



Environmental reporting policy of the mining industry leaders in Poland



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1. Introduction

Bearing in mind the benefits related to transparency of actions of individual enterprises, reporting non-financial data gains an even broader meaning, especially in Poland where this issue becomes more and more widespread and gains continuous significance. Non-financial data noted above concern, among others, environmental issues. The aspects, on the other hand (i.e. energy, emissions, biodiversity, effluents and wastes etc.) fall, in line with the binding Global Reporting Initiative (GRI) guidelines-reporting of the matter of sustainable development (Brown et al., 2009; Moseñe et al., 2013), referring to social responsibility of business, under the scope of annual reporting. Until 2016 integrated reporting has been voluntary. Report preparation is mandatory from January 2017 (according to Directive 2014/95/EU) for companies in the EU that meet the criterion of number of employees and balance sheet total or net turnover. Within the hereby article the issues concerning natural environment will be discussed, including the means and scope of presenting information on this topic within integrated reports on the mining industry. Data will cover three mining entrepreneurs: KGHM Polska Miedz S.A. (KGHM), Lubelski Wegiel Bogdanka (LW Bogdanka) and Capital Group Polska Grupa Energetyczna S.A. – Gornictwo i Energetyka Konwencjonalna S.A. (CG PGE GiEK) which, according to the authors, represent “responsible mining” (Jenkins and Yakovleva, 2006; Wirth et al., 2016). The choice of issue was dictated by some key challenges standing before the mining enterprises, that is environment management and local society acceptance towards the conducted activity. Reporting, in accordance with the principles of Corporate Social Responsibility (CSR), is one of the steps in the effort to improve the image of enterprises of strategic share in national economy, while facilitating better relations between companies and their employees,

local society and state administration on various levels of interaction. The main aim of the article is to present the range of reports drawn up by Polish entrepreneurs of large mining companies under CSR (in comparison with another foreign mining company). Additionally authors analysed how domestic companies co-finance the budgets of local governments (communes) in the frames of proceeds to their budgets on account of mining fees for the conducted mining activities. The share of such proceeds was estimated within total expenditure of communes for environment protection and communal management in the years 2013–2015.

2. Principles of sustainable development in the frames of CSR concept. The process of changes in the way of elaborating non-financial data

The development of concept of reporting social responsibility of enterprises is a dynamic process described, among others, by (Carroll, 1999; Eccles and Krzus, 2010; Jaworska, 2011; Perez and Sanchez, 2009; Szczepankiewicz, 2014) based on a number of guidelines, norms which evolved in the course of time, among others, GRI guidelines (GRI G4, 2013a, b), ISO 14001 (Raufflet et al., 2014) and ISO 26000 norms (2010), provisions of EU Directive 2014/95/EU or principle of reporting presented by The International Framework Integrated Reporting (IIRC). The so called CSR report, which is becoming a method of promoting through disclosure of information on additional social-environmental activity led outside the basic activity of companies, has become the latest trend. The rules of reporting (GRI application on various levels; presenting functioning G4) have a key significance for the transparency of elaborated reports. The trend of reporting may become a way to improve the perception of the mining industry as companies which are environment friendly and society

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friendly. It is assessed (Kepore and Imbum, 2011) that companies within the mining industry ought to consider CSR strategies in their company management policy the moment their mining activity commences. Formulating clear principles is recommended in order to create and shape social awareness concerning the impact of mining activity on the life of local society (Macintyre et al., 2008).

In recent years significant changes in the area of CSR reporting have been observed. A substantial increase of the number of elaborated and published reports by companies and other organizations in Poland has been noticed. This direction is related to a number of initiatives and actions propagated by organizations acting in accordance with the concept of social responsibility of business. A good example here is the state contest for Social Reports, organized among others by the Responsible Business Forum since 2007 (LBCSR, 2017). In the recent, 10th edition of the contest (2016) LW Bogdanka triumphed and of 5 distinguished reports was one belonging to KGHM. Integrated reports are created outside the entity or by external companies. Recently, the key auditing companies have become rather keen to offer cooperation in this scope. Elaborated reports are made publically available (written form, video files) and available on internet websites of a given enterprise. Such a document is a “world trend” which is becoming a prestige for a company and which increases its “financially immeasurable” value. This is of great importance in particular for the Polish mining and power industries in the times of an uncertain political situation, many media attacks and unfavourable public opinion.

3. The choice of analysed companies-basic information with reference to CSR

Selection of companies KGHM Polska Miedz S.A. (copper ores and other accompanying elements), Lubelski Wegiel “Bogdanka” S.A. (hard coal) and Capital Group Polska Grupa Energetyczna S.A. – Gornictwo i Energetyka Konwencjonalna S.A. (lignite) has been dictated by their significant share in the mining industry in Poland. The analysed entities actively operate in social-environmental zone, in line with the principles of CSR. Paying attention to this very fact shows that Poland, as EU member, favours the mining sector even though it is criticised for, among others, the energy mix based to a large extent on coal. It is worth to note, that it does not however demonstrate its ignorance and reluctance to diversifying energy sources, but rather its skilful use of native wealth being, among others, coal, according to the world standards, considering the principles of CSR. The structure of capacity obtained in national power plants as of 31.12.2015 was as follows: coal-fired power plants 19135 MW 48,11%, lignite-fired power plants 9322 MW 23,44%, wind sources and other renewable energy sources 5258 MW 13,22%, industrial plants 2451 MW 6,16%, public hydroelectric power plants 2330 MW 5,86%, gas-fired power plants 1282 MW 3,22% (PSE, 2015).

KGHM Polska Miedz (KGHM) is a company which for many year has dealt with mining (underground exploitation) and processing of copper ores coming from one of the largest deposits in Europe, located in SW Poland. Since 1961 it has functioned as Kombinat Gorniczo-Hutniczy Miedzi (eng. Copper Smelting-Mining Combine) in Lubin (formerly as Zakłady Gornicze Lubin) being one of the investors and coordinators of construction works, leading to the discovery and documenting of the “New Copper Field” (Kaczmarek and Rozek, 2006; Pazdziora, 2007). Creation of smelting-mining complex of cooper is a used chance for economic development of the region. At the same time the investment was related to the impact on the natural environment in the form of terrain deformation, discharge of mineralised water from mine drainage and smelting waste, waste storage (including flotation waste) and emissions of gas and particulate pollutants. In the 70's of the XXth century KGHM created its own environment protection services. Furthermore, Ministerial Environment Protection Commission LGOM (pol. Legnicko-Glogowski Okreg Miedziowy eng. Legnica-Glogow Copper District), working towards environment pro-

tection and health of the inhabitants was launched by the Minister of Heavy Industry. Subsequent years of company activity brought along a decrease of unbeneficial impact of industrial objects on the environment (Piatkowski, 2007). Acting in accordance with the principles of sustainable development it publishes integrated reports in line with the guidelines in place (the latest report for year 2015 was elaborated on the basis of G4 guidelines) as well as belonging to RESPECT Index (Wirth et al., 2016) or UN Global Compact (membership since 02.03.2015, current status: lack of communication resulting from non-provision of report within the deadline of 2.03.2016) (Table 2). At the end of 2015 the company accepted the Corporate Social Responsibility Strategy for the years (2015–2020) (Report by KGHM, 2015).

Lubelski Wegiel “Bogdanka” S.A. (LW Bogdanka) is one of the leaders in hard coal extraction in Poland (share in national structure of mining of this resource is approx. 10% among 33 mines in Poland). Underground exploitation of the deposit of hard coal has been conducted since 1982. The raw material sold by the Company is used mainly for production of electricity and heat. Gangue is designated for production of cement and construction ceramics. The company impacts many elements of natural environment causing, among others, transformation of landscape in the form of ground settlements which results in damages to buildings and transport infrastructure, hydrological transformations contributing to an increase of wet areas which might have the character of permanent flooding or transformation of atmosphere due to gas and dust emissions. At the same time, one must underline that the company takes every effort to decrease the negative impact on the environment (among others through reducing dusts from heaps through water spraying and growing plants which act as screens) or compensates the losses to the society (by conducting repair works of damaged buildings, paying compensations to the owners of the flooded lands). Lands transformed by mining activity often become attractive for many species of animals which may lead to creation of objects attractive for tourists and educational institutions, as it occurred in case of educational route in the vicinity of marsh in the village of Nadrybie (Report by LW Bogdanka, 2015). In the scope of CSR LW Bogdanka actions it builds RESPECT Index portfolio and it has been member of UN Global Compact since 07.06.2011. More information about activity and awards LW Bogdanka in Table 1. **Capital Group Polska Grupa Energetyczna S.A. (CG PGE)** has implemented a broad structure of actions in the following areas: extraction of lignite, production of electricity and heat, distribution and sales. PGE GiEK (Polska Grupa Energetyczna S.A. – Gornictwo i Energetyka Konwencjonalna S.A.) is one of the concerns which comprise CG PGE and, at the same time, an industry leader in extraction of lignite by means of opencast method (share in national market of this raw material amounts to over 77%; 3 other mines operate on the extraction market). CG PGE is engaged in a number of initiatives compliant with CSR (Table 1). CG PGE shapes in a responsible and conscious way the relations between an economic increase and care for natural ecosystems. For this reason it minimizes the negative impact on natural environment related to noise emissions through waste management, sewage management and rational and effective use of water resources. This is confirmed by an implemented and binding System of Environmental Management, compliant with the requirements of PN-EN ISO 14001 norm (2015). Moreover, accredited laboratories are in place in the scope of quality management system and research methods of coal, slag and ash in line with the PN-EN ISO/IEC 17025:2005 norm. The company strongly engages itself in reclamation works (new forest, water, recreation complexes) and protects bio-diversity. Each time, plans and new investments are consulted with local communities, authorities of local governments (communes) and non-governmental organizations (Report by CG PGE, 2015). Table 1. Activity of Polish Leaders of the mining industry in the CSR lightSource: Own study based on Reports by KGHM, LW Bogdanka, CG PGE (2014, 2013, 2015).

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