

## OPERATIONAL EXCELLENCE

### Code of conduct

Stolt-Nielsen requires that its business objectives are achieved in an ethical, honest and legal manner. To enforce this, a Code of Business Conduct is maintained, which is reviewed and approved by the Board annually. The Company does not tolerate any breach of the Code 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.

In summary, the Code requires all personnel to comply with all relevant laws, regulations and Company policies at all times and to behave with integrity, maintaining internal and external relationships in a professional manner, avoiding conflicts of interest, bribery and corruption.

### KEY HIGHLIGHTS

To ensure constant awareness and visibility of the Code, and to underscore Stolt-Nielsen's commitment to it, we also undertake the following:

- Poster-sized copies of the Code are prominently displayed at all of our locations worldwide, and translated into local languages as needed.
- All land-based management must complete an online Code compliance confirmation annually.
- All main agents of the Company are required to confirm compliance with the Code periodically.
- All joint-venture boards are required to confirm compliance annually.

In addition, to promote a culture in which employees feel comfortable about raising genuine concerns about potential, suspected or actual breaches of the Code without fear of victimisation, discrimination or disadvantage, Stolt-Nielsen has for many years maintained a whistleblower policy and an online system that enables anyone, internal or external, to report confidentially (anonymous or otherwise) directly to the Chairman of the Audit Committee and our Head of Operational Audit. All reports are taken seriously and investigated appropriately.

### RESPONSIBLE BEHAVIOUR



### Dedicated to the success of our employees and the welfare of our seafarers

Stolt-Nielsen Limited is an equal opportunity employer. The professional development and personal growth of our employees are vital to our success. The company encourages employees to maximise their potential and has in place specific programmes to train and develop employees both ashore and at sea. Our goal is to provide the tools and rewards that inspire employees to continuously improve themselves, our business and the relationships that support it.

Programmes offered by the operating units of Stolt-Nielsen Limited include: cross-departmental and cross-business exposure, including transfers, secondments and short-term projects; advanced management training; job and skills training; safety training; continuing education programmes, including tuition assistance; and free onboard Wi-Fi internet access for three hours a day, enabling seafarers to stay in close contact with loved ones.

The fair treatment and welfare of seafarers is a concern of many both inside and outside our industry. 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 Labor 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. In addition, Stolt Tankers' compliance with MLC standards is fully documented within the division's Ship Management System. Further vetting takes place during routine on-board 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 the OCIMF's Tanker Management & Self-Assessment process. Additional vetting

takes place during periodic International Safety Management (ISM) audits carried out by DNV-GL, the world's largest ship classification society, on behalf of six flag states.

Stolt-Nielsen Limited takes pride in the low turnover and high retention of sea staff, many of whom choose to pursue long-term careers with Stolt, recognizing that we are a safe, reliable and high quality industrial shipper dedicated to meeting the needs of our customers for the long term.

### **SHEQ: Continued Progress**

Safety for people and the environment is the first priority for Stolt-Nielsen Limited (SNL) and its business divisions. SNL elevated oversight responsibility for safety, health, environment and quality (SHEQ) to the Corporate level in 2013, in order to establish a global, integrated and informed approach to continuous improvement in safety. While we continued to pursue this goal aggressively last year, 2015 proved to be challenging from an SHEQ perspective, with the occurrence of some serious incidents. Among the incidents were tank over-pressurisations and collisions, the most serious by far involving the *Stolt Commitment* and the multipurpose carrier *Thorco Cloud* in the Singapore Strait in mid-December. The *Thorco Cloud* sank following the incident and six lives were lost. The matter remains under investigation.

These incidents prompted immediate actions at Stolt Tankers, where "Following Procedures and Situational Awareness" was already a core theme of the division's Excellence in Safety program. Efforts to place increased emphasis on navigation and training have redoubled, including expansion of Stolt Tankers' Excellence in Navigation training course. While this course was mainly targeted to junior officers, it will now be used for refresher training for senior officers, as well. Additional initiatives related to training, situational awareness and behavioural-based safety are included in the newly launched "Roadmap to Safe Operations". In order to provide added and fully objective perspectives on Stolt Tankers' practices and approaches, the division is in the process of engaging a third-party auditor to conduct



navigation audits on selected ships, in order to identify any potential weaknesses in the division's existing internal audit processes. Our commitment to safety has not wavered and we remain resolutely determined to leverage industry best practices, processes and procedures in pursuit of our safety objectives.

As Stolt-Nielsen Limited's 2015 annual report was going to press, results from the second company-wide Safety Awareness Survey, conducted in October 2015, were being compiled and analysed. Continuous improvement in SHEQ performance begins with measurement and analysis. For this reason, the Company introduced in 2013 quarterly reporting across all businesses of key performance indicators (KPIs) focusing on safety, including accidents and serious accidents, near misses with high loss potential, and impact on the environment. Lost time injuries (LTIs) are continuously measured: The tanker division, using the OCIMF reporting guidelines, recorded a LTI ratio of 0.8 for 2015. STC recorded none for the period. Stolthaven, using the Occupational Health and Safety Administration (OSHA) reporting guidelines recorded no LTI in all but two locations, which had a ratio of 2.57 and 1.5. This unified approach to SHEQ reporting yields a consistent and comparable picture of safety issues over time across the depth and breadth of SNL's global operations. We continue to strive to enhance and refine the KPIs in order to generate more targeted data that deliver more enhanced insights.

Our first Safety Culture Survey was rolled out across our major businesses in 2014. Our objective was (1) to establish a baseline measurement of employees' perceptions of the Company's commitment to safety, (2) to identify and take appropriate actions in response to the survey results, and (3) to monitor and drive progress by conducting follow-up surveys on a periodic basis.

As previously reported here, the results of the first survey were encouraging. A substantial majority of the survey respondents indicated that Stolt-Nielsen is serious about its commitment to safety. Some, however, expressed the view that

## ENSURING RESPONSIBLE BUSINESS CONDUCT

satisfying customer needs, or financial objectives, rivaled safety in importance. This prompted an immediate intervention by the business-unit heads at Stolt Tankers, Stolthaven Terminals, Stolt Tank Containers and Stolt Sea Farm. In company-wide announcements and face-to-face meetings, the leadership of SNL explicitly affirmed Stolt-Nielsen's commitment to safety. SNL's response was based in part on research conducted by Shell, which has demonstrated the importance of senior management visibly and actively asserting its commitment to safety.

Continuous improvement is a stated goal of the SNL Corporate SHEQ initiative, and significant efforts were made to enhance the Company's second Safety Culture Survey, as conducted in October 2015. For example, certain questions were clarified, by eliminating some ambiguities and simplifying some of the wording. In addition, to increase user friendliness, the survey was translated into more than a dozen languages and is now administered online. Participants log in, choose a language, and simply proceed through a series of screens one by one. At the end of the survey, participants are invited to provide any comments they wish. This last step is important, as it gives our people an open platform to express their own opinions and insights, not to mention concerns, regarding SHEQ issues at the Company.

While the first survey had been conducted only a year earlier, we believe that the results of the second survey will be tangibly better, thanks to the adjustments and improvements made. Measurement and analysis is vital, but so is learning – for both those who take the survey, and those who create it. The Safety Culture Survey provides input and insights from our own people, helping us to develop and refine the practices, procedures and processes that make our commitment to safety a reality. The results of the second Safety Culture Survey will be reported in the 2016 annual report.

Our safety-management system approach recognises that people are fallible and errors can be expected. To address that reality, we have numerous defences, or barriers,



in place to prevent accidents. These include organisational barriers, regulatory barriers, technical barriers and, finally, the co-workers who are directly involved in performing an operation. Our accident investigations almost invariably show that in most cases, somebody knew something was not quite right but they didn't speak up – or they employed what we call the 'hint and hope' approach. In other words, dropping hints that something doesn't seem right in the hope that a co-worker – usually a superior – will catch on and react. Unfortunately, this approach rarely works.

That's why we introduced the **Stop Work Authority** card in October 2014. The card empowers people who might otherwise be reluctant to speak up. Now they know that when they perceive an unsafe situation, it is their responsibility to speak up – and that they have the authority and the support to do so. It's part of their job to get that person's attention, express concern, state the problem and, if possible, propose corrective action or stop work until a superior gives authorisation to proceed.

### Focusing on Environmental Performance

Improving the environmental performance of all our operating units is a core objective of the Corporate SHEQ initiative. All our major operating units continued to make progress toward this goal in 2015.

At **Stolt Tankers**, increasing fuel efficiency and reducing carbon dioxide (CO<sub>2</sub>) emissions is a key objective. Achieving such improvements, however, requires a thorough understanding of shipboard fuel consumption, which, in turn, requires both extensive measurement and data collection. Stolt Tankers has invested in fuel-consumption data collection and validation tools, reaching 98% data accuracy. This has helped in part to achieve and measure fuel savings of 6% for 2014/2015 combined, compared with 2013. Small improvements have a large impact when spread across the entire Stolt Tankers fleet. For example, variable-frequency drives were retrofitted to shipboard pumps and fans to reduce total power and fuel consumption. And because ships with clean hulls and propellers slip through the water with less drag and less fuel, we optimise schedules for propeller

and hull cleaning, considering specific trades and operational profiles. Accurate data drives effective decision-making and improves efficiency.

During 2015, **Stolthaven Terminals** completed the implementation of the recently introduced Marine Terminal Management and Self-Assessment (MTMSA) process. Developed by the OCIMF (Oil Companies International Marine Forum), the MTMSA is a tool designed to help terminal operators better manage both risk assessment and risk management, for berth operations and the ship/shore interface. The tool allows operators to ensure that their management systems are effective and promote safety and environmental excellence.

Performance is measured with a series of Key Performance Indicators (KPIs), enabling users to identify and track trends, and, in turn, target resources accordingly. Risk-assessment results help terminal operators to develop plans aimed at continuous improvement of safety and environmental performance, and to transfer more effectively best practices across their organisations. MTMSA is now fully rolled out to all wholly owned Stolthaven terminals. Initial self-audits have been completed, providing baseline data for actions supporting continuous improvement globally.

2015 saw significant progress in SHEQ at **Stolt Tank Containers**. During the year, STC was recertified in ISO 9001 (Quality Management Systems) on a global basis. In addition, the division expanded its CDI-MPC (Chemical Distribution Institute – Marine Packed Cargo) coverage to new markets. CDI-MPC provides uniform assessments of the quality and safety management systems of their logistic service providers. STC also raised its environmental sustainability scores in the Eco Vadis programme, a sustainability rating platform for global supply chains. In addition, STC implemented improvements in the collection and tabulation of safety and quality metrics needed to drive continuous improvement of quality and safety initiatives in the future.



**Stolt Sea Farm's** environmentally friendly approach to fish farming has been proved time and again. Continual monitoring and testing show that sea water taken up by Stolt Sea Farm's land-based fish farms is cleaner when it is returned to the sea as a result of filtration. At certain farms, the organic material filtered from the sea water is provided to farmers for use as fertiliser. A different but equally effective approach is used at SSF's innovative sole farm in Iceland, where the volumes of pure hot and cold water available to the farm – upwards of 3,000 litres per second – mean there is no need to filter and recirculate, the process used on most land-based fish farms. The outflow from the farm in Iceland is virtually pristine, as verified by Icelandic authorities, which periodically test the outflow to ensure it meets that nation's strict environmental standards.

In its third year, Stolt-Nielsen Limited's Global SHEQ initiative continued to make strong progress towards its stated goals:

- to create a deeper, hands-on awareness of safety issues at the highest levels of management in the Company;
- to ensure that appropriate resources are provided to support SNL's stated commitment to safety;
- to provide additional assurance of rigorous compliance in a constantly expanding and increasingly complex regulatory environment; and
- to drive the Company-wide implementation of safety processes and reporting that leverage both Stolt-Nielsen's existing experience, which is substantial, and ongoing developments in safety.

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