

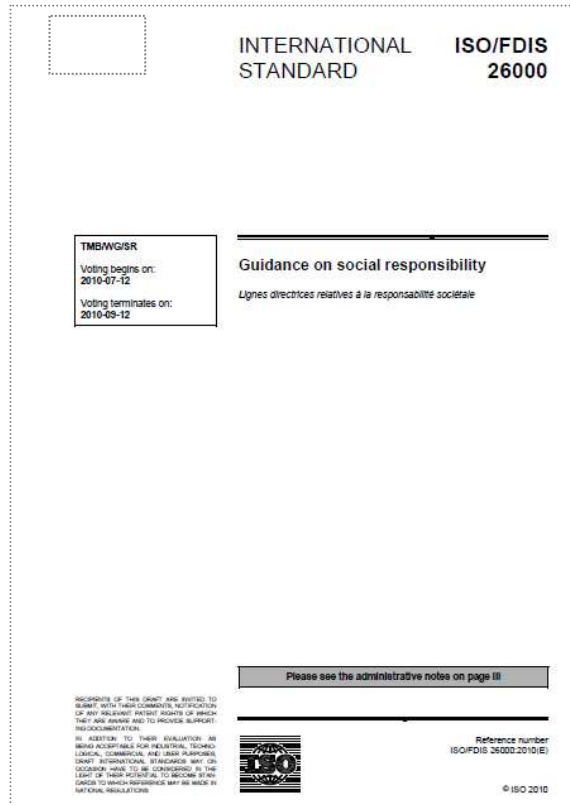
The Edison CSR assessment

A pilot project on ISO 26000

Francesca Magliulo, Corporate Responsibility Manager

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SCENARIO

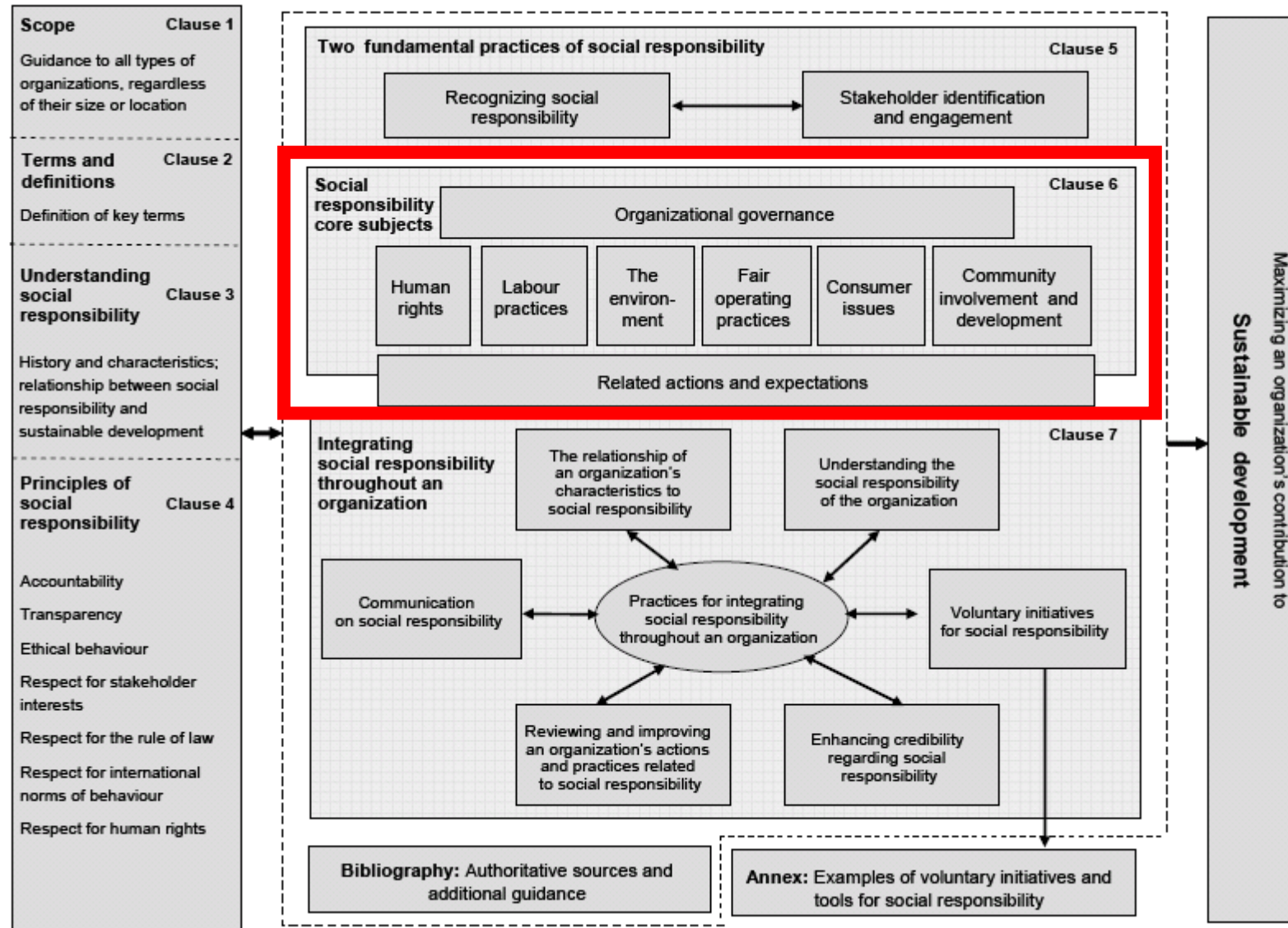


1st November sees the launch of ISO 26000:2010, **Guidance on social responsibility**, which provides guidance to both business and public sector organizations on social responsibility (SR).

ISO 26000 is the work of the ISO Working Group on Social Responsibility (ISO/WG SR) whose membership was the largest and the most broadly based in terms of stakeholder representation of any single group formed to develop an ISO standard.

ISO 26000 is a voluntary guidance standard that **is not to be used for certification**.

AN OVERVIEW OF ISO 26000



THE ISO 26000 CORE SUBJECTS



FOREWORD: WHICH ARE THE KEY ASPECTS OF ISO 26000?

The key aspects of this guidance are:

- The **classification** of the subjects of social responsibility (CSR governance; human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development);
- The identification for each subject of the respective **issues** and **actions required**.

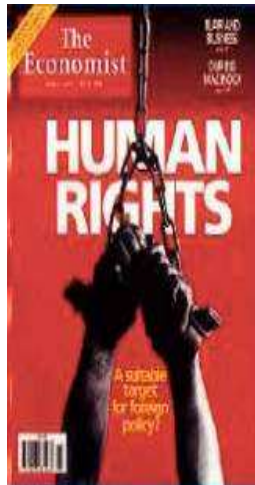
Viewed in these terms, the guidance constitutes an international reference framework that lists the types of actions that a stakeholder can expect from a responsible business.

Given the guidance's vast scope of implementation, a business must identify key issues based on internal or external criteria.

CORE SUBJECTS

Labour practices

Employment and Employment relationships
Conditions of work and social protection
Social dialogue
Health and Safety at work
Human development and training in the workplace



Human Rights

Due diligence
Human rights risk situations
Avoidance of complicity
Resolving grievances
Discrimination and vulnerable groups
Civil and politics rights
Economic, social, and cultural rights
Fundamental principles and rights at work



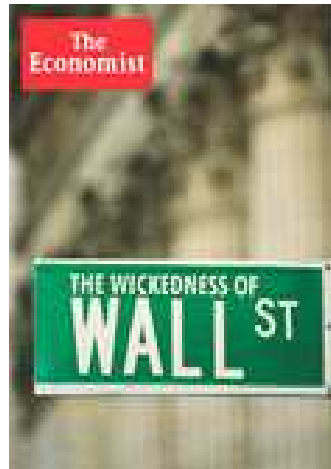
Environment

Prevention of pollution
Sustainable resource use
Climate change mitigation and adaptation
Protection of the environment, biodiversity and restoration of natural habitats

CORE SUBJECTS

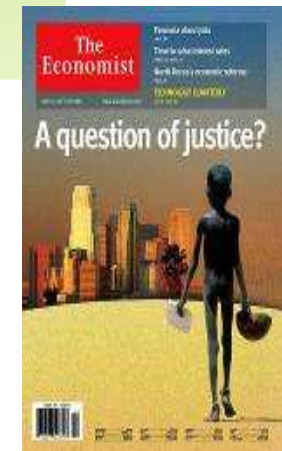
Consumer issues

Fair business, factual and unbiased information and fair contractual practices
Protecting consumers' health and safety
Sustainable consumption
Consumer service, support, and complaint and dispute resolution
Consumer data protection and privacy
Access to essential services
Education and awareness



Fair operating practices

Anti-Corruption
Responsible political involvement
Fair Competition
Promoting social responsibility in the value chain
Respect for property rights



Community involvement and development

Community involvement
Education and culture
Employment creation and skills development
Technology development and access
Wealth and income creation
Health
Social investment

THE HUMAN RIGHTS POLICY OF EDISON

- Universal Declaration of Human Rights
- Group's Code of Ethics
- Edison supports the UN Global Compact
- Edison does not tolerate any form of *irregular labor*, *“off-the-books” labor* or, even more importantly, *child labor* or *forced labor*.
- Edison guarantees the *freedom of association* and effectively recognizes the right to *collective bargaining*
- The Group respects the fundamental rights of individuals, protecting their moral integrity and providing *equal opportunities*.
- Respects and protects the aspirations, cultures, traditions and mores of local and *indigenous populations* in the regions where it operates.

THE HUMAN RIGHTS POLICY OF EDISON

- Protects the *right to life* both of its employees and of third parties involved in its activities, making the protection of health and safety in the workplace the focus of its attention.
- Edison promotes and adopts a preventive environmental management model focused on continuous improvement, develops and encourages the adoption of safe technologies that minimize environmental impacts and proposes environmentally compatible business solutions and sustainable development initiatives.
- Corruption can also have a significant impact on human rights, and Edison is committed to preventing corruption.

THE EDISON ASSESSMENT ON CSR

- Immediately after the publication of the Guidelines, the Corporate Department «Sistemi di Controllo Interno» (Internal Auditing) started an **assessment of the social responsibility activities** with the support of the CSR Department aimed at assessing how corporate activities, mainly with regard to those performed in 2010/2011, meet the expectations raised by each key topic (and related issues – key areas – and action required) of ISO Guidelines.
- According to information available, **Edison is one of the first companies** ever, both in Italy and in the international context, undertaking an assessment of their Social Responsibility actions in accordance with ISO 26000 Guidance.

WORK STEPS

1. **Matrix of importance of CSR topics, comparing each issue of the Guideline with:**
 - **Commitments** formally taken by Edison towards its stakeholders;
 - **Pressure from the stakeholders** on the company (press review, surveys etc.);
 - The so-called «**social learning**»: the most important topics of interest for the community, not specifically related to Edison but, more in general, to the whole energy industry.
 2. **Gap analysis of the actions required for the most significant topics through Document Analysis and interviews with company representatives.**
 - These gaps generate a «**risk of consistency**», ensuing from the more or less wide gap between commitments taken through formal and published documents and the actions actually performed.
- According to this approach, Internal Audit department decided to investigate how we are compliant with our commitments.

DETERMINATION OF THE SCOPE OF IMPLEMENTATION: RELEVANCE

A score was developed for each criterion: the issues with the highest scores (relative to subjects for which Edison has undertaken formal commitments because it views them as relevant to its operations and, at the same time, capable of **exposing the Company to a risk**) were selected for assessment.

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RISK CLASSIFICATION

- For each key issue, we proceeded to examine the risk level consistent with any actions required. The actions required were thus traced to 6 level of consistency risk, so to three levels of priority (high, average, low), as represented in the table below.

Policies and Plans	Actions	Risks
no	no	2
no	ok (spot)	4
no	ok (system)	5
ok	no	1 (max)
ok	ok (spot)	3
ok	ok (system)	6 (min)

MAIN RESULTS: OVERVIEW

- The assessment returned an outcome with a **good level of compliance** with the Guideline. **Almost 70%** of the analyzed actions among the those requested by the Guidelines, and identified as significant, showed a low or absent risk of consistency (65 on 94).
- Edison adheres to the Guidelines in the following areas: **employees**, management of the relationship with **consumers**, **proper operating practices** (referring to competitive strategies), **environmental pollution prevention** and **community involvement** through social investment.
- The assessment has highlighted some **risks of consistency** related to **biodiversity**, **CSR governance** and **human rights**.

CONCLUSIONS AND NEXT STEPS

- Thanks to this process, Edison, one of the first among all companies, developed an in-depth analysis for each core CSR subject and identified some potential reputational and operational risk areas. In all areas where a potential risk was identified, a proposal has been developed to define suggestions of one or more actions to mitigate the risk/reduce the gap versus the ISO 26000 and the applicable action priority.
- Presentation to the steering committee: awareness on sustainability and commitment to adopt all actions to be compliant to ISO 26000.
- This pilot project has shown the importance of Internal audit department in the CSR management. At the same time we are wondering if in such a way CSR is more a compliance matter (to some standards) than a voluntary process.