent of reporting

- 18 companies use GRI, 12 use EUSS
- 15 externally assured, 12 application levels checked
- 6 received A+
- Enel & Iberdrola report fully on all indicators but one, EVN and Gas Natural Fenosa all but two.
- DELTA, EDF, National Grid, Statkraft and Vattenfall
- LA6, LA10

General findings - Gaps

- EU14 - Programs to source workers from beyond national boundaries and country of origin recruitment policies and consideration of impact to the home country.
- EU 16, 17, 18 - Contractor information
- LA6 – fewest companies report
- LA8 – whether workers face high risk of specific diseases

General findings - discrepancies

- Companies can report 'fully', 'partially' or 'not' on each of the indicators.
- Each indicator consists of one or more 'compilation points'.
- We found 44 discrepancies where companies indicate full reporting, but do not address all indication points - >60% of the time

General findings – extent of reporting

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DELTA*	n/a	n/a	n/a	n/a	n/a	Partial**	None	None	Partial**	Partial**
DONG Energy	Partial	Full	Full	None	Full	Full	Full	None	Full	None
EDF*	n/a	n/a	n/a	n/a	n/a	Partial**	Full**	None	None	Partial**
EDP	Full	Full	Full	Full	Partial	Partial	Partial	Full	Full	Full
Enel	Full	Full	Full	Full	Full	Full	Partial	Full	Full	Full
E.ON	Partial	Partial	Partial	None	Partial	Partial	Partial	Partial	Partial	Partial
EVN	Full	Full	Partial	Full	Partial	Full	Full	Full	Full	Full
Fortum	None	None	Full	Full	Partial	Full	Partial	Full	Partial	None
Gas Natural	Full	Full	Full	Partial	Full	Full	Full	Full	Full	Partial
Gazprom Neft	n/a	n/a	n/a	n/a	n/a	Partial	None	None	Partial	Partial
GDF Suez	n/a	n/a	n/a	n/a	n/a	Full	Partial	Partial	Full	Full
Iberdrola	Full	Full	Full	Full	Full	Partial	Full	Full	Full	Full
National Grid*	n/a	n/a	n/a	n/a	n/a	Partial**	Partial**	None	None	Partial**
RWE	Full	Full	Full	Partial	Full	Partial	Partial	None	Full	Partial
Statkraft*	Partial**	None	Partial**	None	Partial**	Partial**	Partial**	None	None	None
TenneT	None	None	None	None	None	Full	Full	None	Partial	Partial
Vattenfall*	Partial**	Partial**	Partial**	Partial**	Partial**	Partial**	Full**	Full**	Full**	Partial**
Veolia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Verbund	Full	Full	Full	None	Full	Partial	Full	Full	Full	Full

General findings – discrepancies

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DELTA*	n/a	n/a	n/a	n/a	n/a	Partial**	None	None	Partial**	Partial**
DONG Energy	Partial	Discrep.	Full	None	Full	Discrep.	Discrep.	None	Discrep.	None
EDF*	n/a	n/a	n/a	n/a	n/a	Partial**	Full**	None	None	Partial**
EDP	Discrep.	Discrep.	Full	Discrep.	Partial	Partial	Partial	Discrep.	Discrep.	Full
Enel	Discrep.	Full	Full	Full	Discrep.	Discrep.	Partial	Full	Discrep.	Full
E.ON	Partial	Partial	Partial	None	Partial	Partial	Partial	Partial	Partial	Partial
EVN	Discrep.	Discrep.	Partial	Discrep.	Partial	Discrep.	Discrep.	Full	Full	Discrep.
Fortum	None	None	Full	Discrep.	Partial	Discrep.	Partial	Full	Partial	None
Gas Natural	Discrep.	Full	Full	Partial	Discrep.	Discrep.	Discrep.	Discrep.	Discrep.	Partial
Gazprom Neft	n/a	n/a	n/a	n/a	n/a	Partial	None	None	Partial	Partial
GDF Suez	n/a	n/a	n/a	n/a	n/a	Discrep.	Partial	Partial	Discrep.	Full
Iberdrola	Discrep.	Full	Full	Discrep.	Discrep.	Partial	Discrep.	Full	Full	Discrep.
National Grid	n/a	n/a	n/a	n/a	n/a	Partial**	Partial**	None	None	Partial**
RWE	Discrep.	Discrep.	Full	Partial	Full	Partial	Partial	None	Discrep.	Partial
Statkraft*	Partial**	None	Partial**	None	Partial**	Partial**	Partial**	None	None	None
TenneT	None	None	None	None	None	Discrep.	Discrep.	None	Partial	Partial
Vattenfall*	Partial**	Partial**	Partial**	Partial**	Partial**	Partial**	Full**	Full**	Full**	Partial**
Veolia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Verbund	Discrep.	Discrep.	Full	None	Discrep.	Partial	Discrep.	Full	Discrep.	Full

EDP example

- LA6 Compilation points
 - The percentage of the total workforce represented in formal joint management worker health and safety committees.
 - The level(s) at which the committee(s) typically operates
- “EDP employees participate in safety management through formally constituted structures – the Safety committees and sub-committees, which all together represent the majority of company employees. These committees regularly meet (602 meetings in 2011) and their representativeness is 97.3%.” – CSR report p.80
- EDP indicates ‘full’ reporting.

Major conclusions

- The GRI Framework is widely, but not universally, used in the European electricity industry
- There are systematic discrepancies between what companies claim they are reporting on and what they actually report on.
- Inaccurate reporting implicates 3 different types of actors – reporting companies, auditors/assurers, the GRI itself

Major conclusions, continued

- Many companies responded that their responses were inaccurate because the GRI framework was not clear to them or that they did not have the tools to report the requested information.
- The system in place to verify the accuracy of GRI Application Levels is insufficient.
- Auditing/assurance companies appear to frequently approve reports without thoroughly checking actual compliance with reporting framework/guidelines.

SOMO's findings corroborated by 2 other recent studies

- Vienna University of Economics and Business Institute for Human Resources (2012)

- Transparency International (2012)

Recommendations to reporting companies

- Continue to use the GRI (as recognized in the electricity sector social partners' joint statement in 2009)
- Make a genuine commitment to accurate and honest reporting.
- Do not claim 'full' reporting on an indicator unless you have actually provided information that fully addresses each and every compilation point
- If unclear, contact the GRI or give yourself a 'partial' score

Recommendations to companies, cont.

- Pay special attention to improving measurement methods and reporting practices for indicators and compilation points related to (sub)contractors

Recommendations to unions and EWCs

- Use SOMO's findings & analysis to engage management to encourage more detailed and accurate reporting using the GRI Framework
- Focus on encouraging improvements in reporting on issues surrounding contractors and subcontractors

Recommendations to unions and EWCs

- Engage the GRI on how to improve the framework
- Engage policy makers on the need for a clear, harmonised and enforceable framework of mandatory non-financial reporting

CSR reporting of owners

- China three Gorges Corporation (EDP stake)
- Qatar Investment Authority (Iberdrola stake)
- State Grid Corporation of China (Redes stake)
- China Investment Corporation (GDF Suez stake)
- Allianz (interested in TenneT stake)
- Munich Re (interested in TenneT stake)



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Thank you