

ANA ZRNIC

Faculty of Economics in Osijek, Josip Juraj Strossmayer University of Osijek, Croatia

DUBRAVKA PEKANOV

Faculty of Economics in Osijek, Josip Juraj Strossmayer University of Osijek, Croatia

IVANA FOSIĆ

Faculty of Economics in Osijek, Josip Juraj Strossmayer University of Osijek, Croatia

GRI-BASED SUSTAINABILITY REPORTING IN THE EUROPEAN UNION ENERGY SECTOR: A COMPREHENSIVE OVERVIEW

Abstract:

This paper provides an analysis of sustainability reporting practices in the European Union, focusing on indicators disclosed by energy companies in accordance with the Global Reporting Initiative (GRI) guidelines and standards. By analyzing data from sustainability reports of energy companies between 2016 and 2019, the paper investigates the evolution of indicator disclosure over time. The findings reveal that economic indicators have been consistently reported without significant fluctuations, while environmental indicators show a slight decline since 2017, albeit without major deviations. On the other hand, social indicators demonstrate a positive trend throughout the entire period, particularly when compared to the lowest disclosure rate in 2016. The analysis highlights the voluntary nature of GRI standards' application and the limited disclosure of economic indicators by companies. It underscores the need to include economic indicators in sustainability reports to ensure a comprehensive representation of all three dimensions of sustainability. Furthermore, the study suggests narrowing down GRI standards as many indicators are underutilized in the analyzed companies. While the development of sustainability reporting standards for EU companies is underway, global comparability remains a challenge. Therefore, the paper envisions the future development of a global sustainability reporting framework, akin to financial reporting, to enhance organizations' assessment, comparability, and improvement of sustainability performance. In this regard, the GRI framework, based on its current application, holds potential for further refinement and formalization. Ultimately, achieving adequate standardization and harmonization will be crucial in advancing the field of sustainability reporting. This is particularly important for investors interested in making informed decisions based on environmental, social, and governance (ESG) factors.

Keywords:

Sustainability reporting, GRI standards, Energy companies, Sustainable investment

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