



Electric Utilities

Driving forces

Electric utilities is a market in flux and faces an onslaught of fundamental changes including more stringent government regulations, decarbonization, GHG reduction concerns, the availability of cheaper renewable alternatives, and changing power grid dynamics. The once oligopolistic utilities operators, are under threat from new market entrants offering energy alongside other conveniently-bundled technologies and services. The increasing integration of renewable energies into the energy mix requires flexible power management and smart, integrated energy solutions. Enormous efforts are also needed to develop and replace an aging grid. While electric utilities need to cope with rising costs, sales of conventional energy products (e.g. coal, nuclear) have stopped growing in developed markets and face increasing competition from decentralized power generation such as solar energy. Within emerging markets, industrialization and urbanization will require massive investments to create additional sustainable generation capacity. At the same time, companies must increasingly factor in concerns of external stakeholders (e.g. community groups, special interest lobbies) opposed to large-scale power projects. In addition, an uncertain and changing regulatory context increases the risk to long-term financing typical within this industry. In order to be competitive, electric utilities will need to develop innovative business models that can generate new sources of revenues that can adapt to the changing political, economic and technical challenges posed by these environments.

Highlighted criteria

Economic Dimension

- Codes of Business Conduct
- Corporate Governance
- Risk & Crisis Management

Environmental Dimension

- Climate Strategy
- Environmental Policy & Management Systems
- Transmission & Distribution

Social Dimension

- Occupational Health and Safety
- Stakeholder Engagement
- Talent Attraction & Retention

Sustainability leaders 2018

| | |
|--|---------------|
| RobecoSAM Gold Class | |
| Red Electrica Corp SA | Spain |
| RobecoSAM Silver Class | |
| EDP - Energias de Portugal SA | Portugal |
| Iberdrola SA | Spain |
| RobecoSAM Bronze Class | |
| Cia Energetica de Minas Gerais | Brazil |
| Electricite de France SA | France |
| Endesa SA | Spain |
| Enel SpA | Italy |
| Terna Rete Elettrica Nazionale SpA | Italy |
| Sustainability Yearbook Members | |
| Acciona SA | Spain |
| AES Corp/VA | United States |
| Celsia SA ESP ¹ | Colombia |
| Entergy Corp | United States |
| Interconexion Electrica SA ESP | Colombia |
| Korea Electric Power Corp | South Korea |
| PG&E Corp* | United States |

* RobecoSAM Industry Mover

¹ This company was not assessed for inclusion in the Dow Jones Sustainability Indices, but applying the same assessment methodology.

Industry statistics

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|--|----|
| Number of companies in universe | 98 |
| Number of companies assessed by RobecoSAM in 2017 | 71 |
| Assessed companies to total companies in universe (%) | 72 |
| Market capitalization of assessed companies to total market capitalization (%) | 88 |

Results at industry level

| Dimension | Average score | Best score | Dimension weight |
|---------------|---------------|------------|------------------|
| Economic | 51 | 92 | 33% |
| Environmental | 46 | 99 | 38% |
| Social | 53 | 94 | 29% |

Total score

