Acting responsibly

From a safety perspective, 2012 was a difficult year for Stolt-Nielsen Limited. At Stolt Tankers, one crewman perished in the explosion and fire that resulted in the loss of *Stolt Valor*. Another life was lost on *Stolt Skua*, when a crewman entered a tank that had not been made gas free. These incidents prompted an intensive operational review led by Chief Executive Officer Niels G. Stolt-Nielsen.

Safety for people and the environment is Stolt-Nielsen's first priority. Toward this end, Niels G. Stolt-Nielsen announced on January 1, 2013, the appointment of Patrick J. Russi as Global Safety, Health, Environment & Quality (SHEQ) Manager, with a reporting line to Mr. Stolt-Nielsen. Mr. Russi, who has been with the Company for 28 years, served as a Master in the fleet before coming ashore in 1991 to head up the Shipowning Safety and Quality initiatives. He has led the "Excellence in Safety" initiative since 2008. He is a qualified auditor for ISO 9001, ISO 14001, and the ISM Code. Mr. Russi will coordinate SNL's global efforts across all of SNL's operating units to ensure that the Company meets or exceeds all applicable safety and environmental requirements and regulations, while pursuing a process of continuous improvement aimed at enhancing the Company's safety performance on a sustained basis going forward.

Despite the difficulties of 2012, Stolt Tankers took pride in being recognised last year by the U.S. Coast Guard's Qualship 21 programme, which aims to identify high-quality ships and to encourage quality operations in U.S. waters (only ships calling at U.S. ports were eligible for recognition). Certificates were presented to 27 Stolt ships – a qualification rate of more than 80% – for "their commitment to safety and quality". According to Qualship criteria, "A quality vessel is associated with a well-run company, is classed by an organisation with a quality track record, is registered with a Flag Administration with a superior Port State Control record, and has an outstanding Port State Control history in U.S. waters." The 27 Stolt ships earned recognition based on an examination of Port State Control data from the last three years. Approximately 90% of all foreign-flagged ships that call in the U.S. do not qualify for such recognition.

With the size of its global terminal network having nearly doubled in the last four years, Stolthaven took preemptive steps in 2012 to ensure the consistent deployment of uniformly high safety standards at all of its facilities worldwide. All of Stolthaven's wholly owned terminals are ISO 9001 certified. In addition, Stolthaven's terminals in Santos, Antwerp, Lingang and South Korea are ISO 14001 and OHSAS 18001 certified.

Plans currently being implemented are aimed at ensuring, where needed, the uniform installation of (1) high integrity safety systems in all new facilities and expansions, (2) enhanced containment capabilities, (3) automated protection and observation systems, and (4) retrofit improvements for tanks holding highly hazardous products. Additional efforts will focus on the extension of Stolthaven's Behaviour-Based Observation Programme, which focuses on safety awareness and culture, and adherence to procedures. Through the implementation of state-of-the-art infrastructure and equipment, organisational and procedural industry best practices, and employee behaviour-based training, Stolthaven's SHEQ initiative represents a major ongoing effort aimed at ensuring world-class SHEQ assets, systems and culture throughout the division's growing network of bulk-liquid terminals worldwide.

Stolt Tank Containers continued to take actions in 2012 to enhance its environmental performance. The division's new depots in Jebel Ali and Mumbai are both equipped with state-of-the-art cleaning and waste treatment capabilities. STC's new Moerdijk hub is to be similarly outfitted. The new systems use less water to clean more tanks, and sophisticated water-treatment processes produce recycled water that can be safely reused for other purposes. STC also took steps to upgrade its depot in Houston, adding both a new waste-water treatment system and a new thermo oxidiser, the latter being scheduled to come online in early 2013. The oxidiser is similar to a unit installed by STC at its Kaohsiung depot in Taiwan in 2011, and effectively reduces fumes and vapours associated with tank cleaning.

Over the course of 2012, STC refurbished 900 tanks and remanufactured another 66 units. In doing so, STC safely extended the useful lives of the tanks, while eliminating the need to replace nearly 4,000 tons of steel. Few modes of transportation rival the tank container from a sustainability perspective. The tanks are durable, reusable over many years, they move door-to-door to minimise handling, and they can be periodically remanufactured to like-new specifications, with minimal waste of resources.

As planned, STC fully terminated its flexitank operations in 2012 and withdrew from the business. The decision followed five years of experimenting with this mode of transportation. STC's efforts to increase the reliability of flexitanks included having tanks manufactured to STC's own specifications. But because flexitanks are a lower-cost option for door-to-door shipments, efforts to increase the reliability of the tanks succeeded only in making STC's flexitanks uncompetitive. STC's decision to exit the business was also driven by environmental concerns, since the bags used in flexitanks are typically discarded rather than recycled after one use – a practice inconsistent with STC's environmental standards.

Stolt Sea Farm's unique approach to land-based fish farming has proved itself as an environmentally friendly, efficient and sustainable means of producing fresh, wholesome and sought-after seafood. The ongoing evolution of SSF's land-based approach continued in 2012 as construction commenced on the division's innovative and exciting new sole farm in Iceland. Since water temperatures in Iceland are far too cold for sole, the farm is being constructed next to a geothermal energy company, HS Orka, which will provide the farm with both warmed sea water and electricity. For Iceland, the new farm represents a proving ground for yet another application of its abundant geothermal resources. For SSF, finding sites for land-based fish farms in temperate regions, such as southern Europe, is an increasingly difficult task. Having been welcomed by its partners in Iceland, SSF expects to commence operations at the world's first large-scale sole farm before the end of 2013.

In recent years, the concept of sustainability has taken on particular significance for SSF's caviar operations. Caspian Sea sturgeon – once the world's leading source of premium caviar – are critically endangered due to overfishing and a ban on caviar harvesting is in force. While poaching remains an issue, sources of premium farmed caviar, such as SSF's Sterling Caviar brand, help to meet market demand and thus ease pressure on natural populations of sturgeon. SSF's Sterling Caviar is also one of the few brands of farmed caviar that is free of the commonly used preservative borax.