

Developing our capacity for growth

People give a company its competitive edge, especially in technology-based industries where they are required to develop solutions to problems that may not yet exist. People create value for companies and are critical assets. The mission of the Human Resource (HR) team of ST Engineering is to unlock the potential of the Group's human assets to deliver its competitive and strategic advantage.

To empower employees to achieve their potential, ST Engineering has in place a wide-ranging set of initiatives. These encompass challenging work assignments, overseas postings, learning and development, and talent management. Leadership development is key to ensuring that the Group is prepared to meet the challenges



“Only by creating a partnership for personal and career development can the Group and our people achieve corporate and individual success,” Mr Tan Pheng Hock, President and CEO, ST Engineering

of tomorrow. While the Group believes that it must facilitate the growth of its people, it recognises that employees play a significant role in their own personal and career development. In fact, individuals are encouraged to take ownership for their own development.

Innovation in HR Practices

Under the theme of *Growing our People, Grooming our Leaders*, ST Engineering launched an innovative support portal in 2005 to help employees manage their personal and career development in alignment with the goals of the Group. The Leadership Enhancement Portal (LEAP) is a creative response to the challenges of developing human talent. Conceived by the HR team, its unveiling in the fourth quarter generated a high degree of interest among staff.

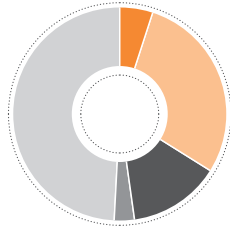
LEAP is an interactive system that allows employees to assess themselves against the leadership competencies required for their respective management levels and to create personal action plans to improve themselves. It is targeted at all levels of management staff.

Workforce Analysis (as at 31 December 2005) Total: 14,603



Sector

- Aerospace (5,263) 36%
- Electronics (3,021) 21%
- Land Systems (4,626) 32%
- Marine (1,396) 9%
- Others (297) 2%



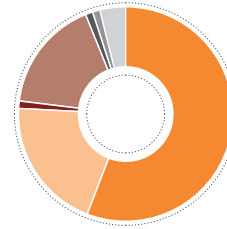
Job Group

- Managerial (674) 5%
- Engineering (4,196) 29%
- Corporate/Admin (2,092) 14%
- Sales & Marketing (399) 3%
- Technical & others (7,242) 49%



Educational Qualification

- Degree & equivalent (3,621) 25%
- Diploma & equivalent (3,782) 26%
- GCE 'O'/'A' levels & equivalent (2,277) 15%
- Secondary level & lower (999) 7%
- Trade certificates (3,924) 27%



Nationality

- Singaporean/PR (8,126) 56%
- American (2,941) 20%
- British (132) 1%
- Chinese national (2,508) 17%
- Indian (157) 1%
- Malaysian (206) 1%
- Others (533) 4%

Leadership Competencies

- decisive leadership
- continuous innovation
- customer intimacy
- forging partnerships
- speed and focus
- organisational teamwork
- mastering change
- business acumen

Focusing on Leadership Competencies

The eight leadership competencies, which the Group considers essential for leaders to be effective today and in the future, form the central focal point of LEAP. The competencies are aligned with the Group's business strategies, vision and core values. LEAP helps our leaders focus on achieving these competencies and provides them the tools to create individual learning and development paths to acquire or hone specific competencies.

Working in Partnership

While it is the company's goal to grow its people and groom its leaders, its staff must also play a significant role in their personal and career development. Given the speed of change today, the wide choices of jobs, some of which did not exist just some years ago, the different personal aspirations and life goals of individuals, it is appropriate and necessary that staff take greater ownership of their own development. People development needs to be done in partnership between staff and the company.

LEAP helps employees assess their own skill set and behaviour against the Group's leadership competencies. Besides learning about the requisite competencies, it also provides employees with suggested resources on how they could develop themselves. The system helps employees understand their own individual learning styles and therefore select the appropriate learning options from its comprehensive learning guide. Through the self-assessment and self-discovery process, employees will have a good

basis to carry out a meaningful discussion with their supervisors on their developmental needs.

Harnessing Individual Potential

The Group believes that harnessing the potential of people is critical in an era of rapid changes. People tend to be more committed when they are involved in and have a say in the choices they make. LEAP allows employees to choose the competency goals they wish to achieve and thus help the Group to target training objectives more effectively.

By aligning the needs of the Group with those of the individual, ST Engineering places employees in positions that better capitalise on their diverse talents and interests. This should improve personal productivity, achieve better operating results across the group and strengthen talent retention.

Promoting Continuous Learning

ST Engineering encourages continuous learning, which is strongly reinforced through the iterative nature of the LEAP system. Employees are encouraged to reassess their behaviour when they have made some progress or there has been a change in their working environment.

In anticipation of the launch, workshops on developmental coaching for competencies and career development were conducted for supervisors to create a coaching culture and a supportive environment for continuous learning.