

**OUR  
FUTURE  
IS  
NOW**

**SaskEnergy**

2006 CORPORATE  
SOCIAL RESPONSIBILITY  
REPORT

## PRESIDENT'S MESSAGE

Success is often measured by what is achieved, not by the impact these achievements have. Although a yardstick provides an accurate representation of results; and criteria make it easier to decide which results should be achieved – these only contribute to part of the picture.

What's equally, if not more important, is the short- and long-term effects of success.

Since our company was founded in 1988, SaskEnergy and its employees have held a very clear and defined goal: to impact Saskatchewan people and communities through action. Our targets are equally distinct and outlined in the scorecards of our annual Corporate Social Responsibility Reports. But our focus is on more than just the numbers. It's on building capacity, creating opportunities, and raising ourselves to the next level of community investment where our time and resources help organizations leverage more than dollars and cents.

This approach begins at the grassroots level – with our employees. The men and women of SaskEnergy and TransGas live, work, and raise families in communities throughout Saskatchewan, and represent the values and characteristics that define our Province. For many events or initiatives we support corporately, we look for opportunities to engage our employees as volunteers. They are our community champions.

We also consider other ways to maximize our impact. Can we work alongside organizations, community groups, or even our own internal workgroups to not only empower other people, but also ensure our support is as effective as it could be? Can we provide other non-traditional types of support such as in-kind contributions, to create a true investment into Saskatchewan people and communities? Can we partner with others on programs that make it easier for our customers to save energy? These are just a few examples of the questions we ask ourselves to help us reach our goals as an organization.



To achieve SaskEnergy's vision we aspire to six strategic mandates. These play a crucial role in our planning, reporting and measurement, and are developed in accordance with the highest benchmarks possible.

Community and Environmental Responsibility, as well as Engaging Employees, are the two mandates discussed exclusively in this report. Information concerning the other four mandates is contained in the main Annual Report.


With each passing year we also challenge ourselves to think differently, to continue to do better, and to build on our foundation of giving.

SaskEnergy's 2006 Corporate Social Responsibility Report is structured similar to past Reports, but I encourage you to look beyond the numbers and see the stories that are interwoven into our community relations philosophy. As you will see, it's not about cutting cheques or providing the largest donation of any company in Saskatchewan. It's about using our ingenuity and commitment to give back to the communities and the people of Saskatchewan.



Doug Kelln  
President and Chief Executive Officer

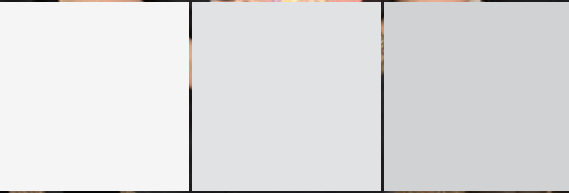
Safe and Reliable Operations	Delivering Shareholder Value
Community and Environmental Responsibility	Engaging Employees
Customer Service Excellence	Competitive Rates

TECHNOLOGY AND OPERATIONS GROUP   
(top photo)

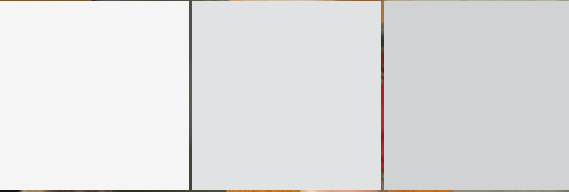
Dave Pahl, Jim Perfect, Simon Kostic, Konlin Stolz,  
Marissa Nelson-Jones, Derrick Mann,  
Aprameya Ambalae, Bruce Lotts.

CUSTOMER SERVICES GROUP  
(bottom photo)

Debbie Brown, Chris Uhren, Barry Ell, Traci Holoboff,  
Christine Brossart, Heather McInnis, Marcella Pelletier,  
Wendy Uytterhagen, Bonnie Favreau, Darlene Exner,  
Vern Gorr, Gary Tolhurst, Chris Mitchell.



For more than six years, dedicated employees from TransGas have volunteered one lunch hour each week to deliver hot meals through the Regina Meals on Wheels Program.



The Technology and Operations group, pictured at the top of this page, started the tradition which is now also supported by staff from TransGas Customer Services, shown below.

# COMMUNITY AND ENVIRONMENTAL RESPONSIBILITY

**OBJECTIVE:** Maintain leadership in corporate social responsibility and environmental stewardship.

## SPONSORSHIPS AND COMMUNITY INVESTMENTS

Measures	2005 Actual	2006 Actual	2006 Target	2007 Target	2008 Target	2009 Target
Community relations investment (\$ Millions)	1.59	1.57	1.56	1.46	1.50	1.50
Number of projects supported	1,271	1,268	1,300	1,300	1,300	1,300
Number of communities impacted	290	307	270	270	270	270

## MEASURES

SaskEnergy uses three key measurements for our sponsorships and community investments in Saskatchewan. These provide an accurate representation of overall results, but also help illustrate our impact throughout the Province.

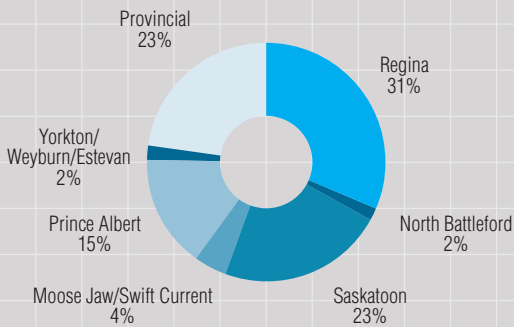
Our community relations investment includes all sponsorships and cash donations for the year ending December 31<sup>st</sup>. The other two measures show the ripple effect of our financial impact at the community and project level.

There is no “one size fits all” approach to community investment programs. In fact, we have three distinct initiatives in place to ensure our giving is as widespread and varied as possible: the *Share The Warmth*<sup>TM</sup> Fund, General and Aboriginal Sponsorship Funds.

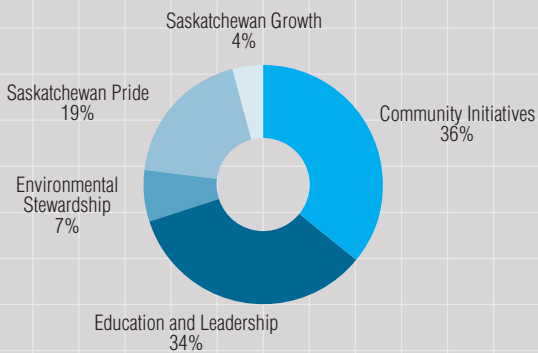
Our *Share the Warmth*<sup>TM</sup> Fund was developed in 1999 to help us spread our support outside of major urban centres to other smaller communities in the Province. This Fund is managed by employee liaisons in 11 locations, and is focused on five priority categories: Education and Leadership; Community Initiatives; Saskatchewan Pride; Environmental Stewardship; and Saskatchewan Growth. In 2006, more than \$124,000 was invested through this Fund, reaching 90 communities. This fund disperses sponsorships at a local level to a maximum of \$2,500.



Our Share the Warmth Liaisons are the key to our success and we value their commitment not only to the company, but also to the communities they help us support.



**SASKENERGY'S 2006  
COMMUNITY INVESTMENT BY AREA\***



**SASKENERGY'S 2006  
COMMUNITY INVESTMENT BY CATEGORY\***

\* Does not include in-kind contributions.

More information about SaskEnergy's community involvement can be found at [www.saskenergy.com/community](http://www.saskenergy.com/community).

SaskEnergy's community relations investment of \$1.57 million in 2006 represents about 40 cents per customer, per month.



Our General Sponsorship Fund is a provincially-focused program which supports larger events and activities such as the Vanier Cup, Heart and Stroke Big Bike, and the Saskatchewan Science Centre. Aboriginal cultural, educational and sporting events in the Province are supported through our Aboriginal Sponsorship Fund. In 2006, more than \$900,000 was invested through the General Sponsorship Fund, while almost \$400,000 was contributed to Aboriginal initiatives.

## ANALYSIS

In 2006, the Royal Canadian Legion Regina Branch 001 celebrated its 80<sup>th</sup> Anniversary. In support of Saskatchewan's veterans and fallen heroes, SaskEnergy worked alongside Legion members, volunteers and other organizations to spearhead a major event in early November. The SaskEnergy "Night to Remember" Gala captured national attention for the Legion and raised approximately \$45,000 to help the Legion continue as a vital and active part of the community.



More than 600 people attended the SaskEnergy "Night to Remember" Gala. The Regina Branch 001 was the first in Canada to receive its charter, and has proudly served the community for eight decades.

For the second consecutive year, SaskEnergy's *Share the Warmth*<sup>™</sup> Home Energy Efficiency Project (HEEP) helped Saskatchewan homeowners lower their energy costs and learn about simple and inexpensive home energy efficiency options. More than 600 volunteers came together to perform energy efficiency upgrades in 430 low-income homes in 19 communities.

Participation included 175 SaskEnergy and TransGas employees, SaskEnergy Network Members, Salvation Army volunteers, Saskatchewan Institute of Applied Science and Technology (SIAST) students, and other community organizations from across Saskatchewan. With the help of our partners and volunteers, our goal is to help up to 2,500 Saskatchewan homes become more energy efficient by the year 2010.

SaskEnergy also continued to support young volunteers in 2006, through Global Youth Service Day (GYSD) – the largest youth-led volunteering initiative in the world. As the only Saskatchewan company to participate in this international event, we partnered with Volunteer Canada to encourage volunteerism among Saskatchewan youth. Twenty-one awards totalling \$11,000 in three categories provided valuable seed money for selected schools and organizations to fund their winning projects – in the areas of community spirit, environmental action and volunteer leadership.



Teamwork was key to the success of HEED. More than 600 people participated. Pictured here is the team from Meadow Lake.

For the first time in history the Vanier Cup was held outside of Ontario, gracing Griffiths Stadium in Saskatoon. More than 12,000 fans cheered while players kept warm on the sidelines near natural gas heaters provided by SaskEnergy. As Champion of Volunteers, SaskEnergy's sponsorship included cash and in-kind support involving the use of natural gas heaters, the SaskEnergy tent, and ceremonial flame. SaskEnergy employees in Saskatoon were also instrumental in the success of the 2006 PotashCorp Vanier Cup, making the company, and Saskatoon, proud.

SaskEnergy and Thom Collegiate in Regina partnered in a new initiative in 2006, called the TCAP (The Thom Carpentry Apprenticeship Program), together with the Saskatchewan Housing Corporation. Grade 11 students from Thom Collegiate, Winston Knoll Collegiate, and Martin Collegiate in Regina worked together to build two low-income houses.

In 2006, SaskEnergy became one of only a few companies in Canada to formalize an employee volunteerism policy. This new policy recognizes the valuable experience employees can gain from participating in community activities undertaken by the company. It also creates the capacity to serve those in need in our community and facilitate major events that come to our province.

In fact, SaskEnergy has developed a reputation for sponsoring volunteers at major events, such as the Tim Horton's Brier or the Saskatchewan Winter Games. We proudly support their energy and enthusiasm and, whenever possible, join their ranks with local employees who volunteer their time to these projects as well.



## OUTLOOK

To achieve the broadest possible scope of community support, SaskEnergy has generally not financially participated in capital projects. These normally require large levels of investment.

After further review of other companies within our industry and in Saskatchewan, SaskEnergy has decided to set aside \$100,000 in its annual budget for 2007 and beyond, to participate in a limited number of strategic capital partnerships for the company and the Province.

For sports and arts initiatives, in 2007 we will begin expanding our sponsorship focus. Our goals are to diversify our support and provide greater sponsorship opportunities to various groups and organizations that focus on enriching the arts and sports culture not just in one location, but throughout our Province.

We're also taking a more strategic approach to our Scholarship Program, by focusing on opportunities that not only provide a benefit to Saskatchewan students in terms of their education, but also more closely align with and support our business.



SaskEnergy saw a 12% increase in funding related to environmental causes in 2006. We also collaborated with the nationally recognized Nature Conservancy Centre by housing them in our Regina head office. This non-financial support has helped the Nature Conservancy focus on additional projects such as the Caledonia property, which was acquired last year and hosts the endangered burrowing owl.

**OBJECTIVE:** Maintain leadership in corporate social responsibility and environmental stewardship.

**ENVIRONMENTAL STEWARDSHIP**

Measures	2005 Actual	2006 Actual	2006 Target	2007 Target	2008 Target	2009 Target
Annual greenhouse gas emission (GHG) reduction (tonnes)	11,640	23,000	12,000	8,000	7,000	7,000
Cumulative greenhouse gas emission (GHG) reduction (tonnes)	124,995	147,995	132,000	140,000	147,000	154,000

*Note: The greenhouse gas drivers and targets reflect the transition from a Kyoto-driven goal to a Federal Government target for the Large Industrial Sector.*

**MEASURES**

Our greenhouse gas (GHG) emission reduction target for the year consisted of 7,000 tonnes of vented emissions and 5,000 tonnes of emissions from gas releases. By year-end, we reduced our GHG emissions by more than 23,000 tonnes of CO<sub>2</sub> equivalent. Measurement of GHG emission reduction is determined through in-house measurement, engineering expertise, and the services of third-party consultants and auditors.

In 2006, SaskEnergy and TransGas exceeded our corporate GHG emissions reduction target by more than 10,000 tonnes.

**ANALYSIS**

Our GHG reduction for the year was solely in the area of emissions from gas releases and does not include a vented emission reduction project at the Bayhurst well field. This project was not completed by year-end, due to delays in receiving pump conversion equipment.

Following natural gas leakage measurements at a number of TransGas Compressor Stations, we reduced methane emissions by more than 20,000 tonnes of CO<sub>2</sub> equivalent at the Piapot Compressor Station. Other reductions were achieved through continued expansion of SaskEnergy’s line heater energy conversion initiative, as well as energy savings at corporate offices and buildings.

In the summer, TransGas remediated a waste disposal site that was used between 1958 and 1991 at the Success compressor station. More than 690 m<sup>3</sup> of solid waste, 13 m<sup>3</sup> of concrete and 473 m<sup>3</sup> of hydrocarbon soil was removed from several waste pits and beneath two underground storage tanks and former waste disposal culverts.

Environmental assessments were also performed on more than 270 new high and low pressure pipeline projects. These reviews are regularly conducted to ensure we develop adequate environmental protection measures and fulfill the regulatory requirements of provincial agencies. Assessments include topics such as fish and wildlife impacts, location of rare or endangered species, potential land use disturbance, local soil and vegetation concerns, and potential impacts to heritage resources.

As a result of the 2006 reviews, 10 TransGas projects required some minor re-routing changes. The majority of distribution projects were not re-routed, as the proposed routes were short in length and necessary to provide natural gas to new customers.

All of SaskEnergy's new buildings are designed and modeled for greater energy efficiencies, meeting and in some cases exceeding Provincial Energy Efficiency Standards.

## OUTLOOK

Environmental activities for 2007 will impact employees, our customers, and the public at large. For example, we will expand internal communication through our corporate intranet site, staff presentations, and EnviroAction Week to help us continue educating employees about environmental protection.

Along with a study of TransGas storage and small distribution projects, comprehensive environmental assessments will occur at La Ronge as we plan to extend natural gas to this area of the Province. Remedial measures will continue at various compressor stations, and we will prepare for new environmental programs initiated by the Provincial and Federal Government.



Since 2003 SaskEnergy has installed 52 line heaters at selected regulator stations throughout the Province to reduce GHGs and reduce operating costs. Working on this program with Cold Weather Technologies Ltd. (CWT) of Lloydminster, SaskEnergy has realized significant fuel gas savings. The Melville station, for instance, is reporting an average 43% reduction in annual fuel gas consumption during the past three years.

In the Fall of 2006 SaskEnergy opened a new Customer Service Centre in Weyburn. This new office, designed to be over 60% more energy efficient than a typical commercial building, uses T-8 lighting, which consumes approximately 20% less energy than standard T-12 lighting. Other features include a state-of-the-art, energy-efficient boiler, as well as solar-reflective windows that reflect 90% of the sun's ultraviolet rays to further reduce heating and cooling costs.

**OBJECTIVE:** Maintain leadership in corporate social responsibility and environmental stewardship.

**STRONG RELATIONSHIPS WITH SASKATCHEWAN BUSINESS**

Measures	2005 Actual	2006 Actual	2006 Target	2007 Target	2008 Target	2009 Target
Percentage of goods and services sourced in Saskatchewan	70	<b>70</b>	80	75	75	75
Total contracts – percentage of Aboriginal labour content	13	<b>12</b>	12	13	13	14
Salvage program savings (\$)	102,395	<b>170,367</b>	90,000	90,000	90,000	90,000
Purchasing savings (\$)	1,326,000	<b>683,493</b>	350,000	350,000	350,000	350,000

**MEASURES**

As a company that provides natural gas service to more than 332,000 Saskatchewan customers, it makes sense for us to purchase our products and services in the Province. SaskEnergy’s sourcing strategy has been fine-tuned for more than 11 years and allows us to help strengthen the local and provincial economy.

Our three-year projections up to 2009 are targeted at an average of 75%, as this represents a realistic expectation of purchases available in the Province. Our projections are based on a number of factors, including the availability of specialized natural gas services, products, equipment and labour in Saskatchewan.

For nine years SaskEnergy has measured the company’s salvage and purchasing savings. These savings impact the company’s bottom line, but at the same time protect the environment and help us further build our relationship with Saskatchewan businesses. Through salvage savings we maximize the value of goods we purchase by using programs aimed at manufacturing and refurbishing key goods used throughout our company. Purchasing savings are generated through the formal bidding process, which provides SaskEnergy with a fair, transparent and effective tool to manage major procurement opportunities and maximize cost savings.

**ANALYSIS**

SaskEnergy was unable to achieve our target for Saskatchewan content in 2006 because a significant number of specialized purchases were not available from Saskatchewan vendors. We were, however, able to achieve our Aboriginal content measure by awarding various contracts to Aboriginal vendors or vendors with significant Aboriginal content. We strongly believe our supplier development efforts provided additional opportunities for Saskatchewan and Aboriginal suppliers to do business with SaskEnergy. For example, over the past six years we have partnered with an on-reserve Aboriginal business to produce thousands of service swings for SaskEnergy, while providing employment for three individuals.

Savings from Salvage Operations resulted from increased productivity throughout the year, and other process improvements we’ve developed through our “Lean Thinking” program. Purchasing savings for 2006 are attributed to increased purchasing volumes and subsequent volume discounts.

Under the leadership of the Crown Investments Corporation of Saskatchewan (CIC), SaskEnergy and other Saskatchewan Crowns are working together to further develop relationships that not only fulfill our collective and individual business needs, but also help us continue to support the development of the Aboriginal community in our Province. In 2006, work began on an Aboriginal Business Directory, which will provide one source of information for all Saskatchewan Crowns looking for Aboriginal businesses capable of supplying goods and services to Crown Corporations.

## OUTLOOK

SaskEnergy will maintain or even slightly increase our strategic measures wherever possible. To achieve these results, SaskEnergy, together with our vendors, will need to expand the scope of products and services. This approach provides the most promise in increasing our Saskatchewan and Aboriginal content.

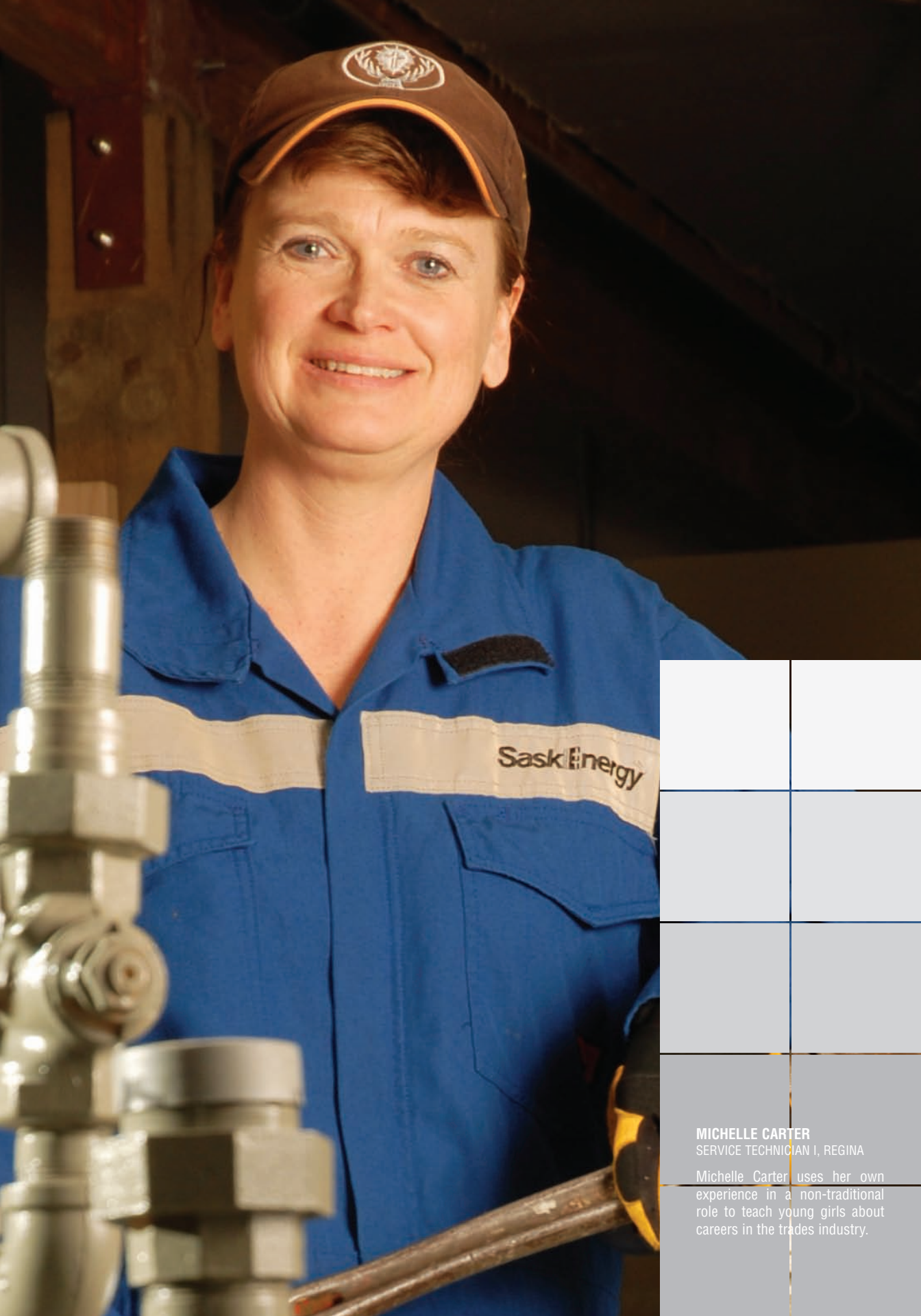
As we have done for the past 11 years, SaskEnergy will continue to report on our involvement with Aboriginal businesses, and will continue looking for ways to enhance our relationship with this important sector of our economy.

Salvage Operations will focus on additional process improvements through a new pilot program involving the manufacture of pipe fittings. Besides delivering net savings and valuable employment opportunities, this program also provides production capabilities when we experience occasional delays from our external vendors.

Management will also work with Salvage Operations staff, customers, and senior management in providing more training opportunities and site visits to gain a deeper understanding of “Lean Thinking”.



Our Salvage Operations group has collected material such as regulators, valves, file cabinets, fax machines and vehicles for the past eight years, and has refurbished these items whenever possible. Since 1999, their efforts have saved more than \$2.6 million for SaskEnergy.



**MICHELLE CARTER**  
SERVICE TECHNICIAN I, REGINA

Michelle Carter uses her own experience in a non-traditional role to teach young girls about careers in the trades industry.





**CONY PARISIEN**  
STAFFING ADVISOR

Cony Parisien is a skilled member of the Human Resources team and helps make staffing decisions to address the diversity goals of the Corporation's changing workforce. Cony is also an active member of SaskEnergy's Aboriginal Government Employees (SAGE).


## ENGAGING EMPLOYEES

**OBJECTIVE:** Employees will be fully engaged in the success of the organization by working in a safe, healthy and rewarding environment.

### REPRESENTATIVE WORKFORCE

Measures	2005 Actual	2006 Actual	2006 Target	2007 Target	2008 Target	2009 Target
Percentage of Diversity Hires	45.6	32.6	35.0	35.0	35.0	35.0
Representative Workforce						
- Aboriginal	10.0	11.6	11.0	11.5	12.0	12.5
- Women	40.2	39.2	40.5	41.0	41.5	42.0
- People With Disabilities	3.6	2.8	5.5	6.0	6.5	6.5
- Visible Minorities	1.8	1.8	3.0	3.5	4.0	4.0

### MEASURES

Building a representative workforce has been a focal point for SaskEnergy over the past 10 years. On average we select a 35% target for external diversity hires as this will help us move closer to achieving a workforce that represents Saskatchewan's demographics.

Beyond the collective diversity number, we also break this figure into four specific categories to show how our diversity areas align with the four equity groups recognized by the Saskatchewan Human Rights Commission. These groups are considered either underemployed or minimally employed within the Province. Our targets are set through regular evaluations that occur monthly, quarterly, and annually.

For our own purposes we also track these representative workforce numbers between the five employment levels of our company: Clerical/Administrative; Trades/Technical; Management; Professional; and Executive. This identifies specific room for movement and growth within SaskEnergy and TransGas.

### 2006 GROUPING OF SASKENERGY EMPLOYEES BY DIVERSITY

	Women	Aboriginal	Visible Minority	People with Disabilities	Total Employees
Executive	1	0	0	0	9
Professional	13	2	2	1	46
Management	79	11	8	5	189
Trades/Technical	24	63	3	11	488
Clerical/Administrative	287	44	6	12	299

## ANALYSIS

The energy industry, like many others, is facing some labour challenges. SaskEnergy's focus is on new and creative opportunities to ensure our workforce is strong today and in the future.

In 2006, tradespeople were in demand across the industry. Throughout the year companies within and outside of Saskatchewan launched aggressive recruitment campaigns to help fill their own vacancies. SaskEnergy was no exception.

Considering our goal to build a representative workforce that includes Aboriginal people, while attracting more tradespeople to our company, SaskEnergy entered into a new program with the Saskatchewan Indian Institute of Technologies (SIIT) and Gabriel Dumont Institute (GDI). Together we've built a successful new trades-based program that benefits SaskEnergy and the Aboriginal community.

Less progress was evident in the other diversity categories due to a combination of factors. In the heated labour market, candidates have a greater selection of opportunities to choose from. Although SaskEnergy experienced greater turnover in the engineering area, our overall turnover was still nominal – 3% for the year.

300 job bids and 28 retirements were processed in 2006 – a record for SaskEnergy. Not only did this help us recruit new employees, it created opportunities for our current employees to move into other areas of our company.



SaskEnergy Aboriginal Government Employees (SAGE) is an internal group of more than 50 Aboriginal employees across our company. The purpose of this group is to advocate and influence a representative workforce at SaskEnergy and TransGas. In 2006, SAGE developed a new charter and internal communications mechanisms to help them achieve their goals and build awareness among other employees.



Twelve SIIT and 18 GDI candidates completed employment-readiness courses and participated in an induction process to help prepare them for careers in the trades. As a result, 11 candidates were hired in our Stores and Salvage Operations area in Saskatoon.

## **OUTLOOK**

Diversity is a broad and complex concept. Achieving and surpassing specific representative rates for selected groups based on ethnicity, gender and ability should be viewed as the first, not the final, step in an ongoing process. SaskEnergy will continue to monitor this critical information and gauge our progress, through employee surveys, exit interviews, and focus groups.

SaskEnergy is committed to shaping a future culture of inclusiveness for all employees, new and current, and we have communicated this intent within our strategic plan. Externally, the organization is focusing on strengthening its equity partnerships in an effort to attract candidates to SaskEnergy.

**OBJECTIVE:** Employees will be fully engaged in the success of the organization by working in a safe, healthy and rewarding environment.

### INVESTING IN OUR PEOPLE

Measures	2005 Actual	2006 Actual	2006 Target	2007 Target	2008 Target	2009 Target
Lost time frequency rate (incidents per 100 employees)	2.95	<b>2.14 Third quartile<sup>1</sup></b>	Top quartile <sup>1</sup>	Top quartile <sup>1</sup>	Top quartile <sup>1</sup>	Top quartile <sup>1</sup>
Preventable vehicle collision rate	2.71	<b>3.11 Top quartile<sup>1</sup></b>	Top quartile <sup>1</sup>	Top quartile <sup>1</sup>	Top quartile <sup>1</sup>	Top quartile <sup>1</sup>
Competitive compensation and benefits package – 75th percentile of Saskatchewan or median of prairie market	12% below market <sup>2</sup>	<b>Not achieved for all job classifications</b>	75/median	75/median	75/median	75/median
Average amount spent per employee on training and development initiatives (\$)	925	<b>1,217</b>	850	900	950	1,000

<sup>1</sup> Established by the Canadian Gas Association (CGA) and Canadian Energy Pipeline Association (CEPA) and based on the performance of all CGA & CEPA companies in the previous year.

<sup>2</sup> On average. This percentage reflects base salary only and not total compensation, which would include salary and benefits.

## MEASURES

### LOST TIME FREQUENCY RATE AND PREVENTABLE VEHICLE COLLISION RATE

Ensuring the safety of our customers is critical to our business. Our employees' safety is just as important, because they are the force behind our ability to provide safe and reliable service day in and day out.

Each year we benchmark to safe work practices and standards, and collectively work towards our goal. Our commitment to reducing our lost time frequency rate and preventable vehicle collision rate is one way we can measure our health and safety performance to that of other Canadian natural gas utilities. These rates were established for us by the Canadian Gas Association and the Canadian Energy Pipeline Association.

Measurement is based on a yearly system of tracking the lost time injuries and preventable vehicle collisions and normalizing the numbers so that company comparisons are equated to workforce size or kilometres driven.

Our health and safety performance depends on a number of critical elements present in our Health and Safety Management System: leadership and commitment; organization and involvement; planning for safe work; standards and safe practices; training; measurement and continuous improvement; and accountability. This system is designed to minimize injuries and illnesses within the workplace.

The Canadian Gas Association (CGA) benchmarks are:  
 Lost Time Frequency Rate – 0.67  
 Preventable Vehicle Collision Rate – 3.51

The lost time frequency rate is determined by identifying the total number of incidents that occurred and multiplying the number by a given standard; that number is then divided by the total number of corporate hours worked for the period. To determine the preventable vehicle collision rate, the number of preventable vehicle collisions is multiplied by a given standard; that number is then divided by the total number of kilometres driven corporately for that period.

In 2006, employees from our Human Resource Department took the "Total Rewards Strategy" on the road, visiting 10 locations across the Province to explain to SaskEnergy employees what is included in the strategy and how it is beneficial to them. Plans are underway to continue these presentations throughout 2007, with four more locations scheduled for the 1<sup>st</sup> Quarter 2007.

## **COMPENSATION AND BENEFITS**

SaskEnergy's "Total Rewards Strategy" helps us retain our current employees and attract new employees to our organization. The specific measures we follow allow us to benchmark the compensation and benefits packages offered by similar companies in the Province.

## **EMPLOYEE TRAINING AND DEVELOPMENT**

A culture of continuous learning helps our employees become fully engaged in the success of our organization. Our annual training and development targets are based upon investments into various learning opportunities that benefit the individual and the company as a whole. The \$850 target for 2006 was selected based on the 2005 State of the Industry Report published in the *American Society of Training and Development Magazine*, which is an internationally recognized source for the latest on training and development initiatives.

## **ANALYSIS**

### **LOST TIME FREQUENCY RATE AND PREVENTABLE VEHICLE COLLISION RATE**

SaskEnergy's health and safety performance in 2006 improved over 2005. Lost Time Injuries and Lost Time Days were down for the year. In addition, SaskEnergy and TransGas reached a significant milestone in 2006, measuring within the Top Quartile for our Preventable Vehicle Collision Frequency Rate.

In 2006, a third-party contractor audited SaskEnergy's Health and Safety Management System, and determined that our system is overall quite strong. As a result, we again achieved safety certification.

Although the audit results were positive, lagging indicators (lost time and medical aid incidents) illustrate that further emphasis is needed to reach our corporate objective of health and safety excellence.



Success was achieved in large part through our continuous education process. A major focus was directed at Health and Safety training for all supervisors within construction and operations groups, while additional safety procedures were introduced to minimize risks to employees. At the Senior Management and Local Safety Health and Environment meetings, opportunities for improvement and increased employee participation were also discussed. In the latter part of 2006, the company developed a formal and comprehensive safety recognition program that will be formally introduced to all staff in early 2007.

In 2006, the Moose Jaw Customer Services area achieved zero medical aids, zero lost time injuries and zero preventable vehicle collisions. These employees are a perfect example of our commitment to health and safety.

## **COMPENSATION AND BENEFITS**

External surveys helped SaskEnergy accurately compare how our compensation and benefits package compares to other offerings in the Province's job market. SaskEnergy experiences some challenges with respect to certain classifications – in part due to labour shortages in the external market place for highly sought-after skill sets – such as the engineering and the trade sectors. However, through partnerships such as the one developed with SIIT and GDI, we are making progress in hiring in the trades areas. Salary adjustments were also developed for our specific trades areas, to help us attract and retain staff and bring their salaries more in-line with the external market.

## **EMPLOYEE TRAINING AND DEVELOPMENT**

Our flagship projects for the year included the Leadership Development Program (LDP) and Supervisory Tools and Techniques Program (STTP). Both have been offered internally for a number of years (LDP since 1998 and STTP since 1999), and are valuable to our staff. Complementing these programs are three other initiatives – the Share the Learning Program, where we provide training seats at-cost to people in the business community; Apprenticeship and Technical Trades Training; and E-Learning. E-Learning was a specific highlight for the year, as this on-line forum makes it easier for us to provide comprehensive and key training to all our employees regardless of their location. In total, nearly 150 E-Learning opportunities were used by staff in 2006.

All of our training programs combined helped us achieve our 2006 target.

## **OUTLOOK**



### **LOST TIME FREQUENCY RATE AND PREVENTABLE VEHICLE COLLISION RATE**

Our focus for 2007 will consist of identifying all hazards which staff may be exposed to, and providing a detailed evaluation of the underlying root causes of ongoing incidents. Safety Stand-Down Week will also help increase our focus on safety as a company and as individual employees.

SaskEnergy will build on its existing employee education initiatives with a new video outlining the importance of daily on-the-job safety. This video will reinforce the STAR Program (Stop, Think, Act, Review), underscoring everyone's responsibility to be safe.

Although we need to improve areas of our Health and Safety Management System, the biggest improvement is in the area of interdependent participation by all employees, and complete observance of every element of our Health and Safety Management System at all levels of the organization. Planning for safe operation and implementing the necessary steps to ensure it happens are critical to help us reach our health and safety performance goals.

### **COMPENSATION AND BENEFITS**

In 2007, SaskEnergy will review its compensation philosophy. Before determining any potential changes we will consider: our current market position; which market we wish to compare with (and at what level); as well as the role of performance management.

At the same time we will continue to improve our job evaluation system to provide for an external market component. As job evaluation systems and processes have evolved since the inception of our program, many programs use a combination of internal and market comparisons. For SaskEnergy to remain competitive given the growing challenges within the labour market, an external market component must be an essential part of our overall compensation strategies.

## EMPLOYEE TRAINING AND DEVELOPMENT

Our plan for 2007 is to continue investing in training and development initiatives for our employees. To that end we will also continue to offer successful programs such as the New Employee Orientation Session, Share the Learning, STTP, Technical Trades Training, and E-Learning. We will also add new important workshops, such as Women in the Trades, to encourage females to pursue trades careers. Coaching for Success will strengthen supervisors' skills in providing ongoing feedback to their employees.



Meghan Lee is a Utility Operator at the TransGas Compressor Station in Success. She is just one example of how women in non-traditional roles help bring value to the company, and she believes that training opportunities are key to growing and developing as an employee.





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