

Corporate Social Responsibility

40 Our Commitment to Sustainable Development





growing together

People matter to your Company. Our sense of economic, social and environmental responsibility is reflected in our commitment to meeting today's needs without compromising the ability of future generations to meet their needs.

Our Commitment to Sustainable Development



YOUR COMPANY AND SUSTAINABLE DEVELOPMENT

Shell Malaysia subscribes to the principle of sustainable development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Being part of Shell Malaysia, your Company subscribes to the same principle of sustainable development. Our practices are aligned with the systematic approach adopted by Royal Dutch Shell plc in their own efforts to implement good health, safety and environmental management practices. Our actions are governed by the need to make business decisions that give credence to our sense of economic, social and environmental responsibilities and by which our stakeholders and society can hold us accountable.

In this day and age, sustainable development does not just involve environmental preservation or social concern, it must also take into account economic performance. By the same token, in order to sustain a healthy bottom-line, we must exhibit strong environmental and social performance.

Through our sustainable development policy, your Company integrates the economic, environmental and societal aspects of our business in order to achieve sustained financial success, safeguard our environment and develop our reputation as a partner and provider of first choice for a wide range of audiences. Our audiences include our shareholders, customers, employees and those with whom we do business, as well as society and the future generations. All of these audiences expect us to engage with them, listen to them and evolve with them to meet their changing expectations.

We aspire to be the “Top Performing and Most Admired Refinery in Asia” by operating our businesses efficiently, responsibly and profitably. As we aim for high standards of performance, we also aspire to establish a long-term presence among the communities we operate in. As such, we are committed to helping our stakeholders improve their quality of life, whilst simultaneously contributing to Malaysia’s advancement and its Vision 2020 goals.

As we journey towards achieving our aspirations, the methods by which we bring our sustainable development practices into play will be integral to our success. Our current stance is reflected in the following practices:

- We provide our customers with solutions and a variety of energy products, materials and services, which meet their requirements economically and does not cause harm to the environment. We work to convince them that our activities and their support for us, do not lead to unsustainable social differences but create wealth, which benefits society as a whole. We also work to convince them that there is a clear path for the future development of our industry, which will benefit the next generation.
- We build and maintain a culture of learning and innovation in which employees can fulfil their potential and meet the most challenging of targets – while having fun at the same time! It is a culture where we encourage our leaders to inspire others through personal example, and where the values of honesty, integrity, respect for people, trust, openness, teamwork and professionalism, can prosper.

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We draw upon our companies' strengths to meet the challenges of the new millennium with a view to helping people build a better world. We will therefore continue to invest in projects that exploit world-class technology, research and development within the highest Health, Safety, Security and Environmental (HSSE) standards.

NO HARM TO PEOPLE

We are truly committed to pursuing the goal of no harm to people or assets as a result of our operations.

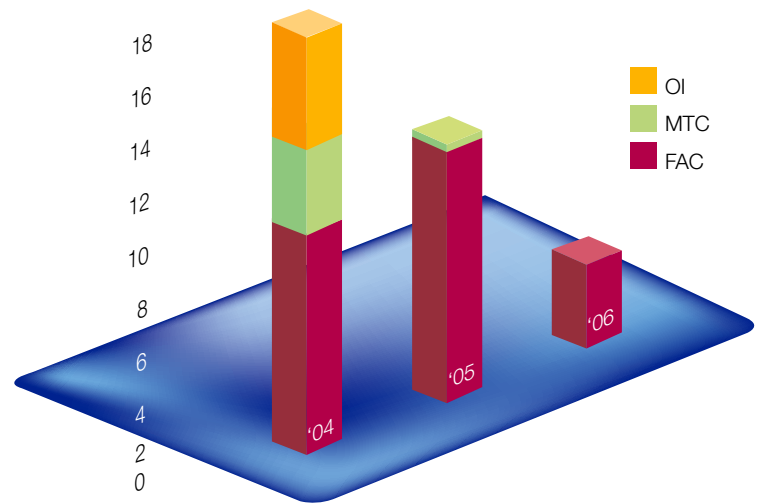
SAFETY IS OUR BUSINESS

Your Company steadfastly believes that a strong safety culture is essential to our business. As such, we continue to inculcate a culture of ownership and personal responsibility for safety and health at the workplace throughout our organisation. Throughout 2006, we continued to undertake the structured implementation of our HSSE Management Systems with definite improvements reflected via our key performance indicators (KPIs).

The overall HSSE performance in 2006 was outstanding following concerted and focused efforts to reduce all incidents of fire, First Aid Cases (FAC) and Medical Treatment Cases (MTC). Your Company successfully achieved five years without a Lost Time Incident (LTI) in May 2006 and six million Exposure Hours (employees + contractors) without a LTI in August 2006.

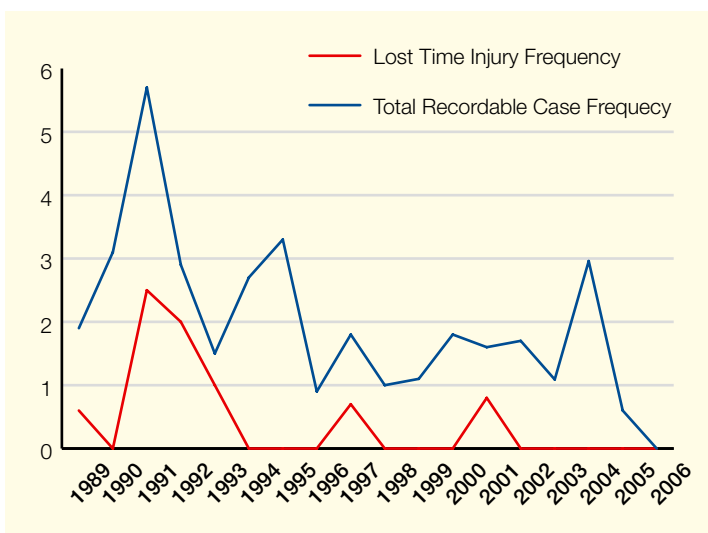
There was zero Total Recordable Cases (TRCs) in 2006 and hence our Total Recordable Case Frequency (TRCF) for the year was zero - our best performance ever in 15 years. Our regular hazard communication and risk assessment programmes contributed greatly to reducing the number of First Aid Case from nine cases in the 2005 to four cases in 2006.

Classification of Incidents (2004 - 2006)



Key Performance Indicators (KPIs) are important in that they facilitate performance monitoring and assessment against certain set targets. One of these Process Safety KPIs is the Loss Of Primary Containment (LOPC). The reporting of LOPC incidents has been fully embedded in our computerised MARSHAL incident reporting system and programmes have been put in place to provide key learnings and corrective action plans. This has resulted in noticeable improvements as far as LOPC incidents are concerned – the number of fire incidents had drastically reduced and there have been zero reportable spill incidents in 2006.

Competent staff and contractors are indispensable when it comes to ensuring tasks are carried out safely. In-house training on various HSSE critical activities, such as Permit To Work, Hazard & Effect Management Process (HEMP) & Risk Assessment Matrix (RAM) training, H2S training, Confined Space Entry, Fire Fighting and Emergency Response, continued to see full involvement by all as per plan. Compliance with the Group HSSE Competence framework and an ongoing exercise to close the various competence gaps identified have resulted in improvements in the various competencies that have contributed to good HSSE performance.



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In line with continuous improvement efforts, various HSSE campaigns were held. These included the Fire Safety Campaign, Electrical Safety Campaign, LOPC Campaign, Working at Heights Campaign and Hand Safety Campaign.

The emergency response capacity and readiness of your Company continues to be a priority and 65 fire training sessions were conducted for staff and contractors over the course of the year. Some 25 members of the local Bomba from Teluk Kemang and Port Dickson were also involved in these training sessions by virtue of their involvement in Tier 2 and 3 support as per our Emergency Response Plan (ERP).

BEHAVIOUR-BASED SAFETY & HEARTS AND MINDS PROGRAMMES

Behaviour Based Safety (BBS) was introduced to all refinery employees including the in-house contractor by an external consultant. The programme began in November 2004 and all employees were trained by 2005. A group of BBS Observers were trained to conduct observations and provide reports to the focal safety manager. A web based checklist for the BBS observers was launched and the findings are being analysed to ensure continuous improvements in safety behaviour. Overall, there are many positive indications that the BBS programme will provide additional marked improvement in our safety performance. In 2006, the observations contained in our BBS observers database are being analysed by our consultant to provide earning basis in preparing our HSSE programmes and campaigns.

2006 also saw your Company beginning to implement the Hearts and Minds module where a selected group of staff were sent for training to lead and facilitate future workshops.

BRINGING CONTRACTORS ON BOARD

We continuously and consciously work to instill our HSSE culture among our contractors in a variety of ways, and they in turn, assimilate our practices into their on-site activities. The year 2006 saw quite a number of project construction activities taking place involving repairs to the jetty, tank and process areas. These projects were undertaken successfully without any injuries and at zero TRC. Much effort was put into the HSSE plans of these projects to ensure that the contractors implemented them in as safe a manner as possible. These efforts included a proper risk analysis of all activities carried out and stringent monitoring of unsafe acts and conditions. These contractors, as well as others, have all been found to be working within the parameters of your Company's HSSE management system. Any new contractors that come onboard to work in our refinery continue to be coached and mentored in line with the HSSE Management System guidelines.

PROTECTING WORKERS HEALTH

We are committed to protecting the health of the people at our workplace.

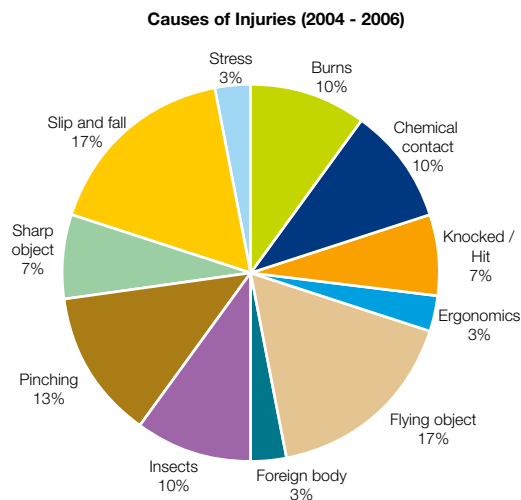
The year 2006 was a challenging one for your Company in relation to the increase number of sickness absenteeism compared to the previous year. Contributing to the higher sickness absenteeism numbers were incidences of long-term ailments such as heart problems, stiffness of shoulder and knee problems due to aging factors. Most of these cases involved the more senior workers who took longer time to recover and return back to the system.

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On the upside, our panel of doctors and third parties continue to carry out health promotions to increase the awareness of the employees and contractors. These efforts aim to ensure that employees and contractors are more proactive in looking after their own health and are not burdened by unnecessary ailments in the years to come.

On a smaller scale, medical counselling is being carried out by Occupational Health Doctors with the aim of helping employees who have been exhibiting a pattern of sickness absenteeism due to short-term sickness. It is also an opportunity for these employees to voice out any occupational or non-occupational health problem to the doctors and at the same time maintains the medical confidentiality of the workers.

Your Company also continues to promote occupational illness (OI) reporting among staff and contractors, and in particular among supervisors, to ensure that all occupational illness are tracked and reported. This is being carried out in a proactive manner by engaging staff and contractors alike in dialogue sessions. The efforts to track potential occupational illness began in 2006 and to date four employees have been diagnosed as having potential OI. An incidence of Contact Dermatitis was also recorded but upon further investigation by the Downstream Medical Advisor it was diagnosed as being non-work related.



SECURITY

There were no untoward cases of loss of assets resulting from theft for the year. Improved security systems and adequate controls that have matured with time have led to a decline of such incidences in the past five years. We will continue to maintain a high security presence throughout our facilities including conducting spot checks on people leaving the site.

While existing contractors are well versed with our requirements, new contractors are pre-engaged on our HSSE policy and practices before being allowed to come on site. Furthermore, our strict enforcement with a single standard for everyone has made us very transparent.

INTERNATIONAL SHIPPING AND PORT SECURITY (ISPS)

Our port facilities were found to have complied with the requirements of the code in the first annual audit carried out by the Marine Department and were given the green light. We are continuously making improvements where required in order to maintain our certification and ensure the continuous operation of this critical facility. In an earlier separate audit, the State Security Department gave our facilities the thumbs up.

PROTECTING THE ENVIRONMENT

We are committed to protecting the environment.

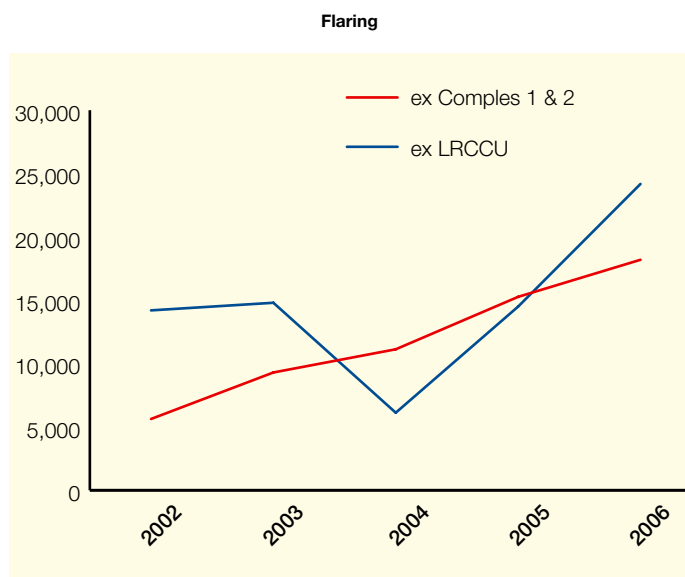
Your Company minimises the impact of its operations to the environment by setting highly challenging improvement targets to progressively reduce emissions and discharges. These efforts all fall in line with Malaysian legislations, Shell Group Strategic Objectives and other related international conventions and protocols.

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FLARING

Total Flared Gas (Complex 1 & 2, LRCC)				
2006	2005	2004	2003	2002
42,370 MT	29,763 MT	17,247 MT	24,000 MT	20,000 MT

In 2006, the refinery registered increased flaring compared to previous years mainly due to the processing of increasingly heavy crude oils through its Long Residue Catalytic Cracking Unit (LRCCU) and plant equipment reliability issues.

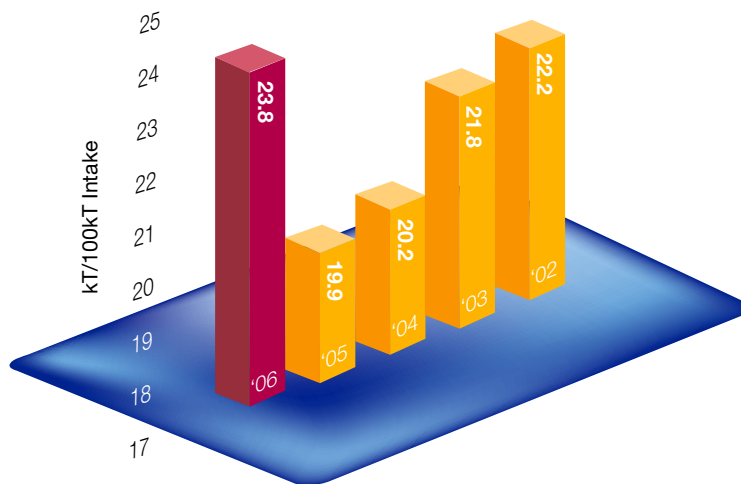


EMISSIONS

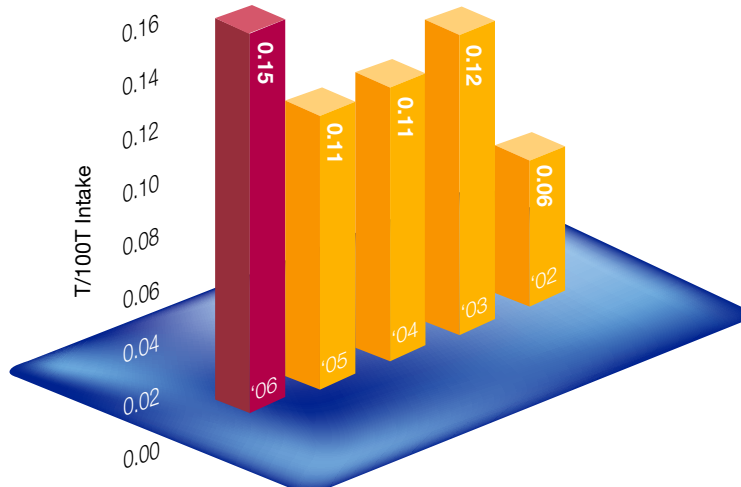
	2006	2005	2004	2003	2002 [Note1]
CO ₂ kT/100kT intake	23.8	19.9	20.2	21.8	22.2
SO ₂ T/100T intake	0.15	0.11	0.11	0.12	0.06

Note1: CO₂ emissions were understated in 2002; data has been corrected.

Carbon Dioxide Emission



Sulphur Dioxide Emission



Sources of air emissions at the refinery could potentially arise from:

- Fuel burning or combustion in our operations;
- Flaring and venting;
- Evaporation from tanks and equipment during transport and storage of oil products;
- Fugitive releases which occur as a result of a leak from process equipment.

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Carbon Dioxide (CO₂) emissions in 2006 were higher compared to previous year as a direct consequence of the increased level of flaring. The Sulphur Oxide (SO₂) emissions, that are related to feedstock processed, increased slightly compared to 2005.

GLOBAL WARMING POTENTIAL

	2006	2005	2004
GWP (kT CO ₂ Equivalent)	1,287	1,093	1,178

As part of our Sustainable Development drive, the Shell Group has devised a method to compare the relative effect of greenhouse gasses (GHG) on the climate. The result, a factor known as Global Warming Potential (GWP) provides relative measurement of the warming influence of a gas relative to that of carbon dioxide over a 100-year time horizon.

Your Company participated in this monitoring effort and started recording our GWP contribution in kilotonnes of Carbon Dioxide Equivalent in 2004. Our GWP is from gaseous emissions of Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) arising from combustion, flaring, venting, storage, fugitive emissions, loading, unloading, unplanned and planned releases. While Hydrofluorocarbon (HFC), Sulphur Hexafluoride (SF₆) and Perfluorocarbon (PFC) emissions also contribute to GWP, your Company does not employ such gasses.

In 2006, your Company recorded GWP of 1,287 kT CO₂ Equivalent or a 9% increase from 2004's baseline performance. The significant difference between the 2006 and 2005 performances is mainly attributable to the major turnaround that the refinery underwent in the second quarter of 2005.

HALON AND CHLOROFLUOROCARBON (CFC) REMOVAL

Our refinery has been free of Halon and CFC since April 2000. However, the refinery does have Hydrochlorofluorocarbons (HCFC) in its inventory that are scheduled for elimination between 2015 and 2020 in accordance with the Montreal Protocol.

SPILLS

In 2006, your Company did not have any reportable spills incident.

WASTE MANAGEMENT

The main sources of solid waste arising from refinery operations are:

- Sludge from oil storage and refining;
- Spent Catalysts;
- Non-hazardous waste

Quantity (MT)	2006	2005	2004	2003	2002
Sludge	2,144	1,592	2,850	2,120	4,600
Spent Catalysts	2,661	1,655	2,568	2,430	2,740
Recovered Waste Oil	1,139	56.7	1,933	1,900	2,700

Our refinery continuously produces sludge from its operations. We apply a proven and Department of Environment (DoE) approved sludge reduction technology in order to reduce the volume of sludge disposed by recovering as much remaining hydrocarbon as possible from the sludge. A stack emissions report particular to this operation is submitted to the DoE on an annual basis.

The qualities of the treated materials meet the landfill criteria with moisture <0.1% and Total Organic Carbon (TOC) at 0.25% wt. This technology gives your Company a significant reduction in the volume of sludge that was previously incinerated.

Your Company continued to see success in recycling a large portion of the waste that originates from its refinery operations. A total of 2,661 MT of spent Fluid Catalytic Cracking (FCC) catalysts was re-used as raw feedstock at cement plants in Perlis and Negeri Sembilan.

Spent catalyst from our Hydrotreating Operations was sent to Taiwan for recovery of the semi-precious metals; cobalt and molybdenum.

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EFFLUENTS

	2006	2005	2004	2003	2002
Oil in Effluent Water (mg/l)	7.4	6.6	1.2	1.6	1.0

The main discharge to water from our operations is oil in the water that accompanies oil production. The refinery's effluent water is discharged some 1km offshore via a pipeline.

In 2006, the average oil in water concentration was at 7.4 milligrams per litre (mg/l). Although higher than 2005's figure, it is well within the legislative limit of 10 mg/l and the limit set by the Malaysian Environmental Quality Act 1974 Effluent Quality Standard B. This water is also used as means of firewater supply for your Company.

Your Company is periodically experiencing spikes in effluent water Chemical Oxygen Demand (COD) quality. Improvement plans have been developed and presented to the DoE. Sludge removal from the holding basin project will kick start in 2007. Seawater quality at the discharge point continues to be monitored and has not shown any deviation from the norm. Such a performance signifies almost zero effluent water impact to the environment.

MATERIAL AND ENERGY USE

	2006	2005	2004	2003
Refinery Energy Index (Actual)	169.7	166.9	165.9	165.4
Refinery Energy Index (Target)	166.3	165.3	159.4	159.4

Your Company is committed to using materials and energy efficiently to provide products and services. By setting annual Refinery Energy Index (REI) targets that take account of the in-year operational and maintenance plans, your Company strives to deliver continuous improvement. In 2006, your Company achieved energy performance within 2% of our target.

PUBLIC COMPLAINTS

All citizens have the right to complain if and when our operations inconvenience their daily lives. We take all complaints seriously and each is documented and filed to ensure prompt action and response. Normally, all complaints will be responded immediately and closed within 48 hours. If this is not possible, the complainant will be provided a reason for the delay and will be advised as to when to expect a reply.

In 2006, your company recorded seven public complaints, compared to five recorded in 2005. The complaints were mainly pertaining to smell and noise, which our duty officers promptly responded to and the appropriate corrective actions taken. Complaints are also discussed at the Community Dialogue sessions that take place regularly.

REPORT AND CONSULT

We commit to publicly report on our performance and engage in stakeholder consultation.

REPORTING ON PERFORMANCE

Your Company communicates its openness, transparency and accountability through a variety of ways, one of which is via our annual Shell Malaysia Sustainable Development (SD) Report, which includes details of your Company's progress across a wide and demanding range of indicators – from greenhouse gas emissions to road safety statistics. Copies of this report are distributed to government agencies, business partners, opinion leaders, academicians, NGOs, contractors and employees. The report is also posted on the Shell Malaysia website at www.shell.com.my.

Information on your Company's performance can also be found on your Company's Corporate website, which was launched in May 2005. The website address is as follows: www.shell.com.my/shellrefining.

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NACRA AWARDS

Your Company reports its performance encompassing a wide range of subject matter in its annual report. This document complies with and adheres strictly to all the disclosure requirements for a Malaysian public-listed company and is in line with Shell's Statement of General Business Principles.

In 2006, your Company was the recipient of two awards from the National Annual Corporate Report Awards (NACRA) body. For the second consecutive year, our annual report won the "Industry Excellence Award" for companies listed on Bursa Malaysia's Main Board under the Industrial Products and Technology sector. Your Company's annual report also won the Platinum Award for the "Best Annual Report in Environmental Reporting" from NACRA for the fifth consecutive year. These wins demonstrate your Company's commitment and drive towards ensuring that a complete and informative performance report, including our environmental performance, is disclosed to our shareholders and society.

COMMUNITY DIALOGUES

As part of our Community Care programme, we conduct regular dialogues with our residential neighbours. The 2006 dialogue sessions covered topics such as:

- Update on refinery operations and activities;
- Corporate Social Responsibility;
- HSSE issues and updates on the potential impact of our activities on the community.

We have also enhanced the active dialogue process through letter-drops to neighbouring homes and to the local authorities during the refinery's planned and unplanned shutdown periods. Under this unique and personalised exercise, each of our neighbours receives a letter alerting them and seeking their understanding on the HSSE aspects of the shutdown (in view of possible high noise and flaring during this period). From the feedback we have received, the letter-drops and dialogue sessions have significantly contributed to galvanising and enhancing the relationship between the neighbouring communities and your Company. This also underlines the former's appreciation of our commitment to good neighbourliness and HSSE issues.

ENGAGEMENT WITH NGOS

Your Company recognises the need to regularly engage our stakeholders in order to obtain feedback as well as to learn from them. To this end, we conduct regular meetings and dialogues with local non-governmental organisations (NGOs) who are interested in our activities and who share common interests and societal concerns with Shell. In this manner, we are able to share our experiences and at the same time obtain their views and feedback. We also undertake to co-organise and sponsor activities with local NGOs.

PROMOTING BEST PRACTICES

ISO 17025 CERTIFICATION

Your Company's laboratory in Port Dickson continued to demonstrate its professionalism and high quality management standards by successfully maintaining its ISO 17025 Certification in 2006. The Department of Standards Malaysia (SIRIM) conducted the audit of the laboratory's Quality System and no Non-Conformities against the standard were recorded. This is due recognition of the technical competence and the professionalism of our staff, and the sound management system in place. The laboratory is accredited for a whole range of refinery product testing processes, all of which demand the highest precision techniques.

Our laboratory also won the 2006 Excellence Award from the Malaysian Institute of Chemistry for the fifth consecutive year. This award aptly recognises the high standards that this laboratory maintains with regard to safety, analytical services to its customers, quality management and the technical competency of its staff. The laboratory supports both internal and external customers such as the PETRONAS Melaka Refinery, the ESSO Port Dickson Refinery and the Shell depots operating within Shell Malaysia's commercial and retail businesses. This latest recognition is firm acknowledgment that the laboratory's customers are receiving internationally-certified services with the ISO 17025 edge.

The laboratory has a high customer focus, which is evident by the results of the customer satisfaction surveys conducted twice yearly. The laboratory scored 4.2 on a scale of 1 to 5, where "5", best demonstrates that customers rate the service as being above the expected level.

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The laboratory plays an important role in the quality control chain of our product components and finished products. Malaysian authorities have highlighted their intent to introduce new product specifications for both diesel and gasoline products. In 2005, the Company's laboratory completed the installation and testing of all the new laboratory equipment required to enable them to measure either new product specifications or product parameters with higher accuracy. The laboratory is as such ready for the implementation of Euro 2-M specifications.

WORKING AND PROMOTING BEST PRACTICES WITH REGULATORY BODIES

Your Company continue to receive invitations from outside organisations and regulatory bodies to learn and share our best practices with them.

In 2006, representatives of the Department of Occupational Safety and health officers from the Major Hazards Division made a familiarisation visit to our Emergency Coordination Centre. The occasion was used to highlight the best practices that SRC has in place. This sharing of knowledge and experience demonstrate our willingness to promote best practices with regulatory bodies for the good of the oil and gas industry.

SAFETY CENTRE & EMERGENCY CONTROL CENTRE (ECC)

Our safety centre and the ECC continue to impress both visitors and auditors alike. These two facilities have been recognised, by both Shell and external parties, as best practice facilities and contributed to your Company gaining several HSSE awards for the year.

The revised DVD safety induction video also received good feedback and continuous improvement efforts to enhance its contents are being planned. Additional on-line IT facilities and communication equipment were added to the ECC to further improve its overall effectiveness. We continue to maintain and improve our facilities to address the challenges and demands of the world today.

MEETING INTERNATIONAL MANAGEMENT STANDARDS

In line with our policy of being open, transparent and accountable, we subject ourselves to scrutiny by qualified independent auditors to confirm that we are managing HSSE issues according to international standards. The sustained efforts of your Company have yielded the following certifications:

- **International Ship and Port Security Code (ISPS)**

Your Company attained International Ship and Port Security Code (ISPS) certification on 1st July 2004, a worldwide requirement imposed by SOLAS (Saving of Life at Sea) to ensure the security of ships and port facilities. This certification was awarded by the Designated Authority for Malaysia, which is the Marine Department. This certification allows your Company's port facilities to receive 500-tonne ships on international voyages.

- **ISO 14001**

Your Company attained ISO 14001 certification in September 2000 and was successfully re-certified in 2006 by certification body, SIRIM QAS. This international standard sets the guideline for environmental management.

- **OHSAS 18001**

Your Company achieved OHSAS 18001 certification in 2001 and was re-certified in 2004 by certification body, SIRIM QAS.

- **ISO 9001**

Your Company was successfully upgraded to ISO 9001:2000 by SIRIM in July 2003 with an expanded scope that includes Marine services.

- **ISO 17025**

Your Company's main laboratory successfully migrated to the new ISO 17025 standard in 2001.

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HSSE AUDITS AND CERTIFICATION

In 2006, the Department of Occupational Safety and Health (DOSH) conducted a site Occupational Safety and Health (OSH) Management Systems audit and also a Confined Space Entry Programme audit. We passed both audits and received good feedback from DOSH auditors. Your Company also passed the Shell Group Independent HSSE Management Systems audit, which is carried out every three years. We also received re-certification by SIRIM for the ISO 14001 Standard as well as passed SIRIM's OHSAS 18001 surveillance audit.

DIVERSITY AND INCLUSIVENESS

As a forward-thinking organisation, we understand that the whole is always more than the sum of its parts. We also understand the importance of accepting differences and recognise our people for who they are while acknowledging the importance of their contributions.

Only by recognising and understanding the differences inherent in individuals, can we aim to tap the diverse talents of our pool of varied people. By accepting diversity in the workplace, can we optimise our human resource capability and hone the latent talents and skills of our multi-national workforce.

Diversity encompasses visible differences in terms of gender, age, nationality and physical ability; as well as subtle underlying differences in terms of education, experience, religion, work styles, way of thinking and communicating.

Inclusiveness, on the other hand, refers to a workplace where diversity, both visible and subtle, is valued and where individuals are given the opportunity to develop skills and talents consistent with organisational values and business objectives.

Our acceptance of diversity and inclusiveness means that your Company today has a diverse and multi-talented workforce comprising 300 employees of five nationalities, of which 89% are male and 11% female. Among the management team, the ratio is more balanced with the male composition at 56% and the female composition at 44%. We are also proud to report that your Company's workforce now boasts its first female plant manager.

THE SHELL GROUP DIVERSITY VISION

"Within 5 years, the Group will be widely perceived by both internal and external stakeholders as a company that values diversity, and as a company of choice for men and women of ethno-cultural backgrounds. The Shell Group will benefit from diversity through better relationships with customers, suppliers, partners, employees, government and other stakeholders, with positive impact on the bottom line"

(Value Creation Team and Shell Group Committee of Managing Directors, 1997)

To nurture Diversity and Inclusiveness (D&I) in the workplace, we need to build awareness, knowledge and understanding to develop the necessary skills, as well as practice behaviour that is conducive to changing attitudes and driving organisational change.

D&I WEEK

Your Company is committed to bringing about the organisational change needed to deliver our Vision. As part of our change journey, Shell Malaysia held a special employee engagement activity labelled D&I Week, which was launched on 13th November 2006. D&I Week was attended by employees from Shell House in Kuala Lumpur and about 100 employees from your Company's refinery at Port Dickson. Our aim for 2006's D&I week was to share Shell's experiences with our employees and provide them a better understanding of D&I at the workplace. Employees were given the opportunity to participate in learning activities to build a more inclusive workplace, which will ultimately help everyone to deliver their best.

The successful implementation of our D&I Plan will lead to the attraction and retention of top talent, increase productivity, inculcate a stronger customer/market focus and give us the means to operate at our best and grow.

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EMPLOYEE TRAINING

Your Company is a firm believer of enabling employee training that enhances performance. Our management's task is to ensure that our workforce is equipped with the knowledge, skills and attitudes that are necessary for optimal performance. Employee training forms an integral part of our corporate and human resources strategy and is available to all employees.

Whilst your Company recognises and encourages our employees' desire for self-development, all employee training at your Company is founded on clear, identified business needs and clear objectives based on job requirements, which are then pitched against performance criteria. Your Company's policy ensures that all training is optimised and conducted in a manner conducive to achieving organisational goals. We deem training that develops employee potential and enhances employee performance as tools that are essential for the effective conduct of our business.

CULTURE OF SUSTAINABLE DEVELOPMENT

We are committed to promoting a balanced work-life culture in which all Shell employees share your Company's commitment to sustainable development.

SOCIAL PERFORMANCE PLAN

Corporate Social Responsibility (CSR) or commonly known as Social Performance (SP) in Shell Group is the term we use to describe how we manage the impact of our business on the communities and societies in which we operate. As part of the Shell Group guidelines, your Company has developed and executed its SP Plan, which aims to increase social performance levels in a structured manner. Your Company and its stakeholders stand to gain from proactive engagement on clearly drawn-up issues.

Through a strategic and sustained SP Plan we aim to:

- Contribute to the development of communities within which we operate;
- Maintain and sustain the environment for the present and future generations;
- Treat employees with dignity and respect;

- Engage in ethical and open relationships with shareholders, stakeholders employees, customers and community legislators/officials;
- Work collaboratively with external stakeholders in addressing community and societal concerns and issues.

WORK WITH STAKEHOLDERS

Your Company's operations and presence undoubtedly impact upon, and are invariably affected by many different stakeholders. We recognise our stakeholders' interest in our business and the need to listen and respond to them. In this respect, the Port Dickson community is fully engaged in our activities via letter-drops and engagement sessions with neighbours and residents. A communication platform is also provided to enable stakeholders to channel any concerns they may have in a timely and formal manner. The local authorities have held us in good stead with the pro-active role that we embarked on.

BENEFITS COMMUNITIES

Your Company is a key member of Port Dickson community. We are constantly looking for appropriate ways to contribute to the social well being of the community and to the wider public, which grant your Company its licence to operate and grow.

Our contributions do not always take the form of direct funding and monetary sponsorships. We also provide employment and business opportunities, as well as invest in programmes and initiatives to raise the socio-economic status of Port Dickson and improve the locality's standard of living and quality of life. This non-quantifiable contribution has been widely acknowledged by the local Government and community leaders. We have also supported the government's call for the increased application of the English Language in local schools by sponsoring efforts to promote the use of English in communication by students. Your Company's annual "We Care We Share" community care programme plays an integral part in fulfilling the Company's social investment objectives by participating in and contributing towards various charitable causes. The programmes we organised, supported or participated in 2006 are:

- Joint road safety campaign for LPG drivers
- Safety day with local fence line residents
- "We Care We Share" programme with the Blind Association of Negeri Sembilan & Malacca

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- National Day celebration with pre-school children
- Unity Walk with PD residents
- Refinery visit by various NGOs, Government bodies and students
- Community dialogues with NGOs, neighbours and Government authorities
- District-level English public speaking competition
- District-level English debating competition
- District-level English drama competition
- District-level English choral speaking competition
- Health day with local residents
- Beach cleaning campaign with students and National Service trainees
- Career guidance talk to secondary students with a NGO

BIODIVERSITY

As an important part of society, all businesses, including your Company, have a role to play in protecting and supporting biodiversity. As an active contributing member of society, Shell takes this responsibility very seriously.

We recognise that our operations have consequences that, if unaddressed, can result in the loss of biodiversity and can cost us our time, money and reputation. A failure to protect biodiversity could jeopardise our licence to operate, while a strong reputation built on the effective management of biodiversity will be a competitive advantage. There is a clear business case for addressing biodiversity within Shell. Our approach is set out in a Group Biodiversity Standard.

The Shell Group Biodiversity Standard dictates that:

- We conduct environment assessments, including the potential impact on biodiversity, prior to all new activities and the significant modification of existing activities;
- We bring focused attention to the management of activities in internationally recognised hotspots, including the identification of key stakeholders and early consultation with them.

In meeting the above standards, we will:

- Work with others to maintain ecosystems;
- Respect the basic concept of protected areas;
- Seek partnerships to enable the Group to make a positive contribution towards the conservation of global diversity.

In all that we do, we will balance our economic ambitions with a clear commitment to corporate responsibility.