

ESG

Environment / Social / Governance

Kirby Corporation
Summer/Fall 2018



Sustainability is integral to our corporate culture

“Do the Right Thing” is a key Kirby value

- At Kirby, sustainability is embedded in our culture
 - From an environmental and human impact perspective, safety is the foundation
 - Zero Harm:
 - No harm to people
 - No harm to the environment
 - No harm to equipment
 - Our philosophy is that we are managing for success in perpetuity
 - We invest in training and developing our workforce
 - We promote sound public policy for our industry segments
 - We support our employees, our industry, and our communities
 - Board of Directors oversight and guidance is pivotal to our success

Environmental

Marine transportation is a good news story

Marine transportation is the cleanest, safest and most efficient mode of surface transportation in the U.S., with far fewer impacts on the population than truck or rail.



1 loaded tank barge carrying 27,500 barrels of product can take the equivalent of 144 tractor trailer trucks off the highways

Units to Carry 27,500 Barrels of Liquid Cargo

1 barge



46 rail cars



144 trucks



Source: National Waterways Foundation

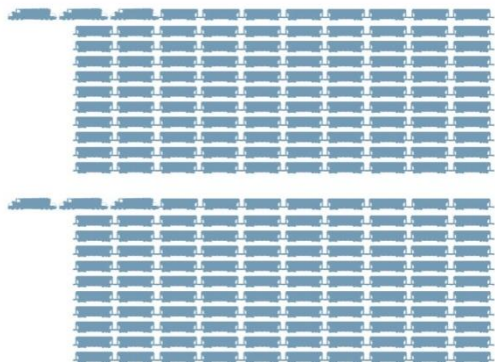


Barge tows move more cargo than alternatives...

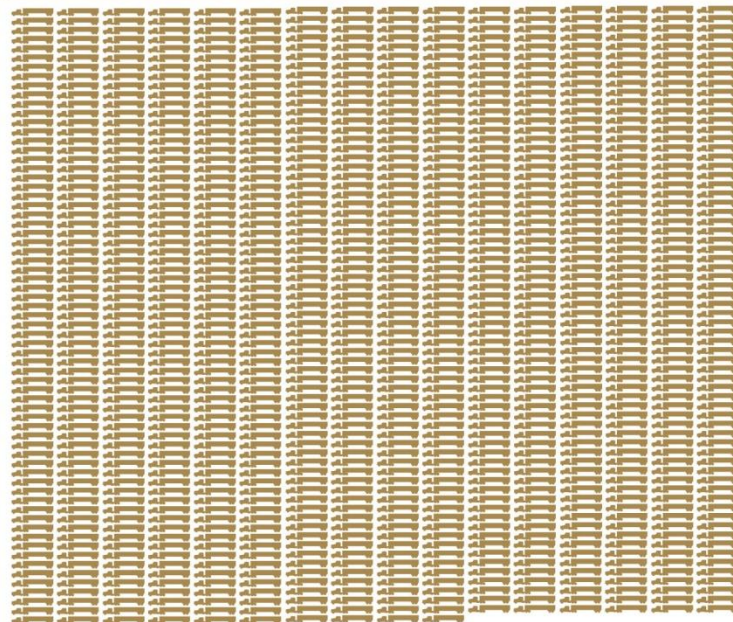
One 15-Barge Tow



216 Rail Cars + 6 Locomotives



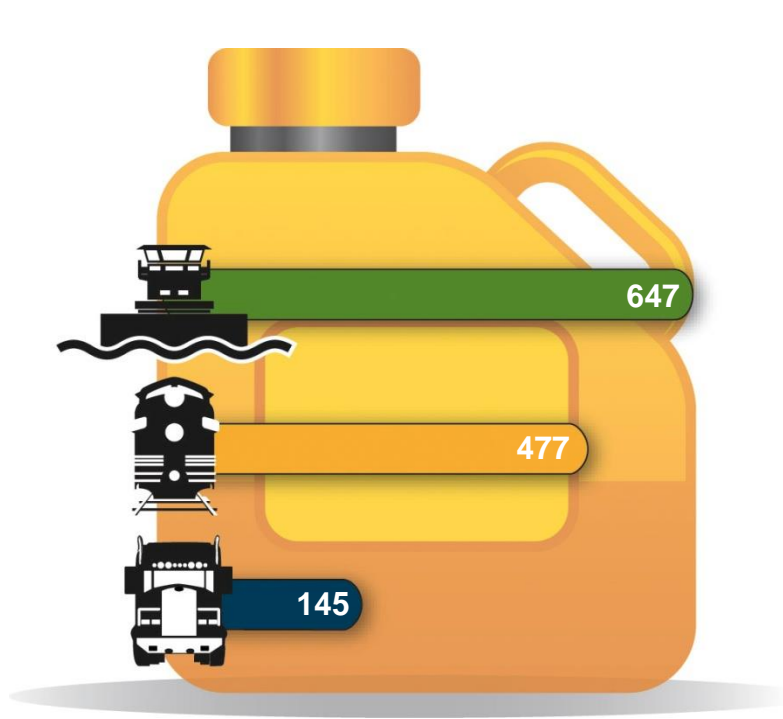
1,050 Large Semi Tractor-Trailers



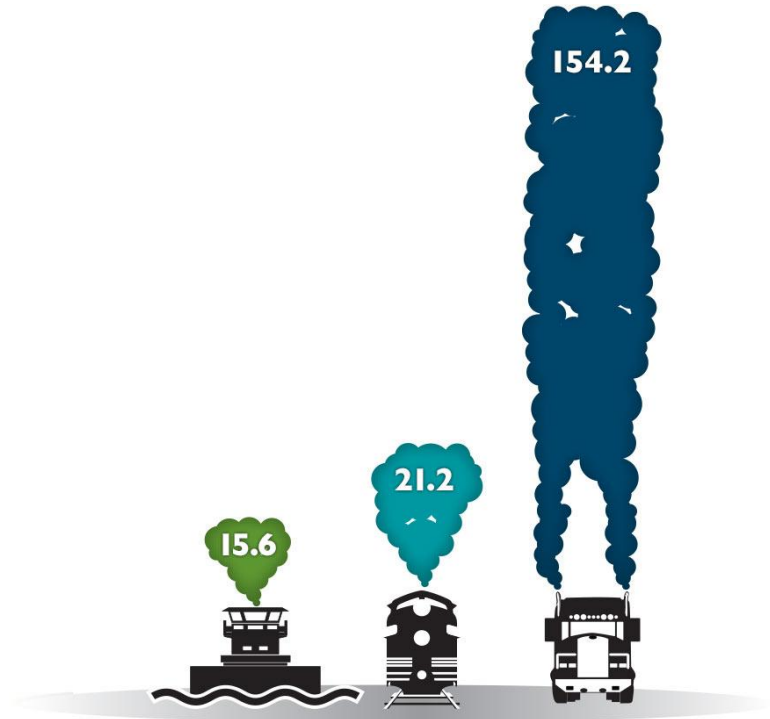
Kirby's 22.5 million barrels of capacity is equivalent to 45,700 rail cars and 143,200 large tractor-trailer trucks

Source: National Waterways Foundation

... Using less fuel and with fewer emissions



Ton-miles **Traveled** per Gallon of Fuel



Tons of CO2 per Million Ton-Miles

Source: National Waterways Foundation

Going above and beyond – Marine Transportation

- Kirby implemented usage of low-sulfur diesel on all vessels in 2012
- All tank barges are double hulled to better prevent environmental spills
- Voluntary usage of 6 psi vs. 3 psi barges (the industry standard) virtually eliminate cargo vapor emissions
- Company policy does not allow for the discharge of bilge overboard, even if the vessel is equipped with an oil-water separator
- Large fleet and scale reduces unnecessary emissions and waste
 - Dedicated product tows reduce cleaning between cargos
 - Smaller fleeting boats reduce fuel consumption and emissions
 - Linehaul service improves barge to boat ratio
- Ongoing boat and engine replacement program improves efficiencies and reduces emissions
- Barge cleaning facility goes well beyond regulatory standards
- Reducing, reusing and recycling are integral to our practices
- Kirby serves as a leader in numerous industry organizations that help define industry regulations and improve air and water quality



Going above and beyond – Distribution and Services

- Developed technology to lessen environmental impact of hydraulic fracturing
 - Noise reduction fracturing units – reduces up to 14 dBA at 100 feet
 - Bi-fuel powered fracturing units – 70 to 80% diesel to natural gas conversion rate
 - Industry leading electric powered fracturing units – 99% reduction in NOx emissions
- Development of dry gel hydration units eliminates usage of mineral oil and/or diesel in slurries pumped into wells
- Paint and solvent re-use and recycling reduces waste by-products by 95% and recovers 99% of solvents for re-use
- LED lighting installed in key facilities reduced energy consumption by 35-40%
- Largest manufacturer of frac units with Tier 4 engines, achieving higher EPA standards



Kirby built electric frac fleet working in Pennsylvania

Social

Strong emphasis on safety

- Safety is the first and foremost concern in everything we do
- The Board of Directors review safety statistics and major incidents at all levels of the organization
- Investing to ensure safe operations is good for morale and benefit financial performance
- Our customers place a high value on safety
- Kirby has the only inland marine U.S. Coast Guard approved training center
 - Company-owned and operated
 - In-house towboat wheelhouse simulator

 **ZERO INCIDENTS**

NO to people
HARM to the environment
to equipment



Pictured above is our towboat simulator where wheelhouse crew can gain repetitive practice navigating in extreme conditions and high-risk scenarios

Giving back to our industry

Kirby has a long history of supporting foundations, associations and institutions whose charitable work is related to Kirby's mission



- **Seaman's Church Institute**

- North America's largest mariner's service agency providing spiritual support, maritime education and legal advocacy to thousands of mariners and port workers
- In the last 3 years, Kirby has donated more than \$650,000
- Kirby donated a wheelhouse training simulator to the institute which is used to provide navigational training to 1,600 mariners each year
- Many of Kirby's officers give their time and expertise to help the institute



- **U.S. Coast Guard Foundation**

- Focuses on the well-being, education, and morale of the men and women of the U.S. Coast Guard and their families
- Kirby has proudly supported this organization for more than 30 years



- **Many other industry associations and foundations including:**

- National Coast Guard Museum
- Houston Maritime Museum
- Waterway's Council
- National Association of Manufacturers
- American Bureau of Shipping
- Regional Associations
 - The Gulf Intracoastal Canal Association
 - Texas Waterways Operators Association
 - Louisiana Association of Waterway Operators
- National Waterways Foundation



M/V *Marine One*....standing by

Kirby is positioned to quickly and effectively support the U.S. Coast Guard to safely open our waterways after an incident, natural disaster or storm

- **M/V *Marine One*** is an emergency response vessel that can be quickly deployed to any area
 - Replaces ATONs (aids to navigation, such as buoys and markers) that are usually torn from their moorings during a storm
 - Can carry 3,000 pounds of equipment
 - Identifies impassible waterways and sends out navigational updates to other ships
 - Works directly with the U.S. Coast Guard, including pre-planning and practice drills
 - Keeps our waterways open and safe, allowing for goods and services to keep moving



Supporting our families and local communities



■ Disaster Relief - “do the right thing”

- The Kirby Disaster Relief Fund
 - Charity provides support to Kirby employees, families, and communities affected by natural disasters
 - Kirby matches all employee contributions to the fund at 100%
 - Kirby has donated approximately \$400,000 to the fund in 2017 and 2018 YTD
- Teams and procedures ready to deploy to affected areas to protect and aid employees and their families
- Support of the Carl McCain Foundation which helps industry families in need
- Long history of assisting distressed people and vessels on the water



■ Galveston Bay Foundation

- Promotes advocacy, conservation, education, and research related to Galveston Bay
 - In the last 3 years, Kirby has donated more than \$200,000 to the foundation
 - Kirby participates in annual clean-ups of Galveston Bay and donates a vessel to assist

■ Charitable matching donation program

- Kirby matches qualifying employee charitable contributions
- Nearly 60 organizations benefited from this program in 2017



■ Other organizations sponsored include:

- United Way
- Susan G. Komen Foundation
- San Jacinto Monument Park
- Numerous customer charitable events



Pathways to diversity

In a male-dominated industry, Kirby is making inroads in diversity...

- Elected its first female board member in 2015
- Females on the Executive Leadership Team include:
 - VP and General Counsel
 - VP and Chief HR Officer
- Management
 - 18% of company management positions are held by women
 - ~90 females in managerial roles and higher
 - Females in leadership including the Director of Internal Audit, Corporate Assistant Controller, VP Finance & Controllers, HR Directors, and Marketing Director
- 60% of women working rotations on vessels in Marine Transportation are in the wheelhouse
 - 16 Captains/Pilots
 - 7 Tankermen
 - 3 Deckhands

Women
10%

Minorities
27%

Governance

Board composition and experience

Core Industry Experience (in years)



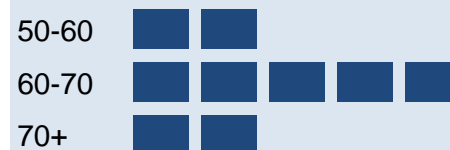
Independent Director Tenure*



Average Tenure: 7.6 years

* As of March 2018

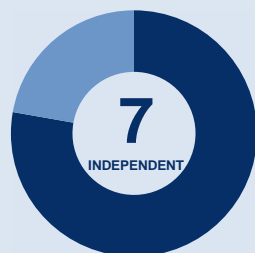
Age*



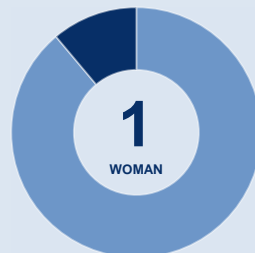
Average Age: 64

* As of March 2018

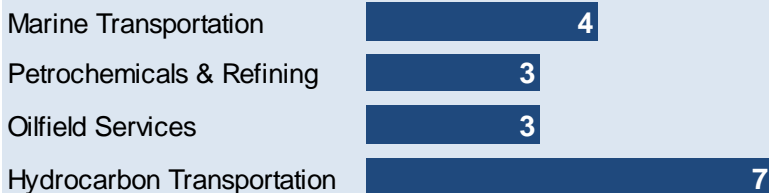
Director Independence



Director Diversity



Industry Expertise














Positions Held / Qualifications



Board committees

All three Board committees consist solely of independent directors

Director	Audit Committee	Compensation Committee	Governance Committee
Anne-Marie N. Ainsworth			
Richard J. Alario			
Barry E. Davis			
C. Sean Day			
Monte J. Miller			
Richard R. Stewart			
William M. Waterman			



Chairman



Member

Executive compensation

Overseen by the Compensation Committee, executive compensation is comprised of three key elements: base salary, annual incentive plan, and long-term incentive awards

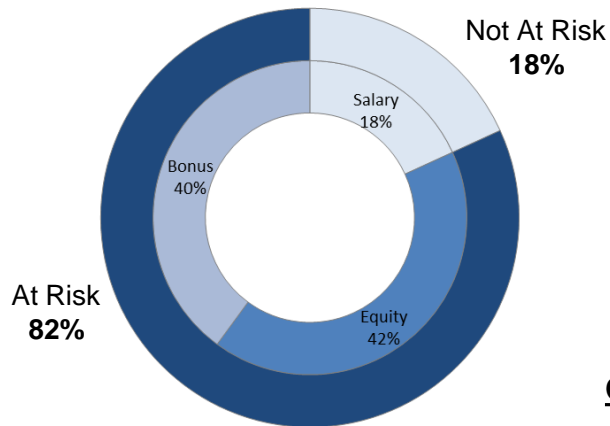
- Objectives of the program are to:
 - attract and retain senior executives
 - motivate consistent performance over time
 - encourage performance that results in increased profitability and stockholder value

Kirby Named Executive Officer Compensation					
	Base Salary	Incentive Plan	Long-Term Incentive Awards		
Instrument	Cash	Cash	Stock Options	Restricted Shares/Units	Cash Performance Awards
Objective	Rewards performance that contributes to long-term growth and stability	Rewards current year financial and operational success	Rewards future growth and profitability		
Distribution of Long Term Equity Grants	N/A	N/A	20% of grant	40% of grant	40 % of Grant
Performance Period	Annual	Annual	Vest in equal increments over 3 years (7 year term)	Vest in equal increments over 5 years	Achievement on a cumulative basis of the three measurments over the 3 year performance period
Payment Components	Fixed	Fixed	Variable	Variable	Variable
Metrics	Market study (median)	EBITDA Return on Capital Earnings per Share	Stock Appreciation	Stock Appreciation	EBITDA Return on Capital Earnings per Share
Thresholds	N/A	Entry - 80% of target (Incremental from 80% to 99%)	N/A		Entry - 80% of target (Incremental from 80% to 99%)
		EV - 100% of target (100% payout)			EV - 100% of target (100% payout)
		Cap - 120% of target (200% payout)			Cap - 130% of target (200% payout)

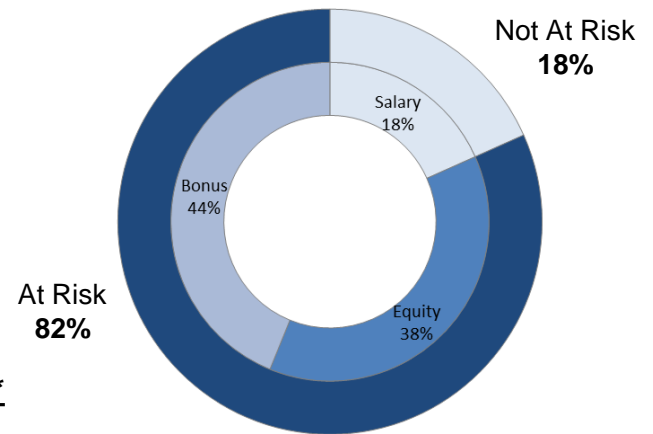
Executive compensation

Overview of 2017 performance based compensation

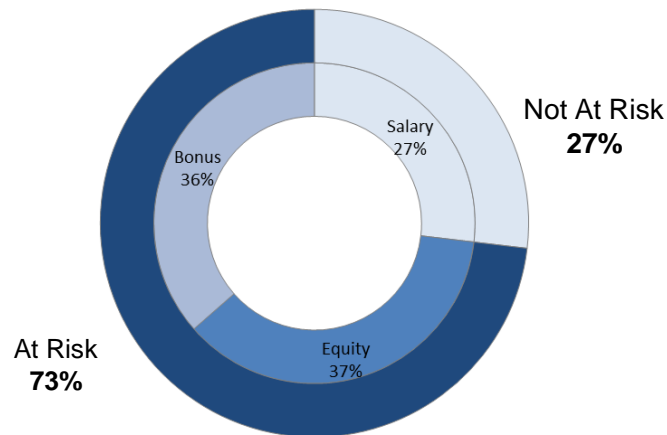
Executive Chairman Total Compensation



President and CEO Total Compensation



Other NEO Total Compensation*



* Excludes the CFO who left during the 2017 fiscal year