

## Corporate Responsibility

## Building a sustainable future

At Stolt-Nielsen, we recognise our responsibility to minimise our impact on the world around us, while contributing positively to society and being a good corporate citizen. Our core values of quality, reliability and flexibility are reflected in the way we treat our people and work in partnership with our stakeholders, while safeguarding people and the environment.



# Safety first

At Stolt-Nielsen Limited (SNL), the safety of people and the environment is our first priority. We are committed to our goal of zero harm.

We deliver on this commitment by:

- Creating a deeper, hands-on awareness of safety issues at the highest levels of management;
- Ensuring that appropriate resources are provided to support SNL's stated commitment to safety, including training programmes;
- Assuring rigorous compliance in a constantly expanding and increasingly complex regulatory environment;
- Focusing on the implementation of safety processes and reporting that leverage SNL's deep experience as well as ongoing developments in safety best practice.

Alongside the day-to-day operational safety initiatives driven by our businesses, we focus on several key performance indicators (KPIs) at a corporate level. These KPIs, reported to our management team quarterly, measure trends in the number of serious accidents, incidents and near misses – and, crucially, monitor the initiatives put in place to reduce such incidents, ensuring that:

- Procedures meet or exceed the latest industry standards;
- Training is tracked and delivered as scheduled;
- Compliance with procedures is monitored and reported.

During the year, we maintained our strong focus on ensuring that everyone across the business is engaged with health and safety and understands the critical role that each of us plays in improving performance in this area. Sadly, however, in 2018 our progress was overshadowed by a fatality in Germany. Including this, the number of serious accidents in 2018 was two.

Total Recordable Case Frequency (TRCF) at Stolthaven Terminals (SHVN) and Stolt Tank Containers (STC) decreased in 2018. Lost Time Injury Frequency (LTIF) also decreased at STC, while remaining stable at SHVN. However, at Stolt Tankers (ST) both TRCF and LTIF increased. To reverse this trend, significant efforts have been made to improve employee awareness. We believe that our continued leadership commitment and focus will ensure we meet our long-term ambition of zero harm.

## STOLT TANKERS: PROMOTING SAFETY THROUGHOUT THE ORGANISATION

Understanding the root causes of incidents – and putting in place processes to mitigate those risks – is critical for improving performance. In addition to non-compliance with procedures, we have found that a high percentage of our accidents and near misses can be attributed to behavioural causes. To address this, in 2018 ST launched its *Slashed Zero* programme.

This programme highlights the importance of employees changing their personal behaviours

to improve safety standards. We developed a series of tools to encourage interaction between crew on board ships and improve communication between team members. Our seafarers are a diverse group and one aim of the programme is to bridge some of the cultural gaps – we believe that this, in turn, will lead to higher levels of both personal care and caring for colleagues.

The Stolt Tankers management team is also central to the success of this programme. All crew attend a four-day safety training course, where half of the topics are delivered by members of our management team. In addition, this team visited 50% of our vessels during the year, with a focus on communicating and discussing safety with the crew on board.

The aims of *Slashed Zero* go beyond our fleet to include land-based employees too. Representatives from across the business take part in core group activities designed to bring all our safety initiatives into one programme and embed them into our culture.

## STOLTHAVEN TERMINALS: FOCUSED ON SHARING KNOWLEDGE

To combat the risk of employees becoming complacent about safety issues, Stolthaven held a series of global safety days in 2018. Organised as part of the ongoing drive to improve and reinforce the Company's safety culture, these events were held at multiple terminals.

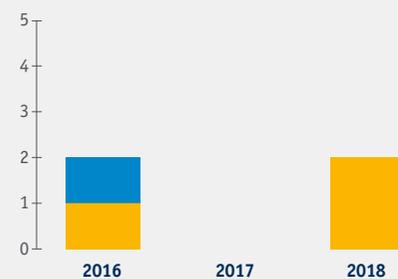
**Total Recordable Case Frequency (TRCF)**



**Lost Time Injury Frequency (LTIF)**



**Serious accidents**



■ Stolt Tankers<sup>1</sup> ■ Stolthaven Terminals<sup>2,3</sup> ■ Stolt Tank Containers<sup>2</sup>

1. Per 1,000,000 hrs exposure 2. Per 200,000 hrs exposure 3. Includes joint ventures 4. Restated to reflect the availability of more accurate data 5. Excludes barging and represents the 12 months to 31 December, 2016. 6. Restated to include barging.

## Corporate Responsibility continued

The initial focus included promotion of safety awareness and of employees' responsibility to their colleagues; encouraging employees to view safety as a 'time out' from their normal duties; and highlighting issues specific to individual terminals.

The series of events, including the launch of a video explaining the Stop Work Authority concept, was a great success. Contributing towards an in-depth, hands-on awareness of safety issues across the workforce, including the highest levels of management; ensuring that the right resources are provided to ensure safety, including training programmes; focusing on rigorous compliance in an increasingly complex regulatory industry; and driving company-wide implementation of safety processes and reporting.

Building on this success, Stolthaven also conducted an employee engagement survey to better understand attitudes towards safety, creating several working groups that are tasked with improving safety and efficiency across the terminal network.

### STOLT TANK CONTAINERS: INVESTING IN PROCESSES

During 2017, Stolt Tank Containers (STC) launched its Global Safety Management System (GSMS), which consolidated local procedures, guidance and forms for depots into one global standard. This system enables safety trends to be analysed across the division and training needs to be identified. Flexibility built into the system allows for localised procedures within the global framework. Audits of the system's use during 2018 helped us to assess information regarding the level of implementation of the safety procedures and the training of personnel in the safe handling of our tank containers, as well as the way in which gaps identified through incident analysis are filled.

At STC, we believe that improvements in safety will come from our focus on training. Every member of our depots' Technical Service Departments (TSD) receives monthly training in several areas, including dangerous goods handling, risk prevention and working in high confined spaces. They are familiar with the high standards of safety we want them to achieve –

not only on an individual level, but also for their colleagues in their working environment.

In 2018 we enhanced the planning, recording and reporting of safety training by using the GSMS to track the completion of mandatory training for specific job roles and responsibilities, while also allowing for additional, individual training to be tracked as part of an employee's personal development. 95% of mandatory safety trainings were completed in 2018. The LTIF remained well below the benchmarked rate at 1.3. This approach supports our efforts to improve STC safety standards not only at our fully owned depots but also across STC joint venture depots.

### SAFETY STANDARDS AND ISO CERTIFICATION

Stolthaven Terminals operates across many different countries, complying with various local requirements. Our fully owned terminals at Dagenham, UK and Moerdijk, the Netherlands meet the requirements of the EU Seveso III Directive. Our Singapore, Australia and New Zealand sites meet similar standards based on the principles of the Directive. In 2018, Stolthaven became the first storage terminal in Singapore to successfully complete its safety case, having concluded its Safety Case Assessment Conclusion with Singapore's Major Hazard Department.



### The 'Stop Work Authority' card

Ensuring a safe working environment is very much dependent on all those involved having the confidence to challenge the actions of others.

At Stolt-Nielsen, all employees, contractors and visitors have the authority and obligation to stop work if they have concerns or questions regarding the control of health, safety and environmental risk – or when a hazard is identified that presents a danger – with no repercussions to them. We issue Stop Work Authority cards to all employees, whether land-based or at sea. These cards are available in 18 local languages – their use is encouraged and supported with posters that are prominently displayed in communal areas.

Managers and senior officers are required to make sure all employees and crew members understand the Stop Work Authority procedure, which is also covered in the Company's safety manuals and introductory materials for new hires. The procedure is clear on how to stop work and how to initiate a restart of work. No work will restart until all 'stop work' issues and concerns have been adequately addressed. The event is then recorded as part of the Company's standard incident reporting process.

All routine safety meetings and toolbox talks include a review of the Stop Work Authority procedure, to remind employees of their responsibilities.

Each of our terminals produces a Safety Document that: identifies how possible major incidents might occur; identifies and describes the control measures implemented to prevent such incidents; and sets out emergency plans to mitigate the effects of any major incident.

During the year, Stolt Tank Containers maintained its compliance with various regulations, codes and guidelines, including: VGM (Verified Gross Mass), IMDG (International Maritime Dangerous Goods), ADR (European Agreement Concerning the International Carriage of Dangerous Goods by Road), 49CFR Parts and AEO (Authorised Economic Operator).

Standards such as ISO 9001:2015 (Quality Management) and ISO 22000 (Food Safety Management) have been recertified for the next

three years. Compliance with other standards, including CDI-MPC (Chemical Distribution Institute-Marine Packed Cargo) and SQAS (Safety & Quality Assessment System), are continuously audited by third parties and customers.

Our Global Sustainability Compliance is rated through CSR (Corporate Social Responsibility risk and performance index). STC holds a Silver CSR rating with EcoVadis (a key sustainability rating platform), with a score of 57%, compared with an average for comparable enterprises of 39%, based on a range of indicators including safety performance, vendor ratings, environmental performance and labour practices.

During 2018, Stolt Sea Farm retained its ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) certifications for

its flatfish operations, as well as its Aquaculture Environmental and Quality certification Global GAP (Good Aquaculture Practice).

In December 2018, our packing line at Lira, Spain received an IFS Food Standard, an internationally recognised standard used to audit and validate the quality and food safety in processes and products within the food value chain. This award required the implementation of a quality management system, with a Hazard Analysis and Critical Control Points (HACCP) approach to food safety.



## Corporate Responsibility continued

## Our responsibility to the environment

Our success in business depends on our ability to meet a range of environmental challenges. We must operate safely and manage the effect that our activities have on the environment.

Stolt-Nielsen's commitment to sustainability is driven and impacted by many factors and complex relationships. Efforts to increase fuel efficiency, with the added environmental benefit of reducing emissions, have increased with rising bunker fuel prices.

Environmental regulations continued to intensify during 2018, with the IMO's global sulphur cap on marine fuels, to enforce a reduction to 0.5% from January 1, 2020, being of particular note. At the same time, our stakeholders expect us to demonstrate our commitment to sustainability and our responsibility to the environment.

The highlights of 2018 are outlined below.

### STOLT TANKERS

In 2018, Stolt Tankers managed more than 100 ships for a total of 36,749 operating days. We continued to make good progress against sustainability benchmarks.

- We maintained our low average fuel consumption/operating days/per deep-sea ship as a result of ongoing fuel conservation and efficiency efforts.

- The fleet's Energy Efficiency Operational Indicator (EEOI) decreased by 6.3%. The EEOI measures the fuel efficiency of ships and enables us to measure the impact of operational changes, such as improved voyage planning and hull/propeller cleaning.
- Stolt Tankers took delivery of two newbuildings in 2018. The Energy Efficiency Design Indexes (EEDIs) for the new ships exceeded minimum energy efficiency requirements by 26% to 37%.
- Both newbuilds were equipped with UV-type ballast water treatment systems to prevent the distribution of invasive species. They were also fitted with hybrid SOx scrubbers, to meet with the IMO's 2020 fuel / SOx emissions standard.
- Improved weather routing saved 2,220 tonnes of fuel (2017: 1,779 tonnes).

When it comes to ship recycling, Stolt Tankers – and the recycling yards it selects – operate in accordance with the International Maritime Organization's (IMO) Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, 2009. All ships delivered for recycling hold an inventory of hazardous materials, certified by DNV GL, verifying that the vessel has been properly prepared. Stolt Tankers is ISO 14001 certified and, in addition, the

yards it uses hold ISO 9001 certification for environmental and quality management. During recycling, Stolt Tankers maintains one to three surveyors onsite at the yard, to monitor the process first-hand from start to finish. One ship was recycled by Stolt Tankers in 2018.

Stolt Tankers is a founding member of the SRTI ([www.shiprecyclingtransparency.org](http://www.shiprecyclingtransparency.org)), a 'one-stop-shop' for publishing information on ship recycling against a set of predefined disclosure criteria. This online platform has been developed jointly by key industry stakeholders to encourage shipowners to share their ship recycling policies. The platform offers stakeholders access to information on different companies' approaches to ship recycling, enabling them to make informed decisions when choosing their shipping partners.

Stolt Tankers is an active participant in HiLo. Founded in 2016, this independent joint industry initiative is saving lives in the shipping industry by echoing successful predictive risk modelling projects in the rail and aviation industry. At present, the initiative is focused on the tanker sector. HiLo Maritime Risk Management analyses data collected onboard, using a predictive risk model, to produce recommendations for improved safety.



### STOLTHAVEN TERMINALS

Stolthaven's efforts in 2018 focused on wastewater treatment, energy efficiency and control of emissions.

- At our terminals in Houston and New Orleans, we operate our own state-of-the-art wastewater treatment facilities, efficiently serving the needs of both the terminals and third parties onsite.
- A solar energy installation provides electricity to Stolthaven Singapore and similar systems are being considered for our other terminals.
- We upgraded our emission-control equipment at multiple facilities to reduce emissions both from products and utilities.

### STOLT TANK CONTAINERS

STC's global network of 21 tank container depots harnesses new technology and innovative thinking to enhance sustainability:

- Membrane bioreactor (MBR) technology is used in the wastewater treatment plants of STC's new depots, producing treated water that is reused either in our cleaning processes or for irrigation purposes. MBR technology generates far less sludge, thus reducing the amounts of solid waste. MBR technology increases the concentration of biological solids in the treatment process and requires

a much smaller footprint than conventional wastewater treatment plants, hence requiring lower infrastructure investment.

- The use of LEDs instead of metal halide lamps at our depots reduces electricity consumption and maintenance costs. The savings in power usage are substantial, safety is improved because of much brighter illumination provided by LED lighting, and there are valuable environmental benefits. The lamp life is extended from 6,000 hours to approximately 50,000 hours. Subsequently, our CO<sub>2</sub> emissions have been reduced by 115 tonnes at our Houston depot and by 163 tonnes in Singapore. We are currently installing LED replacements at our Zhangjiagang depot.
- We have reduced energy consumption by recovering condensate from the steam-heating processes at depots to use to pre-warm cold water for cleaning tanks.
- Rigorous maintenance and repair processes mean that STC tank containers can be used multiple times, over many years, after which more than 90% of each tank is recycled.

### STOLT SEA FARM

The sustainability attributes of our land-based approach to fish farming are outstanding:

- Ongoing monitoring and testing demonstrate that the quality of the seawater taken up by Stolt Sea Farm's land-based fish farms is similar to that of the water returned to the sea – the result of good design and efficient management of water use.
- One of the reasons that we chose to locate our innovative sole farm in Iceland was the access to large volumes of pure hot and cold seawater, meaning there is no need to filter and recirculate. The outflow from the farm in Iceland is virtually pristine, as verified by the Icelandic authorities.



## Corporate Responsibility continued

# Our people

Stolt-Nielsen is full of talented people with a passion for providing the highest levels of service to our customers around the world.

### DEVELOPING TALENT

We understand that an engaged workforce is vital to our success. Whether at sea or on shore, investing in the professional development and personal growth of our employees will help us to achieve our strategic goals. Tailored programmes are in place to develop employees at all levels so that they are equipped with the knowledge and skills that we need, and to enable them to reach their full potential.

We pride ourselves in being a truly international company that offers a wealth of opportunities for career development. Those new to Stolt are often pleasantly surprised by how accessible our senior people are. And for those starting out in their career, this collaborative approach means that they can contribute ideas, gain hands-on experience and are given responsibility right from the start.

In recent years we have undertaken a programme of improving our performance management and ensuring it is globally consistent for our management and staff. At the heart of this process are eight key attributes:

- Collaborative and builds a network
- Focuses on people
- Embraces change and innovation
- Communicates effectively

- Acts with integrity
- Strives to deliver great results
- Is pragmatic
- Is technically strong

The process ensures that our people are given the opportunity to continuously improve while also supporting our business goals. In 2018, 100% of eligible employees completed the process with their manager.

We have in place a modern, easy-to-use HR system. This online portal allows employees to manage additional tasks such as timecards and annual leave and review their personal data. It also provides an area where they can request feedback from their peers. The system also helps us to identify and assess our emerging talent across the organisation.

In 2019, we will introduce the Learning Management System module which will enable employees to record, participate in and apply for training. We also plan to implement the recruitment module of the system, to enhance our communications and processes. Linked to this is our employee value proposition (EVP). This sets out how we position ourselves as a company, with a unique set of opportunities and benefits which employees receive in return for the skills, capabilities and experience they bring to Stolt-Nielsen. We have begun work on our EVP and plan to develop this further in the coming year.

### REWARDING PERFORMANCE

Our reward and benefits arrangements ensure that everyone's contribution is rewarded fairly. We believe that they are competitive, and we regularly benchmark ourselves against our peers. Our total compensation programme is designed so that employment with us is attractive to those with the skills that match the needs of the business. In 2018, 80% of our shore staff received a total reward statement showing the true value of the benefits that they receive, on top of their base salary.

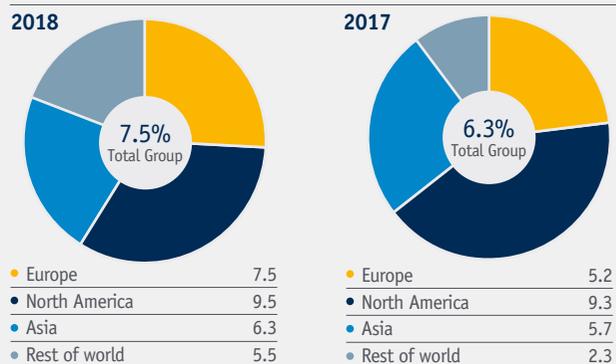
The wellbeing of employees goes beyond financial reward alone. Many of our operations offer onsite exercise facilities, bootcamp classes and health checks. Our team based in Dubai took part in body composition testing and received nutritional and exercise advice from local experts. In Manila, our Philippines office held a series of well-attended 'lunch and learn' workshops covering a broad range of topics, including 'Standing out in Leadership', which covered coaching and mentoring skills.

With one of the longest-serving workforces in our industry (2018 average tenure 8.7 years) we are proud to report that our loyalty to our people creates the same loyalty from them in return. Our voluntary staff turnover increased during the year, yet at 7.5% (2017: 6.3%) remains below the industry average.

### Number of people employed

	2018		2017	
	Sea Personnel	Onshore Staff	Sea Personnel	Onshore Staff
Europe	1,091	553	1,152	557
North America	3	538	3	548
Asia	3,301	617	3,384	615
Rest of world	18	172	18	172
Total	4,413	1,927	4,557	1,892
<b>Group totals</b>		<b>6,340</b>		<b>6,449</b>

### Voluntary employee turnover (%)\*



\* Excluding Sea Personnel

Our terminals in Dagenham, UK and New Orleans, US carried out employment engagement surveys to help management understand more about the experiences of people at Stolthaven. This resulted in the creation of several workgroups at each location that are responsible for addressing the outcomes of the survey. We plan to roll these surveys out to more locations in the coming year.

### WORKING WITH OUR COMMUNITIES

We have a long tradition of community engagement, working with charities, local organisations and schools to help develop the local economy, protect the environment and promote education.

As a responsible business, we want to show that we provide value beyond the services that we offer to customers. During the year, our people undertook a number of initiatives to support local environmental organisations, from beach cleaning in Spain and Dubai to planting trees in the Philippines and India to mark World Environment Day. Our Stolt Sea Farm team also welcomes groups of local schoolchildren on site so that they can learn about the species we raise, and understand more about the importance of sustainable aquaculture practices in the future of our planet. And in Manila we have an ongoing commitment to working with local pre- and post-natal charity *Grace to be Born*, which offers support and supplies to underprivileged expectant mothers.

### SUPPORTING AN INCLUSIVE ENVIRONMENT

We are an equal opportunity employer and we recruit, train and develop our employees regardless of gender, ethnic origin, age, religion or belief, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender identity or disability. Beyond this, we are committed to building a diverse and inclusive workforce at all levels of the organisation.

We believe that this diversity can in turn help us to develop innovative solutions that will benefit our customers. As a company with businesses located around the world, our global reach offers a wealth of opportunities for those employees with the skills and attitude to excel.

We encourage employees to apply for roles across the Group, which expands their experience and increases their knowledge.

### CODE OF BUSINESS CONDUCT

We are committed to operating in an ethical, honest and legal way. Our Code of Business Conduct is reviewed and approved by the Board annually. It is displayed at all our sites and is available in local languages. Any breach of the Code is viewed seriously, and individuals found to be in breach are subject to disciplinary action, up to and including termination of employment. The Code sets out the business conduct principles and rules that apply to all directors, officers, permanent employees, temporary employees, contractors and consultants.

The Code requires all personnel to act ethically and comply with relevant laws, regulations and Company policies, and to behave with integrity, maintaining internal and external relationships in a professional manner, avoiding conflicts of interest, bribery and corruption. In 2018, 100% of our shore-based staff required to do so successfully completed an online anti-bribery and corruption training module and confirmed their adherence to the Code.

We promote a culture that encourages employees to raise their concerns about potential, suspected or actual breaches of the Code without fear of victimisation, discrimination or disadvantage. Together with internal routes for raising concerns, Stolt-Nielsen has in place a whistle-blower policy and anyone, internal or external, can access our online 'Speak Up!' system to report confidentially and (where local law permits, anonymously) directly to the Audit Committee Chairman and our Head of Operational Audit. All reports are taken seriously and investigated.

### COMMITMENT TO THE WELFARE OF OUR SEAFARERS

Stolt-Nielsen Limited's commitment to the fair treatment and welfare of its seafarers is underscored by our compliance with standards mandated by multiple international agreements, conventions and processes. We also provide our seafarers with benefits, resources and support that make service aboard our ships both attractive and valued by our officers and crew.

These include:

- Medical insurance for all first-degree family members;
- Exercise equipment or gyms on all ships;
- Daily internet access for all seafarers;
- Engagement and development of outstanding cadets for life-long careers at SNL;
- Career counselling, guidance and management, emphasising continuous employment to ensure high levels of expertise;
- State-of-the-art and focused safety and operational training programmes;
- Empowerment of Ship Management Teams (SMTs) to drive pride of ownership.

Stolt Tankers' turnover rates are among the industry's lowest, with a high proportion of sea staff choosing long-term careers aboard our ships.

### RIGOROUS COMPLIANCE

All of Stolt-Nielsen's ships operate with valid International Transport Workers' Federation Union (ITF) agreements (collective bargaining agreements) for all seafarers on board. In addition, we operate in conformance with the Seafarers' Bill of Rights of the Maritime Labour Convention (MLC), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), the International Convention for the Safety of Life at Sea (SOLAS), and the International Convention for the Prevention of Pollution from Ships (MARPOL). Compliance is verified through Port State Control and Flag State inspections.

Stolt Tankers' compliance with MLC standards is fully documented within the division's Ship Management System. Further vetting takes place during routine onboard inspections as part of the Oil Companies International Marine Forum/Chemical Distribution Institute (OCIMF/CDI) vetting regime and in-office reviews conducted as part of OCIMF's Tanker Management and Self-Assessment process. Additional vetting takes place during periodic International Safety Management (ISM) audits carried out by the world's largest ship classification society DNV GL, on behalf of the Flag States.