An Effective Safety Program And The Executive Role
Hoover Vacuum Cleaner Assembly Line
Hoover Model 541 1930’s
The

HOOVER

It BEATS - as it Sweeps - as it Cleans

MODEL 541

No. 5684205
Topic Outline

- Goal
- Government and Legal Requirements
- Incident Calculation Rate
- Signal Process to Ensure Safety
- Results
- Questions
The Goal

- To build a World Class Company
- To be successful…
  - Safety was to be the #1 Priority
  - Comply with U.S. Labor Laws
  - Treated as a Process
The Legal Requirements

Under the U.S. Department of Labor / Occupational Health and Safety Administration (OSHA) law, employers with 10 or more employees are required to record and report work-related fatalities, injuries and illnesses.

A work related injury or illness meets the OSHA general recording criteria, and therefore is an OSHA recordable occurrence, if it results in any of the following:

- Death
- Days away from work
- Restricted work or transfer to another job
- Medical treatment beyond first aid
- Loss of consciousness
OSHA Accident Rate Calculation

- The OSHA Recordable Incident Rate (total recordable accident rate) is calculated by:
  - Multiplying the number of recordable cases by 200,000
  - Dividing that number by the number of labor hours worked

- Company ‘A” has four (4) OSHA recordable incidents and has currently worked a total of 400,000 that year
  - Rate Calculation Example –
    4 (injuries total) x 200,000 (OSHA standard) ÷ 400,000 (hrs. worked by facility) =
    (OSHA total recordable rate) 2.0
Historical OSHA Rate 1998 – 2002
Shipyard industry, SCA and Operations Former Management
- Total OSHA Recordable Rate(s) -

- Former management rate
- Shipbuilders Council of America rate
- Industry rate

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<tr>
<th>Year</th>
<th>Former management rate</th>
<th>Shipbuilders Council of America rate</th>
<th>Industry rate</th>
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<td>1999</td>
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<td>2000</td>
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<td>2002</td>
<td>5.5</td>
<td>14.33</td>
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The Challenge

5 Year Facility OSHA Recordable Record
Under Former Management

1998
5,319,602.00
107
1999
9,135,477.00
279
2000
7,327,260.00
177
2001
3,018,852.00
50
2002
973,471.00
27

No. of employees injured
Manhours worked

640 INJURED!!!
Executive Management has the ultimate authority in the running of the operation.
The Key Drivers

- Executive Management has the ultimate authority in the running of the operation.

- Safe work practices, standards and policies should be integrated into daily business.
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- Understanding that 90% of accidents in the workplace are human error and preventable.
The Key Drivers

- Executive Management has the ultimate authority in the running of the operation.
- Safe work practices, standards and policies should be integrated into daily business.
- Understanding that 90% of accidents in the workplace are human error and preventable.
- Understand that a safe working environment promotes morale, production and productivity.
Executive Management has the ultimate authority in the running of the operation.

Safe work practices, standards and policies should be integrated into daily business.

Understanding that 90% of accidents in the workplace are human error and preventable.

Understand that a safe working environment promotes morale, production and productivity.

Safety is instilled as a personal value, not just organizational priority.
Executive Management has the ultimate authority in the running of the operation.

Safe work practices, standards and policies should be integrated into daily business.

Understanding that 90% of accidents in the workplace are human error and preventable.

Understand that a safe working environment promotes morale, production and productivity.

Safety is instilled as a personal value, not just organizational priority.

Strong Safety Department
- Leaders
- Innovative
- Not Policeman
The Mission Statement

*Taken from the first page of the Signal employee handbook:

MISSION STATEMENT

Superior Service to the Marine Industry

To lead our segment of the marine industry in safety, quality, innovation, professionalism and customer service. To achieve a culture of teamwork through communication while applying the principles of Honesty, Respect, Integrity, and Trust. To combine an unparalleled commitment to excellence with an unsurpassed desire to understand our customers’ needs, visions and goals.

- Safety first and foremost.
- Environmental compliance always ensuring the preservation of our natural resources.
- Respond rapidly to the ever-changing needs of the industry while providing value-added service to our customers.
- Vision to lead our segment of the marine industry.
- Innovation, drive and enthusiasm to excel in the face of challenge.
- Craftsmen dedicated to deliver the highest quality products and services.
- Engaged in a professional partnership with our employees, customers, and the community.

Service isn't just part of our name, it's our mission.
February 18, 2003

It is the obligation of Signal International to ensure that environmental, health and safety are the top priorities in our workplace. Accidents, injuries and environmental upsets can be prevented by identifying and eliminating unsafe work areas and work practices and through the promotion of environmental, health and safety consciousness both on and off the job.

The environmental, health and safety rules and procedures contained in this booklet are common sense precautions that all persons should use every day. If you have any questions concerning any of the rules and practices contained in this booklet, ask your supervisor. The Environmental, Health and Safety Department and Human Resources Department are also available at any time to discuss any issues or concerns that you may have.

Our challenge at Signal International is to achieve a drug free, accident free, environmentally compliant workplace. This will be accomplished if we follow the rules and procedures contained within this booklet on a daily basis.

Your cooperation towards achieving these goals are both appreciated and expected.

Welcome to the Signal International team!

Sincerely,

Richard L. Marler
President and Chief Executive Officer
Environmental Health and Safety Policy

PURPOSE
To set forth Signal International’s policy on complying with local, state and federal environmental regulations.

SCOPE
This policy will encompass the activities at all of Signal International’s facilities.

POLICY
- Signal International is committed to… a safe, healthful and drug-free work place…
- The accomplishment… continuous management leadership and full involvement of all Signal International employees…
- The empowerment of management, supervision and our employees to prevent activities that might be conducted in an unsafe and/or an environmentally unfriendly manner…
- To provide… the necessary knowledge and skills to work in a safe, drug-free and environmentally responsible manner…
- To hold all Signal International employees accountable for the safety…
- Signal International mandates that all entities, e.g., sub-contractors, vendor’s, customer’s, etc., attain the same level of accountability…
Safety Implementation

- Create a safety culture
- Safety Signage
The Process

- The sign as you are at the front gate of the facility -

WARNING

YOU ARE ENTERING A SAFE ZONE
NO UNSAFE ACTS OR
SUBSTANDARD QUALITY
ALLOWED
The Process

-The first thing you see when you drive into our facility-

[Image of a sign displaying current OSHA recordable rate, total number of days without an incident, and total manhours worked without an incident]
Typical Safety Signs

- Safety can distinguish you. Lack of safety can extinguish you
- Hard hats, they’re not just for decoration
- Accidents hurt – Safety doesn’t
- Just because you always did it that way, doesn’t make it right
- Stop accidents before they stop you
Safety Implementation

- Create a safety culture
- Safety Signage
- Make commitments and set realistic safety goals
  - Annual
  - Monthly
- Employee orientation (Safety License)
Safety License

Signal Ship Repair

The bearer of this license hereby accepts the responsibility and is fully authorized to call a ‘time-out for safety’ at the Signal Ship Repair Operations of Signal International, for a condition believed to be unsafe or otherwise regarding an unsafe situation or condition. This obligation is accepted with the understanding that there will be no repercussions to an employee.

THAT IS THE SIGNAL INTERNATIONAL COMMITMENT.

ELECTRONIC SIGNATURE OF
Bearer Signature

Bob Beckmann - Sr.V.P. & GM
251-454-8279
Safety Implementation

- Create a safety culture
- Safety Signage
- Make commitments and set realistic safety goals
  - Annual
  - Monthly
- Employee orientation (Safety License)
- Continual drug testing
- Facility cleanliness
5S Cleanliness Promotes Safety

1. **Sort** - remove all items that are not needed
2. **Straighten** - place for everything and everything in its place
3. **Shine** - organized and clean
4. **Standardize** - guidelines/rules/procedures/expectations
5. **Sustain** - commitment by all to maintain
Clean Work Area
Safety Implementation

- Create a safety culture
- Safety Signage
- Make commitments and set realistic safety goals
  - Annual
  - Monthly
- Employee orientation (Safety License)
- Continual drug testing
- Facility cleanliness
- Medical Management Plan (in yard first aid)
- Safety Gear
Employees in Safety Gear
Employees in Safety Gear
Safety Implementation

- Create a safety culture
- Safety Signage
- Make commitments and set realistic safety goals
  - Annual
  - Monthly
- Employee orientation (Safety License)
- Continual drug testing
- Facility cleanliness
- Medical Management Plan (in yard first aid)
- Safety Gear
- Monthly Foreman safety sessions
- Twice daily gang box meetings (monitored)
Craft Participating in the ‘Gangbox’ Safety Meeting
Craft ‘Gangbox’ Safety Meetings

- Gangbox safety training meetings are held twice per shift; at the beginning of the shift and following the shift’s lunch break
- Meetings are given by craft supervision and overseen by the Safety Department
- In addition to the mandatory OSHA and EPA training (shown on the following slide) these meetings are ‘functionally specific’ with regards to the work that is to be conducted for that day/night
- At each meeting a review of the current work permit for that operation and function is reviewed to ensure that all safeguards for conducting the work are presented, understood and followed
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Safety Implementation

- Create a safety culture
- Safety Signage
- Make commitments and set realistic safety goals
  - Annual
  - Monthly
- Craft monthly safety bonus
- Employee orientation (Safety License)
- Continual drug testing
- Facility cleanliness
- Medical Management Plan (in yard first aid)
- Safety Gear
- Monthly Foreman safety sessions
- Twice daily gang box meetings (monitored)
- Job Planning Outline / Job Risk Assessment / Work Permit
Job Risk Assessment / Work Permit
Safety Implementation

- Create a safety culture
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- Medical Management Plan (in yard first aid)
- Safety Gear
- Monthly Foreman safety sessions
- Twice daily gang box meetings (monitored)
- Job Planning Outline / Job Risk Assessment / Work Permit
- Employee monthly Hazard Hunts
- Impact awards (company and customer)
- Employee / family appreciation picnic
- Immediate Investigation of incidents and “near misses”
- Corrective Action
Signal International
Historical Safety Performance
2003 through May 16, 2010

Monetary safety bonus program begins, March - '03
Monetary safety bonus program ceases, July - '09

Total Recordable Rate
Total Man Hours - In Millions
## SI OSHA Statistics

52 week average for period: 5.31.09 - 5.30.10 (Signal Ship Repair not included until there are 12 months of historical data)

<table>
<thead>
<tr>
<th>Operations</th>
<th>Total Recordables</th>
<th>Man Hrs Worked</th>
<th>Rec Rate</th>
<th>Loss Time</th>
<th>Man Hrs Worked</th>
<th>Rec Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Texas Operations</strong></td>
<td>1</td>
<td>667,675</td>
<td>0.30</td>
<td>1</td>
<td>856,021</td>
<td>0.23</td>
</tr>
<tr>
<td><strong>Mississippi Operations</strong></td>
<td>1</td>
<td>856,021</td>
<td>0.23</td>
<td>1</td>
<td>856,021</td>
<td>1</td>
</tr>
</tbody>
</table>

### Signal International - Mississippi/Texas

<table>
<thead>
<tr>
<th>Total Recordables</th>
<th>Man Hrs Worked</th>
<th>Rec Rate</th>
<th>Loss Time</th>
<th>Man Hrs Worked</th>
<th>Rec Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1,523,695</td>
<td>0.26</td>
<td>2</td>
<td>1,523,695</td>
<td>0.26</td>
</tr>
</tbody>
</table>
Former Operation vs Signal (OSHA Recordables)

- Under former operations, for the years 1998 through 2002, a five year time-frame, a total of 640 employees were injured and counted as OSHA recordable incidents.

- Under current Signal operations, for the years 2003 through current 2010, a seven-plus year time-frame, a total of 197 employees were injured and counted as OSHA recordable incidents.

- Calendar year 2009-2010, only 11 employees were injured in recordable incidents.

- YTD 2010 only 4 recordable incidents.
A Comparative Assessment

Total OSHA Recordable Rate Analysis
2003-2009

- Signal
- SCA
- Industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Signal</th>
<th>SCA</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>4.75</td>
<td>9.16</td>
<td>11.5</td>
</tr>
<tr>
<td>2004</td>
<td>3.09</td>
<td>8.74</td>
<td>12.9</td>
</tr>
<tr>
<td>2005</td>
<td>2.10</td>
<td>8.25</td>
<td>10.9</td>
</tr>
<tr>
<td>2006</td>
<td>1.27</td>
<td>5.86</td>
<td>10.7</td>
</tr>
<tr>
<td>2007</td>
<td>0.60</td>
<td>6.87</td>
<td>8.7</td>
</tr>
<tr>
<td>2008</td>
<td>0.67</td>
<td>6.27</td>
<td>8.5</td>
</tr>
<tr>
<td>2009</td>
<td>0.45</td>
<td>6.27</td>
<td>6.5</td>
</tr>
</tbody>
</table>

*2009 industry data not available
Summary

Since the EHS Management process was established throughout all activities, results have been:

- Drastic reduction in number of personnel injuries
- A greater line of communication was established between all crafts
- Production rates went up
- Quality went up – rework went down
- Workers’ compensation insurance rates went down
- An increase in employee morale
- On time delivery
- Greater customer satisfaction
- New business opportunities

All factors resulting in increased performance and expectations within the entire organization – this established ‘Organizational Excellence’
Questions -