

Sustainable Practice Framework

Energy Supply Association of Australia

esaa represents major Australian energy supply industry businesses in the electricity (generation, transmission, distribution and retail) and gas (transmission, distribution and retail) sectors. esaa seeks to positively influence government to ensure that Australia enjoys the benefits of a safe, secure, reliable, sustainable and competitively-priced electricity and natural gas supply.

Purpose

The purpose of the Sustainable Practice Framework is to:

- Set a standard of sustainability performance in line with leading national and international sustainability practice and reporting which is viewed as good practice management and that is widely adopted by industry;
- Encourage best-practice sustainability programs;
- Improve voluntary sustainability reporting;
- Provide a platform for sharing good environmental, community, governance and workplace practice within the industry; and
- Demonstrate the commitment of esaa's members to sustainable practice.

Introduction and structure

This Sustainable Practice Framework sets out a map for achieving sustainability in the energy supply sector. While sustainability is the ultimate goal, esaa and the signatories to the Framework recognise that the necessary changes will need to be made over a period of time and through this Framework they are committing to continuous improvement toward adherence to the Framework's Principles.

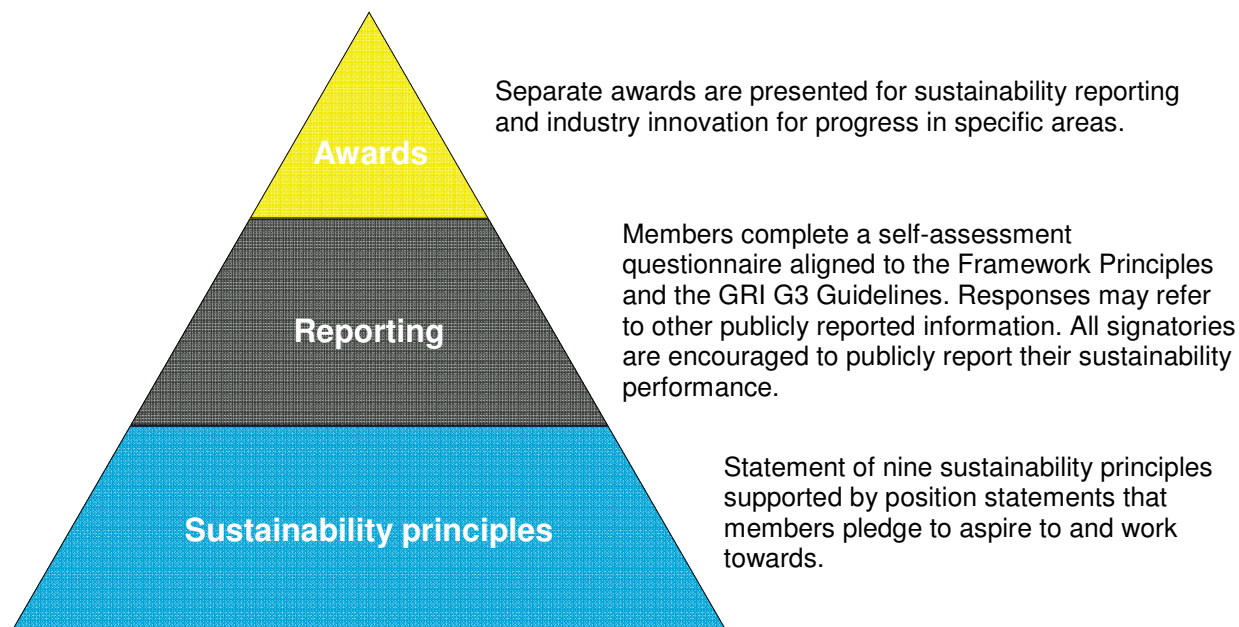
The Framework is voluntary, with members who choose to sign onto the Framework making a statement committing to working toward improved sustainability performance, management and reporting through adhering to a series of high level principles and supporting position statements.

The Framework comprises three elements:

1. A set of nine Sustainability Principles (including supporting position statements);
2. Reporting; and
3. An awards structure (a diagrammatical representation of which is shown below).

Recognising that the Australian energy supply industry is already subject to significant regulation, the purpose of the Framework is to provide an overarching structure for the industry that recognises existing minimum standards of performance, but which also sets 'stretch goals', so that conforming to the Framework will assist energy businesses in their implementation of sustainability across business practices.

The Framework has been developed based on the previous esaa Code of Sustainable Practice (introduced in 2004) and taking into account the Global Reporting Initiative (GRI) G3 Guidelines and its related Electric Utilities sector supplement.



Sustainability principles

Signatories to the Sustainable Practice Framework commit themselves to continually improve practices in line with the following principles:

- 1. Maintain good corporate governance practices**
- 2. Deliver value to shareholders, customers and the community**
- 3. Provide a safe, secure and reliable energy supply**
- 4. Engage key internal and external stakeholders on significant sustainability matters**
- 5. Maintain and enhance workforce health, safety, wellbeing and development**
- 6. Develop and implement climate change responses**
- 7. Improve environmental performance and resource efficiency**
- 8. Foster and support community programs**
- 9. Promote measurement and reporting of sustainability performance**

These principles are based on material issues identified in consultation with esaa members. In addition, esaa undertook a “gap analysis” comparing the ‘actions’ of the previous Code of Sustainable Practice with the Global Reporting Initiative and the Electric Utilities sector supplement. Attachment A provides a background explanation to each of the principles and supporting position statements as well as the qualitative and quantitative measures that may be used to measure performance against the Framework. Attachment B describes the indicators used in the Framework.

Reporting

Framework signatories commit to implement and measure their performance against the Sustainability Principles and are encouraged to publicly report sustainability performance. Reporting is undertaken by completion of a signatory questionnaire, which provides opportunity for the qualitative description of sustainability programs and the quantitative measurement of performance. Information can be supplied to esaa in one of two options:

Option 1

Companies continue to produce a sustainability report or annual report containing sustainability information. Responses to the reporting guidelines are incorporated into the report and the page numbers referenced in the questionnaire.

Option 2

Companies that do not already publicly report information may respond to the reporting guidelines via the questionnaire. The questionnaire would require companies to explain how they have complied with each principle and measure their performance in each area.

The questionnaire will be required to be submitted to esaa by November 15 each year. All information supplied to esaa will be used to provide private benchmarking reports to participants and potentially, aggregated industry benchmarks on key indicators.

Awards

To reward good practice by its members, esaa will offer two categories of awards – the award for best sustainability report, and innovation awards for progress in particular areas of sustainability.

Sustainability Reporting Award

Award for sustainability reporting based on performance against Framework Principles and quality and breadth of reporting.

Companies must produce a publicly available report.

Industry Innovation Award

Up to two awards for progress in specific areas, such as demand management, supply chain, climate change responses.

No requirement for reporting other than responding to the questionnaire.

Further Information

Energy supply businesses that commit to the Framework will have their names entered on a public register held by esaa and be issued with a certificate of commitment.

Operation of the Framework will be reviewed every three years by esaa in consultation with Framework signatories.

Attachment A: Table of principles and reporting

The table below outlines indicators which have been selected to report adherence to the Framework's Principles. This table is not intended to be an exhaustive list for reporting by energy supply businesses. Signatory businesses are encouraged to identify their own material sustainability issues through stakeholder consultation and to report progress in these areas in addition to the indicators below.

While these guidelines were developed using the GRI, reporting against these indicators alone may not result in a G3 compliant report. However, if a signatory business wishes to produce a GRI report, by reporting against all of the indicators outlined below, as well as the profile disclosures, that business should be eligible to declare a minimum application level of C. Signatories may of course decide to disclose additional information that may result in a B or A level report, or indeed to have it independently assured resulting in a '+' rating against the application level.

The indicators in this table are current as at April 2009. This table should be reviewed in September each year and upon the release of any new GRI documents. Each of the GRI indicators listed in this table is described in Attachment B. For a complete listing of the GRI guidelines and additional information on the indicators please refer to <http://www.globalreporting.org/Home> or <http://www.globalreporting.org/ReportingFramework/G3Online/>

Principle	Position Statement	Qualitative Measure	GRI Indicators			
			Generator	Transmission	Distribution	Retail
1. Maintain good corporate governance practices	<p>Energy supply businesses should maintain good corporate governance practices underpinned by strong corporate ethics and appropriate risk management systems.</p> <p>As a minimum, energy supply businesses should comply with all relevant legislative and regulatory requirements as issued by all levels of government.</p> <p>Energy supply businesses should develop policies, codes of conduct and company practices, which promote a high level of corporate governance in relation to management, markets, employees, customers, suppliers, the environment, the community and other stakeholders.</p> <p>Energy supply businesses should develop risk assessment and management systems to identify and manage risks through efficient financial and operational planning, audit programs, emergency preparedness and the implementation of continual improvement mechanisms. Systems should consider material sustainability risks such as security of resources (water, coal), bushfires, insurance costs and the impacts on infrastructure of climate change.</p>	Describe the risk management processes employed by the business.	Report against standard disclosures 4.1 – 4.10, 4.12			
			EC2 SO8	EC2 SO8	EC2 SO8	EC2 SO8

Attachment A: Table of principles and reporting

Principle	Position Statement	Qualitative Measure	GRI Indicators			
			Generator	Transmission	Distribution	Retail
2. Deliver value to shareholders, customers and the community	Energy supply businesses should seek to generate and distribute value to shareholders, customers and the community in the form of economic return to shareholders, product value to customers and investment in the community.		EC1 EC8	EC1 EC8	EC1 EC8	EC1 EC8
3. Provide a safe, secure and reliable energy supply	Energy supply businesses should, as a minimum, comply with all safety and reliability based legislation. Energy supply businesses should operate with a view to ensuring public safety at all times and should plan to ensure short and long-term energy availability and reliability.		EU6 EU25	EU6 EU25	EU6 EU25	EU6
4. Engage key internal and external stakeholders on significant sustainability matters	Energy supply businesses should develop processes for identifying and engaging key stakeholders, and should consult stakeholders on significant sustainability issues. Energy supply businesses should adopt decision-making processes which take into account the views of relevant stakeholders including shareholders, employees, customers, government and the community in order to maintain their 'license to operate' and should work with stakeholders including suppliers and contractors on aspects of sustainability performance to maintain a high level of performance in this area. Key stakeholders may be identified by their interest in and influence over the business, while significant sustainability issues are those that could make a major difference to the business's performance. They may be identified using the AA1000 five part materiality test.	Describe any process that the organisation has in place for assessing suppliers or contractors against sustainability criteria and indicate the proportion of suppliers who have been assessed against sustainability criteria.	Report against standard disclosures 4.14 – 4.17			

Attachment A: Table of principles and reporting

Principle	Position Statement	Qualitative Measure	GRI Indicators			
			Generator	Transmission	Distribution	Retail
5. Maintain and enhance workforce health, safety, wellbeing and development	<p>Energy supply businesses should seek to support employee wellbeing in all aspects of employment (such as health and safety, development, training, equal opportunity, human rights, etc.) with a view to enhancing employee engagement, retention and business performance, and providing a balanced lifestyle and job satisfaction for employees.</p> <p>Businesses should develop safety management systems based on recognised standards (such as AS4801), and provide high standards of health and safety for employees and contractors in all aspects of business management and operations.</p> <p>Energy supply businesses should provide educational and training programs to raise awareness and skills among employees, contractors and other stakeholders in relation to sustainability issues and to ensure that industry capabilities are developed and continuous improvement achieved.</p>	Did the business have any non-compliance issues with safety legislation and regulations? If yes, please describe.				
		What additional measures beyond those required by legislation are in place to ensure public and employee safety?	LA2	LA2	LA2	LA2
			LA6	LA6	LA6	LA6
			LA7	LA7	LA7	LA7
			LA10	LA10	LA10	LA10
	Describe the types of training that are provided and how this training is delivered (on-line, workshop, internal, external).	LA14	LA14	LA14	LA14	
		HR4	HR4	HR4	HR4	
		EU14	EU14	EU14	EU14	
		EU18	EU18	EU18	EU18	
6. Develop and implement climate change responses	<p>Energy supply businesses should seek to develop and implement appropriate climate change responses, in consultation with government and the community. These may include adaptation strategies to reduce energy use, employ renewable or low emission technologies, implement demand reduction strategies, and/or adaptation strategies.</p>	Describe any additional initiatives implemented to respond to climate change.	EN3			
			EN6	EN6	EN6	EN6
			EN16	EN16	EN16	EN16
			EN18	EN18	EN18	EN18

Attachment A: Table of principles and reporting

Principle	Position Statement	Qualitative Measure	GRI Indicators			
			Generator	Transmission	Distribution	Retail
7. Improve environmental performance and resource efficiency	<p>Energy supply businesses should adopt sound environmental management practices and seek to bring their environmental management into line with internationally recognised and verified standards, such as ISO 14001. This includes the use of environmental policies, management plans, risk analysis, continuous improvement and reporting.</p> <p>Energy supply businesses should seek to promote cost-effective energy and resource efficiency in their own operations, and, in cooperation with government and the community, among their customers, suppliers and in the broader economy. This includes improving the efficient use of natural resources, responsible use of energy, reducing material waste, and recycling, reusing or safely disposing of remaining waste.</p> <p>Energy supply businesses should support land rehabilitation, nature conservation and biodiversity enhancement.</p>	<p>Does the organisation have an environmental management system covering its operations? Is the environmental management system certified to ISO 14001?</p> <hr/> <p>Describe any measures taken to improve resource efficiency. What have been the results (reduced water use, waste production)?</p>	<p>EU11 EN8 EN12 EN14 EN20 EN21 EN22</p>	<p>EU12 EN12 EN14 EN22</p>	<p>EU12 (no need breakdown technical and non-technical losses) EN12 EN14 EN22</p>	-
8. Foster and support community programs	<p>Energy supply businesses should maintain awareness of community issues and concerns and support community development programs, particularly those of benefit in their local communities. Energy supply businesses should recognise the impact of their operations on local employment and suppliers, and support local economies where practicable.</p>	<p>Describe community programs supported and the results of those programs.</p>	SO1	SO1	SO1	SO1
9. Promote measurement and reporting of sustainability performance	<p>Energy supply businesses should promote transparent and timely provision of information to stakeholders. This should be achieved through measurement of sustainability performance using the indicators outlined in this table and regular reporting of business operations and performance. Further, businesses are encouraged to identify and report on any additional indicators relevant to the business.</p>	<p>Has the organisation reported on sustainability performance?</p>	<p>Has the organisation reported on the indicators referenced in this table?</p>			

Attachment B: Description of GRI indicators

Principle	GRI Indicator	Indicator Category	Indicator Description
1. Maintain good corporate governance practices	4.1	Governance, Commitments and Engagement (Governance)	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.
	4.2	Governance, Commitments and Engagement (Governance)	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).
	4.3	Governance, Commitments and Engagement (Governance)	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.
	4.4	Governance, Commitments and Engagement (Governance)	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
	4.5	Governance, Commitments and Engagement (Governance)	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).
	4.6	Governance, Commitments and Engagement (Governance)	Processes in place for the highest governance body to ensure conflicts of interest are avoided.
	4.7	Governance, Commitments and Engagement (Governance)	Processes for determining the qualifications and expertise of members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.
	4.8	Governance, Commitments and Engagement (Governance) Governance, Commitments and Engagement (Governance)	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.
	4.9	Governance, Commitments and Engagement (Governance)	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.
	4.10	Governance, Commitments and Engagement (Governance)	Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.
	4.12	Governance, Commitments and Engagement (Commitments to External Initiatives)	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.

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Principle	GRI Indicator	Indicator Category	Indicator Description
	EC2	Economic (Economic Performance)	Financial implications and other risks and opportunities for the organisation's activities due to climate change.
	SO8	Social Performance: Society (Compliance)	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.
2. Deliver value to shareholders, customers and the community	EC1	Economic (Economic Performance)	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
	EC8	Economic (Indirect Economic Impacts)	Developments and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
3. Provide a safe, secure and reliable energy supply	EU6	Sector Specific: Economic Section (Availability and Reliability)	Planning to ensure short and long-term electricity availability and reliability.
	EU25	Sector Specific: Social Section (Public Health and Safety)	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases.
4. Engage key internal and external stakeholders on significant sustainability matters	4.14	Governance, Commitments and Engagement (Stakeholder Engagement)	List of stakeholder groups engaged by the organisation.
	4.15	Governance, Commitments and Engagement (Stakeholder Engagement)	Basis for identification and selection of stakeholders with whom to engage.
	4.16	Governance, Commitments and Engagement (Stakeholder Engagement)	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
	4.17	Governance, Commitments and Engagement (Stakeholder Engagement)	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.
5. Maintain and enhance workforce health, safety, wellbeing and development	LA2	Social Performance: Labor Practices & Decent Work (Employment)	Total number and rate of employee turnover by age group, gender, and region.
	LA6	Social Performance: Labor Practices & Decent Work (Occupational Health and Safety)	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

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Principle	GRI Indicator	Indicator Category	Indicator Description
5. Maintain and enhance workforce health, safety, wellbeing and development (cont.)	LA7	Social Performance: Labor Practices & Decent Work (Occupational Health and Safety)	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.
	LA10	Social Performance: Labor Practices & Decent Work (Training and Education)	Average hours of training per year per employee by employee category.
	LA14	Social Performance: Labor Practices & Decent Work (Diversity and Equal Opportunity)	Ratio of basic salary of men to women by employee category.
	HR4	Social Performance (Human Rights)	Total number of incidents of discrimination and actions taken.
	EU14	Sector Specific: Social Section (Employment)	Processes to ensure retention and renewal of skilled workforce.
	EU18	Sector Specific: Social Section (Employment)	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.
6. Develop and implement climate change responses	EN3	Environmental (Energy)	Direct energy consumption by primary energy source.
	EN6	Environmental (Energy)	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
	EN16	Environmental (Emissions, Effluents and Waste)	Total direct and indirect greenhouse gas emissions by weight.
	EN18	Environmental (Emissions, Effluents and Waste)	Initiatives to reduce greenhouse gas emissions and reductions achieved.
7. Improve environmental performance and resource efficiency	EU11	Sector Specific: Economic (System Efficiency)	Average generation efficiency by energy source and by country or regulatory regime.
	EU 12	Sector Specific: Transmission and distribution efficiency	Report transmission efficiency and distribution efficiency separately. Separation between technical and non-technical losses (e.g. unauthorised connections) is not required.
	EN8	Environmental (Water)	Total water withdrawal by source.
	EN12	Environmental (Biodiversity)	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
	EN14	Environmental (Biodiversity)	Strategies, current actions, and future plans for managing impacts on biodiversity.

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Principle	GRI Indicator	Indicator Category	Indicator Description
7. Improve environmental performance and resource efficiency (cont.)	EN20	Environmental (Emissions, Effluents and Waste)	NOx, SOx, and other significant air emissions by type and weight.
	EN21	Environmental (Emissions, Effluents and Waste)	Total water discharge by quality and destination.
	EN22	Environmental (Emissions, Effluents and Waste)	Total weight of waste by type and disposal method.
8. Foster and support community programs	SO1	Social Performance: Society (Community)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
9. Promote measurement and reporting of sustainability performance			