

# Health, safety & environment committee

> Michael McMahon



The health, safety & environment committee (committee) assists the Board to fulfil its corporate governance supervision responsibilities relating to the integration of sound health, safety and environmental (HSE) management into all aspects of business activity. The committee evaluates global best practice in HSE management; actions taken and the appropriateness and adequacy of policies and procedures; reviews statistical information issued to stakeholders and guides the Board relating to HSE policy, strategy, leadership and the management of HSE risks.

## Membership

The committee consists of at least three non-executive directors and the group chief executive and is chaired by an independent director. During the year under review SE Funde and BC Bruce served as members of the committee. AJ Morgan resigned as chairman on 26 July 2004 and WP Esterhuysen retired on 28 February 2005. JM McMahon was appointed chairman from 8 September 2004. Dr NM Magau was appointed to the committee on 26 June 2005.

With the exception of the group chief executive, all committee members are independent non-executive directors. The group operations directors and the group executive responsible for human capital as well as the group HSE manager attend meetings by invitation.

## Terms of reference

The committee responsibilities include:

- reviewing and monitoring the framework, strategy, policies and standards for HSE management
- monitoring substantive national and international regulatory and technical development and practice in HSE management
- reviewing compliance by the company, its contractors and associates with policy, guidelines and appropriate local and international standards and relevant local laws in HSE matters

- monitoring effective risk assessment processes, medical surveillance requirements and accident investigation systems
- reviewing and recommending to the Board for approval an HSE management system consistent with international best practice

The committee terms of reference are reviewed annually. They were initially approved by the Board on 25 August 2004, reviewed on 13 April 2005 and revised on 29 June 2005 by removal of corporate social involvement from the responsibility of the committee.

The committee met formally twice during the year.

## Safety

Safety in the workplace during the year has been a matter of concern and increasing attention. Performance overall was disappointing with 12 fatalities recorded across all operations, compared to seven in the previous year. Of the fatalities, seven were employees of Murray & Roberts and five were from subcontractors and service providers. Two of the fatalities were in the Middle East, with the balance being in South Africa. A further three fatalities in July 2005 led to a Board-level reappraisal of the status of our safety efforts.

The acquisition of Cementation in July 2004 (13 000 people in the traditionally hazardous mining sector) and a strategic shareholding in Clough in November 2004 (operating in the HSE focused oil & gas sector) has helped to crystallise greater focus on HSE management in the Group.

HSE is primarily a risk matter, associated with our people (executives, staff and labour) and their behaviour, the recording of data and statistics as an administration process and its financial impact on performance productivity. Contracting operations have an additional complication in that the majority of people working under the Group's custody and control are employees of third-party subcontractors and service providers, many of whom are no more than occasional participants in the process.

The Board has approved a process centred around more vigorous intervention in the workplace based on a programme of leadership, direct engagement and internal communication.

Many industry and mining sectors have set the key benchmark that records safety performance as a progressive lost time injury frequency rate (LTIFR) at a level at 5,0. During the year under review Murray & Roberts' consolidated rate was 4,60. There is significant scope for further improvement, particularly in those of our operations that are considerably worse than the group average, and the following performance targets have been set with immediate effect.

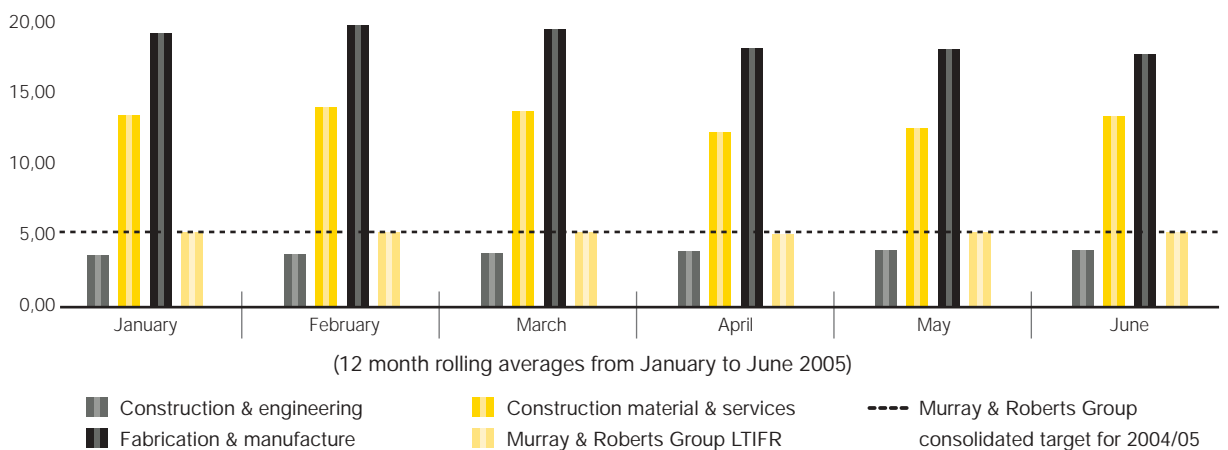
- 1 An aspiration to zero harm consequence from our activities, on our company and clients, all people and the environment
- 2 Fatalities and permanent disablement benchmarked at zero
- 3 Target LTIFR below a benchmark of (3,0) with a long-term objective of (1,0)
- 4 Comprehensive incident reporting
- 5 The development of business strategies to deliver the above

Comprehensive incident reporting offers a statistical trend of non-conforming behaviour within a workplace environment that gives predictive information for corrective action. This includes the nature of injuries, the severity of near-misses as a crucial indicator of "at risk behaviour" and root-cause analyses of accidents.

A web-based incident reporting system has been introduced throughout the Group to assist with the compilation of reliable and complete data. An incident management tool enables root-cause analysis which assists in the investigation of incidents and accidents and the choice of targeted preventative action.

### Lost time injury frequency rate

*LTIFR measures work related injury that results in an employee/contractor not being able to return to unrestricted normal duties where trained to operate on the next calendar day. The factor is calculated using the total number of lost hours per one million hours worked.*



## Health

A group wellness forum has been established, consisting of corporate and operations executives, to review, coordinate and oversee the Group's approach to health matters under the banner of a "wellness strategy".

In a group as diversified as Murray & Roberts it is difficult to determine the prevalence and impact of HIV and Aids. While various "know your status" programmes have been initiated in the Group it has been concluded that our "wellness strategy" in this area should presume that South African national averages are the basis of probable infection rates in our local operations.

The "wellness strategy" plans to move forward from the current early stage of problem definition, to a reasoned set of action plans to minimise the risks to employee and company alike from such threats as HIV/Aids, tuberculosis, malaria and other common ailments in our diverse workforce.

Much capital has been spent in recent years to reduce the health hazards of airborne and noise pollution, particularly at our industrial operations. The extent to which this has been adequate or complete will form part of the "wellness" assessment and strategy.

Lifestyle (commonly based on poverty) has a major impact on the health of many of our employees. While the Group receives its employees into its care each day in a condition determined largely by such factors it is corporate policy to aspire to and apply world class standards in our approach to the health risks facing them – no matter what the origin.

## Environment

There is, as yet, no overall appreciation of the environmental risks facing the Group, nor is there any set of group-wide policies. On their own initiative many group operations have become compliant with the ISO 9001 quality management standard and a few have likewise achieved certification for ISO 14001 and OHSAS 18001.

An appreciation of the environmental standards and performance across the Group, and an assessment of appropriate standards and policies for the different types of operations in the Group are among the HSE committee's objectives for the coming year.

Murray & Roberts has supported environmental education for many years and has recently entered a partnership with GoldFields in the Murray & Roberts Chair of Environmental Education at Rhodes University.

**Michael McMahon**  
Chairman