Sustainability Reporting Trends for the Electric Power Industry

2015 TECHNICAL REPORT

Sustainability Reporting Trends for the Electric Power Industry

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THE ELECTRIC POWER RESEARCH INSTITUTE (EPRI) PREPARED THIS REPORT.

NOTE

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Abstract

The realm of voluntary sustainability reporting has seen significant growth over the past five years. An expanding number of organizations are requesting disclosure on environment, social, and governance (ESG) topics from the electric power industry, among many others. With the increasing interest in this area, companies may wish to strategically identify sustainability reporting venues that provide them with the highest value at the lowest cost.

EPRI's Energy Sustainability Interest Group (ESIG) identified a need to understand current and anticipated sustainability reporting activities, including the value received and effort required. EPRI developed an electronic survey for ESIG in 2014, and 40 companies responded to the survey. This report contains an overview of the survey goals and methodology, presents the survey results, and discusses implications and insights arising from the results.

To EPRI's knowledge, this is the first time that this type of information regarding current practices in sustainability reporting has been compiled for the electric power industry. Understanding the value of reporting as well as the frequency and trends of the industry's sustainability reporting activities can better inform a company looking to determine its own approach to ESG disclosure.

Keywords
Sustainability
Voluntary reporting
Environment, social, and governance (ESG)
Stakeholder communication
Integrated report (IR)

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Executive Summary: Sustainability Reporting Trends for the Electric Power Industry

PRIMARY AUDIENCE: The primary audience for this report is electric power companies looking to understand and strategically consider the frequency, value, and trends related to corporate sustainability reporting activities.

SECONDARY AUDIENCE: Voluntary reporting organizations may consult this report to better understand considerations of the electric power industry regarding strategic approaches to sustainability data and narrative disclosure.

KEY RESEARCH QUESTION

The realm of voluntary reporting has seen significant growth over the past five years. An expanding number of organizations are requesting disclosure on environment, social, and governance (ESG) topics from the electric power industry, among many others. With the increasing interest in this area, there is a need for companies to strategically identify sustainability reporting venues that provide them with the highest value at the lowest cost.

RESEARCH OVERVIEW

EPRI's Energy Sustainability Interest Group (ESIG) was formed in 2008 to provide a collaborative forum for EPRI members to discuss and address issues related to sustainability. The group—currently the largest collaboration in the electric power industry to advance strategic sustainability—has continued to expand in size and scope. In 2014, the group had 43 corporate members (41 at the time of the survey), primarily in the United States, with assets totaling more than $1 trillion.

An electronic survey containing 17 questions was conducted with 2014 ESIG members via Survey Monkey for a two-month response period between July 1 and August 25, 2014. One response to the survey was submitted for each company, with the following guidance provided by EPRI, "The person in charge of your reporting decisions and sustainability communication will be the best person to complete this survey."

The survey defined "sustainability reporting or rating activities" to include any of the following:

- A corporate social responsibility (CSR) or sustainability report
- One integrated report (IR) (comprehensive financial *and* sustainability)
- Reporting in accordance with the Global Reporting Initiative (GRI) G3.1 or G4
- Dow Jones Sustainability Index (DJSI)
- CDP Climate, Water, or Supply Chain
- The Climate Registry

Respondents were also able to select and report "other" sustainability reporting activities.

Results of the survey, along with a broader discussion regarding sustainability reporting trends and the "burden of reporting" are presented in this technical report. Also discussed are some of the implications and insights arising from the results along with the survey goals and methodology.

This publication is a corporate document that should be cited in the literature in the following manner:

Sustainability Reporting Trends for the Electric Power Industry. EPRI, Palo Alto, CA: 2015. 3002006996.

EXECUTIVE SUMMARY

KEY FINDINGS

- Eighty-three percent of responding energy companies currently perform some level of sustainability reporting, with another 5% planning for sustainability reporting in the next three years.
- While the specific costs of reporting could not be assessed in this study, 57% of respondents stated that there is “definitely” or “mostly” strong corporate value in their public sustainability disclosures.
- The top considerations companies take into account when deciding whether to participate in sustainability reporting or rating activities included the following: 1) resource availability (such as staff and budgets); 2) stakeholder demands, requests, or relationships (agencies, customers, environmental groups, general public); and 3) shareholder, investor, and/or board of director demands, requests, or relationships.
- The top three responses regarding the overall value companies derive from voluntary reporting or rating activities included 1) improved stakeholder relations (80%), 2) improved reputation (46%), and 3) improved shareholder, investor, and/or board of director relations (37%).
- Survey respondents showed a strong preference for a CSR or sustainability report both in terms of frequency of use and corporate value. This was followed by use of the GRI index (either 3.1 or G4) and CDP Climate Questionnaire.
- Fourteen companies included some level of specific financial data in their corporate sustainability reports, with 26% not reporting any financial discussion or data.
- Forty-nine percent of companies undertaking sustainability reporting activities have their report or data within their report quality-assured (either internally or by a third party).
- Several of the current disclosures would benefit from greater consideration for the metrics used for the electric power industry as well as downstream comparisons that take into account industry diversity.
- For many companies, the act of regular reporting, regardless of the venue selected, represents an important commitment to stop, assess, and document activities: “Each year, we progress further along the corporate responsibility path as we measure, describe, and address our priorities and performance in a sustainability context.”

VALUE STATEMENT

To EPRI’s knowledge, this is the first time that this type of information regarding current practices in sustainability reporting has been compiled for the electric power industry. Understanding the value of reporting as well as the frequency and trends of the industry’s sustainability reporting activities can better inform a company looking to determine its own approach to ESG disclosure.

HOW TO APPLY RESULTS

Companies considering voluntary sustainability reporting may apply the results of this survey to better inform their decision-making process and disclosure strategy as they consider the reporting activities of their peers identified through the survey.

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LEARNING AND ENGAGEMENT OPPORTUNITIES

Other resources related to this report that readers may find useful include:

- EPRI Sustainability Homepage: http://www.epri.com/Sustainability.aspx
- EPRI Energy Sustainability Supplemental Program 2016. EPRI, Palo Alto, CA: 2015. 3002006469.
- EPRI Sustainability Benchmarking for Utilities 2016. EPRI, Palo Alto, CA: 2015. 3002006468.
- Material Sustainability Issues for the North American Electric Power Industry. EPRI, Palo Alto, CA: 2013. 3002000920.
- The Electric Power Industry Business Case for Sustainability: Literature Review and Executive Rationale. EPRI, Palo Alto, CA: 2015. 3002005759.
- Sustainability Metric Compilation for the Electric Power Industry: Results of Industry Interviews and Metric Database Development. EPRI, Palo Alto, CA: 2014. 3002004255.
- Program on Technology Innovation: Electric Power Sustainability Maturity Model Phase I. EPRI, Palo Alto, CA: 2014. 3002002302.

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Acronyms

CDP	formerly the Carbon Disclosure Project
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
ESG	Environment, Social, and Governance
ESIG	Energy Sustainability Interest Group
FTE	Full-Time Equivalent (employee)
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
IOU	Investor-Owned Utility
IR	Integrated Report
PwC	PricewaterhouseCoopers
SASB	Sustainability Accounting Standards Board

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Section 1: Introduction

Corporate sustainability is a dynamic concept encompassing nuanced variations such as corporate responsibility, corporate social responsibility (CSR), environmental, social, and governance (ESG) issues, and stewardship. For the purposes of this report, corporate sustainability refers generally to a business strategy that incorporates and balances economic, social, and environmental considerations. The challenge for electric power companies to simultaneously address the myriad of issues related to sustainability is indeed formidable.

Voluntary reporting has become more prevalent over the last five years.

Background

The realm of voluntary sustainability reporting has seen significant growth over the past five years. An expanding number of organizations are requesting disclosure on ESG topics from the electric power industry, among many others. With the increasing interest in this area, there is a need for companies to strategically identify sustainability reporting venues that provide them with the highest value at the lowest cost.

The Energy Sustainability Interest Group (ESIG)

EPRI's Energy Sustainability Interest Group (ESIG) provides a collaborative forum for EPRI members to engage on sustainability-related issues.

EPRI's Energy Sustainability Interest Group (ESIG) was formed in 2008 to provide a collaborative forum for EPRI members to discuss and address issues related to sustainability. It is currently the largest collaboration in the electric power industry to advance strategic sustainability. Twice-monthly webcasts and twice-annual workshops have provided opportunities for member companies to engage with each other and with sustainability experts throughout the world. This engagement has included discussions with voluntary reporting organizations such as the Global Reporting Initiative (GRI), CDP (formerly the Carbon Disclosure Project), and others. The group has continued to expand in size and scope, and in 2014 had 43 corporate members (41 at the time of the survey), primarily in the United States, with assets totaling more than $1 trillion. The 2014 ESIG members are shown in Figure 1-1, and the group's collective reach is shown in Figure 1-2.

Figure 1-1
Energy Sustainability Interest Group 2014 membership

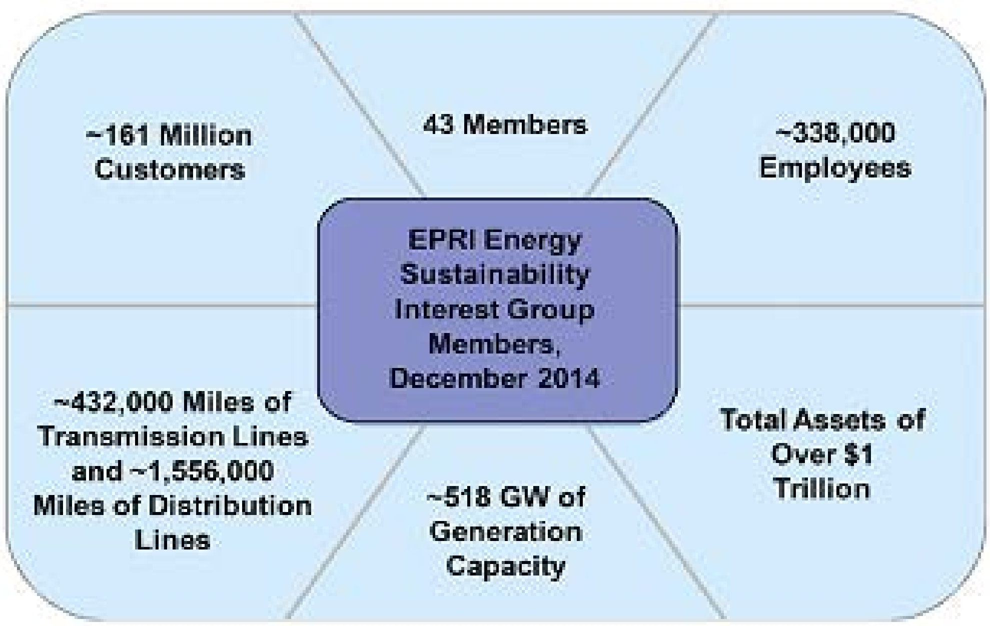


Figure 1-2
Energy Sustainability Interest Group 2014 reach

ESIG has informed EPRI responses to public comment periods for GRI, CDP, IIRC, and SASB.

ESIG has been engaged on the topic of voluntary reporting for several years and has informed several EPRI responses to public comment periods to GRI, CDP, the International Integrated Reporting Council (IIRC), and the Sustainability Accounting Standards Board (SASB). The comments were intended to improve disclosure requests so that they would be more relevant, technically accurate, and useful for companies, stakeholders, and the public. EPRI is also interested in optimizing the reporting effort to align with a more strategic approach to advancing corporate efforts related to sustainability.

EPRI conducted a survey of ESIG members to gain a better understanding of the level of effort and value companies receive from voluntary reporting activities.

Through its efforts, EPRI has not only provided industry insight to these specific organizations but also has identified a need to understand reporting activities and gain input on the most valuable reporting efforts. With a growing number of "standards" and "venues" for voluntary reporting, the need to more fully understand how the electric power industry approaches disclosure decisions has grown in importance. The results presented in this report are the product of an EPRI survey of ESIG members conducted in 2014 to answer those questions.

To EPRI's knowledge, this is the first time that this type of information regarding current practices in sustainability reporting has been compiled for the electric power industry.

Section 2: Survey Goal and Methodology

Goal

The goal of the project was to inform the frequency, value, and trends related to corporate sustainability reporting activities.

Methodology

An initial survey to collect general input on current reporting activities was completed in 2013, the results of which led companies to desire more granular information as to the frequency, value, and reporting trends. A more formal electronic survey was conducted with 2014 ESIG members, who provided guidance and discussed the project during two in-person workshops in 2014. The final survey contained 17 questions (provided in Appendix B) and was distributed to member companies for a two-month response period between July 1 and August 25, 2014. One response was submitted for each company, with the following guidance provided by EPRI, "The person in charge of your reporting decisions and sustainability communication will be the best person to complete this survey."

The voluntary reporting survey was distributed and responded to during July and August of 2014.

EPRI combined survey responses into overall results to protect company confidentiality. The survey relied on accurate self-reporting by the respondents, although EPRI conducted random reviews of responses to ensure valid research results and confirmed information directly with companies as needed. Survey responses were compiled, summarized, and presented to ESIG in October 2014.

Survey responses were compiled and then presented to ESIG in October 2014.

The survey defined "sustainability reporting or rating activities" to include any of the following:

- A CSR or sustainability report
- One integrated report (IR) (comprehensive financial *and* sustainability)
- Reporting in accordance with GRI G3.1 or G4
- Dow Jones Sustainability Index (DJSI)
- CDP Climate, Water, or Supply Chain
- The Climate Registry

These reporting opportunities were selected because they were identified through both company dialogue and the initial 2013 EPRI survey as being associated with known organizations and/or receiving frequent responses. Responders also had the opportunity to select "other" to reflect any disclosure outside of the options given.

Survey respondents were told that it was assumed reports completed in a given year are based on data from the previous year; for example, 2014 reporting is based on 2013 data.

Section 3: Survey Results

Forty companies, or 98% of ESIG members, responded to the survey.

Of the 41 member companies in ESIG at the time of the survey, 40 responded for a 98% response rate. All responding companies are shown in Appendix A.

When asked, "If your company is a subsidiary, indicate if you are completing this survey from the perspective of your parent company or the subsidiary," the majority of companies, 55%, responded to the survey from their parent company perspective, while the remainder responded for a subsidiary or worked for an organization where a parent/subsidiary structure did not exist (Figure 3-1). As shown in Figure 3-2, seven companies, representing 18% of respondents, had international operations while the majority had a domestic base, responding to the question, "Does your company have international operations?"

Of the respondents to the survey, 55% answered from the perspective of their parent company.

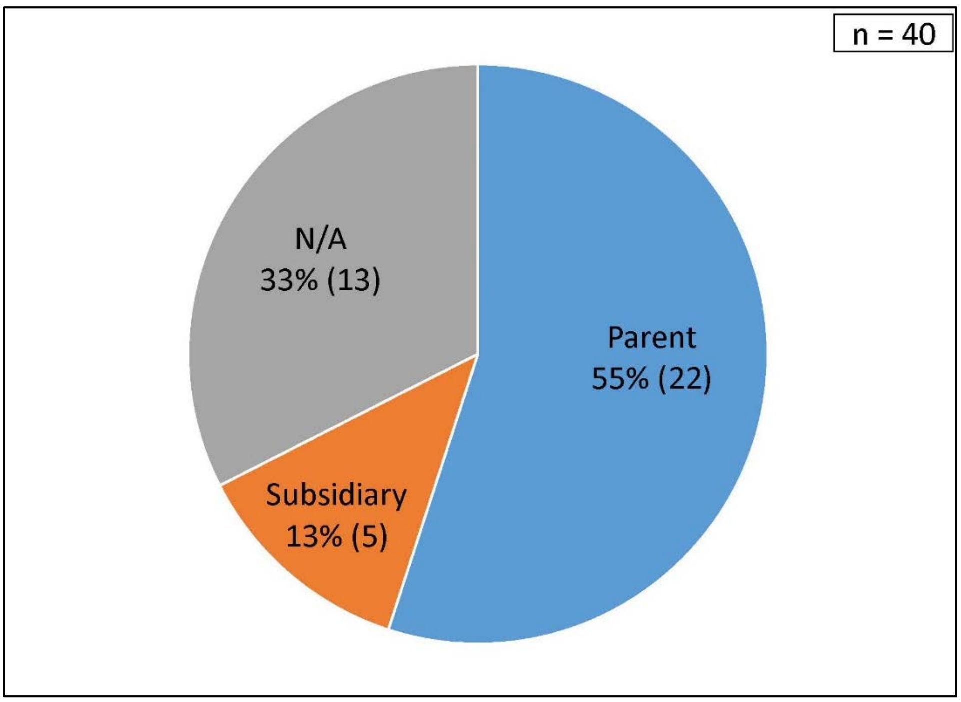


Figure 3-1
Percent of companies responding for a parent or subsidiary

Only 18% of the respondents' companies had international operations.

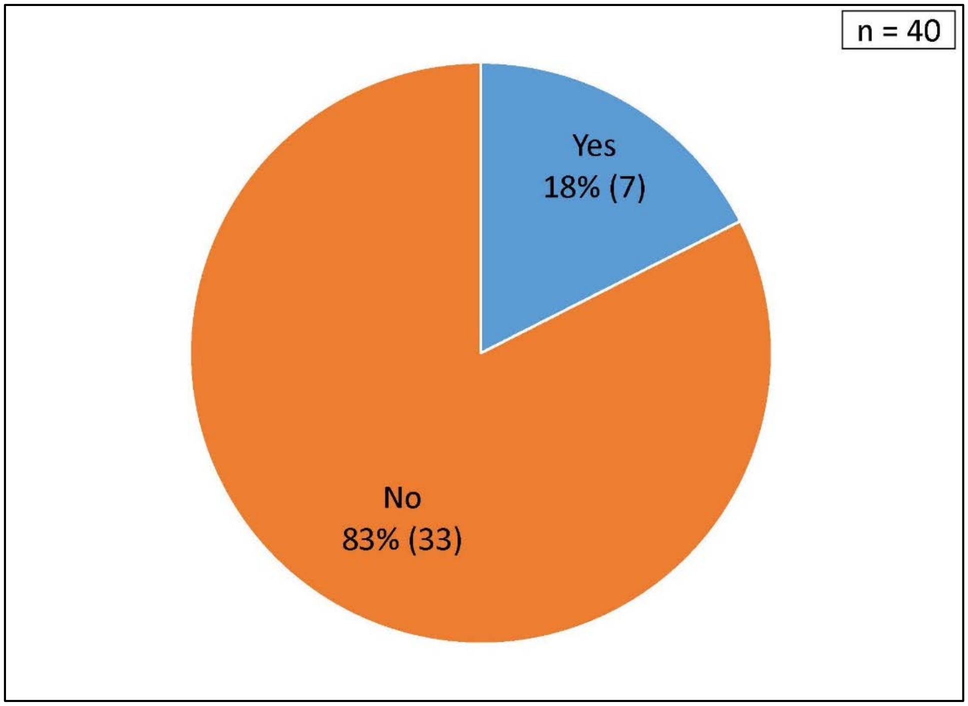


Figure 3-2
Percent of companies with international operations

In terms of their company's business model, 58% of respondents identified as being vertically integrated.

When asked how they would characterize their company's business model (checking all answers that applied) the majority of companies, 58%, self-identified as being vertically integrated, meaning that they *do* have ownership and control over electricity generation, transmission, and distribution of electricity. However, respondents cited a number of other business models, as outlined in Figure 3-3[1], including generation, transmission, distribution, retail electric, non-investor-owned utility (IOU) government, non-IOU co-op, and other.

[1] Percentages do not add up to 100% as companies might fall into more than one business model category.

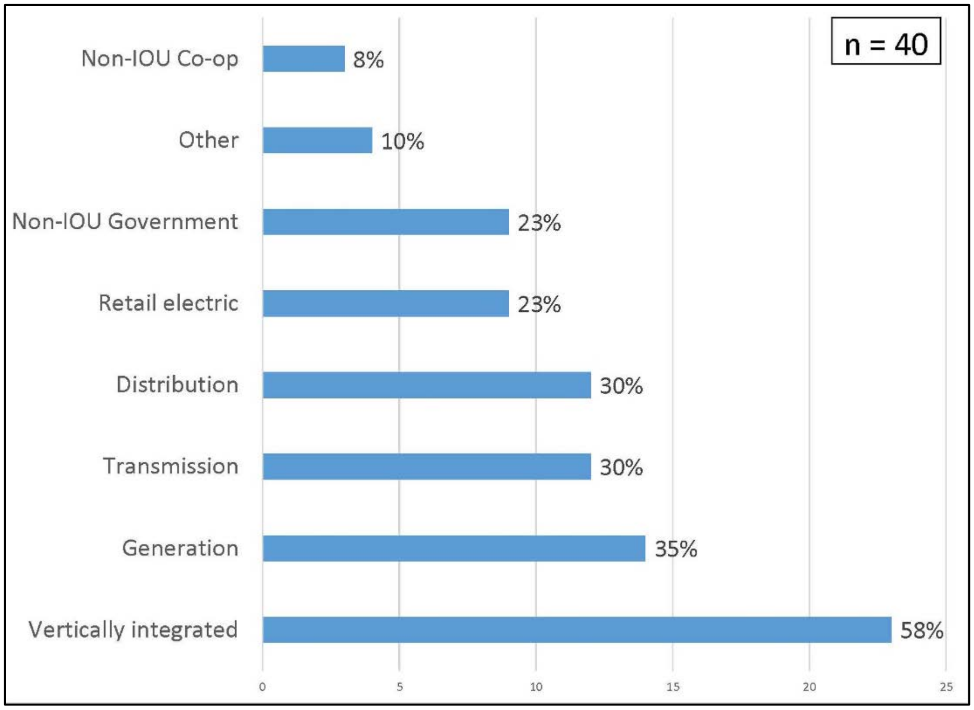


Figure 3-3
Corporate structure

Considerations for Voluntary Reporting

The top three considerations when deciding whether to participate in sustainability reporting are
1) resource availability,
2) stakeholder requests, and
3) shareholder/investor/board of director requests.

Respondents were asked to, "Select the top considerations your company takes into account when deciding whether to participate in sustainability reporting or rating activities. (Select up to three.)" Companies were provided an opportunity to select "other" and type in a response. Seven companies selected more than three responses (explaining why there are 132 total selections rather than 120). The top three considerations were 1) resource availability with 73%; 2) stakeholder demands, requests, or relationships (agencies, customers, environmental groups, and public) with 65%; and 3) shareholder, investor, and/or board of director demands, requests, or relationships with 55%. The full response is shown in Table 3-1.

Table 3-1
Considerations for sustainability reporting

Answer Options	Response Percent	Response Count
Resource availability (such as staff and budgets)	73%	29
Stakeholder demands, requests, or relationships (agencies, customers, environmental groups, and public)	65%	26
Shareholder, investor, and/or board of director demands, requests, or relationships	55%	22
Protecting or improving reputation or corporate image	45%	18
Benchmarking performance	28%	11
Overall cost vs. benefit	28%	11
Employee attraction, retention, and engagement	15%	6
Improved internal planning or processes	15%	6
Peer pressure from other electric power companies	8%	3
Other	3%	1
	Answered question	**40**
	Skipped question	**0**

A strong majority of companies, 88%, said they had done some form of reporting or intended to do so by 2017.

Current Level of Sustainability Reporting

Respondents were asked to identify whether, "My company has/has not done sustainability reporting or rating activities this year, in past years, or plans to do so in the next 3 years[2]." A strong majority of companies, 88%, answered that they had participated in some form of reporting or intended to do so within three years (by 2017). These responses are shown in Figure 3-4.

[2] The two respondents who noted they were "planning on" sustainability reporting were identified through the question depicted in Figure 3-5 related to integrated reporting.

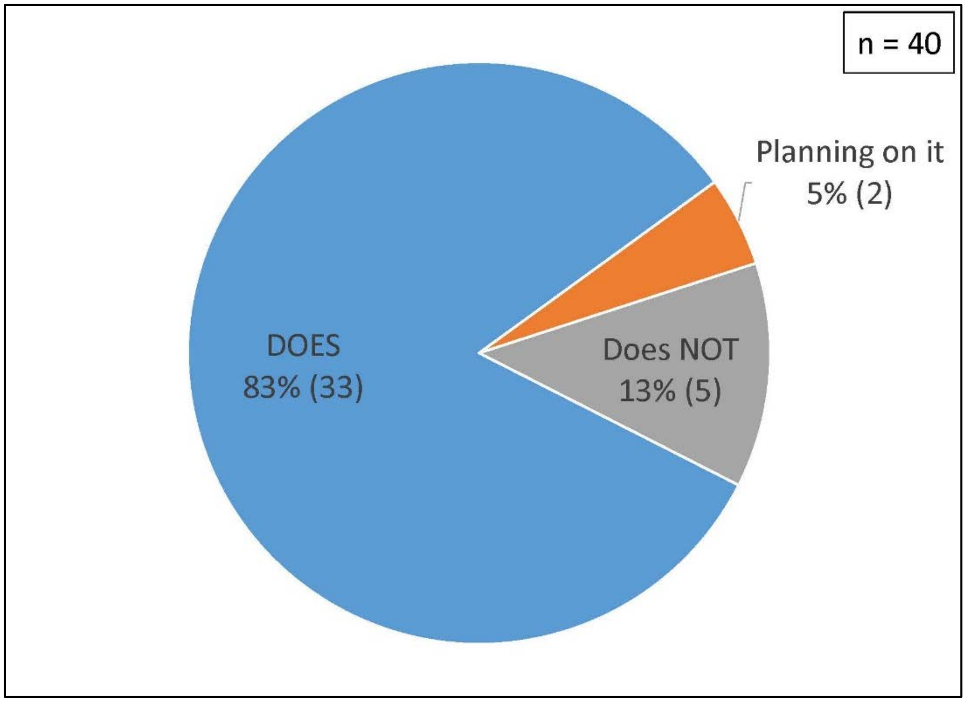


Figure 3-4
Level of company sustainability reporting

Corporate sustainability reports in 40% of the companies included some level of specific financial data.

For the five companies that had neither participated in any reporting activities in the past, nor anticipated doing so in the next three years, the survey was complete and they did not continue to the next questions. For those companies that anticipated some form of voluntary reporting through 2017, more detailed questions were asked regarding specific reporting activities, cost for the effort, and qualitative benefits (anticipated and/or realized). The 35 companies that had conducted reporting or that were planning on it by 2017 advanced to answer the remaining survey questions. Therefore, the results shown in the rest of this section reflect 35 responding companies.

Type and Frequency of Reporting

In order to better understand the level of financial reporting taking place through sustainability disclosures, companies were asked, "What kind of corporate sustainability report is your company publishing?" Fourteen companies (40% of the now 35 responders) included some level of specific financial data in their corporate sustainability reports, with 26% not reporting any financial discussion or data at all. Six companies, representing 17%, published integrated reports where one report comprehensively covered both sustainability and financial information. The responses to this question are shown in Figure 3-5.

Corporate social responsibility or integrated reports were the most common form of reporting.

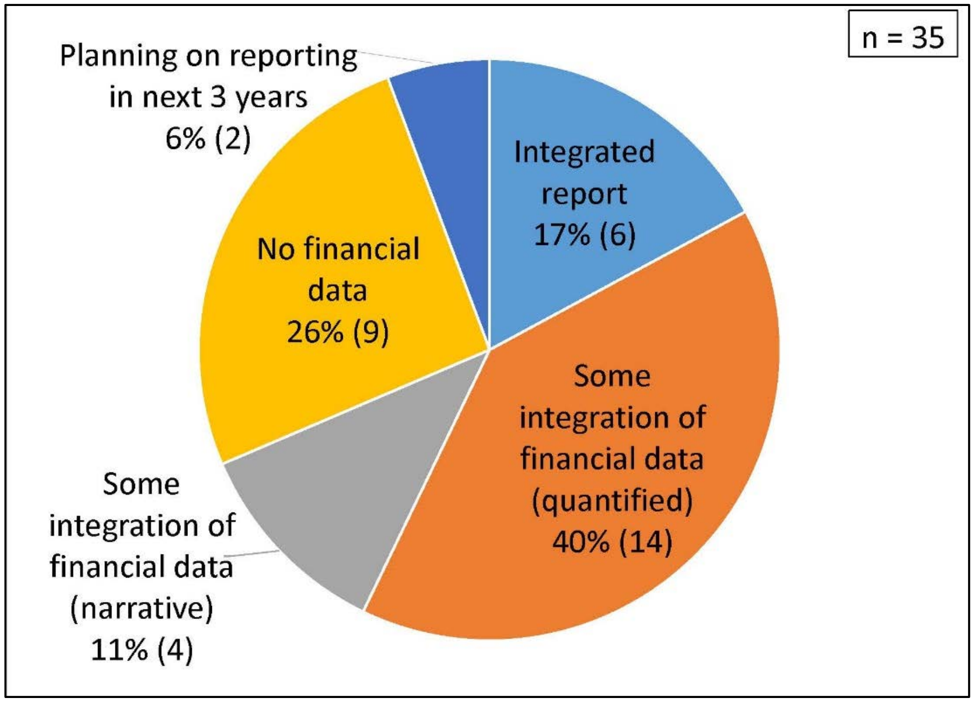


Figure 3-5
Level of financial disclosure incorporated into sustainability reporting

To understand more granular reporting trends, responding companies were asked to, “Please note the years your company participated in or plans to participate in the following” (as noted below in Figure 3-6). Development of a company-defined CSR or IR was the most common form of reporting, followed by disclosure to the CDP Climate Questionnaire (referred to as CDP on the graph).

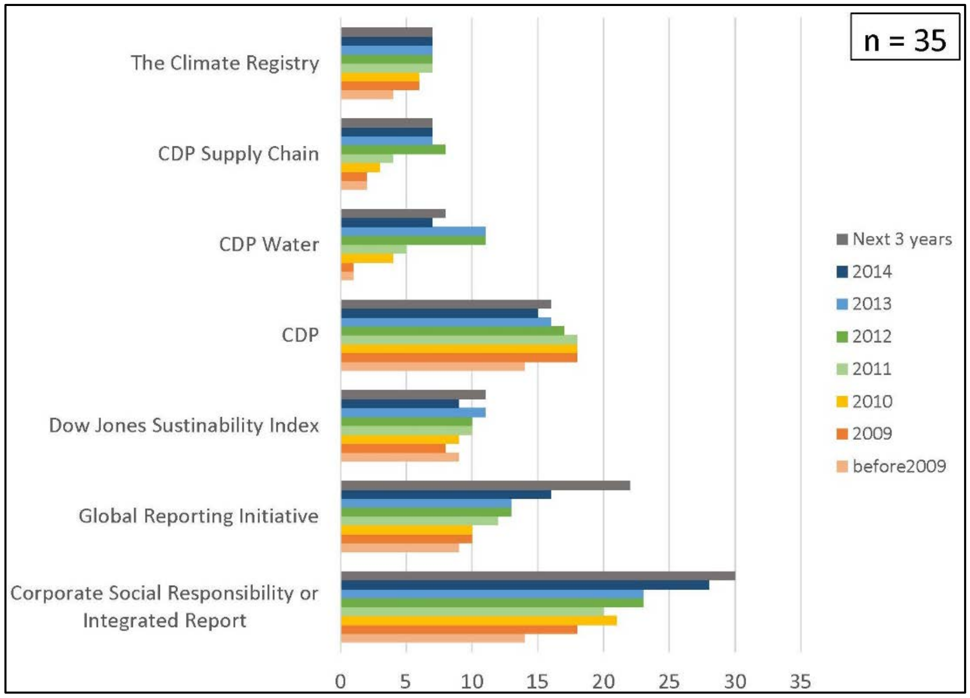


Figure 3-6
Sustainability reporting trends

Challenges related to corporate cost tracking and defining incremental reporting costs prevented verification of cost responses.

Cost of Reporting

An initial purpose of the survey was to understand the cost of various reporting activities. Companies were asked to report a dollar cost for each type of voluntary disclosure they completed (such as corporate report, CDP questionnaire, and GRI), including their level of confidence with their cost estimate and whether the cost was incremental to another (meaning, there were sunk costs for some disclosure types that later relieved the cost burden of the next disclosure). During the course of the survey, it was separately communicated to EPRI that companies did not specifically track total staff hours or costs. The survey results also reflected this input, with widely varying confidence levels related to the cost questions, including "wild guess" responses. Due to the challenges presented regarding incremental costs as well as ranges in levels of confidence, EPRI was unable to verify specific cost responses.

The three most valuable benefits companies derive from voluntary reporting are 1) improved stakeholder relations, 2) improved reputation, and 3) improved shareholder/investor/board of director relations.

Value of Reporting

The value companies derive from voluntary disclosure of sustainability information was requested at a qualitative level. Responding companies were asked to, "Select the top overall values your company derives from voluntary reporting or rating activities? (Select up to three)." The top three responses were 1) improved stakeholder relations (80%), 2) improved reputation (46%), and 3) improved shareholder, investor, and/or board of director relations (37%). Four companies selected only one value (for example, no clear value had materialized) and five selected only two values. One respondent selected a total of seven values (above the intent of the survey) and the remaining 25 selected three values. These responses are shown in Figure 3-7.

The reporting activities from which companies derive the most value are the CSR, the DJSI, and the CDP Climate Questionnaire.

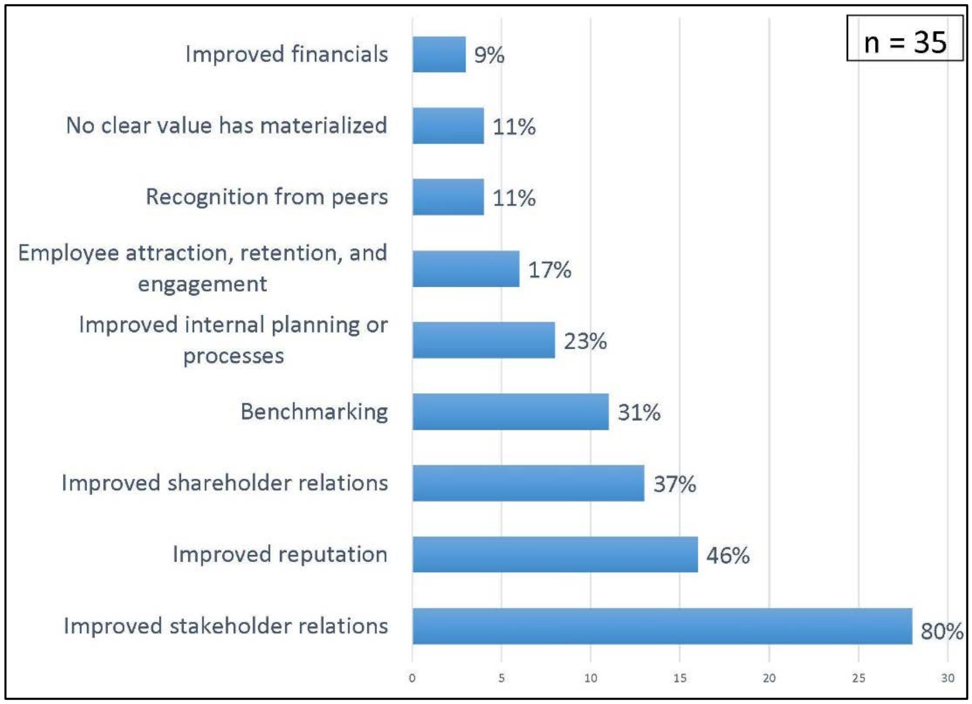


Figure 3-7
Value of sustainability reporting

Once respondents had identified the sources of value derived from voluntary reporting, they were asked to, "Select the top voluntary reporting or rating activities in terms of corporate value. (Select up to three.)" The CSR report was identified by 97% of respondents as being most valuable, followed by the DJSI and CDP Climate questionnaire. A total of 16 companies selected only one reporting activity, and eight selected two, while the remaining 11 respondents selected three activities, as shown in Figure 3-8. Of particular note, no company selected CDP Water or CDP Supply Chain in the top three for value, although both of these are the newest of all disclosure types specified in the survey.

Based on estimated value and cost, 57% of companies indicate that voluntary reporting activities are definitely or mostly worthwhile.

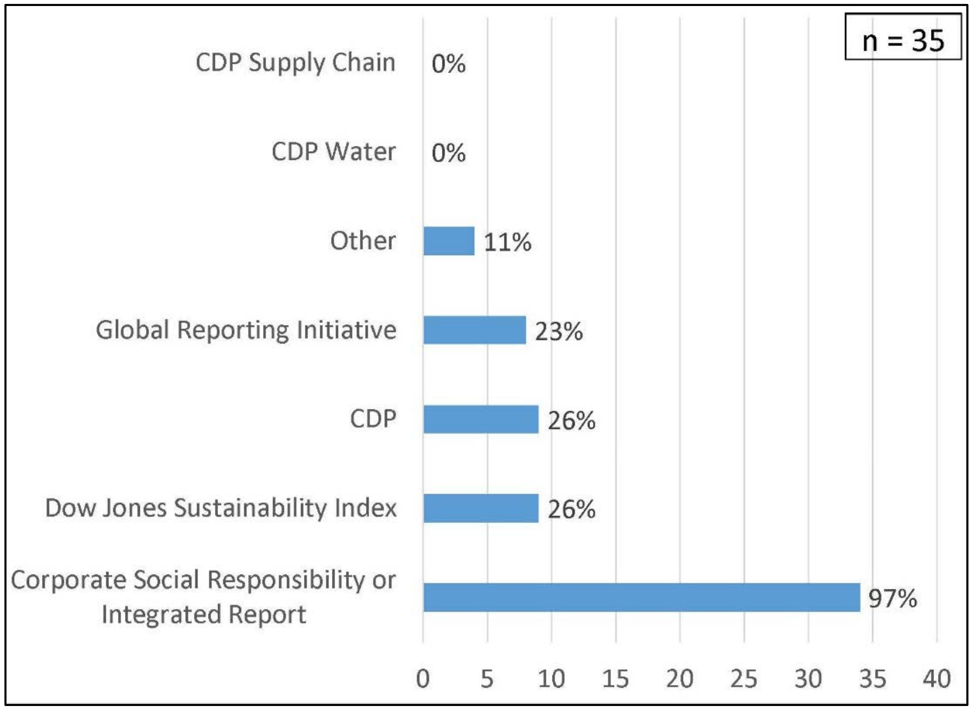


Figure 3-8
Top venues for sustainability disclosure based on corporate value

Respondents were then asked, "Overall, based on the estimated value and costs, are your voluntary reporting activities worth it?" Of the 35 companies that answered this question, 57% of companies thought that reporting was "definitely" or "mostly" worthwhile. While no companies reported zero value in sustainability reporting, 29% noted that they did not know whether reporting was worthwhile from a corporate value perspective. These responses are shown in Figure 3-9.

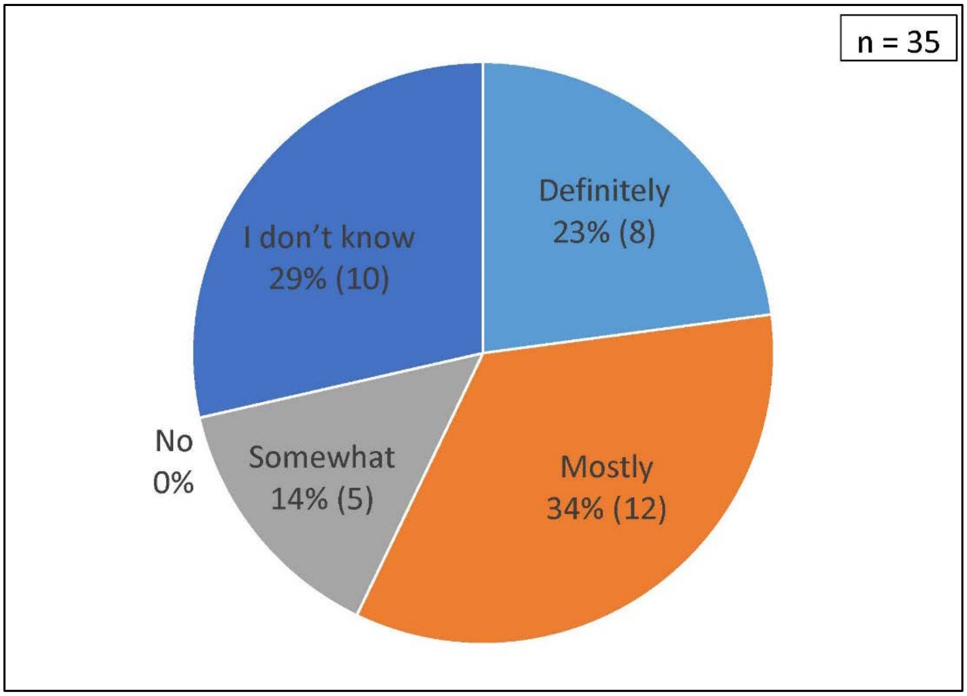


Figure 3-9
Value of sustainability reporting

Sustainability Reporting Assurance

Some level of sustainability reporting assurance was reported by 46% of the companies.

Once value had been fully identified, respondents were asked to disclose if, "For its most recently published Corporate Sustainability Report, did your company have all or any portion of the data audited?" Forty-six percent of respondents noted having sustainability reporting assurance, whether it was with a third party or internal review and whether it involved a full or partial review. These responses are shown in Figure 3-10.

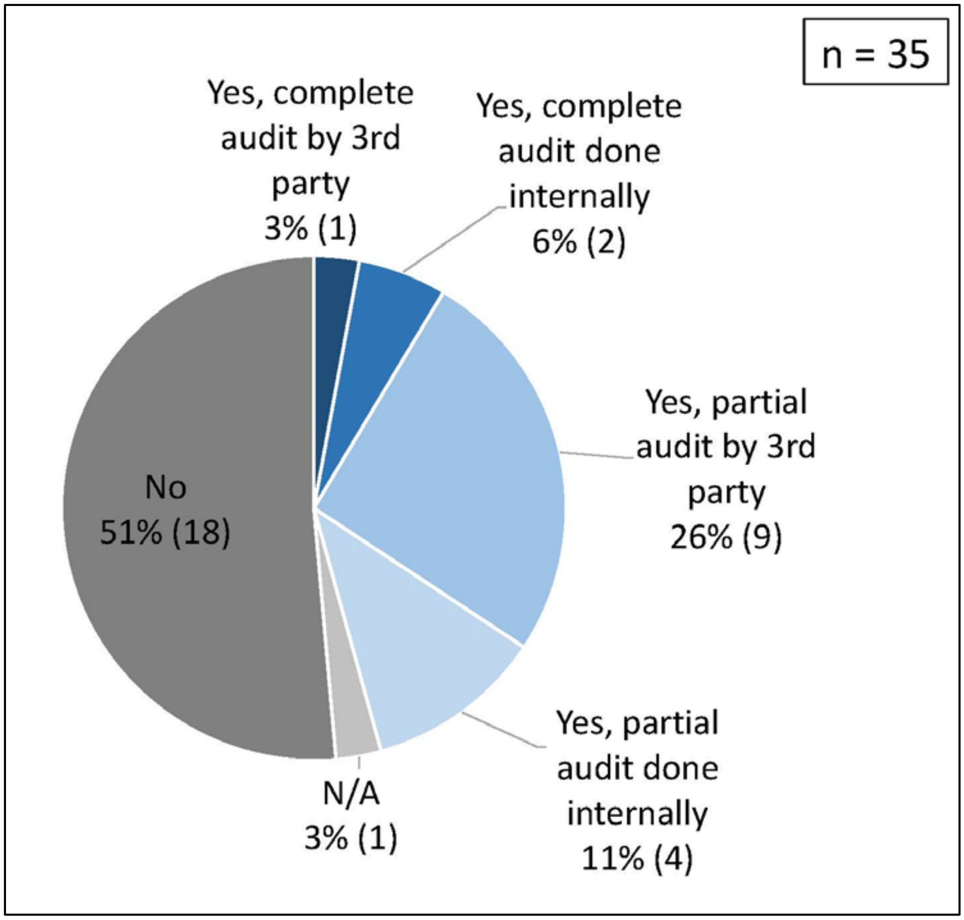


Figure 3-10
Sustainability reporting assurance

A total of 16 fill-in response questions were provided throughout the survey, permitting additional comments, data clarification, or commentary. That feedback from respondents, as well as follow-up discussions with ESIG members, informed the discussion in the following section.

Section 4: Discussion

The results of this survey speak to broader questions, challenges, and opportunities in corporate sustainability disclosure. Overall, a trend of increased reporting can be seen, though in some instances it appears that companies are becoming more discretionary in determining where to respond, with some disclosures trending down or remaining low in participation (CDP, DJSI, Climate Registry). It is useful to assess how companies can derive optimum value given resource constraints. Companies must align sustainability disclosures with company resources and stakeholder expectations. Evolution of integrated reporting, assurance, and "materiality" are changing the way companies disclose data and narratives. Finally, more reporting is not synonymous with better reporting—ESIG companies are carefully considering how to manage the burden of reporting while striving to transparently communicate their sustainability stories and performance.

Reporting companies do not always receive the anticipated value from their sustainability reporting activities.

The Value of Sustainability Reporting

For a company to dedicate resources to sustainability reporting, it must be able to derive commensurate value. The top considerations for reporting (Table 3-1) did not have a parallel track to the derived value companies are getting from these activities (Figure 3-7), suggesting that the realized values may not completely align with expectations. For example, "stakeholder demands, requests, or relationships" were a top consideration for 65% of companies, while 80% of respondents actually realized value in this area. "Shareholder, investor, and/or board of director demands, requests, or relationships" were selected by 55% as a consideration for reporting, with only 35% reporting that they actually derived such value.

Investors' interest in sustainability performance appears to be increasing.

As noted in the 2015 EPRI report, *The Electric Power Industry Business Case for Sustainability: Literature Review and Executive Rationale* (3002005759), there is a correlation between certain sustainability indicators and financial performance [1]. There also appears to be growing interest in this area from the financial industry. In Fall 2014, JP Morgan held a full-day Chief Sustainability Officer Summit, which included a 45-minute session with their CEO Jamie Dimon. JP Morgan held the summit for a second year in Fall 2015. Additionally, Bloomberg has seen an average 48% annual growth [2] of unique users utilizing their ESG data through the Bloomberg Terminal, with 76% growth in 2014 from 9,669 users to 17,010[3] [3].

In their 2014 S&P 500 Climate Change Report, CDP identified 767 investors representing US$92 trillion in assets as signatories to their climate work. The CDP report notes that industry sustainability leaders—as categorized through the CDP scoring—have an 18% higher return on equity over their lower scoring peers [4]. It appears that investors are becoming more interested in sustainability performance.

Despite this apparent trend, respondents to the EPRI survey continue to question whether the sustainability information they are communicating to the investment community is driving investment decisions. As one respondent stated in the survey free-response question, "Although our Corporate Social Responsibility website was driven by shareholder requests, we do not receive any communications from shareholders about our CDP, Trucost, or Sustainalytics Score. We spend a lot of resources on CDP and we hope that investors read our report or see our scores, but we do not know if this is the case."

Shareholder interest—particularly in connection with the filing of a shareholder resolution or proposal—is a driving factor for sustainability disclosure.

Although there is uncertainty regarding the uptake of information by investors provided through sustainability disclosures, the avoidance of shareholder proposals from investors continues to be a driving factor for reporting. One survey respondent noted that some of their disclosures came about as a result of, "an agreement with a sustainable asset management group to withdraw a shareholder proposal." Ceres—a nonprofit organization with the mission to mobilize investor and business leadership in order to build a thriving, sustainable global economy—tracks shareholder resolutions. Such resolutions are filed by the investor network on sustainability-related issues, focusing on climate change, energy, water scarcity, and sustainability reporting. In 2014, there were seven resolutions filed against five electric power companies, and in 2015, 26 resolutions were filed against 15 companies in the electric power sector[4] [5].

Committing to transparency through a sustainability report or other voluntary disclosure is one way that companies are addressing investor requests and achieving withdrawals of shareholder resolutions. However, the effectiveness of these efforts on an industrywide level is difficult to ascertain. As one respondent stated, "At this point it is difficult to determine value. If the report were no longer completed and resulted in additional shareholder proposals, then I would say the reporting was 'somewhat' worth the cost." However the crucial question—and one that enters the realm of the counterfactual—is "How does a company know if it avoided even the consideration of shareholder resolutions because it has done such a thorough job of proactive reporting?"

[3] Information for the ESG screen on the Bloomberg Terminal is collected by Bloomberg based on publicly disclosed information, including sustainability reports and public voluntary disclosure. Companies are not asked to disclose to Bloomberg specifically; however, they do have the option to review, correct, or provide information if they so choose.

[4] As of June 19, 2015

Many ESIG members indicate their companies derive as much value from the internal process of collecting information for voluntary reporting as they do from the reporting itself.

Another value of reporting is "improved internal planning or processes." While only 15% of respondents listed it as a top three driver for voluntary reporting in the survey, using disclosure as a platform for internal and external communication has been discussed at ESIG meetings, with some saying this is the primary value. Sustainability reporting can be an opportunity for companies to engage within their organization as they retrieve information from all company departments, explain data requests to other employees, and fundamentally justify the importance of the requests to various managers and departments throughout the organization. They can then produce a clear, concise, effective disclosure that accurately reflects the entire company. As one respondent noted, "The process to produce the report is as important as the report itself. It allows management to link activities and see where we're at, what we've done well, and what we haven't done well."

The Cost of Sustainability Reporting

The costs a company incurs from sustainability reporting are difficult to quantify.

While this survey was not able to assign a quantitative value to voluntary reporting, some key points are worth highlighting:

- The cost of reporting is challenging to assess because it requires time and effort from multiple employees throughout a company who are contributing data as well as reviewing responses. This issue correlates with the survey question regarding reporting drivers, where the number one driver for voluntary disclosure was identified as resource availability (Table 3-1 shows a 73% selection rate). One company exemplified the challenge of multiple resources, noting in their free response that, "the costs shared do not include fractions of 220+ employees from across the company who provide data to the corporate responsibility team, or who review report copy for accuracy."
- Aside from the compilation of information for reporting, some expenses that contribute to voluntary reporting are used for other purposes and therefore make it difficult to account for as a "reporting cost." An example specifically identified in the free response portion of the survey concerned a third-party materiality assessment. This assessment can be important for reporting to hone in on the most important issues, but can incur substantial cost. Such costs are justified by the larger corporate value of understanding company and stakeholder values.
- Based on anecdotal responses, costs appear to be higher early on in a company's reporting and decrease as companies identify efficiencies with data collection, report writing, design, and approval processes.
- Some companies may choose to stagger their reporting in an effort to reduce costs, producing a sustainability report every other year or by doing a less resource-intensive update to the previous year's report.

What remains to be seen—and was ultimately beyond the scope of this survey—is whether companies are deriving value in proportion to the resources they are committing to disclosure activities.

There is a real cost to sustainability reporting, which requesting organizations such as DJSI, CDP, and GRI should be cognizant of as they evaluate changes to their disclosure requests for the electric power industry. ESIG has raised the following question many times: "Is it necessary to request information on so many generic metrics, versus narrowing down to a core set of metrics that are most relevant for this industry?" There is also a reality that the resources spent on voluntary reporting may be diverted from project implementation that has other environmental or social benefits. What remains to be seen—and was ultimately beyond the scope of this survey—is whether companies are deriving value in proportion to the resources they are committing to disclosure activities.

Choosing a Sustainability Reporting Platform

Corporate sustainability reports or integrated reports allow companies to develop a narrative and communicate to multiple stakeholder audiences.

The correlation between frequency and value for the various reporting platforms provides insight into company decisions regarding disclosure activities. The CSR/IR was by far the highest provider of value, with 97% of the 35 reporting companies identifying it as a top three method. This strongly aligns with responses to the question of reporting frequency, where the publishing of a CSR/IR is not only the highest venue but also has the strongest growth trend among all voluntary disclosure options. This is often attributed anecdotally to the fact that a company can use a CSR/IR to tell its story and present information to multiple audiences without the confines of a disclosure request. This was identified through the free-response portion of the survey by a number of respondents:

- "We use our corporate sustainability report as a basic resource document for a variety of audiences from customers to investors to legislators."
- "Generating a corporate sustainability report clearly adds value as it provides a platform for all to use to communicate our sustainability efforts, both internally and externally. It also helps to coordinate and align strategies and communication efforts within the company, and helps to move us away from silos to a more cohesive corporate strategy."
- "[The CSR] provides an integrated document that can be provided to our numerous stakeholders, including employees."

Aside from the CSR/IR, the other two highest voluntary reporting venues included DJSI and CDP Climate, which were tied, with 26% of responders selecting them as "top voluntary reporting or rating activities in terms of corporate value." Yet, there is a declining trend for reporting to both of these organizations. Conversely, GRI, which came in fourth in terms of value, has seen growth in regards to number of respondents. This could be attributed to the close relationship between the GRI index and CSR/IR. As one company noted, "We don't report to GRI, but we follow the GRI approach in our Corporate Sustainability Report."

Voluntary reporting organizations are striving to alleviate the pressure on respondents by streamlining their questionnaires. At the same time, they are equally challenged to avoid eliminating the opportunity for companies to properly frame their quantitative data with relevant narrative. This sentiment was echoed by another survey respondent, who noted,

> "…We regret the utility of CDP Water and DJSI in this regard has been diminishing as the questionnaires are 'streamlined,' apparently for ease in scoring by reviewers. Extremely tight character limits and narrowly focused questions do not provide an adequate platform for

discussion of complex, localized water resource, biodiversity or many other sustainability initiatives and performance."

While the scope of this survey was limited to evaluating long-standing disclosure opportunities that are generally accepted by the electric power industry as standard disclosure venues, these represent only a fraction of the disclosure requests companies receive. Following is a list of "other" sustainability reporting opportunities identified by respondents in this survey, presented alphabetically:

Survey respondents cited nearly 20 additional sustainability disclosure organizations, many of which pull data on companies themselves instead of requesting companies to respond to a questionnaire.

- Bloomberg
- Canadian Electricity Association Sustainable Electricity program reporting
- CRC (formerly Carbon Reduction Commitment) Energy Efficiency Scheme
- CDP Forestry
- Council on Environmental Quality
- Ecodesk™
- EIRIS
- Ethisphere® Institute
- European Union Emissions Trading Scheme
- Evalueserve
- STOXX® Global ESG Leaders index
- IW Financial
- NASDAQ OMX
- Newsweek's Green Rankings
- United States Office of Management and Budget (related to federal agencies/offices)
- *Power Integrated Resource Plan Briefing Book for Elected Officials*
- Southeastern Corporate Sustainability Rankings
- Sustainalytics
- Trucost
- Vigeo

Some of these require reporting by federal agencies or public offices, such as the United States Office of Management and Budget and the *Power Integrated Resource Plan Briefing Book for Elected Officials*. The majority of reporting organizations listed here do not actually ask companies to provide information, but instead develop reports based on existing public disclosure information. Companies are then given the opportunity to review data and correct misstatements or provide publicly sourced references for missing information. The challenge with this model is the resource demand on the companies being ranked. With a growing number of organizations evaluating and ranking companies, significant time is being spent reviewing and correcting draft "research reports." As one respondent stated, "The lack of harmonization between the various reporting frameworks makes the reporting process less efficient than it should be—because the same information is presented in different ways."

Many reporting organizations use the collected sustainability data to drive scoring, rankings, and financial investment indices.

Despite the challenges, many ESIG members still commit resources as many of these reporting organizations drive scoring and rankings as well as financial indices for investment. For example, IW Financial drives the United Nations Principles for Responsible Investment and CR Magazine's 100 Best Corporate Citizens [6]; Sustainalytics drives STOXX® Global ESG Leaders index [7]; Vigeo drives the New York Stock Exchange Euronext indices including Euronext-Vigeo World 120, Euronext-Vigeo Europe 120, Euronext-Vigeo France 20, and Euronext-Vigeo UK 20 [8]; and Ethisphere® Institute drives the World's Most Ethical Companies ranking [9], to name a few. Companies may thus feel the need to respond to these organizations to protect their corporate reputation as they are publicly ranked and evaluated based on the research of these organizations.

Overall, the sheer number of reporting options and obligations is causing frustration in some companies. One respondent noted in the free response that,

"The diversity of surveys is a challenge, frequently [there are] multiple questions on same topics that require different answers, and in different units… The focus of questions is often based on a pre-conceived model of our business, with a view to rating us against a cohort of presumably similar business models. The questions often clearly do not fit our business model; yet we feel compelled to answer them in the best way we can, along with our comments (if allowed), which may or may not be taken into account in the scoring process…. Different survey groups typically ask the same question in [a] slightly nuanced manner, such that we need to rewrite our responses for each questionnaire. Often we have to convert our data into a variety of different units and metrics for the same types of question. Some questionnaires requiring a high level of staff effort have changed quite dramatically, requiring development of a suite of new responses, and a complete rewrite and reorganization."

The drivers for voluntary sustainability reporting vary depending on corporate business structures.

Business Structure as a Sustainability Reporting Influence

Difference in voluntary reporting activities between reporting IOUs and non-IOUs was seen. Overall, a lower percentage of non-IOUs (9 of 13, or 69%) engage in voluntary reporting compared to the IOUs (26 of 27, or 96%). The top three reporting venues in terms of corporate value for non-IOUs in terms of value were different than the IOUs as well, with the top three for each organization shown in Table 4-1.

Table 4-1
Top reporting activities from value perspective of non-IOUs compared to IOUs

Non-IOU	IOU
CSR or IR	CSR or IR
GRI	DJSI
The Climate Registry	CDP

Resource availability is the number one consideration for voluntary disclosure for both IOUs and non-IOUs.

While the CSR/IR was the top selection for both groups, the second- and third-choice selections may be driven by the stakeholder audience. Both DJSI and CDP are investor-focused, which might make them more valuable to IOUs looking to communicate to investors, as opposed to non-IOUs that do not have investors to inform.

Both IOUs and non-IOUs identified resource availability as the number one driver for voluntary disclosure. However, the level to which it is a consideration for deciding whether to report or not was higher for the non-IOUs, with 85% of respondents identifying it as a top consideration compared to 67% for IOUs, as shown in Table 4-2.

Table 4-2
Top considerations of non-IOUs and IOUs when deciding whether to participate in sustainability reporting or rating activities

Non-IOU		IOU	
1. Resource availability	85%	1. Resource availability	67%
2. Stakeholder demands, requests, or relationships (agencies, customers, environmental groups, public)	62%	2. Stakeholder demands, requests, or relationships (agencies, customers, environmental groups, public)	67%
3. Shareholder, investor, and/or board of director demands, requests, or relationships	31%	3. Shareholder, investor, and/or board of director demands, requests, or relationships	67%
4. Overall cost vs. benefit	31%		

Non-IOUs were more certain their companies derived value from voluntary reporting than IOUs.

Finally, derived value was another area of differentiation between the IOUs and non-IOUs. While both responded that improved stakeholder relations was a value, the non-IOU organizations ranked benchmarking and improved internal planning higher than IOUs. When it came down to the question, "Overall, based on the estimated value and costs, are your voluntary reporting activities worth it," the non-IOUs were actually more certain, with 77% responding "Definitely" or "Mostly" compared to 50% of IOUs. These results are shown in Table 4-3.

Table 4-3
Top overall values non-IOUs and IOUs derive from voluntary reporting or rating activities

Non-IOU		IOU	
1. Improved stakeholder relations (for example, agencies, customers, environmental groups, public)	100%	1. Improved stakeholder relations (for example, agencies, customers, environmental groups, public)	73%
2. Improved internal planning or processes	44%	2. Improved reputation	50%
3. Understanding how we compare to peers (benchmarking)	44%	3. Improved shareholder, investor and/or board of directors relations	46%

Defining the Integrated Report (IR)

Corporate definitions of an IR vary widely.

Another area of misalignment revealed during the survey was in regard to the definition of an IR. While developing the question for the survey, it became apparent that it was impossible to simply ask whether a company published an IR, as companies had widely varying definitions. This, however, is aligned with a broader evolution of the definition beyond the electric power industry. According to the IIRC, which published its framework for integrated reporting in 2013, an IR is, "a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term [10]." While GRI does not have a formal definition for an IR, the organization states that, "integrated reporting which incorporates appropriate material sustainability information equally alongside financial information provides reporting organizations with a broad perspective on risk [11]."

PwC stated in their 2013 *Point of view* publication, *Integrated Reporting: Going Beyond the Financial Results*, that, "integrated reporting would build on the existing financial reporting model to present additional information about a company's strategy, governance, and performance. It is aimed at providing a complete picture of a company, including how it demonstrates stewardship and how it creates and sustains value [12]." Corporations such as Bayer have taken this view further, eliminating the sustainability report altogether in an effort to streamline their disclosure with U.S. Securities and Exchange Commission (SEC) reporting by publishing one annual report, noting that, "integrating the two previous publications is to elucidate the interactions between financial, ecological and societal factors and underline their influence on our company's long-term development [13]."

The level of financial data included in an IR, the timeframe of value creation, and the alignment with financial reporting continue to vary among existing examples both in the electric power industry and beyond.

Auditing, Assurances, and Verification

A growing area of interest is in the auditing of a company's corporate sustainability report. Various approaches to "auditing" are currently used, including third-party, self-audit, and complete or random audits. In contrast to financial audits, there are currently minimal "standards" for an audit of sustainability disclosures, which contribute to both the variety of methods used as well as the associated value. Three companies reported that they completed a full report audit, with only one respondent having that audit performed by a third party. The majority of the 35 responding companies, which are conducting or plan to conduct sustainability reporting by 2017 (51%), identified that they were not auditing the report. For those companies reporting a partial audit, the most common area of focus was greenhouse gas (GHG) emissions. There was also a note regarding the important distinction between auditing the process by which a sustainability report is compiled and auditing the data presented in the report.

Some organizations that score corporate sustainability consider verification when compiling the company's score.

For those organizations that score corporate sustainability, verification can be a piece of the scoring methodology. In 2013, CDP asked for comments regarding proposed changes to their GHG verification question. In its comments to CDP, EPRI expressed that,

> "At this time, it is not standard practice to have these [GHG emissions] measures third-party verified. The process of verification analyzes reported emissions against a defined protocol, such as The Climate Registry. As such, there is no standard protocol for items such as annual changes in emissions, progress against emission reduction targets, and change against a base year not target related. Without a standard protocol, there will be variation in how a third-party verifier would complete such 'verification' and therefore it could be potentially uninformative to ask a related question on the CDP questionnaire [14]."

If the investment community uses voluntary disclosure data, and organizations such as SASB push for disclosure of sustainability metrics in financial reporting [15], the issue of auditing may become more pronounced along with associated protocols and specifications.

The Burden of Reporting

In addition to the observations related to specific reporting activities, there is also an important aspect of this survey that points to the concept of the "burden of reporting." What is needed is emphasis on the most important issues that legitimately point to the position of an organization related to sustainability. While more disclosure has become the recent trend—for example, with CDP ratings historically dictated by the level of transparency rather than the level of performance—the number of topics and metrics has exploded. The consequence is corporate cost, public confusion, and disclosures that do not lead to useful insights (or advance sustainability).

EPRI's metrics research identified 448 sustainability metrics requested by reporting organizations for disclosure by the electric power industry.

The issue of materiality and the "right" metrics for reporting is one that EPRI has researched for several years. In 2013, EPRI published *Material Sustainability Issues for the North American Electric Power Industry* (3002000920). This report

The issue of materiality and the "right" metrics for reporting is one that EPRI has researched for several years. In 2013, EPRI published *Material Sustainability Issues for the North American Electric Power Industry* (3002000920). This report identified 15 material issues for the industry classifying, "a 'material' sustainability issue …[as] an environmental, social, and/or economic issue that has the potential to impact the long-term viability of electric utilities and/or their stakeholders [16]." This has served as the foundation for EPRI's metric research, which began with identification of 448 total metrics through a series of interviews and review of a wide range of third-party sources that track, assess, and report on companies' sustainability performance. This work was published in the report, *Sustainability Metric Compilation for the Electric Power Industry: Results of Industry Interviews and Metric Database Development* (3002004255) [17]. The number of metrics for each of the 15 material issues by sustainability pillar is shown in Table 4-4.

Table 4-4
Number of metrics by sustainability pillar and material issue

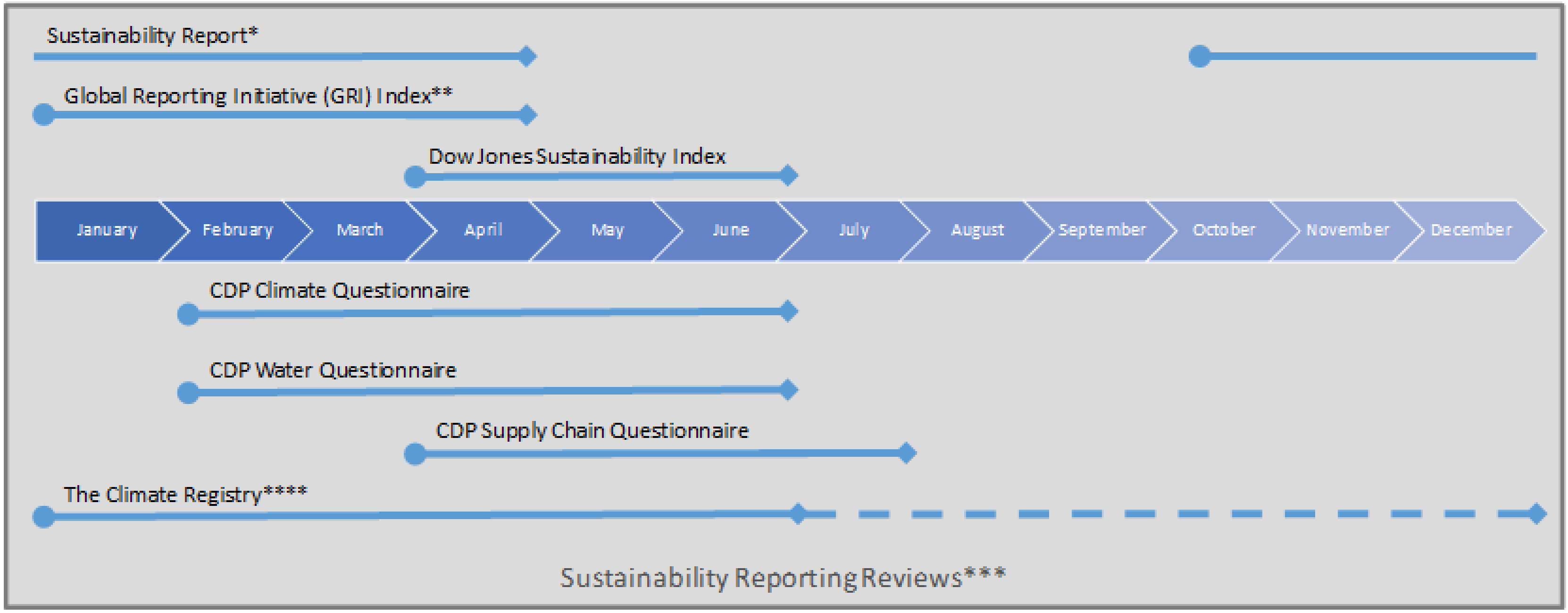
Pillar	Material Issue	# of Metrics
Environmental	Greenhouse gas emissions	78
	Reductions of other air emissions	35
	Water quality	24
	Water availability	64
	Habitat protection and biodiversity	17
	Waste management	31
Social	Public safety and health	24
	Employee safety and health	20
	Job satisfaction	12
	Community support and economic development	20
	Engagement and collaboration	10
Economic	Energy reliability	71
	Energy affordability	2
	Skilled workforce availability	8
	Economic viability of electric utilities	32
	TOTAL	**448**

Different metrics can be reported using a variety of measurement units and formats, which adds to the burden of reporting.

In recognition that 448 metrics is simply too many to reasonably report on each year, the ESIG is now working to identify the top metrics for benchmarking electric power industry sustainability performance for each material sustainability issue.

Aside from the sheer number of metrics, other variables add to the reporting burden such as metrics variations related to reporting formats and units; an example of this is reporting of GHG emissions. A total of 78 metrics were identified related to GHGs, which vary in units (for example, lbs. vs. metric tonnes), intensities (metric tonnes/MWh vs. metric tonnes/customer, metric tonnes/full-time equivalent (FTE) employee, and metric tonnes/$), and format (numerical disclosure vs. narrative overview). The same is true for water metrics, which vary in reported units (m^3 vs. gallons and megaliters) and intensities (liters/joule vs. gallons/GWh and m^3/kWh). Manipulating the same number in different ways simply adds to the corporate burden on reporting resources, without a clear understanding of the value these multiple variations have for stakeholders receiving this information.

Along with the quantity and variations of reporting, the timing of reporting contributes to the burden. Spring is “reporting season,” which is likely the result of interest in data timeliness and relevance. Spring reporting gives companies the opportunity to disclose the final data for the prior year in a way that is more meaningful and timely to stakeholders as well as investors. However, the concentration of reporting during this period, as depicted in Figure 4-1, translates to a significant commitment of resources during the first two quarters of the year.



* It is at the company's discretion when to publish a sustainability report; however, completing it prior to other voluntary disclosures allows the report to be utilized as a reference for other reporting. For example, a company can reference its sustainability report to supplement a response to CDP.

** Like sustainability reports, there is no due date for the GRI Index. However, many companies either publish a sustainability report using the GRI framework or reference their sustainability report in the GRI response.

*** Reporting to the Climate Registry is due June 30th; however, verification of reported emissions is not due until December 31st.

**** A list of sustainability reporting venues is provided on page 4-5. This list is not exhaustive but is representative of sustainability venues and reports that were provided by survey respondents.

Figure 4-1
Sustainability reporting timeline

The rating organizations have begun to recognize the need to address the burden of reporting. In June 2013, CDP and GRI signed a Memorandum of Understanding to find opportunities to simplify reporting, allowing for enhanced efficiency and effectiveness [18]. However, the amount of reporting taking place and the general lack of harmonization among the reporting organizations presents a growing challenge. Companies must determine how best to balance resource allocation between reporting activities and project-level efforts that improve performance. The risk of too many and increasing reporting requests from rating organizations may ultimately lead to a contrary outcome—reduced participation in reporting activities. This may explain the decline in some reporting seen in Figure 3-6, as companies gain a better understanding of their stakeholders' interests and rely more on their own annual CSR. Such an approach allows them to use the metrics most useful for their companies and that align directly with stakeholder requests for presentation of information. This allows companies to be more discerning in other reporting activities.

Making Appropriate Comparisons

Several issues may confound the simple task of comparing companies, even within the same industry. The variability in business models for the electric power industry makes measuring and comparing their sustainability a challenging task. This sentiment was shared with SASB by EPRI in 2013 in a comment letter:

> "Some power companies are primarily distribution and transmission, while others may have little to no distribution; some are primarily coal powered; others are hydroelectric; and still others may have no generation at all. Further, some companies are regulated, while others operate in a price competitive market. Metrics that are reasonable and comparable in a regulated atmosphere may not apply under a competitive structure. As a result, the supply chains, environmental impacts, and social constructs are diverse and cannot be easily "benchmarked" or compared. While the comparability from an investor standpoint can be quite useful, it will be critical for SASB to diligently consider the best metrics that can be standardized and normalized to allow for the stated goal of comparability, especially for the diverse electric power industry [19]."

Business model variability among electric power companies and different boundaries for reporting can make it challenging to meaningfully compare companies.

Boundaries are a particularly important part of the way metric data are collected and reported. Boundary challenges can be related to parent and subsidiary relationships, financial ownership, operational control, and how a company defines and reports on its value chain, to name just a few. Requests by different organizations for different boundaries can challenge the consistency of reporting, as stakeholders could interpret different numbers for similar metrics.

Water withdrawal is an example of how this confusion might manifest. GRI asks for total water withdrawal as defined by, "The sum of all water drawn into the boundaries of the organization from all sources (including surface water, ground water, rainwater, and municipal water supply) for any use over the course of the

Water withdrawal is one example of how issues and metrics are defined differently by reporting organizations such as GRI and CDP.

reporting period [20].” The CDP Water questionnaire, however, takes a different approach. First, it allows a company to define upfront the boundary of reporting It is possible that a company could report on water related to power generation, claiming that other consumptive uses are *de minimis*, or vice versa, arguing that office/facility water use is an area of greater control and opportunity for improvement. While CDP does cite the GRI definition of water withdrawal in its 2015 guidance document, it adds the following explanation: “Please note that cooling water (freshwater or sea water) can often be withdrawn in large quantities and returned in similar volumes to its original source with negligible losses or variation in quality [21].” The variety of boundary options may result in inconsistent disclosures between companies, making them no longer comparable, which could create confusion among stakeholders.

Finally, as noted in a comment letter to CDP [14], given the long-term horizon of sustainability, it is important to recognize companies that have reduced emissions or water consumption in prior years, rather than rewarding only year-over-year improvements. A year-to-year focus does not acknowledge more strategic and costly improvements, such as water usage improvement projects that span many years as is the case for installation of more efficient hydropower turbines. Consideration for multi-year trends could add to the usefulness of disclosures and inspire longer-term investments around sustainability performance.

Section 5: Conclusions

To EPRI's knowledge, this is the first effort of its kind to capture activities, values, and projected trends in sustainability disclosures in the electric power industry. While the specific costs of reporting could not be assessed in this study, 57% of respondents stated sustainability reporting is "definitely" or "mostly" worthwhile in consideration of estimated values and costs. As respondents noted,

To EPRI's knowledge, this survey is the first to collect information on the activities, values, and trends in sustainability reporting in the electric power industry.

> "We consider it [sustainability reporting] as an imperative in order to be a competitive player in the energy space."

> "Though we don't know precisely our costs to report or participate in ratings and rankings, we believe the benefits far outweigh the costs."

This input aligns with other research that suggests a correlation between sustainability performance and business value[5]. However, the number of disclosure requests has proliferated, raising the need to be more judicious in choosing reporting venues. The survey respondents showed a strong preference for a CSR/IR both in terms of frequency of use and corporate value.

Transparent disclosure on sustainability issues can be important to analyzing a company's overall value and risk profile. However, disclosures must be scientifically robust, relevant, and meaningful. Careful consideration for the issues addressed, metrics used, boundaries applied, and comparisons made are critical for assessing corporate sustainability. Several of the current disclosures would likely benefit from more consideration for the metrics that are used as well as downstream comparisons that take into account industry diversity.

Despite the challenges, many companies will likely continue to engage in voluntary reporting to demonstrate transparency and inform key stakeholders.

As companies become more discerning about their reporting activities in consideration of resource capabilities and stakeholder needs—and ratings agencies recognize that the current level of reporting is ultimately unsustainable—change appears inevitable. Further study is needed to assess whether the cost of reporting is aligned with the value realized. Still, for many companies, the act of regular reporting, no matter what the venue, represents an

[5] *The Electric Power Industry Business Case for Sustainability: Literature Review and Executive Rationale* (EPRI Report 3002005759) provides further insight into the correlation between sustainability and financial performance.

important commitment to assess and measure their progress in corporate sustainability performance.

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Appendix A: Survey Participants

Company
Alliant Energy Corporate Services, Inc.
American Electric Power Service Corporation
BC Hydro
Bonneville Power Administration (BPA)
Central Hudson Gas & Electric Corp.
Consolidated Edison Co. of New York, Inc.
Consumers Energy
CPS Energy
DTE Energy
Duke Energy Corporation
Entergy Services, Inc.
Exelon Corporation
FirstEnergy Service Company
Hoosier Energy Rural Electric Cooperative, Inc.
Hydro One Networks Inc.
Los Angeles Department of Water and Power
Madison Gas and Electric Company
National Grid USA Service Company, Inc.
Nebraska Public Power District
New York Power Authority
NiSource, Inc.
NRG Energy, Inc.
OGE Energy Corp. (Oklahoma Gas & Electric)
Oglethorpe Power Corp.
Ontario Power Authority
Pacific Gas and Electric Co.
Portland General Electric Co.

Company
Public Service Electric and Gas Company
Public Service Company of New Mexico
Salt River Project Agricultural Improvement and Power District
Santee Cooper (South Carolina Public Service Authority)
SCANA Corporation
Southern California Edison Co.
Sempra Energy
Southern Company
Tennessee Valley Authority (TVA)
Tri-State Generation and Transmission Association, Inc.
Tucson Electric Power Co.
We Energies
Xcel Energy Services Inc.

Appendix B: Survey Questions

Question Number	Question
1	Please enter the code for your company. (Provided by EPRI to protect confidentiality.)
2	If your company is a subsidiary, indicate if you are completing this survey from the perspective of your parent company or the subsidiary.
3	Does your company have international operations?
4	Would you characterize your company as: (check all that apply to you) Vertically integrated (generation, transmission and distribution) Generation Transmission Distribution Retail electric Non-IOU Government Non-IOU Cooperative Other (please specify)
5	Select the top considerations your company takes into account when deciding whether to participate in sustainability reporting or rating activities. (Select up to three) Resource availability (i.e., staff, budgets, etc.) Stakeholder demands, requests, or relationships (agencies, customers, environmental groups, public) Shareholder, investor, and/or Board of Director demands, requests, or relationships Protecting or improving reputation or corporate image Benchmarking performance Overall cost vs. benefit Employee attraction, retention, and engagement Improved internal planning or processes

	Peer-pressure from other electric power companies Other
6	My company: Has done sustainability reporting or rating activities this year, in past years, or plans to do so in the next 3 years. (If selected, continue with survey.) Has not done sustainability reporting or rating activities and does not plan to do so in the next 3 years. (If selected, skip to question 16.)
7	What kind of corporate sustainability report is your company publishing? My company has not yet done any reporting, but plans to do so sometime in the next 3 years (2015-2017). My company's sustainability report and annual financial reports are the same – i.e., there is one integrated report that comprehensively covers both sustainability and financial information. My sustainability report includes specific financial data, but it is not a comprehensive annual financial report. My sustainability report does not include specific financial data, but generally discusses the creation of financial value related to sustainability. My sustainability report does not include any financial discussion or data.
8	Please note the years your company participated in or plans to participate in the following. Note that columns refer to the reporting year, which will be based on data from the previous year. Corporate Sustainability Report or Integrated Report Global Reporting Initiative (GRI) in accordance with G3.1 Global Reporting Initiative (GRI) in accordance with G4 Dow Jones Sustainability Index (DJSI) Carbon Disclosure Project (CDP) CDP Water CDP Supply Chain The Climate Registry Other, including other ratings/rankings (specify type and years of reporting)
9	The next questions relate to the costs of voluntary reporting. If you choose not to provide information, you may proceed to the next portion of the survey. Continue to cost information questions. Skip to next portion of the survey.

10	Costs of various voluntary reporting or rating activities. Indicate your estimate or calculation of the dollar cost for your company to participate in voluntary reporting and rating activities for your most recent year of reporting. Include ALL staff time and costs of reporting, including: staff hours to provide data, complete surveys, review and approve reports; consultant fees; graphic designers; software costs; materials; and printing costs (do not include costs related to doing a materiality assessment, i.e., identifying your organization's priorities and your stakeholder's priorities). Corporate Sustainability Report or Integrated Report GRI in accordance with G3.1 GRI in accordance with G4 DJSI CDP CDP Water CDP Supply Chain Other (please specify)
11	For each of the cost estimates you provided above, indicate: Your level of confidence with the cost estimate Whether costs are incremental (e.g., your company's Corporate Sustainability Report costs $X, and subsequently the information that informs your CDP report at $Y cost) The reporting year associated with the cost estimate
12	Select the top overall values your company derives from voluntary reporting or rating activities? (Select up to three) Improved stakeholder relations (e.g., agencies, customers, environmental groups, public) Improved reputation Improved shareholder, investor and/or Board of Directors relations Understanding how we compare to peers (benchmarking) Improved internal planning or processes Employee attraction, retention, and engagement Recognition from peers No clear value has materialized Improved corporate financials (profits or otherwise) Additional Comments

13	Select the top voluntary reporting or rating activities in terms of corporate value. (Select up to three) Corporate Sustainability Report (or combined financial/sustainability report) GRI DJSI CDP CDP Water CDP Supply Chain Other (please specify)
14	Overall, based on the estimated value and costs, are your voluntary reporting activities worth it? Please provide insight in "Additional Comments." Definitely Mostly Somewhat No I don't know
15	For its most recently published Corporate Sustainability Report, did your company have all or any portion of the data audited? N/A Yes, complete audit by 3rd party Yes, complete audit done internally Yes, partial audit by 3rd party Yes, partial audit done internally No Don't know Optional for partial audit: Please specify what data was audited
16	Are you willing to participate in a one-hour interview with EPRI to further understand sustainability reporting efficiencies and best practices regarding: (1) reporting processes, (2) tools for reporting, and (3) materiality assessment activities?
17	Please provide additional comments and perspectives related to your company's voluntary reporting activities and/or this survey.

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