



Relevant Legislation and Codes of Practice for Corporate Governance

Stolt-Nielsen S.A. (“SNSA”) maintains high standards of Corporate Governance. Corporate Governance addresses the interaction between SNSA’s shareholders, the Board of Directors and management.

Luxembourg Public Limited Companies Act of 1915 governs the incorporation and management of SNSA. In addition, relevant Luxembourg and international law also applies to the operation of the business of SNSA. Norwegian securities law applies as a result of SNSA being listed on the Oslo Børs. Being incorporated in Luxembourg and listed on the Oslo Børs, SNSA is subject to Corporate Governance regulations under Luxembourg company law and the Norwegian Code of Practice for Corporate Governance. Adherence to the Norwegian Code of Practice is based on a “comply or explain” principle, whereby companies are expected to either comply with the Norwegian Code of Practice or explain why they have chosen an alternative approach.

SNSA is and has historically been under the majority control of Fiducia Ltd., a company that indirectly represents the Stolt-Nielsen family. As such, the company’s Corporate Governance reflects this majority control and therefore will not necessarily comply with all recommendations of the Norwegian Code of Practice for Corporate Governance.

1. Implementation and reporting on Corporate Governance

SNSA has a Code of Business Conduct that applies to all directors, officers and employees, which is publicly available. Any waivers of the Code of Business Conduct for directors or executive officers are approved by the Board and shall be disclosed in the Annual Report.

2. Business

In compliance with Luxembourg company laws and practice, SNSA’s Articles of Association (“Articles”) broadly define the scope of the Company as “to participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality”.

3. Equity and dividends

The Board of Directors is of the opinion that the Company currently has sufficient equity to meet its objectives, strategy and risk profile. The authorised share capital of SNSA is 65 million Common Shares with no par value, and 16.25 million Founder’s Shares, also with no par value. As of November 30, 2008, 64,133,796 Common Shares and 16,033,449 Founder’s Shares were issued and 59,634,285 Common Shares and 14,908,572 Founder’s Shares were outstanding. The authorised share capital of SNSA may only be increased or reduced by resolution of shareholders as provided in the Articles and under Luxembourg company law. The Board of Directors is authorised until the next Annual General Meeting of Shareholders (not in any event longer than through August 31, 2009) to increase the issued share capital within the limits of the SNSA authorised capital, thereunder resolve the suppression of pre-emptive rights, except for purposes of stock option issuance.

The Common Shares available for issuance within the authorised share capital are intended to be available for the exercise of stock options under the SNSA 1997 stock option plan. SNSA’s stock option plan was approved at the 1997 Annual General Meeting. The stock option plan was established to create a long-term common interest among the directors, the employees, and SNSA’s shareholders. The Compensation Committee oversees SNSA’s share option programme. The last awards under the 1997 stock option plan were made in January 2007. It has been replaced by a long-term incentive plan that pays cash awards to management for meeting defined corporate financial objectives related to



Return on total Capital Employed (“ROCE”) and the ratio of Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent (“EBITDAR”)-to-Revenue.

The Board of Directors has established a dividend policy that is available on the SNSA website (www.stolt-nielsen.com). Interim dividends can be declared and paid in any fiscal year by approval of the Board of Directors. Final dividends may only be paid after approval by the shareholders at the Annual General Meeting of Shareholders. The General Meeting of Shareholders has authorised the Company, or any wholly owned subsidiary, to purchase Common Shares of the Company, from time to time in the open market, provided:

- (i) the maximum price to be paid for such Common Shares shall not be higher than the higher of the price of the last independent trade and the highest current independent bid on the Oslo Stock Exchange and shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading,
- (ii) the minimum price to be paid for such Common Shares shall not be less than the “stated value” (i.e. U.S. \$1.00 per share) thereof, and,
- (iii) other conditions for trading shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading, and further provided such purchases are in conformity with Article 49-2 of the Luxembourg Company Law, such authorisation being granted for purchases completed on or before August 31, 2009.

4. Equal treatment of Shareholders and transactions with close associates

SNSA has two classes of shares, Common Shares and Founder’s Shares. Under Luxembourg company law, Founder’s Shares are not considered to be part of the Company’s share capital and are accordingly not listed on the Oslo Stock Exchange.

Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common Shares and Founder’s Shares vote as a single class on all matters submitted to a vote of the shareholders, with each share entitled to one vote.

Under the Articles, holders of Common Shares and Founder’s Shares participate in annual dividends, if any are declared by the Company, in the following order of priority:

- (i) \$0.005 per share to Founder’s Shares and Common Shares equally; and
- (ii) thereafter, all further amounts are payable to Common Shares only. Furthermore, the Articles also set forth the priorities to be applied to each of the Common and Founder’s Shares in the event of liquidation.

Under the Articles, in the event of a liquidation, all debts and obligations of SNSA must first be paid and thereafter all remaining assets of SNSA are paid to the holders of Common Shares and Founder’s Shares in the following order of priority:

- (i) Common Shares ratably to the extent of the stated value thereof (i.e. \$1.00 per share);
- (ii) Common Shares and Founder’s Shares participate equally up to \$0.05 per share; and
- (iii) thereafter, Common Shares are entitled to all remaining assets.

As of November 30, 2008, Fiducia Ltd., a company owned by trusts established for the benefit of certain members of the Stolt-Nielsen family, together with certain members of the Stolt-Nielsen



family, controlled 59.1% of the outstanding shares of SNSA entitled to vote generally on matters brought to a vote of shareholders of SNSA. As a result, the Stolt-Nielsen family currently directly and indirectly exercises a controlling influence over SNSA's operations and has sufficient voting power to control the outcome of matters requiring shareholder approval including: the composition of SNSA's Board of Directors, which has the authority to direct SNSA's business and to appoint and remove SNSA's officers; approving or rejecting a merger, consolidation or other business combination; raising future capital; and amending the Articles that govern the rights attached to SNSA's Common Shares. This control may also make it difficult to take control of SNSA without the approval of the Stolt-Nielsen family. Additionally, the interests of the Stolt-Nielsen family may conflict with the interests of SNSA's other investors.

The Board of Directors reviews at least annually the financial and other relationships between Directors and SNSA. SNSA conducts an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis and all such transactions are approved by SNSA's Audit Committee as well as publicly disclosed.

Any transactions SNSA carries out in its own shares are carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. Directors and the executive management must notify the Board of Directors if they have any material direct or indirect interest in any transaction entered into by SNSA. Directors with such a direct or indirect interest may not participate in voting for such transactions.

The Board of Directors and the Board Committees may retain independent advisors, as they deem appropriate and at their discretion. SNSA shall be responsible for the expenses of any such advisor.

5. Freely negotiable Shares

Only the Common Shares are listed on the Oslo Stock Exchange. Article 36 of the Articles limits individual shareholdings of Common Shares to 20%, single U.S. person shareholdings to 9.9% and shareholders of any single country in aggregate to 49.9%.

While the Board of Directors is authorised to restrict, reduce, or prevent the ownership of shares if it appears to the Board of Directors that such ownership may threaten SNSA with grave and imminent harm, it is the intention for the Board of Directors to assess any takeover offer for SNSA or a substantial portion of SNSA's assets, make a recommendation on any such offer, and call for a General Meeting of Shareholders to vote on the acceptance or rejection of such an offer.

6. General Meetings

The Board of Directors is responsible for calling both Annual and Extraordinary General Meetings of Shareholders. A specific quorum is not needed except in the case of certain extraordinary matters for which a quorum of 50% of voting shares is required.

The Board of Directors is obligated to hold an Annual General Meeting every year in Luxembourg on the third Thursday in April, normally at the registered office. Variation from such date must be approved by shareholders as set forth in the Articles.

A shareholder or group of shareholders representing at least one-fifth of the outstanding voting shares may request a General Meeting in writing indicating the agenda thereof. The Board of Directors will be obligated to hold the meeting within 30 days after receipt of such request.

Notices for both Annual and Extraordinary General Meetings shall be sent by mail to all holders recorded in the Register no later than 20 days before the date set for the General Meeting.



Notices should provide sufficient information on all matters to be considered at the General Meeting, voting instructions and opportunity to vote by proxy. Matters at the General Meetings are restricted to those set forth in the agenda.

7. Nomination Committee

The Chairman of the Board of Directors identifies and evaluates proposed candidates for nomination to the Board of Directors. Luxembourg law does not require that a nomination committee is established. Individuals are selected for nomination to the Board of Directors based on their business or professional experience, the diversity of their background, and their array of talents and perspectives.

8. Corporate Assembly and Board of Directors: Composition and Independence

The business affairs of SNSA are managed under the direction of the SNSA Board of Directors. The Board of Directors may delegate authority to the Chairman, specified committees of the Board of Directors, or to SNSA's management. SNSA does not have a corporate assembly.

As provided in SNSA's Articles, the Board of Directors shall be composed of at least three and not more than nine Directors. The Board of Directors believes that the optimal size for the Board of Directors should be six to eight Directors. The Board of Directors' size is flexible depending on the circumstances and the qualifications of proposed candidates.

The composition of the Board of Directors shall ensure that the SNSA Board of Directors can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity, diversity and independence.

The Directors are elected at the Annual General Meeting of Shareholders by a simple majority vote of the outstanding shares (Common and Founder's) represented at the meeting for a period of one year. Directors may be removed with or without cause by the votes of the holders of more than 50% of shares present or represented at the Annual General Meeting. In the event of a vacancy on the Board of Directors, the remaining members of the Board of Directors can fill such vacancy and appoint a member to act until the next General Meeting of shareholders at which the Directors so elected shall be confirmed.

Whereas the Board composition meets the requirements according to the Norwegian Code of Practice for independence from major shareholders and main business associates, only three of the current seven SNSA Directors, Christer Olsson, Christopher J. Wright and Håkan Larsson, are considered to be independent from executive management according to the Norwegian Code of Practice. The composition of the Board of Directors ensures continuity and experience, and together with the Board Committees is, in the view of the SNSA Board of Directors, suitable to represent interest of the minority shareholders.

The Chairman of the Board of Directors is elected by the Annual General Meeting of Shareholders. The CEO is a member of the Board of Directors. Due to this, the Board of Directors has appointed Board committees, see 9 below.

9. The work of the Board of Directors

Board meetings

The Board of Directors holds at least four regularly scheduled meetings a year. Meeting schedules are approved by all members of the Board of Directors. SNSA does not have a deputy Chairman as this has not been considered necessary. The Board of Directors may appoint a Board Secretary who does not need to be a member of the Board of Directors.



Decisions of the Board of Directors shall be taken by a majority of the votes cast by the Directors present and represented at the meeting provided a quorum is present. The Board of Directors may also act by unanimous written consent.

Board meetings – executive sessions

Management is available to discuss matters of concern to the Board of Directors and the Board of Directors has regular access to senior management. The basic duties and responsibilities of the Directors include attending Board of Directors' meetings, preparing for meetings by advance review of any meeting materials and actively participating in the Board of Directors' discussions. Directors are also expected to make themselves available outside of the Board of Directors' meetings for advice and consultation.

The Board of Directors ensures that SNSA has good internal controls in accordance with the regulations that apply to its activities, including SNSA's corporate values and ethical guidelines.

Board committees

The Board of Directors has established an Audit Committee and a Compensation Committee. The Board of Directors periodically reviews the size, structure and function of the Board Committees. The Audit Committee and Compensation Committee have written charters. These charters are reviewed and reassessed by the Board on an annual basis.

The Audit Committee is composed of at least two members; preferably each of whom is independent pursuant to all applicable regulatory requirements. The Compensation Committee is composed of at least three members of whom at least one is independent pursuant to all regulatory requirements applicable to SNSA. Each Committee has a Chair who reports the activities of such Committee at meetings of the full Board of Directors.

10. Risk Management and Internal Control

The Board of Directors is responsible for SNSA's system of internal control, which covers financial, operational and compliance controls as well as the risk management processes. SNSA's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance that SNSA is operating legally, ethically and within approved financial and operational policies and procedures with sufficient safeguards against material financial statement misstatements or loss of assets.

The Board of Directors, through the Audit Committee, oversees the monitoring of compliance with its internal control system. The Audit Committee meets on a quarterly basis to review and discuss results of internal audits performed by the Operational Audit Department. This also includes matters of an ethical nature. All employees, customers, suppliers and other parties have direct access to the Audit Committee, through the whistleblowing system, to report any potential illegal or unethical matters.

The Board of Directors carries out an annual review of SNSA's most significant areas of exposure to risk and its internal control system. SNSA's business heads are responsible for reporting their business risks to the Board of Directors.

11. Remuneration of the Board of Directors

The Board of Directors, on an annual basis, reviews the Directors' compensation. The review includes a comparison of SNSA's Director compensation practices against the practices of comparable U.S. and European companies.

Members of the Board of Directors and/or companies with which they are associated shall not in principle take on specific assignments for SNSA in addition to their appointment as a member of the



Board of Directors. If they do nonetheless take on such assignments this should be disclosed to the full Board of Directors. The remuneration for such additional duties should be approved by the Board of Directors.

The remuneration awarded to SNSA's Board of Directors for their service as Directors is disclosed in aggregate at the Annual General Meetings and in the Annual Report. Any remuneration in addition to normal directors' fees shall be specifically identified.

12. Remuneration of the executive management

The performance and compensation of the CEO is reviewed periodically by the Compensation Committee and annually by the Board of Directors in an executive session. Following the latter's review of performance and consultation with the Chairman the Committee will recommend any changes in compensation and/or benefits for decision by the Board of Directors in executive session. The Compensation Committee approves the principles for compensation policy in SNSA and further approves the individual remuneration of the members of Executive Management.

The Company has in place a long-term incentive plan aimed at tying the Executive Management's compensation with the performance of the Company. This is a cash-based plan that sets future payouts basis Company performance relative to targets for Return of Capital Employed and EBITDAR-to-Revenue.

13. Information and Communications

All information distributed to SNSA's shareholders is published on SNSA's website. SNSA promptly submits all material press releases to the Oslo Børs, disseminates such material press releases through an approved news wire service that provides simultaneous and broad distribution.

Copies of audited financial statements of SNSA are distributed to shareholders prior to the Annual General Meeting of Shareholders and filed with the Oslo Børs at the time they are distributed to shareholders. SNSA publishes an overview each year of the dates for major events such as its Annual General Meeting of Shareholders, publication of interim reports, public presentations and dividend payment date if appropriate. This overview is available on SNSA's website.

After each quarterly earnings release, SNSA holds a conference call to discuss the results and respond to investor and analyst questions. The conference call is open to all those who wish to participate. Twice per year the conference call is held in person in front of a live audience. All conference calls have a telephone dial-in and are webcast with playback options available.

14. Take overs

The Board of Directors will publicly disclose any serious offer for SNSA or a substantial portion of the assets of SNSA and will follow the recommendation in the Norwegian Code of Practice if any serious offer is received. The Board of Directors will also obtain a fairness opinion or valuation from an independent third party for any material transactions between SNSA and affiliates such as: members of the Board of Directors, members of the executive management or close associates of any such parties; and between companies in the same group where any of the companies involved have minority shareholders.

15. Auditor

The Audit Committee is responsible for the appointment and supervision of independent external auditors. The Audit Committee has established guidelines in respect of the use of the Independent Auditors by the Company's executive management for services other than the audit. The Audit Committee shall receive annual written confirmation from the Independent Auditors that such firm continues to satisfy the requirements for independence. In addition, the Independent Auditors shall



provide the Audit Committee with a summary of all services in addition to audit work that have been undertaken for the Company. The Independent Auditors shall submit the main features of the plan for the audit of SNSA to the Audit Committee annually.

The Independent Auditors shall participate in meetings of the Audit Committee that deal with the annual accounts and quarterly results. At these meetings, the Independent Auditors shall comment on any material changes in the Company's accounting principles, comment on material management estimates and judgements, and report all matters on which there has been disagreement between the firm and the executive management of the Company.

The Independent Auditors shall at least once a year present to the Audit Committee commentary on any significant internal control findings arising during the audit.

The Audit Committee shall hold a meeting with the Independent Auditors at least once a year at which neither the CEO nor any other member of the executive management is present.