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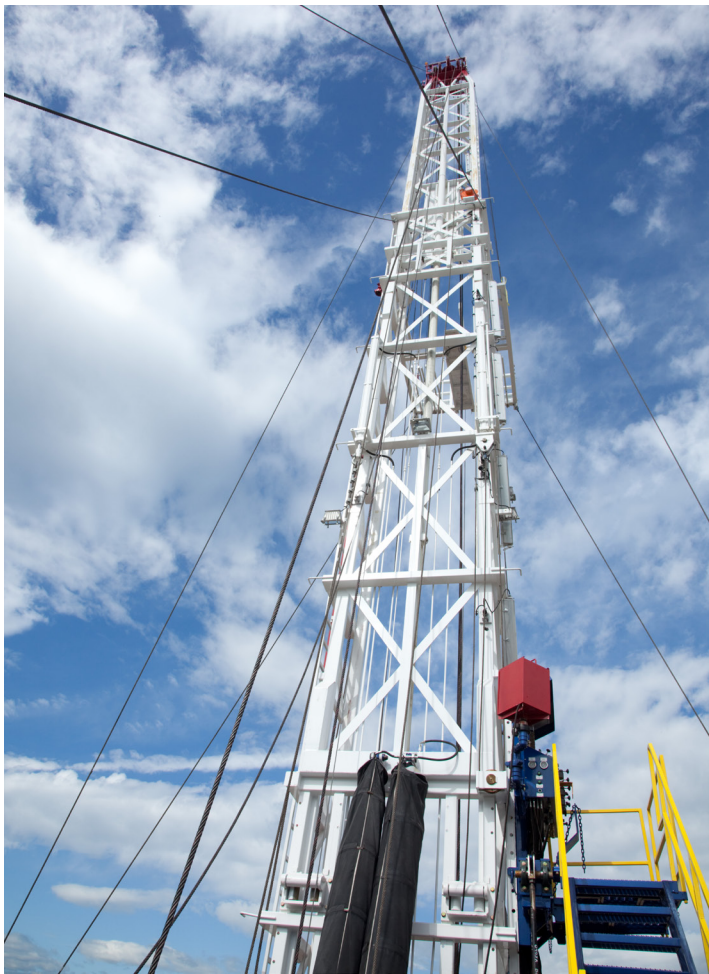
BUILDING A SAFE REPUTATION

In 2014, Stewart and Stevenson Canada reported an incident lost time of zero minutes. Moving forward, the Calgary Alberta-based company continues to strive on becoming leaders in the mobile oil field equipment industry for health and safety, while increasing profitability and their reputation for designing and manufacturing quality products and innovative solutions.

As the Canadian subsidiary to a more than century-owned American operation that is headquartered in Houston, Texas, Stewart and Stevenson Canada has a legacy to uphold.

A leading designer manufacturer and marketer of specialized equipment and a leading provider of aftermarket parts and service to the oil and gas and other industries, Stewart and Stevenson Canada employs around 170 people, spread through two manufacturing plants in Calgary, Alberta. Consistent to what their parent company does, the Canadian division continues to evolve, delivering between \$40M to \$60M annually.





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With changes in the market continuing to dictate where things are heading, Stewart and Stevenson Canada has committed itself to doing things in a cleaner, greener way than what has traditionally been done. For Vice President of Marketing and Sales Rob Wawrzynowski and Health and Safety Coordinator Eric Sigvaldason, it's all about leaving a positive impact on the environment and introducing new initiatives.

“We’re moving away from diesel driven power and moving closer towards electric driven power, that’s one initiative,” said Waw-

rzynowski. “Our equipment is driven by natural gas power generation or other electric supplies, as opposed to running it off a diesel generator or a diesel engine. So there are natural gas initiatives and electric power initiatives.”

“From a facilities standpoint, we do make a point to recycle all of our product,” said Sigvaldason. “Every type of chemical we have, we work in tandem with our safety suppliers for chemicals in which case everything from varsol to oil is being reused and reintegrated back into the marketplace; nothing is

going to the landfill in that regard.”

SAFETY LEADERS

Working in partnership with the Manufacturers’ Health and Safety Association (MHSA), a safety association that collaborates with governments and industries to offer health and safety programs that help companies become top safety performers, Stewart and Stevenson Canada’s commitment to health and safety training from an employee standpoint remains paramount.

“We’re very open-ended when it comes to health and safety training,” said Sigvaldason.

“Training courses offer anything from first-aid to crane training and then more specific training such as safety auditors to accident investigations and fall arrest. We’re fortunate that 80% of the tradesmen on the floor are first-aid trained.”

By implementing internal and innovative practices and placing such a pivotal importance on health and safety, Stewart and Stevenson Canada are prepared and ready to act during incident investigations.

“It’s all about our follow-up system,” said Sigvaldason. “When an incident takes place,





the investigation begins with two members from our safety committee which are volunteers from every department in the company. They conduct a primary incident investigation and then it goes to a review - from health and safety point of view to our human resources director and even our VP of rig manufacturing - we have to sign off before completion. It's the channels it goes through which really solidifies our corrective action."

Continuing to improve on the company's health and safety culture has led to Stewart and Stevenson Canada investing into and

successfully obtaining their Certificate of Recognition (COR) in late 2013 from the MHSA, further separating them from the competition.

"The COR focuses on 12 systems that identify various safety initiatives," said Sigvaldason. "Anything from our documentation regarding hazard assessments right to the way we conduct accident investigations to emergency preparedness. It is third-party audited and it is the only safety program that is nationally recognized. We took a very aggressive standpoint and were able to obtain

it within a calendar year.”

The successful implementation of Stewart and Stevenson Canada’s health and safety initiatives can be attributed to the positive attitudes and actions of its employees, further cementing their reputation both internally and externally as safety stewards.

“Our lost time for 2014 was zero, which also really sets us apart from our competition,” said Sigvaldason. “Our focus on health and safety has been a strong initiative and we’ve had a great buy-in from our employee base. The efforts between management and

the workers we were able to go through the whole of 2014 without a single incident. Because of initiatives that have been taken, we’re now striving to become leaders in the industry for safety.”

From a customer standpoint, Stewart and Stevenson Canada leverage their health and safety knowledge, leadership and innovative practices as a means to educate and train their client base.

“Our customers are all oriented briefly before we go to any shop tours. They have to have the proper safety training before they do a shop



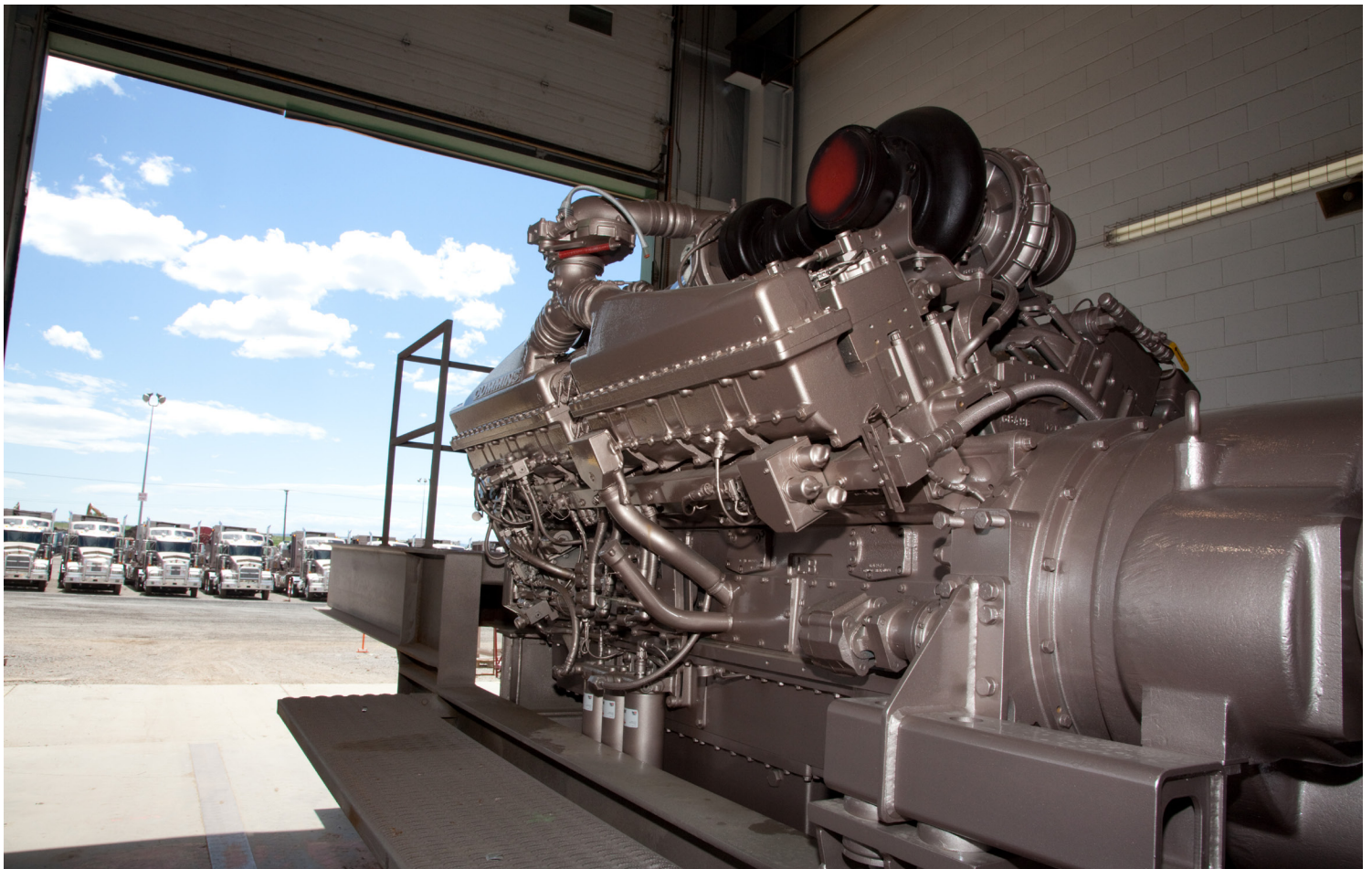
tour or look any equipment or have to enter our facility,” said Wawrzynowski. “Whenever we’re developing any equipment we provide training and we design their equipment with safety in mind as well. We don’t only train them on how to use the equipment, but outline all of the safety concerns and provide them the training they need to operate safely and effectively in the field once the equipment is delivered.”

KEYS TO SUCCESS

Like any global company in an always-evolving marketplace, Stewart and Stevenson Canada understands that to remain top of

mind in the industry, differentiation remains the key denominator.

“Staying ahead of your competition from a differentiation standpoint can be challenging, because often whenever a new product is released, a competitor may offer a similar product shortly thereafter once your product is released,” says Wawrzynowski. “One of the things we have to be mindful of as a Canadian company, is that international and globalization has made it more competitive from a fabrication and manufacturing standpoint, so our differentiation has to be in product differentiation not manufacturing



differentiation because the manufacturing costs offered elsewhere often make it difficult for Canadian manufacturers to compete. We have to differentiate in other ways - by providing better value and more technology.”

Forging and building exclusive relationships within their supply chain remains a key part of Stewart and Stevenson Canada’s business model - something that has been developed over the years.

“Reputation is our number one most important thing at the top of the list in our company,” said Wawrzynowski. “We want

to make sure that when we develop relationships with our customers or our suppliers or our employees that this remains consistent throughout. So we want suppliers that have a good reputation to do what they say and say what they do to support our business, their reputation and our reputation.”

An integral aspect of Stewart and Stevenson Canada’s reputation is based on the company culture that stretches beyond just their focus and commitment to health and safety. Empowering their employees and promoting from within means endless growth opportunities. A sentiment echoed by both Waw-



rzynowski and Sigvaldason.

“We have a diverse product portfolio,” said Wawrzynowski. “When people come into work, they don’t do the same thing every day. There is a lot of variety and initiative to continue developing our product. There is a lot of learning opportunities and it makes it exciting for our employees to know they’re part of something and they’re contributing to the betterment of our customer base and society.”

“There is always room for advancement at Stewart and Stevenson and working with

employees to advance their careers. I’m living proof of it,” said Sigvaldason.

As is the case with any business, marketing your product matters. Using trade shows and networking as a prime marketing channel, Stewart and Stevenson Canada relies on these avenues to expand their reach.

“Being a heavy equipment or mobile oil field equipment manufacturer, our marketing is primarily through business networks on the customer end and manufacturing end,” said Wawrzynowski. “We can’t advertise for a piece of equipment like an auto dealer and







expect someone to come in and give it a test drive. We have to use a consultative approach to sell our products with our customers.”

LOOKING TO THE FUTURE

Building upon everything they have already achieved, Stewart and Stevenson Canada’s goals for the future remain focused on implementing new manufacturing methods.

“In the future we want to focus on doing things more efficiently, more cost effectively and providing a higher value than we do today to our client base, so their dollar goes further than does it today,” said Wawrzynowski. In 2014, Stewart and Stevenson Canada

reached unprecedented heights in their health and safety division. Sigvaldason looks to use that as a benchmark going forward.

“We’re looking to become the industry leaders in safety. It’s one thing to be COR compliant, it’s one thing to be excited to maintain that marker, but now we want to exceed that,” he said. “Ideally to have the same number of zero is the target, and just to keep pushing forward and reach that marker and take that recognition throughout the industry.”

With a two-tier approach to the future clearly defined, Stewart and Stevenson Canada are on the right path to success.



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