QHSE ANNUAL REPORT
2013
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ABOUT US
Company Presentation

Legeneering Aust Pty Ltd is an engineering service provider based in Henderson, Western Australia. Focusing mainly in the marine and oil & gas industries, we offer one-stop solutions and a complete range of engineering services designed to match the need of our clients. We continually concentrate on tailoring our equipment and services to meet our client’s requirements. We work closely with our clients to understand their requirements, identify solutions and execute the projects in a timely, cost effective and safe manner.

Since its establishment in 2005, our company has delivered highest quality service through the provision of competent personnel and well-maintained equipment. Our services range from early concept evaluation and feasibility assessment through to in-house engineering design, onshore fabrication, welding, protective coating, offshore installation, repair work, maintenance work, testing and commissioning.

A core value of Legeneering’s philosophy is based on having a multi-skilled workforce that can accomplish all aspects of a project to the highest standard without the need to involve multiple vendors. This enables Legeneering to form long-term relationships with our clients that are both economical and mutually beneficial. Our talented team and their dedication to excellence and superior service has been and continues to be what sets Legeneering apart from the competition.

Legeneering employees are committed to continuous improvement and our Quality, Safety, Health and Environmental Policies outline our commitment to achieving the highest standards, and to continuously improving our performance.
Our values

Legeneering values are the foundation of our culture, our work practices and our interactions with clients and colleagues.

**Passion**
We are passion for what we do and the clients that we serve

**Performance**
We stretch our capabilities to achieve business goals

**Persistence**
We persevere in what we do and never give up

**Accountability**
We take responsibility for our actions and deliver our commitments

**Integrity**
We do what is right and we do what we say in an honest and transparent way
About Us

Our products & services

- Project Survey & Scoping
- Engineering Design, Drafting & Workpack Preparation
- Fabrication & Coded Welding
- Mechanical Fitting
- Oil Rig Repair
- Confined Space Fitting & Welding
- Rope Access Fitting & Welding
- Scaffolding
- Rigging
- Protective Coating
- Installation & Commissioning
- MDR Documentations
Our clients

Legeneering has provided varied engineering services to many clients. As an engineering based services provider, we are able to address specific needs of our clients with complete impartiality. We have experience working with:

- Woodside
- Austal
- Tyco
- GAC
- Hamilton Engineering
- Strategic Marine
Quality

Client Satisfaction Survey 2013

Client feedback matters to us! That’s why, every year, we conduct a Client Satisfaction Survey. It measures our performance and tells us how well we’re meeting the expectations of our clients and identifies areas of our business that we need to improve.

During the survey, we asked our clients to rate us across every important measure of the quality of our service attributes including:

Pre-Project Planning – Proper planning encompassing all the tasks between project initiation to handover
Communication – Actively listens and effectively transmits information
Documentation – Providing sufficient and informative documents such as work pack, engineering drawing, MDR etc throughout the projects
Problem Solving – Proactive in solving problems
Professionalism – Adheres to ethical principles, respects others, and reflects Legeneering’s values
Quality of Equipment Used – Provides equipments of an appropriate or agreed upon standard
Quality of Service – Provides goods and/ or services of an appropriate or agreed upon standard
Service Cost & Value – Provides and appropriate balance between service cost and the value of the service
Technical expertise – Demonstrates a comprehensive understanding of field
Timeliness – Delivers goods and/ or services within an appropriate or agreed upon timeframe
Overall satisfaction – Please with process, goods and/ or services met expectations and added value

“We are very happy with Legeneering’s work.”
Fig 1 depicts the mean score of each attribute for Legeneering’s services collectively on a possible 5-point likert scale, with 1 being very dissatisfied and 5 being very satisfied. Overall, Legeneering received favourable ratings in 2013.

While Fig 2 depicts the importance of the service attributes, excluding overall satisfaction, to Legeneering’s clients. One hundred percent indicated that Pre-project Planning, Documentation, Professionalism, Quality of Equipment Used and Timeliness were extremely important relative to their interaction with Legeneering.
SAFETY
Safety

In 2013, we have worked on strengthening and launching a number of initiatives, and we are proud to see improvements in our performance indicators. Over the last five years, we have reduced our Total Recordable Injury Frequency Rate (TRIFR) by more than 67 percent, from 37.2 injuries per 200,000 hours in 2009 to 12.22 in 2013 as per Fig 1. These improvements have been achieved while we almost doubled our business, growing from 37 thousand work hours to more than 65 thousand work hours per year. In 2013, we also successfully achieved a full year without any lost time injuries (LTI).

We have established a monthly communications package to reinforce the safety messages using different media including posters and cartoons in order to continue to raise awareness throughout the company.

We completed and continuously reviewing the risk analysis for all our activities/ processes, understanding that a complete knowledge of activity risks is the most important way to keep our people safe. Most of these initiatives are intended to increase awareness, a proactive and positive attitude and a behavioural change to achieve a safer work environment.

Despite overall good results in 2013, there is still room for improvement. Our goal in 2014 is to avoid any type of incident. With enhanced standards and even more commitment, we strive to continuously improve the high safety level and our performance. We are working hard to create an active culture of safety and encourage employees to take personal responsibility for their actions.

Figure 1: Total Recordable Injuries/ Illness by Year
OHS Performance

Figure 2: Incident Triangle

The above triangle (Fig 2) represents an overview of Legeneering’s OHS performance for 2013. Lagging indicators above the red line show us where we have failed and injured our personnel. As you can see, there were a total of 4 recordable injuries (these includes one restricted work injury and three medical treatment injuries) and 4 first aid injuries from a total of 65,455 man hours. This means that our TRI (Total Recordable Injuries) rate was 12.22 per 200,000 man-hours.

Majority of first aid incidents reported were due to mishandling of tools. 1 near miss incident was also recorded.

All the incidents below the red line represent incidents that could have lead to someone being injured. It is our aim to investigate every single one of these incidents and ensure that preventive actions are put in place to prevent occurrence. In 2013, our hazard/observation reporting was noticeably poor and we aim to promote awareness and encourage active participation in hazard/observation reporting programs in 2014.
Safety

LTI & TRI Rate

* Figure 3: Lost Time Injuries Frequency Rate

In 2013, Legeneering successfully achieve a full year without LTI as compared to 3.5 per 200,000 man hours in the previous year.

We understand that many injury and illness cases without lost time have the potential to lead to lost time. Identifying and managing the circumstances in which these incidents occur ultimately reduces the overall risk of having a serious accident, lost time injuries and illnesses or even fatalities.

A recordable injuries/illness include the following:

- Fatality
- Lost Time Injuries/ Illness
- Medical Treatment Injuries/ Illness
- Restricted Work Injuries/ Illness

The Total Recordable Injuries Frequency Rate (TRIFR) equals the division of all recordable cases by the hours worked, multiplied by 200,000 for standardization. Referring to Fig 4, Legeneering achieved a 12% reduction in 4 TRIFR to 12.22 compared to 2012; but 4 employees still suffered a recordable injury last year. We will continue to actively engage our employees on accident prevention and relentlessly pursue continuous improvement.

* LTIFR – Number of injuries with lost days x 200,000 divided by numbers of hours worked.
Figure 4: Total Recordable Injuries Frequency Rate

* TRIFR – No of (LTI + MTI + RWI) x 200,000 divided by numbers of hours worked

**Basis of achievement**

Continuing management commitment and rigorous application of safety systems and procedures, combined with ongoing training, have driven progress in injury and illness reduction.

All significant incidents without lost time, accidents with lost time and relevant near misses are investigated. The level and extent of the investigation reflect the seriousness or potential impact of the event. Suitable processes and criteria (e.g., risk/potential consequences, learning potential) are put in place to ensure that investigations are carried out adequately.
Injury/ Illness Data Analysis

Figs 5 illustrate the most frequently injured body parts and the most common types of injuries sustained in 2013. Hand and eye injuries are the most prevalent body parts affected last year. Notable increases were recorded in eye as in Fig 6. Wounds and lacerations were the most prevalent type of injury last year.

Figure 5: Injured Body Parts in 2013

Figure 6: Injured Body Parts by Year
The breakdown agency is intended to identify the object, substance or circumstance that was principally involved in, or most closely associated with, the point at which things started to go wrong and which ultimately lead to the injury/disease.

Fin Fig 7, the distribution of injuries by immediate cause indicates that the most prominent safety issues are related to operational activities such as cuts or lacerations due to usage of powered hand tools, which account for 43% of the occupational injuries in 2013.

*Figure 7: Agency of Injuries*
Safety

Manual Handling Risk Control Initiatives

Following manual handling risk control initiatives were undertaken in 2013 to improve control of manual task risks and reduce manual task related injuries.

Bandsaw

<table>
<thead>
<tr>
<th>RISK FACTORS</th>
<th>RISK CONTROLS INITIATIVES</th>
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<tbody>
<tr>
<td>High force - pushing and pulling objects that are hard to move</td>
<td>Reduce the force by using bi-directional rollers &amp; ensuring the equipment is well maintained</td>
</tr>
<tr>
<td>No rollers are provided creates higher forces due to friction</td>
<td></td>
</tr>
<tr>
<td>Weight of the steel limits the pushing and pulling activities for cutting</td>
<td></td>
</tr>
</tbody>
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Paint Shed
<table>
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<tr>
<th>RISK FACTORS</th>
<th>RISK CONTROLS INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Action</strong></td>
<td><strong>Source of risk</strong></td>
</tr>
<tr>
<td>Gripping and working with the fingers close together and/or wide apart.</td>
<td>Holding and tipping containers to decant, dispense or mix liquids.</td>
</tr>
<tr>
<td>Exerting force with one hand or one side of the body.</td>
<td>Built stand for decanting with supporting stand for the container.</td>
</tr>
<tr>
<td>Awkward wrist postures when holding or supporting.</td>
<td></td>
</tr>
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The photo above demonstrates examples of hazardous manual decanting of chemicals.
OCCUPATIONAL HEALTH
Occupational Health

Occupational Health
Legeneering believes that providing a healthy working environment and encouraging our employees to keep themselves healthy throughout their careers is not only a duty but also a value for the company.

During 2013, our efforts focused on promoting awareness on health and the prevention of illnesses. As in previous years, once again no employees at Legeneering suffered an occupational illness in 2013.

First Aid
A trained first aider can save lives. To ensure that first aid can be administered in the case of a medical emergency, 26% of Legeneering’s employees (1 in every 4 employees) are qualified first aiders who hold a nationally recognized certification in first aid.
Hearing Conservation Program

As part of our monthly communication package, Legeneering offers its employees the opportunity to learn about different health relevant topics and take action themselves. One of the topics was hearing protection.

The topic didn’t just deal with exposure to noise at the workplace as there are stringent occupational safety and health regulations in force for that. Instead, greater attention was paid to the often underestimated danger of exposure to noise outside of work. Loud music, noise in the stadiums can seriously damage hearing too. During the communication session, employees learned how noise affects the ear and how ear protectors and following some simple do’s and don’ts can help preventing hearing loss.

Amongst other things, ototoxic chemicals awareness was presented as substantial number of medications and common industrial chemicals can also cause hearing loss themselves or exacerbate the effects of noise.

Employees who are at risk of being occupationally exposed to loud noise are enrolled to the hearing test carried out by private clinic. Legeneering’s employees who have shown to have noise induced hearing loss are referred for a complete audiology test.
ENVIROMENTAL
Our commitment to protect the environment encompasses all aspects of our business, from operations at Legeneering’s facility to our field activities on client sites.

During 2013, our proactive efforts to minimize our environment footprint included conserving energy, using materials more efficiently to reduce waste and expanding recycling efforts. The goal was driven by two key elements; the need to further conserve energy and resources, and lowering our operating costs. Achieving these goals improves our environmental performance by conserving natural resources.

2013 Environmental Performance

Energy conservation program - Electricity

In 2012, we started our energy conservation program focusing mainly in electricity with the target of 5% reduction of electricity usage vs. man hours by June 2013, which we successfully achieved. There is a reduction of 6.1% calculated after the implementation of the program and activities. This success is a result of employee involvement in conservation efforts.

A few examples of the electricity conservation efforts initiated includes some basic measures which were easy to accomplish such as turned off lights, machinery and compressors after hours, employees are encouraged to turn off computers and equipment when not in use. More complex improvement projects included repairing air leakage and installation of a new compressor.

Figure 1: Electricity Usage vs. Man Hours Tracking
Waste Minimisation – Paper & Colour Printing

Legeneering’s waste management strategies are based on the principles stated in the following diagram and are designed to minimise waste generation.

*Figure 2: Waste Management Strategies*

Waste minimization through 3Rs, has been a primary focus of our environmental performance focus since 2012. Legeneering employees successfully reduced their paper usage and colour printing efforts in June 2013. We started our paper conservation program with the target of 5% and 8% reduction of paper and colour printing usage respectively by June 2013, which we successfully achieved.

Fig 3 provides a snapshot of the results normalized to revenue. Normalized paper consumption decreased by 36% compared to the period prior implementation, while normalized colour printing decreased 44%.
Recycling Steel

Steel is not only 100% recyclable but can also be repeatedly recycled without a loss of key properties, a characteristic that can be claimed by very few materials. If steel is recovered at the end of its use, its lifecycle continues.

Recycling prevents the waste of potentially useful materials, reduces consumption of raw materials and energy, and reduces land disposal and CO₂ emissions, bringing about a more sustainable use of natural resources. As scrap recycling is one of our ways to minimize the environmental footprint of our operations, we promote increasing scrap recycling rates where we operate.
MANAGEMENT SYSTEMS
Legeneering’s QHSE Management System (QHSE MS) is a framework that drives continual improvement in our QHSE performance and legal compliance.

Our QHSE MS aligns with the requirements of ISO 14001, the Environmental Management System standard; OHSAS 18001 & AS 4801, the Health and Safety Management System standard; and ISO 9001, the Quality Management System standard.

To ensure continued suitability, adequacy, and effectiveness of our evolving QHSE Management Systems, we regularly review key issues, critical activities, and our QHSE performance. This allows us to make key adjustments and refine requirements to enhance the overall effectiveness of our system.

Our QHSE management system reviews were conducted with the management team focusing on:

- Confirmation that the policies remained valid to our business
- Conformance level of our organization to the management system elements
- Efforts on recurring and newly-surfaced conformance issues
- Consideration of any organizational changes that might affect the management system
- Quality, safety, health and environmental performance analysis
AUDIT PROGRAMS
Audit Programs

Audit Programs

Legeneering Aust has a set of policies, procedures and guidelines that form the Management Systems. An integral part of these systems is auditing. We continue to enhance our quality, safety, health and environmental practices and performance with the use of internal and external audits. In many cases, we are also audited by third parties, including regulatory agencies, customers, and certifying bodies.

Internal Audit Program

The internal audit program is an ongoing review of our operations to identify risk, determine the degree of implementation and effectiveness of the Management Systems, and evaluate compliance with applicable regulations.
Celebrating the Success of ISO 9001 Recertification

Legeneering achieves successful re-certification of its Quality Management Systems conforming to ISO 9001:2008 from Det Norske Veritas, DNV in December 2013. The result of the audit is an extension of the validity of the existing certificate for another three years until January 2017. To ensure continued compliance, Legeneering will be subject to mandatory six-monthly surveillance.

The continued certification demonstrates that the processes and procedures utilised to deliver our business is at an international best practice standard.

The audit was a success with zero non-conformity. The audit identified 2 “Noteworthy Efforts”, 4 “observations” and 1 “opportunity for improvement”.

The certification is not an end in itself – it is a journey of continual improvement and is a testament to Legeneering’s commitment and should give confidence to our clients. We are committed to continue on our journey and look forward to implementing the opportunities that have been provided by the external audit team.
Audit Programs

3rd HSE Surveillance Audit

On 6th December 2013, Legeneering has successfully completed our 3rd HSE surveillance audits without any non-conformance and have been recommended by DNV auditor for the certification to proceed. The audit took 2 days to complete including report writing.

The result of the surveillance audit are such that the certification of the Management System will be continued in relation to the AS/NZ 4801:2001, OHSAS 18001:2007 and ISO 14001:2004 standards.

On this occasion, the audit identified 4 “observations” and 4 “opportunity for improvement”.

“The recertification & surveillance audit process required a huge team effort – lots of hard work from many people – and we thank everyone who has supported the achievement.”
LOOKING FORWARD
Looking Forward -- 2014

This year, we establish our company key performance indicators following a critical evaluation of our current quality, safety, health and environmental performance and our overall business strategies. The performance indicators are designed to address continual improvement and further enhance performance and morale.

**2014 Quality Performance Indicators**

- Zero customer complaint
- Achieve 3 or above for customer satisfaction survey
- Reduce cost of poor quality by 3%

**2014 HSE Performance Indicators**

- Zero Fatality
- Zero Lost Time Injury (LTI)
- Zero hydrocarbon spills greater than 1 litre
- Total Recordable Incident Frequency Rate (TRIFR) 10% ↓ (12.22 → 11)
- Reduce resource use by 3%
In 2014, we will heighten our focus on several key areas including resources conservation, increase awareness of reporting hazards, and increased analysis of hazards, near misses and incidents.

**Key QHSE Initiatives Supporting 2014 Performance Indicators**

- Implementation of KIP scorecard
- Promote and encourage hazard reporting
- Conduct HSE awareness communication
- Enhance the integrity of QHSE data

**KPI Scorecard**

KPI scorecard made up of key QHSE metrics will provide wider visibility to our entire organization and will act as a guide to direct efforts. It is also important to provide alert on potential failure and allow for speedy correction. This tool will also help employees understand the impact their individual contributions towards the targets.

**Hazard Reporting**

It is crucial in our business that employees recognize unsafe conditions and practices when they see them and report them. We will work towards encouraging and increasing the amount of HSE hazards reported throughout the company. In doing so, we are able to address a significant number of issues before an accident takes place.

**HSE Awareness Communication**

Our monthly communications package aim to reinforce the HSE messages using different media. We understand communication at work is integral to achieving a safe work environment by giving and receiving information about hazards and risk controls, influencing attitudes and behaviour, and building commitment and ownership.

**QHSE Data**

“You can’t manage what you don’t measure” is an old management axiom that is accurate today. Measurement is the first step that leads to control and eventually to improvement. This year, we will increase our efforts in enhancing the integrity of our data through measurement, calculation and analysis method. By understanding our current benchmark, we can strive to improve in the future.