

# TAKING CARE OF OURSELVES AND THE ENVIRONMENT



## Fostering a Healthy & Active Workforce

In valuing its employees, the Group strived to provide them with good quality, value-added healthcare programmes to help them stay in top form. Promoting a healthy work-life balance fosters a motivated and loyal workforce that achieves peak performance.

### Employee Health & Wellness

The Group actively educates its employees on the value of early detection and prevention. Free annual health screenings were made accessible throughout the Group as an effective means to help employees keep illnesses in check and stay at the peak of health. Fitness assessments were also organised for them to find out if their body mass index, heart rate and stamina were within the ideal range.

The promotion of good dietary habits was another focus area. Various activities were held for employees during the year, including a Healthy Sandwich with Vegetable and Fruits Day, talks on healthy food preparation, good nutrition and a balanced diet, as well as educational food trails where participants learnt tips on making healthy choices in food selection and grocery shopping.

Chronic disease prevention was also at the forefront of a series of workshops on workplace health promotion. Throughout the year, workshops on weight, cholesterol, hypertension and diabetes management and stroke prevention were organised for employees identified to have high-risk factors. General health seminars and workshops on a wide range of topics from HIV and AIDS prevention to sleeping disorders, detoxification and alternative medicine further provided insights into healthy living.

During the year, Jurong Shipyard marked its commitment towards workplace health promotion by signing a memorandum of understanding with Alexandra Hospital to provide employees with an enhanced range of healthcare programmes. A dedicated health corner was also launched with interesting displays and pamphlets to educate employees on living a healthy and balanced lifestyle.



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### Post-Retirement Healthcare

Employee welfare was taken a step further with the launch of Jurong Shipyard's new Chronic Disease Medical Plan for Retired Employees, a first of its kind in Singapore. Officially launched in May 2007 by Mr Heng Chee How, Minister of State for Health, this post-retirement healthcare plan aims to ease the financial burden on retired employees seeking treatment for chronic illnesses, such as hypertension, diabetes, high blood pressure, high cholesterol and stroke.



The plan reflected the yard's continuous commitment towards employees' health and well-being even after their retirement. It also sought to appreciate older and mature employees for their invaluable contributions to the yard. The yard, together with its multi-purpose co-operative society and union, pledged to contribute up to \$150,000 to fund the programme.

#### Chronic Disease Medical Plan for Retired Employees

- Jurong Shipyard will reimburse 80% of the medical cost incurred by retired employees for chronic disease treatment at government hospitals.
- Retired employees with one chronic illness will be reimbursed up to a maximum of \$400 per year, while those with two or more chronic illnesses can be subsidised up to a maximum of \$800 per year, for 5 years after retirement.
- To qualify for the programme, retired employees must have worked with the yard for at least 5 years prior to their retirement.

### Fit and Active Lifestyles

To encourage employees to embrace healthy and active lifestyles, the Group continued to hold various activities to promote the positive benefits of exercise and fitness.

The Group's Workplace Fitness Programmes have been well-received by staff as it enables them to integrate exercise in the workplace. A wide range of workout options were provided to suit different needs and preferences, ranging from aerobics, yoga and tai-chi classes to the more exciting courses on belly-dancing, kickboxing, "movin 'n' grooving" and line-dancing.

PPL Shipyard further promoted workplace fitness by building a corporate gymnasium for all its employees. The gymnasium is equipped with two treadmills, one recumbent bike, one cross-trainer, one set of free weights and a multi-workout station. To encourage the participation of female employees, two nights a week were specially designated for ladies.



The yearly A.C.T.I.V.E (All Companies Together in Various Exercises) Day was held again in 2007 for management and employees to come together for a meaningful time of exercise. The 30-minute workout session, led by a professional instructor, aimed to motivate employees' interest in fitness. Fresh fruits and nuts were also distributed as a reminder for employees to adopt balanced diets.



In addition, the Group continued to organise recreational and competitive team games to encourage closer bonding among employees, project partners and associates within the yard, Group and industry. These games included basketball, soccer, badminton and beach volleyball.

Beyond the work environment, yard employees actively participated in several external sporting initiatives during the year. These included the National Healthy Lifestyle campaign launch, National Runway Cycling at Paya Lebar Airbase, the Singapore Bay Run, the Mizuno Wave Run, and Fitness @ Work's first heartland location showcase in Toa Payoh HDB Hub Mall.



### Healthy Work-life Balance

The Group recognises that the ability to strike a healthy balance between work and life is essential for mental wellness. To achieve this, a variety of initiatives including stress management workshops, lunchtime current affairs talks and educational seminars on managing personal finances were held to equip employees with useful and practical knowledge. Team-building getaways, trekking expeditions and short-haul leisure trips to neighbouring countries further enabled employees to relax, unwind and foster closer relationships with their colleagues.

### Awards for Workplace Health Excellence

Sembcorp Marine's steadfast commitment to employee care and workplace health excellence continued to be demonstrated through the comprehensive and holistic healthcare initiatives within its yards.

As active promoters of workplace health, Jurong Shipyard, Sembawang Shipyard and Jurong SML have received Gold honours at Health Promotion Boards' Singapore H.E.A.L.T.H (Helping Employees Achieve Life Time Health) Awards in recent years.

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### Our Commitment Towards Safety & Security

The Sembcorp Marine Group continued to earn the trust and confidence of its global customers through its high standards in safety and security at the workplace. These efforts were sustained through effective management systems that work in synergy to enhance the Group's operational and business capabilities.

#### International Standards of Safety

Sembcorp Marine's yards maintained very high standards of quality, safety and environment according to benchmarks set by international accreditation institutions. During the year, surveillance and renewal audits were conducted to ensure the continued effectiveness of the yards' quality, safety and environment management systems.

Shipyards	Quality	Safety	Environment
Jurong Shipyard	ISO 9001:2000 ABS Quality Evaluations Inc 2007 Recertification	OHSAS 18001:1999 ABS Quality Evaluations Inc 2005 Recertification	—
Sembawang Shipyard	ISO 9001:2000 Det Norske Veritas 2006 Recertification Maintained Level 9	OHSAS 18001:1990 Det Norske Veritas 2006 Recertification	ISO 14001:2004 Environment Management System 2006 Recertification
PPL Shipyard	ISO 9001:2000 ABS Quality Evaluations Inc 2007 Recertification	—	—
Jurong SML	ISO 9001:2000 ABS Quality Evaluations Inc 2006 Recertification	—	—
SMOE	ISO 9001:2000 Lloyd's Register Quality Assurance Ltd 2006 Recertification	OHSAS 18001:1999 ABS Quality Evaluations Inc 2007 Recertification	ISO 14001:2001 Environment Management System 2007 Recertification

#### Improved Safety Performance

Striving to achieve zero-incident, the Group's yards continued to be proactive and vigilant in promoting and enforcing a culture of safety among employees and subcontractor partners.

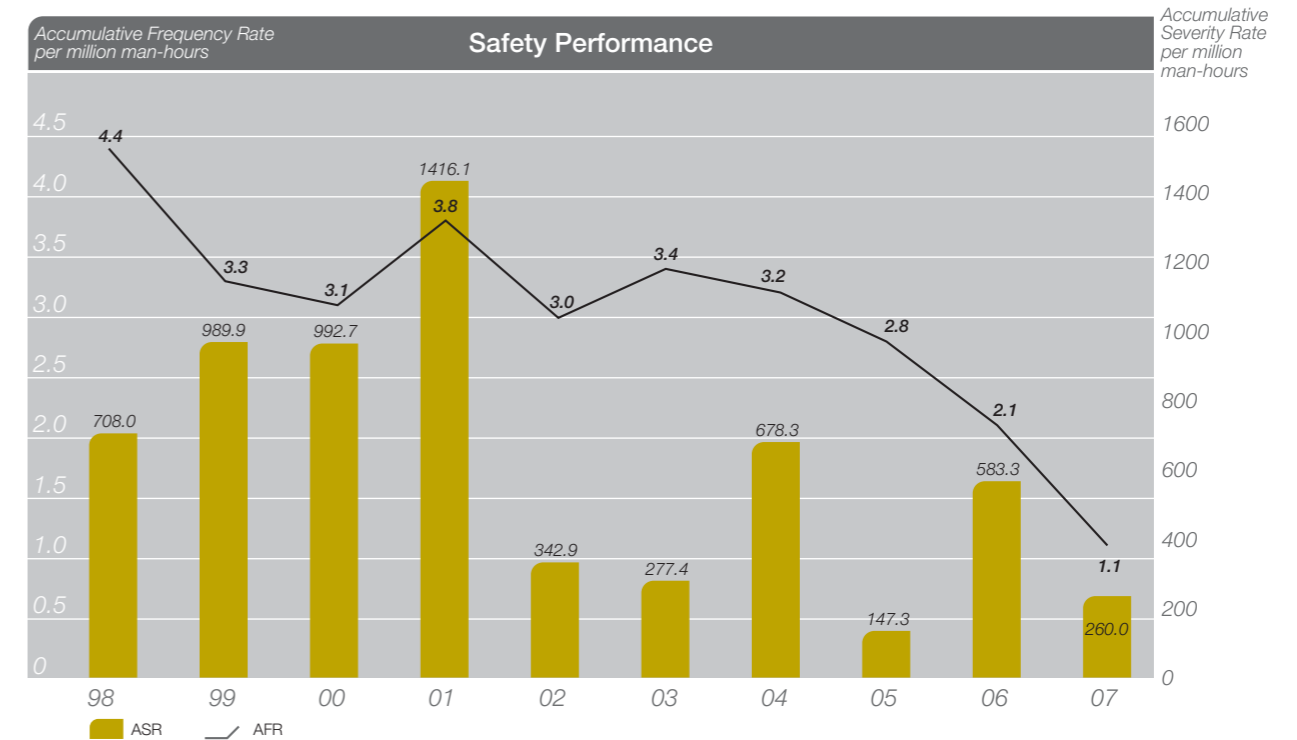
The Group's safety promotion and enhancement efforts resulted in an improved safety performance. The year saw a significant lowering of the Accumulative Frequency Rate to 1.09 from 2.1 in 2006. The Accumulative Frequency Rate measures the number of considerable accidents per million man-hours. At the same time, the Accumulative Severity Rate, which measures the number of man-days lost per million man-hours worked, was also reduced to 260 from 583.3 the year before.

#### Safety Achievements

The high standards of quality, safety and reliability achieved on various projects further demonstrated the Group's dedication to excellence. Jurong Shipyard's West Sirius semi-submersible building project attained more than 9.78 million man-hours without loss time injury, while PPL Shipyard's Hakuryu 10 jack-up building project reached more than 1.8 million incident-free man-hours. Sembawang Shipyard recorded nearly 900,000 man-hours without loss time injury servicing BP's vessels over the last two years, while SMOE's Bohai FPSO Project achieved 12.5 million incident-free manhours.

PPL Shipyard also earned global recognition by becoming the first shipyard in the world to be presented an Award of Excellence by ABS in September 2007 for the newbuilding of jack-up Soehanah, the first Mobile Offshore Drilling Unit to receive the ABS HAB+ Notation for conformance to the ABS Habitability Criteria.

areas early for counteractive measures and contingency plans to be made. Risk assessment courses were conducted for employees to educate them on the Group's risk management systems. Top management from subcontractor companies were also encouraged to attend training workshops where they drew up their own risk management plans and manuals.



#### Stringent Safety Enforcement

To align with the Ministry of Manpower's programme-based engagement strategy, Jurong Shipyard formed a Safety Task Force comprising specialist teams in areas such as scaffolding, hotwork and lifting in October 2007.

Task force members would perform frequent inspections to enforce safety rules and regulations, ensure compliance by employees and subcontractors and identify high-risk areas. After inspections, surveillance findings were documented into the safety checklist to ensure consistency in the enforcement of standards. Task force members would meet regularly to discuss areas of concern and formulate strategic action plans to further improve safety within the yard.

#### Risk Assessment and Management

Risk assessment continued to be conducted to minimise the possibility of incidents and to identify potential risk



At SMOE, a hazard identification safety initiative was rolled out in 2007. A series of workshops and courses were organised as part of this programme to enhance risk identification and management for the effective containment of hazards at work.

PPL Shipyard commissioned a safety perception survey to assess the emergency preparedness, safety consciousness and confidence level of the yard's personnel. Feedback obtained from the survey was used to further improve the effectiveness and comprehension of its current safety management system.

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### Safety Promotion

Sembcorp Marine and its yards were committed to raising occupational health and safety standards in line with the Ministry of Manpower's WSH 2015 strategy for workplace safety and health capabilities, legislation, promotion, rewards and partnerships.

Jurong Shipyard launched a workplace safety and health campaign with the theme "Driving to the Next Level" in May 2007 to create greater awareness of forklift safety. With the aim of reducing workplace incidents, the yard also kick-started the year's Zero-incident Safety Campaign in July 2007, where management, employees and contractor partners recited the Safety Oath and endorsed the Safety Pledge Board to symbolise their joint commitment.

PPL Shipyard held its Health Safety & Environment Week in November 2007, with seminars touching on basic fire fighting, proper usage of personal protective equipment, treatment of hand injuries, basic first aid and dengue prevention. Free health screenings were also conducted. A Workplace Safety and Health Carnival was organised at Sembawang Shipyard to replace the traditional department-level safety week. The event saw employees, sub-contractors, customers and invited guests sharing ideas on topics ranging from risk-based health, safety and environment management to infrastructure and equipment development.



### Holistic Safety Education

Employee education further enhanced a culture of safety within the yards. External safety courses – covering safety supervision, hotwork assessment and certification, industrial first aid, noise monitoring and risk assessment – were

assigned to further advance employees' expertise in specialised areas. Specific training was also held for tradesmen involved in lifting supervision, marine signaling and rigging, forklift, overhead crane and cherry picker operations.

All new employees continued to undergo a Safety Induction Programme to equip them with essential knowledge on the proper usage of personal protective equipment, safe working procedures and incident prevention. This was supplemented with in-house courses on topics such as health, safety and environmental leadership training, confined space entry, noise control and hazardous material handling.

Putting its new employees to the test, Sembawang Shipyard started a Safety Competency Screening to assess their knowledge and application of safety rules and regulations at work. New employees were required to pass the screening to clear their safety probation period. They were put through a written test and a series of simulated real work situations where they were evaluated on their selection of appropriate personal protection equipment and their identification of hazards in each scenario. They were also assessed on their knowledge of basic confined space entry requirements as well as their ability to cross over pipe racks safely and to climb a tower scaffold and perform a task while at a working platform.

Supplementing these efforts, the yards developed educational resources for their employees. Jurong Shipyard launched a Forklift Safety Induction DVD which detailed important safety requirements and precautions surrounding forklift operations. The DVD was the third to be produced by the yard following earlier DVDs on Permit-to-Work System and Safety Induction.



In addition, Jurong Shipyard published safety handbooks on "Forklift Safety Operation" and "Safe Use of Magnetic Lift Device", while SMOE published a guidebook on the "Safe Use of Grinding Machine" during the year. The latest edition of Sembawang Shipyard's "My HSE Diary" was also released, with new inclusions such as the Risk Assessment Register, Observation & Feedback Checklist Presentations on Vehicle Safety, Machinery Safety, Electrical Power Tools, Lifting Operations, and Working at Heights.

### Safety Promotion for Contractors

Sembcorp Marine displayed its firm commitment towards helping contractor partners build up their safety capabilities. Jurong Shipyard became a pioneering partner of the bizSAFE programme with a kick-off ceremony held in August 2007. To mark the launch, a half-day bizSAFE level 1 workshop was organised together with the Ministry for contractor partners who wanted to develop workplace safety and health policies in order to earn bizSAFE certification.

The bizSAFE programme is an initiative by the Ministry of Manpower's Workplace Safety & Health Advisory Committee. It spans five levels – bizSAFE 1 to 4 and bizSAFE Star – to progressively recognise contractor partners as they advanced towards achieving third-party audit and certification.

Following the successful launch at Jurong Shipyard, the bizSAFE programme is in the process of being rolled out across other yards within the Group.

### Safety Recognition and Rehabilitation

Special recognition for good safety performance in the form of awards and cash incentives continued to be given to teams from the yards, subsidiaries and contractor partners.

At Jurong Shipyard, sections that achieved incident-free track records for a consecutive period of three, six and 12 months were rewarded with merit points which could be converted into cash incentives. Conversely, sections that sustained considerable incidents would receive demerit points as deterrent.

### bizSAFE : 5 LEVELS OF RECOGNITION

The bizSAFE programme promotes Risk Management (RM) and Workplace Safety and Health Management System (WSHMS) among SMEs by recognising competencies acquired and implementation efforts at each of five levels in the journey.

Companies can leverage on the government's Risk Management Assistance Fund (RMAF) which provides a maximum co-funding of up to \$3,500 per company for bizSAFE level 1 to 3, and the Local Enterprise Technical Assistance Scheme (LETAS) which subsidises the cost of hiring an external WSHMS consultant by up to 50% for bizSAFE Star.



Source: Ministry of Manpower, Occupational Safety & Health Division.

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Employees involved in incidents would also undergo a rehabilitation programme where they would be closely monitored and supervised for up to a year, or more, depending on severity. In severe cases, offenders could be penalised with bonus deductions.

A similar system of rewards and demerits was applied to contractor partners as well. Yards gave out special recognition to subcontractors such as the Model Safety Supervisor and Worker Awards to recognise individuals for achieving good safety performance.

Jurong Shipyard presented Safety Performance Awards accompanied by cash incentives to contractor partners who maintained their incident-free status every quarter as a form of positive motivation. Companies that achieved 1 million incident-free man-hours or more were accorded extra honours during awards presentations and recognition by a Minister during National Day Observance ceremonies. Since 2005, this incentive programme had proven to be successful in encouraging greater safety consciousness among contractors. 2007's record of 4 million man-hours without lost-time incidents was held by Hong Rong Engineering.

However, contractors who failed to meet safety expectations would undergo coaching and advice under the Safety Mentoring Scheme, which was launched by Jurong Shipyard in 2006. The STAR Programme, a rehabilitative programme introduced by the yard in 2005, also worked to discourage companies from incident involvement with deterrent measures ranging from a monetary bond as surety for good safety performance to suspension from the Safety Performance Awards.

### Safer Work Environments

The Group also sought to improve the infrastructure around the yards to enhance pedestrian and vehicle safety in the work environment. Improvements made during the year included the addition of road signs and clearer road markings as well as road improvement works. Regular briefings for drivers of lorries and other heavy vehicles in the yard were also held to educate them on safe driving.

Regular noise monitoring was also done at workshops and on vessels to ensure noise emissions were within the acceptable range. Areas with excessive sound levels were closely monitored, and follow-up measures were taken to keep the situation under control.

### Heightened Security Controls

To safeguard the interest of customers and stakeholders, stringent entry checks and surveillance patrols were carried out round the clock to prevent security breaches within the yards. Frequent surveillance patrols by security personnel at all times of the day continued to ensure order in the yards. Key areas and critical systems would be kept under close vigil and constant watch through close-circuit television cameras.

As access to shipyards was controlled, visitors had to undergo stringent security checks. Employees and contractors were also tracked upon entry using a smartcard system at security gantries. Jurong Shipyard continued with the practice of using vein-scanning biometric security devices as an additional measure to authenticate personnel entering the yard.

The Group also placed great emphasis on vessel security to protect customers and their assets. Security personnel used a mobile palm-based system to track employees and contractors going onboard.

### Swift Emergency Response

The Group continued to carry out fire and evacuation drills on a regular basis to familiarise employees and subcontractors with emergency response procedures.

A total of 68 drills were conducted during the year at various locations including offices, workshops and onboard vessels.

Close rapport was maintained with external agencies through joint safety and security emergency exercises to ensure well-coordinated and timely responses to crisis situations. Working in collaboration with external partners such as Singapore Civil Defence Force, Singapore Police Force, and Coast Guards, the Group's yards actively participated in various emergency exercises held as part of the Shipyard Safety & Security Watch Group programme. These exercises – which simulated scenarios such as fire breakouts, bomb threats and terrorist infiltration – ensured a high level of operational readiness and emergency preparedness among employees.

### Security Training & Certification

In addition to the mandatory Workforce Skills Qualification Certificate course, security personnel had to undergo external training and upgrading courses by recognised security consultants to further raise their professional standards.

Within the yards, International Shipyard & Port Facilities Security awareness training courses were also held to enhance employees' knowledge of security procedures and equipment.

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### Protecting the Environment for Future Generations

The commitment as a socially responsible corporate citizen extends to caring for the environment. By going “green” throughout its operations and promoting environmental awareness, conservation and protection, the Sembcorp Marine Group strives to make planet Earth the best home for future generations.

#### Eco-Friendly Practices

The Group and its yards have been making conscious efforts to adopt eco-friendlier alternatives, such as the use of hydro-blasting and enclosed blasting in its production operations. Employees were also encouraged to reduce, reuse and recycle to control unnecessary wastages. Besides accruing positive benefits to the environment, these initiatives enable the Group to conserve resources and generate cost-savings in the long run.

#### Copper Slag Recycling

Jurong Shipyard continued to give a fresh lease of life to used copper slag from grit blasting through a

recycling process to convert the substance into useful building blocks for pavements and buildings. JPL Industries, a subsidiary of the Group, was the first in Singapore and the region to adopt this innovative practice in 1996.

#### Green Wave for Youths

Sembawang Shipyard channeled the passion and creativity of youths towards environmental care and protection through the annual Green Wave Environmental Care Competition.

Now into its fifth year, the competition has become a key platform for students to share their innovative



green ideas on sustainable environmental care and protection. The competition in 2007 was a success, with 278 entries from about 1,000 students from primary to tertiary levels. A total of 46 outstanding projects were honoured during the awards presentation ceremony at Marina Mandarin Hotel. The contest also received strong support from the yard's alliance partners Shell International Trading and Shipping Company and BP Shipping who generously sponsored the top cash prizes and work attachments to post-secondary-school winners.



#### Clean & Green Efforts

Good housekeeping has been practised in the yards to ensure a clean working environment for employees and stakeholders. Employees continued to be educated on the proper storage of working materials and disposal of waste products so that the workplace would be kept neat and tidy everyday.

Besides beautifying the surroundings, the yards also added greenery constantly within and around the working areas to help reduce the greenhouse effect. Tree-planting ceremonies have been a regular feature in Sembawang Shipyard's Clean & Green Week, an annual programme to promote environmental consciousness among its employees.

#### Active Support for Environmental Causes

The Group's subsidiaries sponsored and participated in the Semakau Corporate Environmental Outreach (CEO) Run on 17 November 2007 organised by the National Environmental Agency (NEA) as part of the Clean and Green Singapore (CGS) programme. JPL Industries, the event's platinum sponsor, and Sembawang Shipyard actively participated in this inaugural CEO Run which aims to promote environmental ownership and adoption of environmentally friendly practices. Senior management from JPL Industries also took part in a tree-planting ceremony to mark their sponsorship of the event and their commitment towards environmental conservation and protection.

Beyond Singapore, PT SMOE Indonesia participated in the local government of Batam's SUPER Programme 2007 to emphasise the yard's commitment to environmental protection.