

# CORPORATE SUSTAINABILITY REPORT

2018





CSL's converted transshipment shuttle vessel, *Donnacona*, tranships magnetite iron ore in Cape Preston, Western Australia. Following a series of projects aimed at operational efficiency gains, the vessel increased deadweight from 21,000 tonnes to 23,000 tonnes per cycle and reduced the transshipment cycles from six to five.

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# ABOUT THIS REPORT

At CSL, we are committed to conducting our operations in accordance with the highest standards of corporate social responsibility. Not only do we believe it is the right thing to do, but it is also vital for the long-term success and profitability of our business.

Our goal is to put into practice strategies and tactics that align our principles and values regarding safety, environmental protection, ethical behaviour, customer service, and employee and community engagement with our global business objectives.

Since the publication of our inaugural Corporate Sustainability Report in 2013, we have made significant advancements in a performance-based sustainability culture and embraced internationally recognized best practices in measurement and reporting, such as the Global Reporting Initiative's G4 Sustainability Guidelines and the United Nations Sustainable Development Goals.

By understanding the impacts of our business from both a social and environmental perspective, and by encouraging continuous improvement in all aspects of our operations, we believe that we can build a better future for our people, our environment and our industry.

For more information on CSL's sustainability and corporate social responsibility programs, visit our website at [www.cslships.com](http://www.cslships.com).



# 2018 REPORT HIGHLIGHTS

## **Resource Conservation and Supply Chains**

CSL achieved a 9 percent increase in general waste recycling from vessels, which is now 30 percent of total shipboard waste for the fleet. CSL also reduced incinerated waste by 34 percent through the decommissioning of incinerators in the Canadian fleet.

## **Sustainability Governance**

CSL achieved a Level four, out of a possible five, in the new underwater noise performance indicator of the Green Marine environmental certification program.

## **Health and Safety First**

The implementation of the expanded SafePartners program and the completion of the Lifesaving Rules training reduced both lost-time and total frequency of injuries by 15 percent and 17 percent respectively, when compared with 2017.

## **Improving Air Quality**

CSL installed three propeller boss fin caps and completed two propeller blade modifications as part of fleet energy saving retrofits.

## **Protecting Biodiversity and Ecosystems**

CSL obtained underwater noise footprints for six vessels that transited the West Coast of Canada to better understand and mitigate the impact of underwater noise.

## **Positive Workplace**

CSL launched Officevibe globally to regularly measure and understand employee engagement levels. A worldwide onboarding program was also deployed to enhance the experience of new employees.

## **Employee and Community Engagement**

CSL donated approximately 1 percent of its total net profit in 2018 to charitable causes and disaster relief. Among notable community achievements, the crew of *CSL Welland* was recognized by Canada's Minister of Transport and the U.S. Coast Guard for saving a life during a rescue operation.

## **Value For Customers**

CSL increased its global presence in the seaborne cement powder and fly ash markets by acquiring 50 percent of Eureka Shipping Ltd., SMT Shipping's pneumatic cement vessel business. A 50/50 joint venture was also formed with Hartmann Family to build and operate two gravity self-unloading vessels.

## **Corporate Ethics**

Anonymous whistleblowers reported a total of 15 alleged breaches of CSL policies and commitments in 2018. Five breaches were detected and corrective action was taken.



# MESSAGE FROM THE CEO



For the past six years, CSL's annual Corporate Sustainability Report has been a testament of our steadfast commitment to conducting our business in a safe, responsible and ethical manner. We don't merely aim to do the right thing for our employees, customers and communities, we hold ourselves publicly accountable by tracking and publishing our progress and accomplishments, year after year.

In many ways I am proud of a productive 2018 during which we expanded our global footprint with two new joint ventures, converted three bulk carriers into modern pneumatic cement self-unloaders, completed a series of fleet energy-saving retrofits and launched new employee programs to improve onboarding and engagement.

I am also excited about the headway we made in advancing transformative projects that are modernizing our operations to make them more efficient, responsible and safe. Technological innovations like the O2 real-time performance monitoring system will help CSL better serve an increasingly sophisticated clientele in an industry that is evolving at a rapid pace.

Despite these accomplishments, two tragic events shook up our organization in 2018 – a workplace fatality and a vessel fire.

CSL is built on solid values and when faced with such tragedies, our employees reacted with heart, calm and determination. Ship and shore CSLers mobilized together to share their grief with local communities and lend their support. They also doubled down on their resolve to prevent such incidents from ever occurring again by launching two important initiatives to reduce risks associated with vessel fires and to increase the safety of landing booms.

While the past year had a significant impact on everyone at CSL, the year ahead promises to be an exciting new chapter with the launch of several new projects to improve the safety and efficiency of our operations, systems and crewing functions. We will also cut the steel on two new self-unloaders with Hartmann, convert two Kamsarmax bulk carriers into gravity fed self-unloaders, and convert a new hybrid ship.

Above all, we will continue to serve our customers according to the highest standards of safety, ethics and environmental responsibility. To help us achieve that, we will continue to give our employees every opportunity to contribute meaningfully to our company and to our communities.

A handwritten signature in blue ink, appearing to read 'Louis Martel', written in a cursive, flowing style.

Louis Martel  
President and Chief Executive Officer



**1,500 people** \*  
employed globally



**71 million** \*  
tonnes of dry bulk  
cargo delivered



**Vessels**  
• 48 owned  
• 10 co-owned

\*Does not include joint ventures

# CSL AT A GLANCE

Founded in 1845, The CSL Group Inc. is a privately owned Canadian shipping company headquartered in Montreal, Quebec, with commercial operations around the world. Our regional offices are located in Halifax, Winnipeg and Vancouver (Canada), Boston (USA), London (UK), Bergen (Norway), Jakarta (Indonesia), Singapore, and Sydney, Brisbane, Whyalla and Karratha (Australia).

Through our five major operating regions, we own and operate a highly diversified fleet of specialized self-unloading vessels, transhippers and bulk carriers. We are a leading provider of marine dry bulk cargo handling and delivery services, and the world's largest owner and operator of self-unloading vessels. CSL is also a leader in high-efficiency transhipment solutions.



**CSL** GROUP



We currently operate a fleet of 48 vessels, including 37 self-unloaders, four transhippers, four bulkers, two barges, and one transhipment platform. CSL is also responsible for the commercial management of nine other self-unloading ships as part of the CSL International Pool.

In 2018, CSL took delivery of the first of three pneumatic self-unloading cement carriers, which were converted from geared bulkers. The two other sister ships are to be delivered in early 2019.

In FY 2018 (March 31, 2019), CSL transported 71 million tonnes of dry bulk commodities for customers throughout the world. Commodities moved include iron ore, aggregates, grain, cement, coal, gypsum, salt and wheat.

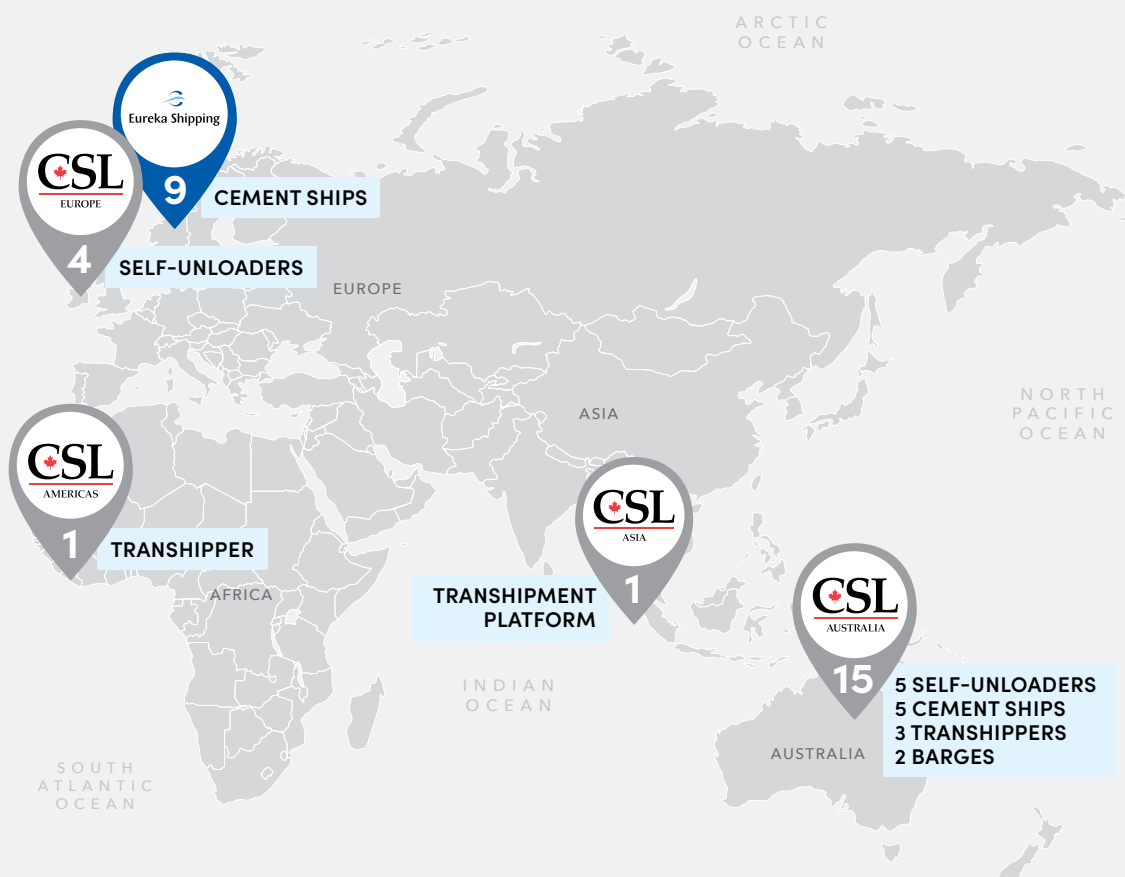
Approximately 90 percent of our revenue is generated from long-term contracts with customers. Contracts range in duration between one and 20 years.

We employ approximately 1,500 people globally in a wide range of positions, both on board our ships and in shore-based functions. We are committed to the wellbeing and development of our employees, and to promoting a corporate culture that values high ethical standards, a safe and healthy workplace, and respect for the environment.

## Joint Ventures

In 2018, CSL formed a joint venture with SMT Shipping, acquiring a 50 percent stake in Eureka Shipping Ltd., SMT's nine-ship pneumatic cement vessel business. We also joined forces with the Hartmann Family in a 50/50 joint venture to build and operate two 40,000 DWT gravity self-unloading vessels.

CSL also co-owns MV *Ventura* as part of a partnership with Marbulk Shipping.



# CORPORATE GOVERNANCE

The CSL Group is headquartered in Montreal, Canada, with offices in each of the regions in which CSL operates.

Company management is overseen by a ten-member Board of Directors, which includes CSL's three shareholders and seven independent directors. In addition to overseeing the business affairs of the Company, the Board of Directors advises the management team on CSL's strategic and operational direction.

Many of the Board's responsibilities are carried out through three working committees: The Audit and Risk Committee, the Human Resources Committee and the Corporate Environmental Sustainability Committee. Each committee meets and reports to the Board of Directors throughout the year.

CSL and its owners believe that strong governance practices are essential to ensuring the Company is managed responsibly and in accordance with CSL's core values.

## CSL BOARD OF DIRECTORS



**Jacques Bougie** was President, CEO and COO of Alcan and is currently Chair of the Board of Directors of Atrium Innovations Inc. He is a Director of McCain Foods Limited, SNC-Lavalin and the Gairdner Foundation. Mr. Bougie has served on the boards of Alcan Inc., BCE Mobile Communications Inc., Bell Canada, Royal Bank of Canada, Nova Chemicals Corp., Novelis Inc., RONA Inc., Abitibi-Consolidated Inc. and AbitibiBowater Inc.



**Ian L. Edwards** is the President, Infrastructure at SNC-Lavalin since April 2015. He joined SNC-Lavalin in 2014 after six years in senior roles with the Leighton Group, including Managing Director, Leighton Asia, India and Offshore. Mr. Edwards is an incorporated Member of the Chartered Institute of Building, a Fellow of the Institution of Civil Engineers, and Fellow of the Hong Kong Institution of Engineers.



**Meredith H. (Sam) Hayes** was the President and CEO of CSL from 1995 to 2008. He has worked as an auditor, a bond money market trader, and in various finance and treasury positions for major Canadian companies. He serves as a board member and/or advisor to the CSL Pension Fund Society, Horizon Capital Holdings Inc., Constellation Software Inc. and the Canadian Executive Service Organization.



**William (Bill) Linton** was the Executive VP Finance and CFO of Rogers Communications and President and CEO of Call-Net Enterprises Inc. He has been Chair and CEO of Prior Data Sciences Inc. and Executive VP and CFO of SHL Systemhouse Inc. Mr. Linton currently serves as a Director of Empire Company Limited, TMX Group, as well as a number of private companies in the technology and music industries.



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**Vice-Admiral Greg Maddison** enjoyed a long career in the Royal Canadian Navy, progressing from Navigating Officer to Commander of the NATO Standing Naval Force Atlantic, Commander of the Maritime Forces Atlantic, and Chief of the Maritime Staff. He also served as Deputy Chief of the Defence Staff with the responsibility for Canadian Forces operations both domestically and abroad.

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**David P. A. Martin** is the President of Bromart Holdings, owner of The CSL Group and Horizon Capital Holdings, of which he is the Co-President and CEO. He is also the co-founder and General Partner of Capital for Aboriginal Prosperity and Entrepreneurship Fund (CAPE Fund).

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**R. James E. Martin** is partner and producer of High Treason Films. He began his career at Astral Television Networks in Montreal and then moved to an Astral subsidiary, TVA International, a film distribution firm in Toronto.

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**Paul W. J. Martin** is the Chair of The CSL Group Board of Directors. He started his career at CSL as a Management Trainee in the Administration Department and was promoted to Manager Business Development of CSL's Singapore office, where he also served as Director, Projects and Planning.

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**Brian McManus** has been the President and CEO of Stella-Jones Inc. since 2001 following more than a decade of entrepreneurial success. His proven leadership qualities in both financial and corporate management, as well as his expertise in the areas of mergers and acquisitions, have helped significantly grow the company.

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**Lone Fønss Schrøder** is CEO of Concordium AG. She is also Vice-Chairman of Saxo Bank A/S in Denmark and sits on the Board of Directors at both IKEA and Volvo. She has held senior management and board positions at A.P. Møller-Maersk A/S and was President and CEO of Wallenius Lines AB.

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# HEALTH AND SAFETY FIRST

At CSL, the health and safety of our employees and the people we work with is not only our priority, it is also one of our core values. We strive to operate in an environment where we can manage or eliminate risks. Our goal is to create a culture of safety where we all return home, injury-free, to our family and friends.

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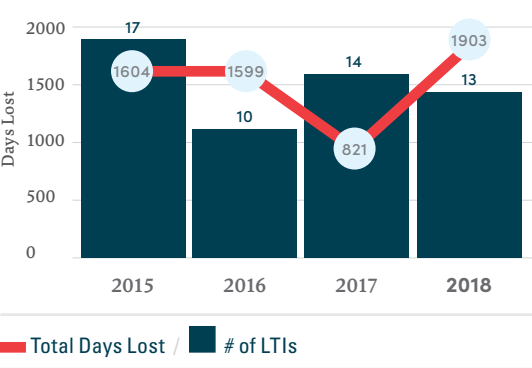


# Measuring our Safety Performance

The introduction of CSL's home grown SafePartners program in 2012 resulted in a downward trend for the next four years in both the number and severity of lost-time injuries per 1 million person-hours worked (LTIFR). After a slight increase in the Total Recordable Case Frequency Rate (TRCFR) in 2017, CSL was able to reverse the trend in 2018 by doubling its efforts to strengthen its safety culture and sustainability mindset.

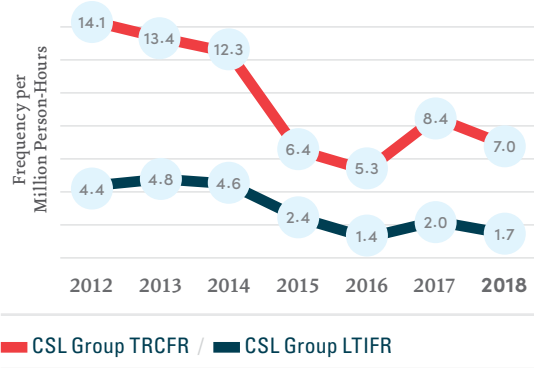
Raising awareness among employees and crews throughout the world, and opening up a transparent and honest dialogue was a key activity in 2018. Following this exercise, LTIFR and TRCFR numbers resumed their downward trend.

CSL Global Injury Severity Rate



Despite a reduction in the global number of LTIs in 2018, the injuries were more severe resulting in an increase in the average days lost per LTI in 2018 of 146 days, compared to an average of 59 days lost per LTI in 2017.

Global LTI and TRC Frequency Rates



The implementation of the expanded SafePartners in 2018 helped to reduce the LTI & TRC frequency rates by 15 percent and 17 percent respectively.

## Fire Safety Lifesaving Rule

Following a devastating fire on board the vessel *Iron Chieftain*, CSL embarked on a project to add a seventh Lifesaving Rule related to fire safety in 2019. Over the course of 2018, the CSL safety team assessed fleet-wide fire risk and reviewed fire detection and suppression as well as fire prevention processes and systems. The work will continue throughout 2019 and will culminate in the implementation of the new Fire Safety Lifesaving Rule.



## Lessons Learned From Tragedy

In October 2018, a CSL crew member suffered a fatal fall while being taken ashore on a landing boom during a tie up operation. The tragedy, which occurred during a routine procedure, was a stark wake-up call for CSL and triggered a series of procedural improvements and corrective actions to prevent such a terrible accident from ever occurring again.

## Landing Boom Safety Improvements

Following a rigorous risk analysis of landing boom operations, a number of safety features were added to protect crew members when handling the landing boom or performing related operations. These include:

- A tether harness that is easy and quick to disconnect;
- A landing rope rate-of-descent limiter and shore person retrieval;
- A hands-free communication system for the person on shore;
- Standardized stirrups.

In addition to these safety improvements, CSL has secured the services of a professional courseware company that will be producing self-paced, computer-based training for landing boom operations.



## CSL Joins HiLo

In 2018, CSL became the first North American-based shipping company to join HiLo Maritime Risk Management and one of the first to be involved in its newly launched Bulk Carrier Model.

HiLo, which is an acronym for High impact, Low frequency events, was founded in 2016 as an independent, joint industry initiative. Based on the successful predictive risk modelling projects developed in the rail and aviation industries, HiLo analyzes thousands of data points, producing recommendations for improved safety on board ships.

Using this information, HiLo member companies are better prepared to prevent accidents.

## SAFETY RESULTS

# 2017 vs 2018

**1** Fatality in 2018

**7.5 million hours**  
Total exposure hours

**LTIFR** **-15%**

**The lost-time injury frequency rate (LTIFR)** refers to the number of lost-time injuries occurring in a workplace per 1 million person-hours worked.

**TRCF** **-17%**

**The total recordable case frequency (TRCF)** refers to the sum of lost-time injuries, restricted work cases, and medical treatment cases occurring in a workplace per 1 million person-hours worked.

**PSCD** **1 in 2018**

**Reported Port State Control Deficiencies (PSCD)** per port state control inspections for the global fleet.

**+6%**

**Safety observations reported**  
(1,096 in 2017 vs. 1,165 in 2018)

## Safety Milestones

CSL takes great pride in celebrating the safety milestones achieved by its vessels and crews. The SafePartners Pennant program recognizes vessels that achieve LTI-free operations in the Bronze, Silver, Gold, Platinum and Double Platinum categories.

The vessels receiving these safety awards represent 56 percent of CSL's worldwide fleet. Ships that received a SafePartners Pennant in 2018 have gone at least one full year, and up to 11 years, without a lost-time incident.

### SAFETY MILESTONES AS OF DECEMBER 31, 2018

REGION	VESSEL	DAYS SINCE LAST LTI	DATE OF LAST LTI	SAFEPARTNERS AWARD
CSL Australia	CSL Crane Team	4170	August 1, 2007	Double Platinum
CSL Australia	<i>FOTP Derawan</i>	3192	April 5, 2010	Double Platinum
CSL Europe	<i>CSL Rhine</i>	2840	March 23, 2011	Double Platinum
CSL Americas	<i>CSL Metis</i>	2159	February 1, 2013	Platinum
CSL Americas	<i>CSL Tecumseh</i>	2068	May 3, 2013	Platinum
Canada Steamship Lines	<i>Whitefish Bay</i>	1801	May 16, 2013	Platinum
Canada Steamship Lines	<i>Thunder Bay</i>	1763	May 29, 2013	Platinum
CSL Europe	<i>CSL Elbe</i>	1974	August 5, 2013	Gold
CSL Americas	<i>CSL Acadian</i>	1926	September 22, 2013	Gold
CSL Americas	<i>CSL Tacoma</i>	1910	October 8, 2013	Gold
CSL Australia	<i>CSL Whyalla</i>	1823	November 1, 2012*	Gold
CSL Australia	<i>Goliath</i>	1692	May 14, 2014	Gold
CSL Australia	<i>Spencer Gulf</i>	1508	November 14, 2014	Gold
Canada Steamship Lines	<i>CSL Assiniboine</i>	1482	January 26, 2014	Gold
Canada Steamship Lines	<i>CSL Niagara</i>	1293	November 12, 2014	Gold
Canada Steamship Lines	<i>CSL St-Laurent</i>	1238	December 13, 2014	Gold
Canada Steamship Lines	<i>Baie Comeau</i>	1222	December 8, 2014	Gold
CSL Americas	<i>CSL Argosy</i>	1469	December 23, 2014	Silver
CSL Americas	<i>Right Hon. Paul E. Martin</i>	1387	March 15, 2015	Silver
CSL Americas	<i>CSL Frontier</i>	1343	April 28, 2015	Silver
CSL Americas	<i>CSL Spirit</i>	1172	October 16, 2015	Silver
CSL Americas	<i>CSL Tarantau</i>	1081	January 15, 2016	Silver
CSL Australia	<i>Stadacona</i>	976	April 29, 2016	Bronze
CSL Australia	<i>Adelie</i>	821	October 1, 2016	Bronze
CSL Australia	<i>CSL Reliance</i>	639	April 1, 2017	Bronze
Canada Steamship Lines	<i>Frontenac</i>	573	April 20, 2017	Bronze
Canada Steamship Lines	<i>Salarium</i>	572	May 25, 2017	Bronze

\*Ship in lay-up



## Safety Training

A workplace accident can change a life forever, which is why CSL is committed to giving employees and crews the tools, resources and training necessary to take charge of their own safety and look out for their colleagues.

On-board safety training begins at the cadet level and continues at all ranks throughout the career of a CSL seafarer. This training is a pillar of the SafePartners' program. Through training, drills and exercises, crew members learn and refresh vital skills and knowledge to recognize and mitigate workplace hazards and ensure the safe operation of our ships.

In 2018, CSL crew members worldwide completed extensive safety training, covering a wide range of areas, including:

- Energy isolation;
- Confined space entry;
- Best practices in mooring;
- Hoisting and lifting;
- Machine safety;
- Working at height;
- FACE intervention training;
- Investigation and root cause analysis;
- Internal auditor training;
- Safety management system training;
- Risk management.



## Eliminating the Risk of Belt Fires in Self-Unloading Ships

While fire is a known and well managed risk for conveyor belt systems, such as those found on self-unloading ships, CSL is conducting a comprehensive fire system review to strengthen and modernize fire risk plans, technologies, and procedures across the fleet. The global strategy, which involves enhancing prevention, detection, suppression and safety design, will be completed in 2019.



## 27 Vessels Achieve Safety Awards

The crew of *CSL Reliance* received its first SafePartners Pennant in 2018, achieving the Bronze level for over 500 days without an LTI. *CSL Reliance* was one of 27 CSL vessels that received a safety award in 2018, among them were: three Double Platinum, four Platinum, ten Gold, five Silver, and five Bronze.

# FACE Intervention Training

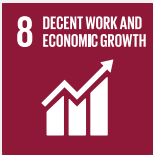
CSL's global fleet underwent FACE Intervention Training in 2018. The FACE methodology, which stands for Find out, Alert, Challenge and Emergency, is designed to assist crew members in deciding whether or not they should intervene when a potentially hazardous situation occurs at the risk of being wrong and criticized. The FACE training provided crews with a series of techniques and coached them on how to receive critical information.

The program works within a Fair and Just Culture environment and is based on two fundamental principles:

- 1) Employees feel safe and have the courage to intervene;
- 2) Managers and supervisors have the humility to receive feedback and constructive criticism, and must not criticize individuals who provide it.

CSL Commitment	Progress in 2018	Moving Forward
<ul style="list-style-type: none"><li>• Achieve Zero Harm</li><li>• Implement safety standards and procedures</li><li>• Develop accident investigation and root cause analysis skills to prevent reoccurrences</li><li>• Improve management of hazardous conditions and unsafe behaviours</li><li>• Provide training to successfully implement Lifesaving Rules</li><li>• Improve, upgrade and renew equipment for safe operations</li><li>• Integrate world-class safety best practices</li></ul>	<ul style="list-style-type: none"><li>• Reversed LTIFR upward trend of 2017 with a 15 percent reduction in 2018</li><li>• Decreased total recordable case frequency per million person-hours by 17 percent compared to 2017</li><li>• Lifesaving Rules training was completed on all CSL vessels</li><li>• Safety training was conducted during crew conferences</li><li>• Engaged with HiLo to analyze data and avoid high-impact, low-frequency occurrences</li><li>• 90 percent of the Safety Management System revision was completed</li></ul>	<ul style="list-style-type: none"><li>• Continue positive SafePartners momentum</li><li>• Implement Fire Safety Lifesaving Rule</li><li>• Enforce Lifesaving Rules and management standards</li><li>• Complete Safety Management System (SMS) revision</li><li>• Develop a safety training matrix and promote a skilled workforce</li><li>• Integrate world-class health and safety best practices</li><li>• Introduce leading indicators</li><li>• Continue to work with HiLo</li></ul>

## Sustainable Development Goals







# SUSTAINABILITY GOVERNANCE

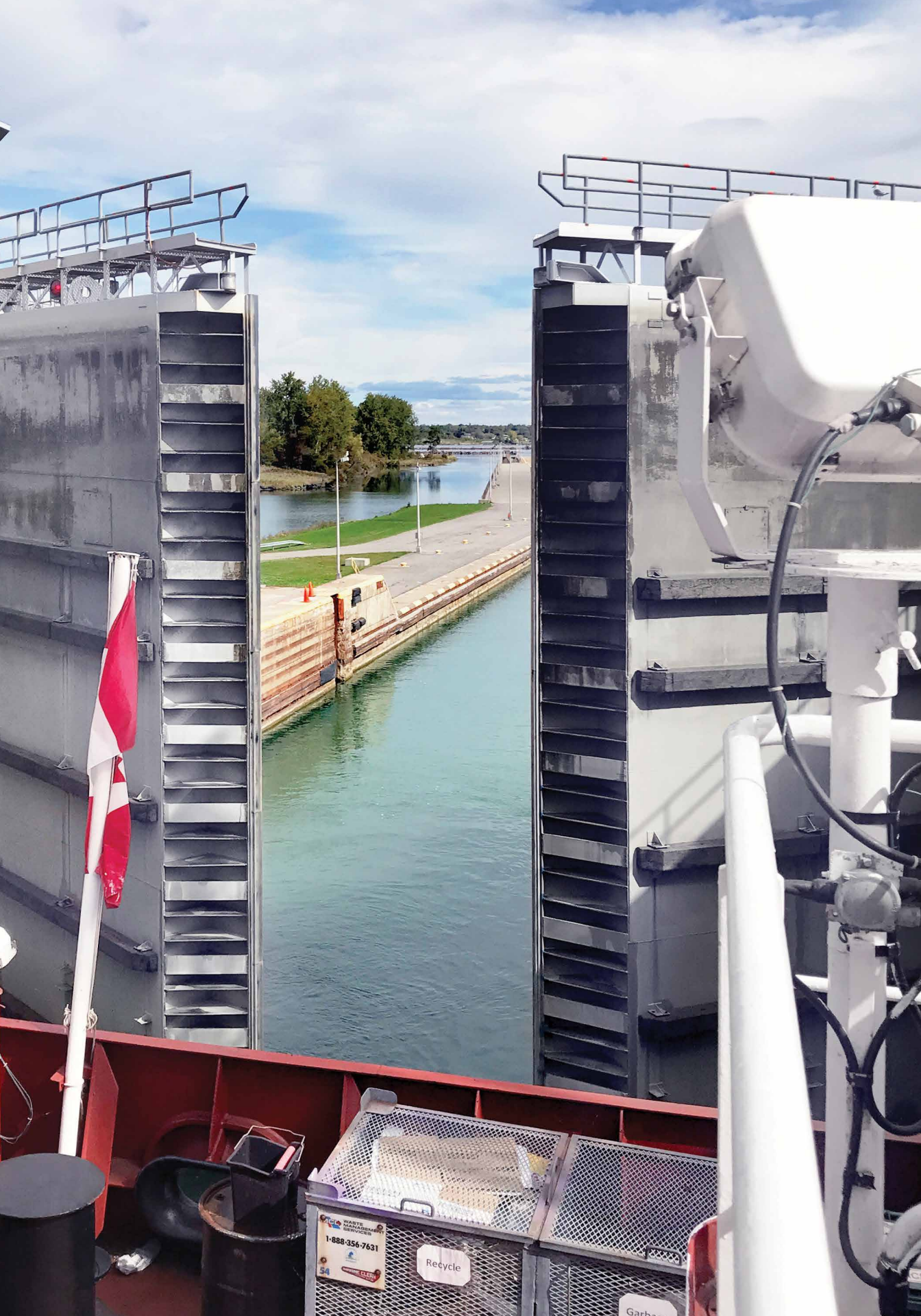
CSL is committed to continuously improving the sustainability of its operations by instilling in every employee, supplier, partner and board member a strong sense of responsibility towards safe, green, and clean operations.

Sustainability governance is part of CSL's long-term strategic plan, as is ensuring current and future business risks and opportunities are addressed and evaluated. Our stakeholders are identified as our customers, the ports and the terminals we visit, governments and other regulatory bodies, and the communities in which we operate.

For CSL, sustainability is a journey. In producing our annual corporate sustainability report, we have increased our efforts to enhance transparency and to include more input from a greater number of stakeholders.

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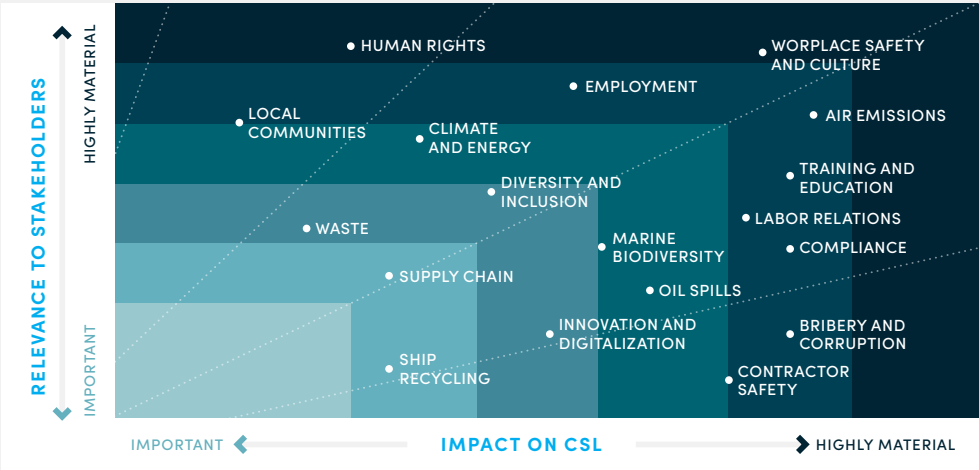


## CSL's Approach to Corporate Sustainability

In 2018, CSL conducted a second materiality mapping process as required by the Global Reporting Initiative (GRI). The CSL Materiality Matrix shown further below was completed according to the following steps:

- Risk and Opportunity Mapping**  
 Risks and opportunities were identified from a combination of CSL's enterprise risk management process, GRI topics, and wider shipping-related issues.
- External Stakeholder Review**  
 A desktop review of customer sustainability priorities was conducted. Customers were chosen as the primary stakeholder group for materiality processes because CSL is an integral part of their supply chains and sustainability targets.
- Analysis and Calibration**  
 Topics were ranked high, medium and low with respect to CSL and its stakeholders. A topic was considered high to stakeholders if more than 75 percent of customers reported on it. Internal subject matter experts ranked a topics' importance to CSL as a measure of impact on the corporate strategy.
- Senior Level Assessment**  
 The matrix was reviewed and validated by CSL's senior leadership team, confirming the strategic importance of the most material topics.

## CSL Materiality Matrix





## Green Marine Performance

The Green Marine environmental certification program, of which CSL is a founding member, helps shipowners, ports, terminals, Seaway corporations and shipyards structure their efforts to improve their environmental performance. The program is voluntary and participant results are published annually and verified by an accredited external auditor every two years. In 2018, the program added underwater noise as a new performance indicator and mandatory part of the program.

Because of the distinct nature of CSL's Great Lakes operations, CSL's participation in Green Marine is split between the Canada Steamship Lines fleet as one participant, and the CSL Americas, CSL Australia and CSL Europe fleets, which are grouped together as a separate participant under CSL International.

Both CSL participants performed well on the new underwater noise performance indicator, each scoring a Level four out of a possible five. This respectable result can be attributed to the implementation of new marine mammal management plans and to the work completed to measure underwater noise footprints on Canadian and international vessels.



PERFORMANCE INDICATORS	CANADA STEAMSHIP LINES	CSL INTERNATIONAL
Aquatic Invasive Species	4	5
Pollutant Air Emissions (So <sub>x</sub> and PM)	5	3
Pollutant Air Emissions (NO <sub>x</sub> )	4	3
Pollutant Air Emissions (GHGs)	5	3
Oily Water	4	4
Garbage Management	5	5
Underwater Noise	4	4

## Measuring Environmental Performance

The Green Marine program criteria are reviewed annually and regularly updated to ensure requirements remain challenging and result in real and lasting environmental progress.

All performance indicators are scored on a scale of one to five. Level one is tantamount to regulatory compliance, while a score of five demonstrates excellence and leadership.

5

Excellence and leadership

4

Introduction of new technologies

3

Management plan and footprint measurement

2

Systematic use of defined number of best practices

1

Monitoring of regulations

# Corporate Sustainability Strategy

CSL's sustainability strategy is encompassed within the SafePartners program. Under the program's People, Planet and Property pillars, goals and targets are set in order to improve performance.

SafePartners is focused on reaching the goal of Zero Harm by promoting a healthy and safe workplace, the protection of the environment, and the safety of ships, ports and the communities with which we interact.

## ZERO HARM



SAFE + PEOPLE	SAFE + PLANET	SAFE + PROPERTY
↔ CSL employees and customers	↔ Air	↔ Vessels
↔ Contractors and suppliers	↔ Water	↔ Infrastructure
↔ Community	↔ Resource use	

## Aligning our Actions with Global Priorities

Adopted by the United Nations (UN) in 2015, the 17 goals and 169 associated targets define the UN's global sustainable development priorities for 2030.

This is the second year CSL has reported on progress and contributions towards the UN Sustainable Development Goals (UNSDGs). As a global shipping company, we believe that taking action and responding to the most pressing issues faced by the global community are critical aspects of our responsibility as a good corporate citizen.

Throughout CSL's Corporate Sustainability Report, UNSDGs are identified where CSL's programs and efforts align with those goals as identified by the appropriate logo.

CSL's operational focus areas align with the following important UNSDGs.

					
Health and Safety and Positive Workplace	CSL's Operations	Resource Conservation and Supply Chains	Air	Water	Ethics





# IMPROVING AIR QUALITY

The shipping industry plays an important role in the urgent need to move away from carbon-based fuels in order to combat climate change. The case for decarbonization could not be clearer, as highlighted in the 2018 Intergovernmental Panel on Climate Change report and the International Maritime Organization's (IMO) initial strategy on greenhouse gas reduction.

At CSL, our Research and Innovation team, as well as our Global Technical Services team, evaluate and test technologies, designs and energy sources to help reduce our carbon footprint. In 2018, research areas included fuel cells, fuel additives, alternative fuels, hull technologies and batteries. Although some of these technologies may not be immediately applicable to CSL, we are committed to exploring clean alternatives to ensure our success and sustainability in decades to come.







EXH FOR  
SANIT

## Energy-Saving Retrofits

As CSL looks to the low-carbon shipping of the future, we continue to seek energy efficiency gains in our fleet to reduce greenhouse gases and ensure the responsible use of finite resources. CSL has a strong history of retrofitting and energy-saving initiatives; in 2018, we continued this work.

### Propeller Boss Fin Caps



In 2018, CSL retrofitted three propeller boss fin caps (PBFCs), bringing the total installed in the global fleet to five.

PBFCs are energy-saving devices that improve the efficiency of a ship's propeller. The cap is attached to a vessel's propeller to break up the hub vortex produced by the rotating propeller.

It is estimated these devices reduce fuel consumption by three-to-five percent. In addition to improving energy efficiency, research also shows the devices reduce ship-related underwater noise.

### EEDI Not the Panacea for Self-Unloaders

As Phase 2 of the IMO's Energy Efficiency Design Index (EEDI) regulations come into force in January 2020, it is increasingly urgent that the particularities of self-unloading ships be recognized. The regulations are designed to improve the overall energy efficiency of ship designs; however, CSL's unique self-unloaders, which carry extra steel weight (gates, hoppers, etc.) and equipment such as booms and unloading belts, are heavier and thus at a disadvantage compared to bulk carriers when it comes to calculating the EEDI. CSL supports measures to improve the industry's energy efficiency, but only when those measures are realistic and result in real, meaningful results.



### Operational Optimizer

CSL conducted trials of O2, a new technology that collects and reports operational and situational awareness data in real time, providing unprecedented

operational visibility to CSL personnel, both at sea and on shore. With this data, vessel crews can correct and adjust course more quickly, improving energy efficiency and safety.

The O2 technology will be fully deployed in the Canadian fleet in 2019 and in other CSL fleets by 2020. The O2 technology is expected to leverage other digital technologies to increase environmental compliance, better understand near misses, and improve processes and reporting.

### Propeller Blade Modifications

Propeller design is vital to overall ship efficiency. Optimizing factors such as the number of revolutions per minute, the number of blades, the diameter and pitch can lead to greater fuel savings.

In 2018, CSL modified the propellers on *CSL Tacoma* and *CSL Spirit*. Generally, efficiency increases when propellers are larger in diameter; contrary to this convention, propeller blades were trimmed on CSL's vessels. In doing so, fuel efficiency was increased because the modified propellers are lighter and require less engine power to turn their blades.

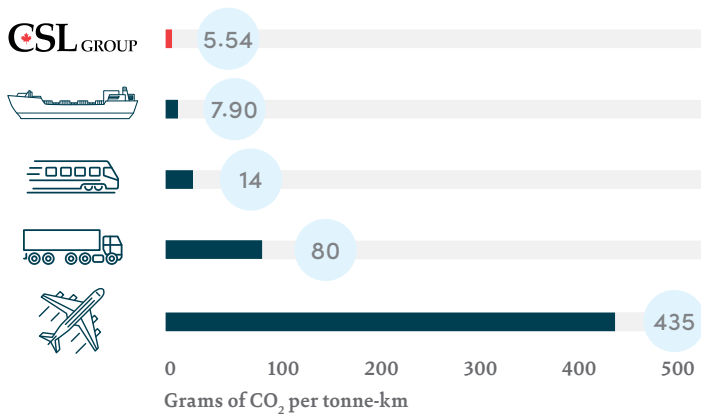


## Air Emissions SO<sub>x</sub> — 2020 Sulphur Cap

CSL is preparing for the implementation of the global sulphur cap, which will take effect in January 2020. After this date, fuel emissions from vessels all over the world will be limited to a sulphur content of less than 0.5 percent.

CSL ships operating in the North and Baltic seas, as well as in North America and the Caribbean, already comply with the more stringent sulphur content level of 0.1 percent. CSL's primary compliance approach is to switch to low sulphur residual fuels or marine diesel oil. At the same time, CSL continues to assess the changing regulatory regimes and technical advancements of exhaust gas cleaning systems.

## Comparison of CO<sub>2</sub> Emissions Between Modes of Transport



Based on the IMO GHG 2009 study  
Trucks > 40 tonnes – Bulk Carriers 10,000 – 34,999 DWT

## IMO Targets

In 2018, the IMO set the following targets to reduce GHG emissions from ships:

- Reduce CO<sub>2</sub> emissions per transport work by at least 40 percent by 2030, pursuing efforts towards 70 percent by 2050, compared to 2008 levels;
- Reduce total annual GHG emissions by at least 50 percent by 2050, compared to 2008 levels.

The next step for the IMO is to agree on short-, medium- and long-term measures that members can adopt to meet these targets. Currently, suggestions include a range of technical and market-based approaches with a decision required between 2018-2023.



  
**CSL 2030**  
GOAL

▼  
**Emit 35%  
less CO<sub>2</sub>e  
emissions  
per tonne  
of product  
moved,  
compared  
to 2005**

**13** CLIMATE  
ACTION



## Take urgent action to combat climate change and its impacts

The shipping industry transports 90 percent of world trade. We also contribute roughly three percent of greenhouse gases. Through energy efficiency programs and R&D, CSL is actively addressing its contribution to climate change and is striving to meet UNSD Goal 13.



## Vessel Conversions for the Updated Fleet

In 2018, CSL purchased three vessels for conversion to pneumatic cement ships. The first vessel, *Kondili*, was delivered in May 2018 and has been in operation ever since. The two other ships are scheduled for delivery in early 2019. The fully enclosed pneumatic design of the converted vessels prevents dust emissions during cargo operations.

Two additional vessel conversions and the construction of three newbuilds are scheduled to begin in 2019. These newer ships will be equipped with innovative technologies that improve the overall efficiency of the fleet and move CSL closer to meeting its 2030 GHG reduction target.

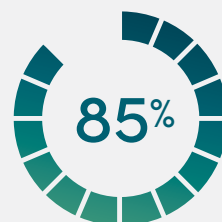


## Ship Fuel Oil Consumption Data Collection

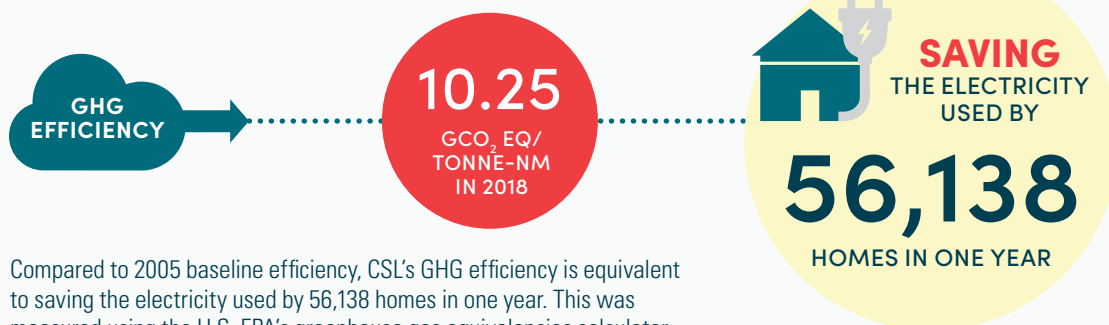
Beginning in January 2019, all shipping companies will be required to collect and submit annual fleet fuel consumption data. The International Maritime Organization (IMO) will use the data to measure compliance with the reduction targets and to track the industry's total GHG emissions. The installation on ships of CSL's O2 technology with its electronic voyage reporting software and vessel fuel flow meter upgrades is well-positioning CSL for compliance.

## 2030 GHG Reduction Goal

CSL is at 85 percent of meeting its 2030 GHG reduction goal of 35 percent of 2005 levels. This baseline aligns with Canada's own reference year for greenhouse gas reduction targets.



## GHG Efficiency



Compared to 2005 baseline efficiency, CSL's GHG efficiency is equivalent to saving the electricity used by 56,138 homes in one year. This was measured using the U.S. EPA's greenhouse gas equivalencies calculator.

## Ozone Depleting Substances

CSL is close to achieving its 2030 goal of implementing an ozone-depleting substance-free fleet, thanks to well-timed dry-docking and retrofits. The refrigerants R22 and R409A were removed from 10 vessels in 2018 and CSL is now almost completely free of both gases. In light of this development, more ambitious goals will be set.




## GHG Efficiency - CSL Americas



**7.75**  
GCO<sub>2</sub> EQ/  
TONNE-NM  
IN 2018

**15.3%**  
MORE EFFICIENT  
THAN IN 2011

**SAVING**  
THE ANNUAL  
EMISSIONS OF  
**21,230**  
PASSENGER  
VEHICLES



CSL America's fleet of nine vessels achieved an impressive GHG efficiency result of 7.75 gCO<sub>2</sub>eq/tonne-nm in 2018 – which is equivalent to saving the annual emissions of 21,230 passenger vehicles. The fleet is now 15.3 percent more efficient than it was in 2011. This is largely the result of fleet renewal, retrofits and conscientious ship operations.

### Our 2030 Goal

- Produce 35 percent less CO<sub>2</sub>e per tonne of product moved compared to 2005
- Reduce sulphur emissions in our fleet by 95 percent compared to 2010 levels
- Eliminate ozone-depleting refrigerants from our fleet

### Progress in 2018

- Achieved an average annual reduction of 1.1 percent since 2015
- Removed ozone-depleting substances from 10 vessels
- Delivered one new converted cement ship to CSL Australia

### Moving Forward

- Operational Optimizer (O2) to be installed on the entire Canadian fleet in 2018/2019
- Two new converted cement ships to be delivered to CSL Australia and two new vessels to be converted for CSL Americas
- Fuel additive trial to be conducted on board one vessel in 2019

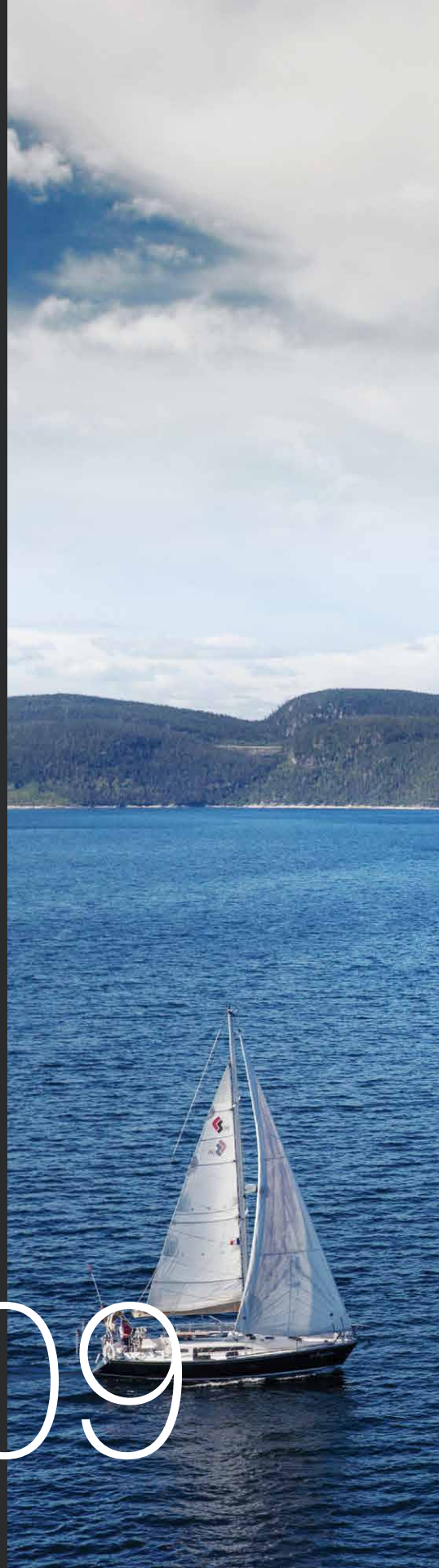


# PROTECTING BIODIVERSITY AND ECOSYSTEMS

CSL has a long history of engaging in marine mammal research and protection. We have developed mariners' guides to whales, trained crew on sightings, helped scientists study and monitor the behaviour of the St. Lawrence beluga, and conducted research into foraging and habitat requirements in the Grand Banks of Newfoundland.

In 2018, this research and scientific support continued. In addition, we added environmental protection measures on board our vessels to promote healthy waterways.

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## Finding the Right Fit When It Comes to Ballast Water

The International Maritime Organization (IMO) ratified regulations to prevent the spread of aquatic invasive species in 2017, requiring all ships to install ballast water treatment technology at specified compliance dates, beginning September 8, 2019. To prepare for these regulations, CSL undertook ballast water research programs and assisted a vendor in completing testing required by the U.S. Coast Guard. In 2018, CSL installed five ERMA FIRST systems globally. The electro-chlorination system uses filtration and an electrolytic cell to produce free chlorine, treat the ballast water and eliminate any remaining organisms. The benefits of the system include:

- The capacity to handle low-salinity water, necessary for ports with freshwater run-off or river outlets;
- The ability to operate in low water temperatures, down to 3° Celsius.



In 2019, new online training modules will be available for all ships equipped with the systems.

## New Technology to Prevent Oily Water Discharge

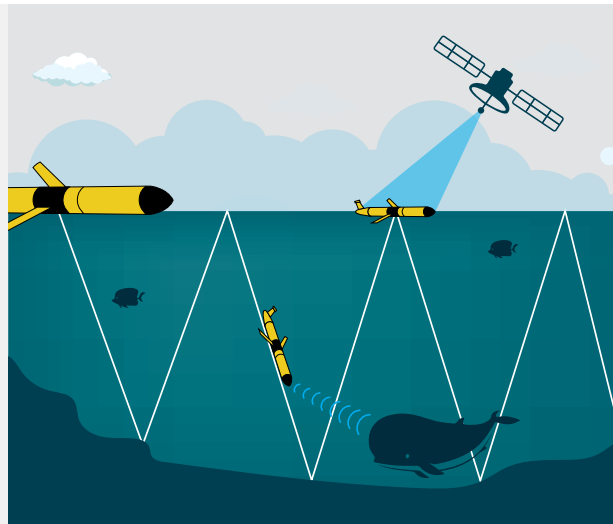
Under the Green Marine environmental certification program, CSL has been methodically upgrading its fleet's aging oily water separators. In 2018, CSL committed to installing new oily water discharge protection units on every ship in the global fleet. The installations took place in Canada during the winter of 2018/2019 and will be completed globally throughout 2019.

These installations are above and beyond what is required for compliance. The unit analyses the oil content in the bilge water, and if it exceeds the allowable limit, the system will automatically close the overboard discharge. These units provide a layer of protection for our precious water ways and peace of mind for our crews.

The system is connected to a vessel's GPS location and measures the exact oil content of the discharge, improving our understanding of environmental impact. The units will eventually be linked to voyage planning software that automatically closes the overboard discharge valve if a vessel enters a no-discharge zone.

## CSL Supports University of Dalhousie's Whale Detection Measures

In partnership with the World Wildlife Fund, CSL is exploring new technologies and regulatory means to mitigate the risk of shipping impacts on the North Atlantic right whale. The partnership involves supporting the advancement and adoption of acoustic gliders in the Gulf of St. Lawrence. Developed by the University of Dalhousie's Whale Habitat and Listening Experiment (WHaLE) team, the semi-autonomous gliders can detect and transmit whale signals and locations in near real-time. Ships could use this information to adapt their routes and comply with speed restrictions. In 2018, pilot tests of the gliders were conducted in the Gulf of St. Lawrence and will continue during the 2019 shipping season.





## Protection of the Endangered North Atlantic Right Whale

A complex mix of threats affect the North Atlantic right whale population and other marine species. Although we witnessed the tragic deaths of 12 North Atlantic right whales in Canadian waters in 2017, the trend was reversed following new regulations by the Canadian government to protect the species. In 2018, no deaths were reported and five calves were spotted in U.S. waters.

CSL believes the new regulations put in place by the Canadian government to protect the whales have played a significant role in this positive shift. The company's ships comply with the fixed speed restriction of 10 knots in a large area of the Gulf of St. Lawrence as well as with temporary mandatory speed restrictions that are activated in the shipping corridor when a right whale is observed in the area.

In the long term, CSL believes that enhancing near real-time detection capacity, such as acoustic monitoring in the shipping corridor, will support both science and navigation and ensure the safe co-existence of ships and whales in the Gulf.

## CSL Americas Recognized for Whale Protection Efforts

The National Oceanic and Atmospheric Administration (NOAA) recognized the CSL Americas fleet for its efforts to protect whales from injury or death by ship strike. CSL vessels that transit the San Francisco Bay area where endangered whale species regularly feed voluntarily reduce their speed to less than 10 knots.



## Conserve and Sustainably Use the Oceans, Seas and Marine Resources

CSL is directly contributing to meeting the targets of UNSD Goal 14 by increasing its efforts to reduce oily water discharge, minimize and improve vessel waste discharges, and implement operational measures and form partnerships to protect whales.



## UN Sustainable Development Goal 17: Partnerships for the Goals

CSL is proud to work in partnership with the following organizations whose important work supports the protection of whales:

- World Wildlife Fund (WWF)
- Réseau d'observation des mammifères marins (Romm)
- Merlin
- Green Marine
- Port of Vancouver
- Dalhousie University
- Institut des Sciences de la Mer (ISMER) de l'Université du Québec à Rimouski
- Innovation Maritime
- Canadian Whale Institute
- Groupe de recherche et d'éducation sur les mammifères marins (Gremm)

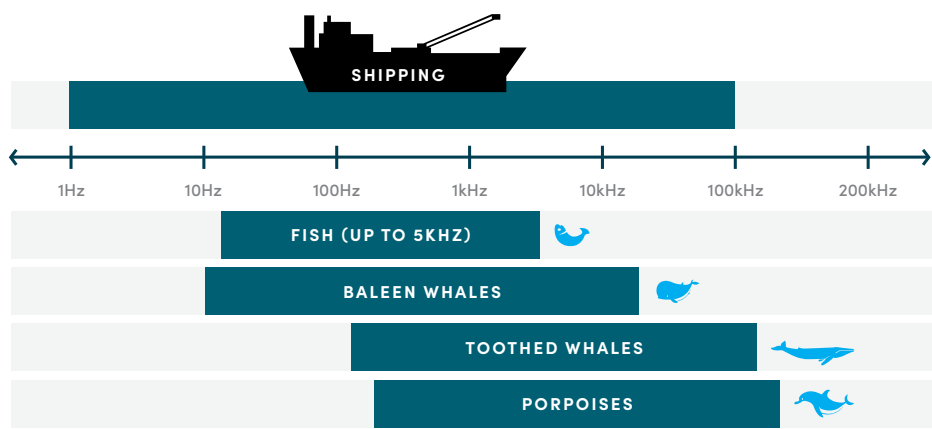
# Working Towards Reducing Underwater Noise

CSL is investing in initiatives to reduce noise generated by vessels and prevent collisions with whales. Through the Green Marine program, CSL has developed a marine mammal management plan that outlines the procedures crews need to follow when ships are in the presence of marine mammals or transit sensitive areas.

CSL has also adopted recommendations set out by the IMO. These include installing five propeller boss fin caps and resilient mounting for main engines on four vessels, modifying the hull form on *CSL Assiniboine*, and modifying the propellers of two vessels.

CSL is also a proud participant in the Vancouver Port ECHO Program. By installing underwater acoustic listening stations in the Port of Vancouver area, the program aims to better understand marine shipping’s underwater noise impact and develop appropriate mitigation measures. Five CSL vessels transited through the ECHO underwater listening station over the last two years and emitted an average underwater noise at a broadband sound intensity of 188dB, which is within the average noise range for a bulk carrier.

## Underwater Noise Frequency Levels



## Blackwater Goes Ashore for CSL’s Canadian Trillium Class

All blackwater produced on board CSL’s Canadian Trillium Class ships is discharged to shore trucks and then processed in wastewater treatment plants on land. While this process comes at a significant cost to CSL, it is an added environmental protection measure designed into the vessels, which have adequate storage tank capacity for the untreated blackwater. All other CSL vessels operating globally are equipped with marine sanitation devices that treat the blackwater before it is discharged.





## CSL Marine Mammal Management Plans

As part of the Green Marine program, CSL has developed marine mammal management plans for all major trade areas. The plans and corresponding training packages help crew members locate sensitive whale habitats, identify species that they may encounter, and what to do when they see a whale.

### Canada

Marine protected areas in Canada include Grand Manan and the Roseway Basin, the Bay of Fundy, the Gully, the Gulf of St. Lawrence, the Strait of Georgia, Haro Strait and Juan de Fuca.

### Europe

There are numerous marine protected area sites in Europe. CSL's main trading zones in these areas include the Baltic Sea, the North East Atlantic Ocean, the Greater North Sea and the Wadden Sea. Combined, these areas have more than 7,788 individual sites as part of the EU network of marine protected areas.

### Americas

Sensitive areas on the U.S. East Coast include Cape Cod, Rhode Island to Brunswick, Brunswick to St. Augustine, the Greater Farallones, Cordell Bank, the Monterey Bay sanctuaries, and the Channel Islands.

### Australia

The entire Australian territorial sea is classified as a whale sanctuary. Notable areas include the Great Barrier Reef Marine Park, Torres Strait and the Coral Sea.

## Our 2030 Goal

- Zero oil spills
- Reduce the risk of marine aquatic invasive species transfer
- Understand the impact of vessel underwater noise on marine mammals and actively work to reduce that impact

## Progress in 2018

- Five BWTS installed in the global fleet
- 100 percent compliance with mandatory speed restriction to protect the North Atlantic right whale
- Agreed to purchase new oily water discharge protection equipment for the global fleet
- Obtained underwater noise footprints for six vessels that transited the West Coast of Canada

## Moving Forward

- Continue to seek ways to measure the underwater noise footprint of CSL's fleet
- Complete discharge protection unit installations globally
- Roll out new SMS procedures regarding oily water management
- Continue to participate in the North Atlantic Right Whale Working Group

# RESOURCE CONSERVATION AND SUPPLY CHAINS

CSL has made progress towards waste reduction and increased recycling. Our new focus is oriented towards supply chain collaboration to gain efficiencies across the entire life-cycle process of a ship, not only on board consumption. To succeed, this approach requires long-term partnerships, high levels of collaboration, and input from many stakeholders.

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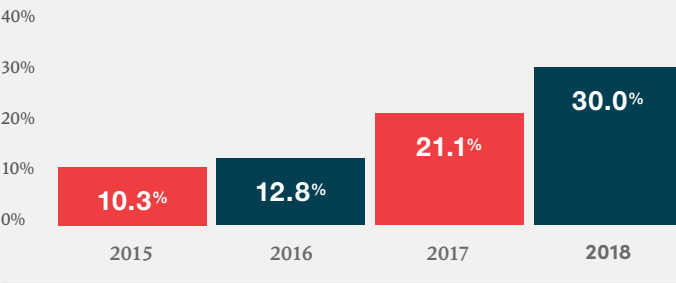


## Waste Processing and Handling— From Ship to Port

Tackling the inadequacy of port reception facilities to handle and process vessel waste has been on the IMO’s radar for a long time. Although ships are required to have stringent on-board procedures for the handling, segregation and disposal of waste under the International Convention for the Prevention of Pollution from Ships (MARPOL), the options for shoreside disposal that comply with the required segregation is often limited or non-existent. For CSL, this is particularly problematic in remote and difficult to access ports.

To ensure the responsible shoreside disposal of shipboard waste, CSL works with waste disposal companies in Canada and Australia that provide detailed tracking. The same approach is being explored for implementation at CSL Americas in 2019. Wider trade patterns across multiple countries make a shoreside recycling program challenging, but nonetheless important for CSL.

## Onboard Recycling as Percentage of Total Waste



In 2018, 30% of total waste was recycled on CSL ships.

## Inventory of Hazardous Materials

Creating and maintaining a ship-specific inventory of hazardous materials is one of the fundamental preventative practices to keep crews, contractors and shipyard workers safe. CSL’s policy requires vessels to implement such an inventory regardless of the trading area in which they serve. Currently, 56 percent of CSL’s global fleet carries an inventory of hazardous materials. Our goal is to reach 87 percent by the end of 2019 and 100 percent by 2020, regardless of the trading area.



Since 2016, EU-flagged vessels are required to carry an up-to-date inventory. As of December 2020, inventories for vessels calling to European Union ports will need to have a Statement of Compliance and be approved by the ship’s classification society. Once the Hong Kong Convention enters into force, hazardous material inventories will be an international requirement.



## Spotlight on Incinerator Usage in Canada

As part of CSL’s drive toward a circular economy mindset, the Canadian fleet reduced incinerated waste by 76 percent since 2013. By avoiding incineration, CSL has been able to increase the amount of organics and mixed recyclables sent ashore to be repurposed into valuable new products.



## Responsible Ship Recycling

CSL is proud of its strong stance on ethical and responsible ship recycling as outlined in its Ship Recycling Policy, in place since 2009. While some shipowners choose to sell their vessels before the end of their useful life or scrap them irresponsibly for financial reasons, CSL utilizes its ships until the very end of their working life and maintains control and oversight of the entire ship dismantling and recycling process. Working with ship recycling experts, CSL continually vets and audits shipyard facilities to ensure they meet all international and internal requirements. Although the recycling of *Pineglen* was completed in 2018, CSL did not begin the process of recycling any other ships. *Iron Chieftain* is scheduled to be recycled in early 2019.

CSL made the decision to tow *Iron Chieftain* to the Leyal green ship recycling yard in Turkey to ensure the disposal is conducted according to the highest environmental standards. The Leyal yard is the first Turkish ship recycling facility to be included on the European List of Approved Ship Recycling Facilities.

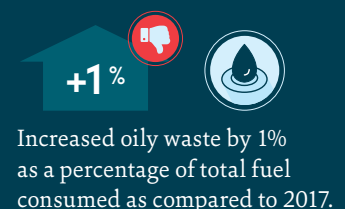
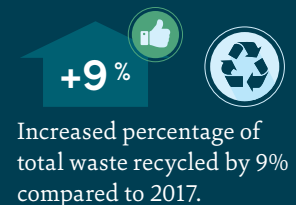


In 2019, CSL will be joining IMPA ACT, a not-for-profit program founded in 2016 by the International Marine Purchasing Association to manage supply chain sustainability. A signatory to the United Nations Global Compact and fully aligned with the UN Guiding Principles on Business and Human Rights, IMPA ACT works to bridge the gap between sustainability and marine procurement, and to create a global standard in responsible purchasing and supplying within the shipping industry.



Recycle 50%  
of Waste  
by 2030

## CSL's Waste Reduction Performance in 2018





### Ensure Sustainable Consumption and Production Patterns

CSL's work with ship recycling and on board waste management directly targets resource use and pollution throughout our lifecycle. As we continue to focus on our supply chain, we expect to further align CSL with the targets of UNSD Goal 12.

### Added Protection for Lubricant Deliveries

CSL Australia's Cape Preston team has implemented increased spill protection measures for lubricants. Due to the remote location of the site, vessel deliveries are often stored in an off-site warehouse ready for consolidated ship delivery. Lubricants are provided in 55-gallon drums, which have a high potential to spill if damaged during transportation.

New storage bins protect the drums in the last leg of the supply chain, which involves delivering them from the wharf out to the ship using a work boat. The bins provide increased protection from uncontrolled movement of the cranes during loading.



#### Our 2030 Goal

- Produce 75 percent less shipboard waste than in 2010
- Increase shipboard recycling by 50 percent
- Conduct environmental impact assessments of critical suppliers
- Work with others to pursue circular economy opportunities

#### Progress in 2018

- Decreased annual total waste by 5.3 percent, achieving 71 percent of 2030 goal
- Achieved 30 percent recycling

#### Moving Forward

- Join IMPA ACT and work through program steps in 2019
- Complete CSL Americas shoreside waste and recycling assessment
- Initiate supplier impact assessments
- Complete hazardous material inventories on 13 vessels in 2019





# ETHICS AND INTEGRITY

Integrity is a fundamental CSL value and the foundation of our business. At CSL, we promote a fair and honest culture and our employees are champions of high ethical conduct and compliance with all laws and regulations.

Our employees understand that there can be absolutely no compromise when it comes to ethical conduct and as a consequence, CSL is recognized as an industry leader in all areas of legal and ethical compliance.









## CSL’s Code of Corporate Responsibility

Underpinning CSL’s ethical commitment and practices is a Code of Corporate Responsibility. The Code sets forth CSL’s ethical responsibilities and provides clear rules on appropriate conduct towards customers and business partners, the respect and fair treatment of employees, compliance with the law, the protection of the environment, and zero tolerance for any form of corruption. The Code is part of our social license to operate, and observing it is the obligation of every CSL director, officer, and employee.

### Whistleblowing

CSL strongly encourages its employees, customers and the public to report any breaches to CSL’s policies and commitments. To this end, CSL uses EthicsPoint, a confidential and anonymous, third-party reporting service. All reports filed through EthicsPoint are treated confidentially, investigated and addressed. To submit an anonymous and confidential report through EthicsPoint, a report can be submitted online or via telephone.

In 2018, 15 alleged breaches to CSL policies and commitments were reported through the whistleblowing system. The table below provides a summary of the complaints received, and the actions taken.



### EthicsPoint Hotline

EthicsPoint is a confidential, third-party reporting service available to anyone who would like to anonymously report any wrongdoing related to CSL.

@ Submit a report online at [www.cslships.com/ethicspoint](http://www.cslships.com/ethicspoint) or

☎ Call toll-free in Canada and in the United States at **866-384-4277**

Consult the website if you are calling from elsewhere in the world.

### 2018 WHISTLEBLOWING REPORTS AND ACTIONS

NATURE OF COMPLAINT	NUMBER OF COMPLAINTS	NUMBER OF BREACHES DETECTED	NUMBER OF CORRECTIVE ACTIONS
Accounting and Auditing Matters	0	0	0
Bribery	0	0	0
Conflict of Interest	0	0	0
Discrimination or Harassment	5	2	2
Embezzlement	0	0	0
Falsification of Contracts, Reports or Records	0	0	0
Misconduct or Inappropriate Behaviour	1	1	1
Sabotage or Vandalism	0	0	0
Substance Abuse	1	0	0
Theft	1	0	0
Unsafe Working Conditions	4	2	2
Violation of Policy	2	0	0
Violence or Threat	1	0	0
Other	0	0	0

## Compliance with Laws and Regulations

A strict compliance program and a skilled team ensure that CSL carries out its business in compliance with the laws and regulations of the countries in which it operates. All dealings between CSL employees and public officials are conducted in a manner that does not compromise the integrity or reputation of the officials or CSL. In addition to observing laws applicable to individuals and CSL, all employees are expected to uphold CSL's ethical standards.

## The United Nations Global Compact and Collective Action

CSL actively supports the ten principles of the United Nations Global Compact – a voluntary corporate responsibility initiative created to “advance a sustainable and inclusive global economy that delivers lasting benefits to people, communities, and markets.” CSL actively seeks to ensure and verify that every CSL director, officer, and employee throughout the world complies with the ten principles.

## Fighting Corruption

Since the introduction of its Anti-Corruption Program, CSL has been at the forefront of the movement to end bribery, extortion and corruption in the shipping industry. The Program's objective is to ensure that CSL's business operations are corruption-free, which is achieved through four components:

- a strict policy against any form of corruption;
- due diligence and verification on persons representing CSL in any dealings with government officials;
- training of employees on corruption avoidance and best practices; and
- a system of checks and verifications to prevent corruption.

Now in its eighth year, the Program has seen the successful completion of implementation and training, and the incorporation of regular due diligence in daily operations.

## Anti Corruption Manual

Adopted in 2012, the CSL Anti Corruption Manual outlines the policies and procedures that form CSL's Anti-Corruption Program. The Manual applies to CSL and all officers, directors, and employees of the Company. CSL also requires its partners, agents, and other representatives to abide by its ethical standards.



## Maritime Anti-Corruption Network

CSL is a leading member of the Maritime Anti-Corruption Network (MACN), a global business network dedicated to eliminating corruption in the marine industry. In January 2018, CSL's Chief Legal and Compliance officer, John Sypnowich, was named as the organization's Chair.

Since its inception, MACN has become one of the preeminent examples of an industry led network taking tangible collective action to eliminate corruption across the wider supply chain.

In 2018, MACN received the SAFETY4SEA Sustainability Award for its work on creating a corruption-free maritime industry that enables fair trade and is based on a culture of integrity. MACN was also honoured with a High Commendation for Corporate Social Responsibility at the 2018 Annual Seatrade Awards.

## Human Rights

CSL strictly complies with Canadian and international human rights laws and recognizes its responsibility to respect human rights principles as set out in the International Bill of Human Rights and the International Labour Organization’s Declaration of Fundamental Principles and Rights at Work.

In accordance with CSL’s Code of Corporate Responsibility, CSL endeavours at all times to:

- Respect human rights throughout its operations in every country;
- Provide fair and competitive employment terms;
- Promote equal opportunity employment; and
- Treat employees fairly and comply with applicable laws and regulations.

## Integrity Training

CSL’s shoreside employees in all regions as well as officers in the Canadian fleet received integrity training in 2018 to increase their awareness of the impact of corruption, and to provide them with the tools and insight necessary to identify and address risks.

Specific training was also provided to procurement departments to reinforce the importance of CSL’s Anti-Corruption Program and the zero tolerance for corruption in any form.



Our 2030 Goal	Progress in 2018	Moving Forward
<ul style="list-style-type: none"><li>• Consistently and rigorously uphold the highest ethical standards in every aspect of the business</li><li>• Ensure all employees, agents, suppliers and partners are educated on and comply with policies, laws, and ethical conduct</li></ul>	<ul style="list-style-type: none"><li>• Ethics training provided to all shore-based employees</li><li>• Assumed Chair of the Maritime Anti-Corruption Network</li><li>• Anti-corruption compliance training provided to all procurement departments</li><li>• Continued validation of CSL suppliers in accordance with the CSL Anti-Corruption Program</li><li>• Investigated reports filed through anonymous whistleblowing, took appropriate action, and reported to the Audit and Risk Committee of the Board of Directors</li></ul>	<ul style="list-style-type: none"><li>• Take industry leadership role in combatting worldwide corruption in all of its forms</li><li>• Provide education and training on ethical conduct and legal compliance on board vessels as part of the onboarding of new employees</li></ul>





# POSITIVE WORKPLACE

At CSL, we strive to be the employer of choice in the maritime industry. To achieve this goal, we offer a broad range of advantages to employees, including competitive compensation and benefits, career development and training opportunities, and a positive work environment. We stress diversity and inclusion in our hiring practices, and endeavour to engage our employees and seek their input.

As we adjust to the massive technological changes that are transforming the maritime industry, we take pride in the fact that our people work to ensure CSL is at the forefront of the opportunities these changes present.

CSL fosters a true sense of entrepreneurship in our workplace, both on our ships and on shore. We emphasize the importance of succeeding as individuals and as teammates, and we are proud of the culture of performance that has developed among our employees as a result.

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## Career Advancement

As part of CSL's employee training and development program, we offer a variety of meaningful career progression opportunities that improve engagement and retention, and enhance cross-functional and cross-regional knowledge and expertise.

CSL employees are encouraged to take advantage of a broad range of professional development opportunities that include traditional instructor-led training, coaching, mentoring, job shadowing, on-the-job learning, and special projects.

Selected employees are also invited to gain broader organizational experience through an internal mobility program that takes them to new regions and departments.

As a result of these programs, many employees, both on our ships and in our offices, have seen their careers flourish and contributions to the company grow. For CSL, facilitating learning and skills development as well as talent mobility are win-win strategies that optimize our talent pool and strengthen retention, succession and engagement.



## From Cadet to Captain

The day Anita Lambe stepped aboard the *MV Pineglen* as a first-year nautical cadet, she stood at the cusp of a career change that has culminated in her position as Captain. Lambe credits her success to the motivation she received as a cadet from the “amazing” crews and captains who allowed her to learn from her mistakes and keep on going.

In 2018, Lambe received her first command as Captain aboard *CSL Welland*. In 2019, she will serve as a relief Captain on *Whitefish Bay* and *Thunder Bay*.



## Programs and Tools that Enhance Performance

To ensure we remain not only competitive but also cutting-edge employers in the maritime industry, we keep a strategic watch on industry best practices and implement the best policies and practices we can find.

Every year, CSL conducts a Global Talent Review, whereby managers identify critical positions and high potential individuals, and establish succession plans throughout the organization. This exercise also provides the necessary insight to design relevant and effective training programs to ensure employees are equipped with the tools and support they need to meet organizational goals.

In 2018, a new HR Business Intelligence dashboard was also put in place to provide senior managers with accurate data on key performance indicators such as employee head count, performance, and turnover. In turn, this information is used to evaluate and enhance the overall business performance and people experience at CSL.

## Enhancing Employee Benefits

In keeping with CSL's objective to provide employees with industry-leading benefits and a competitive compensation package, the worldwide benefits offer was reviewed, and enhancements were made to align them with the market's best practices.

These changes include:

- A choice of two benefit packages of equal value is offered to Canadian employees that allows them to select the option best suited to their needs;
- An annual gym allowance for all employees in addition to the Employee Assistance Program currently in place.

Attracting talent to CSL and the shipping industry continued to be a major focus in 2018 with the launch of the employer brand "Become CSL." As part of our brand awareness campaign, a series of video vignettes featuring profiles of ship officers were released across digital platforms. CSL's presence at career fairs and visibility on employment sites were also significantly increased.

**BECOME** 



## A Behind-the-Scenes Look at the Work of CSLers

In 2018, CSL launched *Inside CSL*, an informal training session that offers employees in every department the opportunity to present their work to their colleagues. The increasingly popular sessions help employees learn about the roles and responsibilities of other departments in a casual setting. They also help to develop presentation skills and build internal networks among employees.



**Canadian Scholarships**

As the Great Lakes shipping industry feels the pinch of a growing crewing shortage, CSL is well aware of the need to encourage young people to consider marine transportation as a great career choice that offers a world of opportunities. Scholarships are an important element in this regard and CSL is proud to offer them as part of the cadet program to students from the following schools:

- Georgian College
- Institut maritime du Québec
- Memorial University
- Nova Scotia Community College

## A Rich Learning Environment

CSL believes that lifelong learning enables employees to make the most of the opportunities they will encounter in their careers, and is vital to creating a knowledgeable and innovative workforce. This is why we embrace a culture of learning and offer training and leadership courses.

CSL's learning strategy begins when new employees undergo a comprehensive onboarding program that puts them on the fast track to learning about the shipping industry. The program features interactive e-learning modules that educate new employees on important industry basics, from ship components to voyage definitions. A new module introduced in 2018 focuses on the contractual and financial aspects of shipping as well as on global regulations.

In addition, CSL's management development training provides courses on leadership and change management as part of the Leadership Competency and Development path. Offered annually to all managers, this program is designed to help them develop the skills and core competencies necessary to become engaging leaders.



## Creating an Engaging Workplace

Following a successful pilot project in 2017, CSL launched Officevibe, an employee engagement survey tool, worldwide. Results to date have shown an overall average engagement rate of 7.1, which is considered good.

Every week, Officevibe sends employees a five-question pulse survey that takes less than five minutes to complete. The tool allows CSL to follow key trends and patterns across the company through ten key metrics and gather honest employee feedback. The metrics and input help CSL understand what is going well, what the pain points are, and where support is needed. All employee responses are completely anonymous and confidential.

Our 2030 Goal	Progress in 2018	Moving Forward
<ul style="list-style-type: none"><li>• Attract, select, develop and retain people with the right skillset and “fit”</li><li>• Foster employee satisfaction to enhance productivity and the customer experience</li><li>• Enhance development and growth opportunities for employees and empower them to take ownership of their career progression</li><li>• Improve employee communication and engagement</li></ul>	<ul style="list-style-type: none"><li>• Developed and deployed a worldwide onboarding program to enhance new employee experience</li><li>• Conducted a succession and development planning process worldwide</li><li>• Implemented Human Resources Business Intelligence (HRBI) Dashboard for senior managers</li><li>• Reviewed benefits in every region to align with market best practices</li><li>• Designed and developed a new e-learning module</li><li>• Delivered leadership and change management training</li><li>• Launched Officevibe globally</li><li>• Launched Inside CSL</li></ul>	<ul style="list-style-type: none"><li>• Improve the HRBI dashboard to address strategic requirements</li><li>• Launch new recruitment tools</li><li>• Expand mid-level manager competencies by focusing on practical management training</li><li>• Optimize the learning management platform</li><li>• Encourage a wellness environment</li></ul>







# EMPLOYEE AND COMMUNITY ENGAGEMENT

At CSL, being a good corporate citizen begins with being a good neighbour. As part of our core values, we are committed to operating in the most responsible and sustainable manner possible, and to making a positive difference in the communities where we live, work and operate.

We strive to do the right thing in all facets of our business and we work daily to build trust and respectful relationships with our stakeholders. Our employees take pride in contributing to their communities and in the charitable work they undertake throughout the year.

Every year, CSL donates approximately one percent of net profit (before extraordinary items) to charitable causes and disaster relief. Our employees also volunteer with local charities and not-for-profit organizations.

CSL's corporate giving and community engagement program focuses on three main pillars: education, the environment, and social affairs, which includes disaster relief, arts and culture, community outreach, and health and human services.







## Supporting Young Seafarers and Students

CSL plays its part in supporting the next generation of seafarers by awarding bursaries and scholarships to select students at maritime academies and colleges around the world. These schools include Institut Maritime du Québec, Nova Scotia Community College, Georgian College, the Fisheries and Marine Institute of Memorial University of Newfoundland, Massachusetts Maritime Academy, Maine Maritime Academy, Australian Maritime College and Marine Society & Sea Cadets in the United Kingdom.

CSL provides cadetships to qualified students enrolled at marine schools in Canada, Australia, the Philippines and the United Kingdom. We also welcome student interns in a variety of shore-based departments, from technical operations to accounting.

## Taking Action for the Environment

As a primary user of the world's oceans and waterways, CSL is keenly aware of its role in protecting them. Environmental stewardship is a prominent feature of CSL's philanthropic activities, which support education and conservation initiatives to protect marine wildlife and habitats.

Among the initiatives and organizations CSL supports are: World Wildlife Fund (WWF), Georgian Bay Forever, the Salem Sound Coastwatch, the United Kingdom-based Marine Conservation Society, the Group for Research and Education on Marine Mammals, research by the University of Queensland and Australian Maritime College, and WWF Norway.

## Clothes for Kids

CSL Americas volunteers lent their support to the Community Giving Tree during the organization's children's clothing drive. The mission of the not-for-profit organization is to help low-income families in northeastern Massachusetts raise healthy children by providing recycled clothing, baby equipment and other basic necessities.



## Rewarding Innovation

To celebrate the achievements that drive progress in the shipping industry, CSL sponsored the innovation awards at the 2018 edition of the IBJ Annual Awards. The first award was presented to Abu Dhabi Ports for its innovative cargo handling technology, and the second to AXSMarine for its software technology.

The CSL Australia team was proud to sponsor the Safety/Environment Award at the annual Daily Cargo News Shipping Gala Awards. The award recognizes initiatives that contribute to improving the environment or safety in the movement of freight. The award was presented to App Wizard, developers of the AMSA Pilot App, which assists pilots in notifying the Australian Maritime Safety Authority when non-compliance with pilot transfer requirements is suspected.



## A Helping Hand to Communities

Through charitable giving and employee volunteerism, CSL supports a range of grassroots causes, including food banks, shelters, hospitals, cultural organizations and the arts.

Among the many charitable organizations CSL supported in 2018 are Mercy Ships, the Mission to Seafarers, the CHU Ste-Justine Foundation, Montreal's Old Brewery Mission, Beverly Bootstraps, the Open Door, the Breakfast Club of Canada, The Starlight Foundation, the Community Giving Tree, Berkshire Community Foundation, Kirkens Bymisjon and the Mama Children's Centre of Norway. CSL's charitable contributions included financial support, fundraising and volunteerism.

## Helping our Employees Help

CSL's Donations Committee establishes the annual philanthropic donations budget and evaluates requests, based upon specific criteria. We set aside a portion of the donations budget every year to match employee gifts to educational institutions (up to \$1,000 CAD) and sponsorships or other fundraising efforts (up to \$250 CAD). The program promotes the active engagement and contribution of employees to their communities.



### Over 2,000 Clicks for Kids



In 2018, CSL continued its four-year tradition of celebrating the holiday season by giving back to local charities according to the number of clicks on our e-card. This year's card, which featured the children of employees, accumulated 2,141 measurable views.

A total of \$10,000 was donated by CSL and spread among the following not-for-profit organizations selected by each CSL regional office: Community Giving Tree (CSL Americas), The Starlight Foundation (CSL Australia/Asia), The Breakfast Club of Canada (Canada Steamship Lines), and the Children's Hospital of Bergen (CSL Europe).



## CSL Welland Crew Honoured for Saving Life in Rescue Operation

On August 25, 2018, the crew of *CSL Welland* was involved in a rescue operation on Lake Ontario off the coast of Olcott, New York, that saved a man's life. Thanks to regular training and drills, Captain Wilson Walters and his crew acted quickly and decisively, following all protocols and procedures. The professionalism and bravery of the crew was recognized at the highest levels of the Canadian government, by the Honourable Marc Garneau, Minister of Transport. The crew also received the U.S. Coast Guard's Capt. David P. Dobbins Award, which recognizes outstanding action accomplished while conducting a search and rescue mission on the Great Lakes.





## Paddles Up!

CSL's Canadian employees took their paddles out in August for the *Paddle for a Purpose* Dragon Boat Challenge in support of the CHU Ste-Justine Foundation, a non-profit organization dedicated to improving the health outcomes of children and mothers-to-be. Prior to and after the race, a number of fundraising events were organised by staff to support the Foundation's work. Employees raised a record-breaking total of \$13,200.



## Contributing to Cleaner Shores

CSL employees throughout the world volunteered again this year in the Ocean Conservancy's International Coastal Cleanup Day. CSLers worked in teams to collect and document non-biodegradable trash such as plastics and styrofoam. In Montreal alone, CSL's 20 volunteers collected over 600 items weighing 33 kg (71.9 lbs). Data collected from the International Coastal Cleanup Day provides important insight on how to tackle the growing shoreline trash problem.



## Open Door Food Pantry

Over many years, the CSL Americas team has developed a close, supportive relationship with the Open Door community food pantry, a local organization that takes a proactive approach to alleviating hunger.

Among 2018 activities, CSL employees visited Open Door to support the Empty Bowl fundraising dinner, which helps fund the Summer Meals for Kids and Mobile Market programs. The empty bowl theme is symbolic of the thousands of individuals who do not have food to fill their bowls at mealtime.

### Our 2030 Goal

- Seek, identify and support causes that enrich lives, improve our environment and create opportunities for communities to thrive
- Donate approximately one percent of net profit (before extraordinary items) to charitable organizations

### Progress in 2018

- *CSL Welland* crew saved a man's life in a search and rescue operation
- Donated one percent of net profit (before extraordinary items)
- Organized the *Paddle for a Purpose* Dragon Boat challenge, raising \$13,200 for the CHU Ste-Justine Foundation
- Sponsored the IBJ Innovation Award and the DCN Safety/Environment Award

### Moving Forward

- Increase participation in the CSL Matching Gift and Employee Sponsorship Program
- Increase employee participation in volunteer and community engagement initiatives
- Educate employees on the impact of CSL's philanthropic efforts

### Sustainable Development Goals







# VALUE FOR CUSTOMERS

As a rule, the CSL team makes it a priority to understand the business needs of its customers. We believe that the more we know about their unique challenges and opportunities, the more we can tailor and design marine transportation solutions that add value to their supply chains and help them succeed.

At the very foundation of our customer promise is a pledge to provide our shipping and handling services in the most sustainable and reliable way possible, with the highest regard for safety and environmental responsibility.







## Innovating for the Future

Rapid technological change is shifting the competitive landscape in most industries, with smart innovation taking place on multiple fronts. Driven by a desire to respond to the evolving needs of our customers, in 2018, CSL accelerated its innovation program by taking systems like the O2 real-time performance monitoring from the workshop to the testing arena. The program will be further advanced in 2019 with the installation of O2 on the entire Canadian fleet and the refinement of CSL's vessel scheduling optimization platform.

## Collaborating with Customers to Reduce their Environmental Impacts

By virtue of selecting ships as the mode for transporting tonnes of dry cargo, CSL's customers have already made an environmental choice. On average, ships emit 19 percent and 533 percent less CO<sub>2</sub> grams per metric tonne/km than trains and trucks respectively. According to the Chamber of Marine Commerce, one ship carrying the maximum capacity for a Seaway-size vessel can carry the same amount of cargo as 301 rail cars and 963 trucks.

As an integral part of their supply chain, CSL works with customers to find sustainable solutions that contribute to reducing environmental impacts and the overall footprint of the shipping industry.

## Operating Responsibly in Sensitive Areas

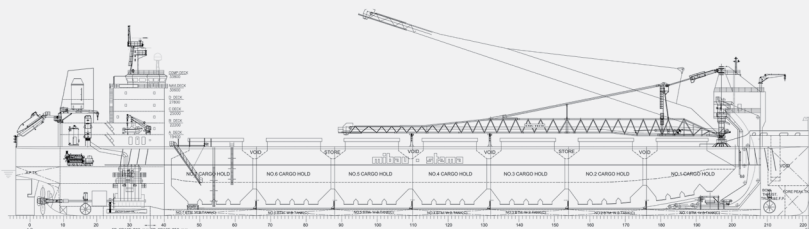


CSL works closely with customers to reduce dust emissions from fine cargoes such as gypsum, sand and aggregates. On the North American West Coast where CSL Americas operates gypsum trades, vessels are equipped with shipboard dust suppression systems and super chute assemblies. Additionally, three vessels are equipped with dust shroud assemblies to collect dust, and one vessel is outfitted with a Dust Boss unit that sprays water during unloading.

Shore side, CSL's West Coast customers have installed dust suppression equipment in all receiving facilities, including completely enclosed receiving hoppers and dust extractors. They have also supplied CSL with surfactant for vessel dust suppression systems. This successful collaboration has improved air quality significantly, benefiting communities along the West Coast.

In Elnesvågen, Norway, CSL has worked closely with customer Omya for years to develop effective solutions to overcome noise and dust issues during crushed marble discharge operations. Rubber lining at all cargo transfer points and hoppers have been installed, preventing the cargo from contacting steel directly, which reduces noise. To reduce dust, exhaust outlets on auxiliary engines are modified to point away from the shore, and a water mist system has been installed at the end of the discharge boom.

## CSL Joins Forces with Hartmann on Newbuild Project



In 2018, CSL expanded its activities in Europe with the formation of a 50/50 joint venture with the Hartmann Family to build and operate two 40,000 DWT gravity self-unloading vessels to trade in Europe. The new ships are scheduled for delivery in Germany in 2020 and will service Mibau Stema Group on long-term charters.



## Logistical Efficiency



### Transshipment in Cape Preston, Western Australia

In 2018, CSL's newly converted transshipment shuttle vessel, *Donnacona*, arrived in Cape Preston, Western Australia, to begin a long-term contract to tranship magnetite iron ore. With a very ambitious minimum tonnage required by the customer, the vessel was soon well exceeding her minimum and even breaking records thanks to a series of innovative projects that have improved performance.



### Self-Unloading in Monaco

Since September 2018, MV *Tertnes* and *CSL Rhine* have been mobilised to support the ambitious Portier Cove land reclamation project in Monaco. During the operation, *Tertnes* loads 10,000 tonnes of aggregates in Toulon, France, and discharges it in caissons in Monaco. *CSL Rhine* discharges her load of aggregates onto a barge, which is then discharged close to shore. Every cycle of the vessel operations represents the equivalent cargo carried by 1,000 trucks.



### Transshipment in Sept-Iles, Quebec

Two CSL vessels performed the first inbound dry cargo transshipment from a CSL Panamax self-unloader to a self-unloading Laker in Sept-Iles, Quebec, opening up the availability of international cargo to St-Lawrence and Great Lakes customers. The historic event was also the first transshipment operation for a Trillium Class Laker and the first such collaboration between CSL's Americas and Canadian fleets. This type of mid-stream transshipment operation increases the supply chain efficiency for customers safely.

## Improving for our Customers

Every year, CSL conducts an anonymous customer survey to measure satisfaction and gather constructive feedback to help us improve our business and relationships. The Net Promotor Score (NPS) is a metric that measures the willingness of customers to recommend our product and services to others. It helps us measure customer experience and overall perceptions. Over the last three years, CSL's NPS has progressively improved from 8.49 in 2016 to 8.70 in 2017 and to 8.76 in 2018.



### CSL and SMT Shipping Team Up in Global Cement Shipping Joint Venture

In 2018, CSL acquired 50 percent of Eureka Shipping Ltd., SMT's pneumatic cement vessel business. The new joint venture leverages the expertise and resources of both companies to expand services to customers in seaborne cement powder and fly ash transportation markets around the world. For CSL, the joint venture represents an important step towards increasing its presence in the global construction material sector.



# Intentional Design for our Customers

An essential part of CSL's business philosophy is to design and build tailor-made solutions for our customers. In 2017, CSL embarked on a conversion program to transform three 28,500 DWT geared bulkers into pneumatic self-unloading cement carriers. In 2018, CSL took delivery of the first converted, high-performing pneumatic cement carrier, *Kondili*. Sister ships *Akuna* and *Wyuna* will follow in early 2019. Together, the vessels will provide the customer with redundancy and the flexibility to interchange the three ships as required.



## Our 2030 Goal

- Maintain the highest standards of safety, ethical conduct, and environmental responsibility
- Respond to customer needs and maintain open dialogue
- Exceed customer expectations by creating high value via efficiency, innovation and continuous improvement
- Position customers for the future, through advocacy and partnerships

## Progress in 2018

- Further developed and tested O2 and Scheduling Optimizer
- Advanced O2 data collection and optimization
- Conducted customer survey and received a NPS of 8.76
- Maintained on-going dialogue with customers to understand needs and expectations
- Collaborated with customers regionally and globally to develop tailored solutions
- Led advocacy initiatives to ensure a thriving marine transportation industry responds to evolving customer needs
- Invested globally in newer and increasingly sustainable fleet for the construction materials industry

## Moving Forward

- Improve performance and tailor products and services to respond to customer specifications, maximizing efficiency in all respects
- Develop key performance indicators jointly with customers to meet their requirements
- Form partnerships with customers and other stakeholders to promote a sound policy and regulatory framework for marine transportation







# ANNEXES

15









## HEALTH AND SAFETY PERFORMANCE

	2016	2017	2018	CHANGE	COMMENTS
Hours Worked	7,194,486	7,145,184	7,540,606	6%	The hours of exposure are the total number of hours worked by all employees. They do not include hours worked by contractors. Adjustments of worked hours can occur over time to reflect the variation of crew complement as accurately as possible.
Lost Time Injuries	10	14	13	-8%	Includes CSL employees only
Total Recordable Cases	38	59	46	-28%	Includes CSL employees only
Lost Time Injury Frequency Rate	1.4	2.0	1.7	-18%	Per million person-hours
Total Recordable Cases Frequency	5.3	8.4	7	-20%	Per million person-hours
Fatalities	0	0	1	100%	

## Our Environmental Performance

Every year, CSL measures its environmental performance based on goals and targets established through our environmental management system. In 2018, our regional targets aligned under our long-term 2030 environmental vision goals for air, water and resource use. It was a year of mixed results. Air emission performance in Canada and Australia was positive but more work needs to be done in all regions to improve recycling and reduce landfill waste generated.

### 2018 Environmental Targets and Results

AIR		
CSL GROUP 2030 VISION	Achieve 35% reduction in gCO <sub>2</sub> eq/tonne-mile by 2030**	85% towards target
	Achieve 95% reduction in percentage of sulphur in total fuel consumed by 2030*	27% towards target
REGION	2018 TARGET	ACHIEVEMENT
CANADA	Achieve an annual average reduction of 2% GHG emissions in g/tonne-mile as compared to 2008	• Achieved 2.1% reduction
	Achieve below regulatory target of 7.5% cumulative average sulphur content by mass in 2018 (all fuel since 2012)	• Achieved 5.25%
	Achieve an ozone-depleting substance-free fleet by 2019	• Achieved
AMERICAS	Achieve an annual average reduction of 1.5% GHG emissions in g/tonne-mile as compared to 2000	• Achieved 1.5% average reduction
	Convert one vessel to be ozone-depleting substance-free in 2018	• Not achieved Planned for 2019
EUROPE	Reduce 1% in gCO <sub>2</sub> eq/tonne-mile in 2018 compared to 2017	• Not achieved Increased by 7%
AUSTRALIA	Reduce 1% in gCO <sub>2</sub> eq/tonne-mile in 2018 compared to 2017	• Achieved 14% reduction
	Achieve average sulphur content by mass of total fuel consumed less than 2.5%	• Achieved 2.3%
	Convert one vessel to be ozone-depleting substance-free in 2018	• Achieved

\* Compared to 2010 baseline

\*\* Compared to 2005 baseline



WATER		
CSL GROUP 2030 VISION	Achieve zero oil spills	6 minor spills, all less than 1 litre
	Pursue ballast water and biofouling mitigation technologies and solutions	5 systems installed
REGION	2018 TARGET	ACHIEVEMENT
CANADA	Participate in research and development for Great Lakes appropriate ballast water treatment technologies	• Achieved
	Train vessel crew on whale observations and recordings	• Not achieved. CSL is introducing e-training to achieve goal
AMERICAS	Install one ballast water treatment system on board the fleet in 2018	• Achieved on <i>CSL Spirit</i>
	Train crew on the NOAA Right Whale guidance	• Achieved
EUROPE	Complete propeller polishing on an annual basis or as required	• Achieved on <i>Tertnes</i> , <i>Trimnes</i> and <i>CSL Rhine</i>
AUSTRALIA	Install two ballast water treatment systems on board the fleet in 2018	• Achieved on <i>Goliath</i> and <i>Akuna</i>
	Participate in clean and capture hull technology trial to reduce biofouling on board one vessel in 2018	• Not achieved due to regulatory controls

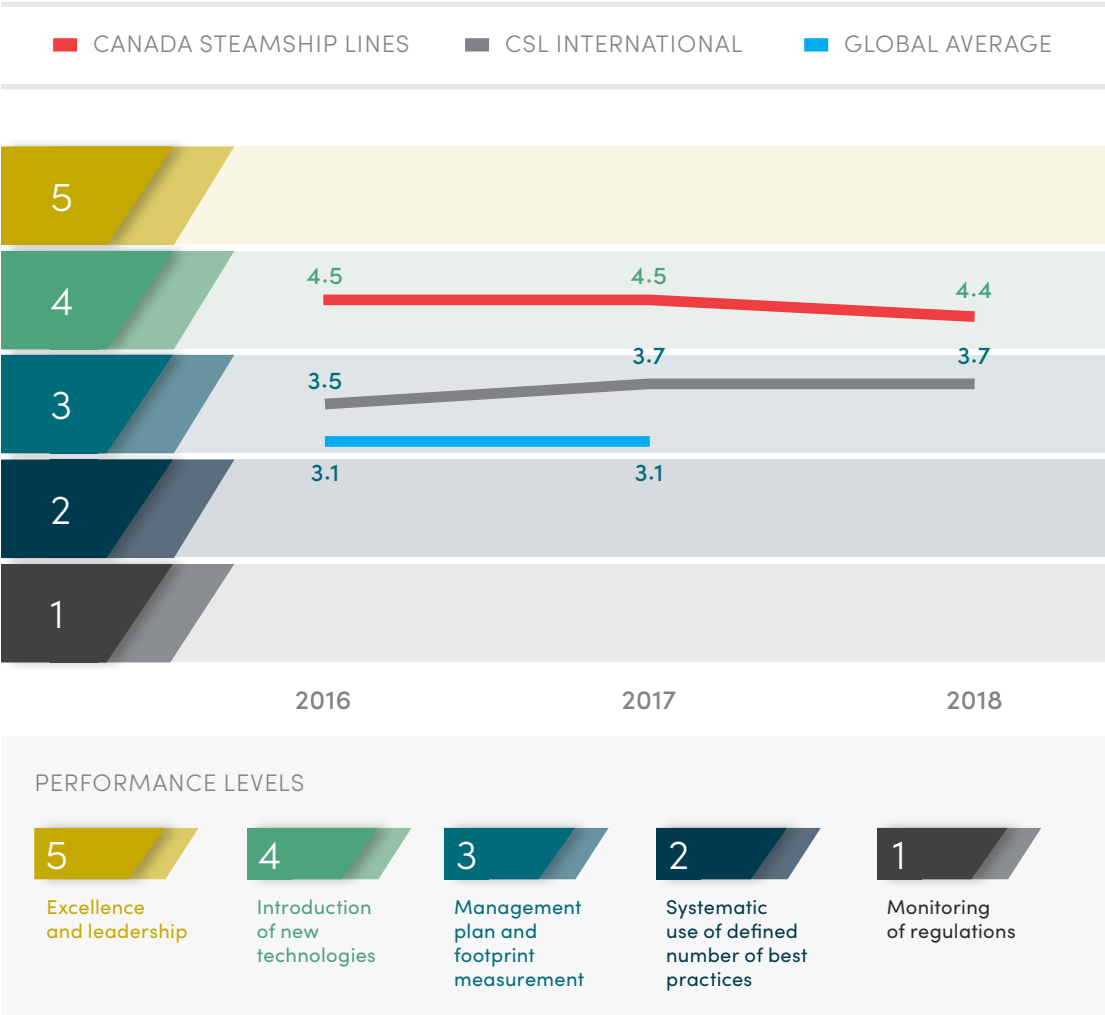
RESOURCE USE		
CSL GROUP 2030 VISION	Reduce shipboard waste M <sup>3</sup> /ave crew/operational day by 75% by 2030*	71% towards target
	Recycle 50% of total shipboard waste by 2030*	60% towards target
REGION	2018 TARGET	ACHIEVEMENT
CANADA	Reduce ship incinerated waste by 5% as compared to 2017 (in proportion to all waste)	• Achieved 21% reduction
	Increase recycling by 5% as compared to 2017 (in proportion to all waste)	• Achieved 6% increase
AMERICAS	Implement shoreside recycling at least one port of call in 2018	• Not achieved
AUSTRALIA	5% reduction in shipboard waste M <sup>3</sup> /ave crew/operational day in 2018 compared to 2017	• Not achieved
	Increase recycling as percentage of total waste by 10% in 2018	• Not achieved Decreased by 1%

\* Compared to 2010 baseline

# Green Marine Performance

The Green Marine environmental certification program, of which CSL is a founding member, has been helping North American shipping companies improve their environmental performance since 2008. Every year the program reevaluates criteria and ensures the levels for each indicator remain ahead of regulations. In 2018, the new Underwater Noise indicator became mandatory for all participants.

CSL is proud to report both participants, Canada Steamship Lines and CSL International (remaining fleet) obtained a Level Four in the first year of this indicator.



## 2018 Environmental Footprint

### 2015-2018 PERFORMANCE

FUEL & GHG	2015	2016	2017	2018
Total fuel (tonne)	145,596	177,067	185,103	183,316
Heavy fuel oil (tonne)	102,602	127,113	134,036	127,280
Marine gas oil (tonne)	42,994	49,954	51,066	56,035
CO <sub>2</sub> eq net g/tonne-nm (excluding ballast) <sup>1</sup>	10.6	10.5	9.9	10.3
CO <sub>2</sub> eq gross g/tonne-nm (includes total voyage)	17.78	18.58	17.26	19.13
CO <sub>2</sub> eq gross (k tonne) including ballast <sup>2</sup>	448	523	570	621

OTHER AIR EMISSIONS	2015	2016	2017	2018
NO <sub>x</sub> (tonne)	10,473	14,231	17,281	12,802
NO <sub>x</sub> (kg/tonne-fuel)	73	80.8	93.4	70.3
Particulate Matter (PM) (tonne) <sup>3</sup>	710	848	750	812
Sulphur (tonne)	2,736	2,481	2,455	2,895
Fuel Sulphur Average (%)	1.91%	1.41%	1.33%	1.59%
Hydrofluorocarbon released (kg)				

WASTE	2015	2016	2017	2018
Garbage (m <sup>3</sup> )	5,241	4,579	4,881	3,979
Garbage (m <sup>3</sup> /ops day)	0.44	0.37	0.38	0.32
Recycling (m <sup>3</sup> )	10%	13%	21%	30%
% recycling of total waste	10.3%	12.8%	21.1%	30%
Bilge produced (m <sup>3</sup> )	12,429	10,230	10,977	13,020
Sludge produced (m <sup>3</sup> )	2,877	2,390	2,942	3,373
% sludge per fuel quantity (M <sup>3</sup> /tonne-fuel)	2.0%	1.36%	1.59%	1.85%

POLLUTION	2015	2016	2017	2018
Total oil spills (#)	6	3	5	6
Total oil spills (litres)	154.1	16.1	13.25	3.55

<sup>1</sup> Net CO<sub>2</sub>eq does not include voyages in ballast

<sup>2</sup> Gross CO<sub>2</sub>eq includes fuel consumed in the ballast and loaded voyages

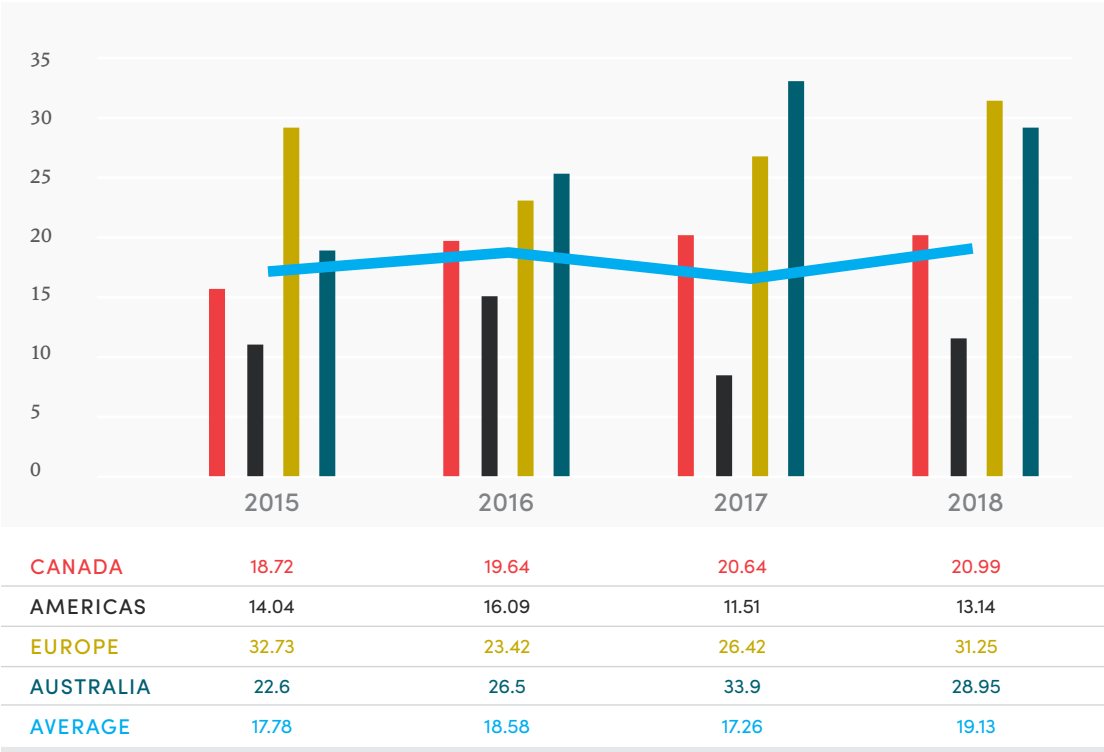
<sup>3</sup> PM less than or equal to 10 microns in diameter and excludes transshipment operations in Australia



## CSL Fleet GHG Emissions

The graph below displays the total gCO<sub>2</sub>eq emissions per tonne-km travelled over the total voyage of CSL's fleets, which includes ballasting legs, maneuvering and port operations. Globally, CSL fleet emissions increased by 10 percent in 2018 due to a number of factors including an increase in the number and distance of ballasting legs. CSL has implemented voyage optimization software that seeks to minimize ballasting when possible. Additionally, just-in-time arrival analytics allow CSL vessels to know in advance when port delays may occur allowing slow steaming, which reduces fuel consumption. CSL will continue to work to reduce emissions across all vessel operations, including loading, ballast and port operations.

### Net Fuel Efficiency (gCO<sub>2</sub>eq emissions per tonne-km)



## 2019 Footprint Reduction Goals

CSL's 2019 footprint reduction goals are developed in-line with the long-term 2030 environmental vision to ensure we stay on track to achieve planned objectives. Each division plans the projects needed to contribute to the annual CSL Group goal. Any project not completed in the previous year is carried over to the following year.

AIR	
<b>CSL GROUP</b>	Achieve 1% reduction in gCO <sub>2</sub> eq/tonne-mile in 2019 compared to 2018
REGION	2019 PROJECTS
CANADA	Implement real-time vessel monitoring on board the entire fleet
	Complete a fuel additive trial on board one vessel
	Update ship specific energy efficiency management plans (SEEMPs)
AMERICAS	Achieve an annual average reduction of 1.5% GHG emissions in g/tonne-mile as compared to 2000
	Install variable frequency drive on the main seawater pump on one vessel
	Install LED lighting on board one vessel
EUROPE	Complete propeller polishing on an annual basis or as required
AUSTRALIA	Fit one propeller boss fin cap
	Implement real-time vessel monitoring on board two vessels

WATER	
<b>CSL GROUP</b>	Achieve zero oil spills Pursue ballast water and biofouling mitigation technologies and solutions
REGION	2019 PROJECTS
CANADA	Participate in research and development for Great Lakes appropriate ballast water treatment technologies
	Pursue opportunities to obtain vessel underwater noise footprint
	Change over three vessel stern thrusters to environmentally acceptable lubricants
	Implement marine mammal management plans and training module
	Complete installation of oily water discharge protection units on board the entire fleet
AMERICAS	Install one ballast water treatment system on board the fleet in 2019
	Implement marine mammal management plans and training module
	Install two oily water discharge protection units
EUROPE	Implement marine mammal management plans and training module
AUSTRALIA	Install oily water discharge protection units on board the entire fleet
	Implement marine mammal management plans and training module

RESOURCE USE	
CSL GROUP	Reduce landfill waste by 1% in M³/Ave Crew /Operational day Achieve 35% recycling as a percentage of total waste produced
REGION	2019 PROJECTS
CANADA	Initiate a supplier impact assessment process
	Update on-board waste management training on four vessels
	Complete inventory of hazardous materials (IHM) for three vessels in the fleet
AMERICAS	Implement shoreside recycling plan for at least one port
AUSTRALIA	Review incinerator usage across the entire fleet
	Conduct a waste audit on board one vessel
	Obtain an inventory of hazardous materials (IHM) for the entire fleet



## Global Reporting Initiative Index

This is the fourth year CSL has used the Global Reporting Initiatives disclosures which were updated in 2016 to the GRI G4 Guidelines. The guidelines cover management approach to sustainability reporting under the Universal Standard as well as three more specific sections under Economic, Environmental and Social. CSL has only shown which disclosures were made under the Universal, Anti-Corruption and Environmental sections for 2018 reporting. As part of our process of continual improvement and commitment to transparency, CSL will endeavor to increase the number of disclosures and variety of areas reported upon in future reports.

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
100: UNIVERSAL STANDARDS		

### ORGANIZATIONAL PROFILE

102-1	Name of the organization	CSL Group Corporate Sustainability Report <a href="https://www.cslships.com/en/our-values/corporate-sustainability-report">https://www.cslships.com/en/our-values/corporate-sustainability-report</a>
102-2	Activities, brands, products, and services	Page 6 – CSL at a Glance
102-3	Location of headquarters	Page 6 – CSL at a Glance Page 8 – Corporate Governance
102-4	Location of operations	Page 6 – CSL at a Glance
102-5	Ownership and legal form	Page 6 – CSL at a Glance
102-6	Markets served	Page 8 – CSL at a Glance
102-7	Scale of the organization	Page 6 – CSL at a Glance
102-10	Significant changes to the organization and its supply chain	Page 60 – Value for Customers
102-12	External initiatives	Page 13 – HiLo Maritime Risk Management Page 21 – Green Marine Page 22 – UN Sustainable Development Goals Page 33 – Whale protection initiative with multiple partners Page 39 – IMPA ACT Page 45 – Marine Anti-Corruption Network
102-13	Association memberships	CSL is a member of the following industry associations: Chamber of Marine Commerce, Canada Société de développement économique du Saint-Laurent (SODES), Quebec, Canada Shipping Federation, America Maritime Industry Australia Limited, Australia The Chamber of Shipping, British Columbia, Canada The UK Chamber of Shipping, Europe International Chamber of Shipping

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	Page 5 – Message from the CEO
<b>ETHICS &amp; INTEGRITY</b>		
102-16	Values, principles, standards and norms of behavior	Page 22 – SafePartners Page 44 – CSL's Code of Corporate Responsibility
102-17	Mechanisms for advice and concerns about ethics	Page 44 – EthicsPoint Hotline Page 45 – Anti-Corruption Manual
<b>GOVERNANCE</b>		
102-18	Governance Structure	Page 8 – Corporate Governance
102-22	Composition of the highest governance body and its committees	Page 8 – CSL Board of Directors
102-23	Chair of the highest governance body	Page 9 – CSL Board of Directors; Paul W.J Martin is the Chair of The CSL Group Board of Directors.
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 8 – Corporate Governance
<b>REPORTING PRACTICE</b>		
102-50	Reporting period	CSL Group Corporate Sustainability Report 2018 – calendar year
102-51	Date of most recent report	Annual – previous year 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding this report	All queries should be directed through the CSL website <a href="http://www.cslships.com">www.cslships.com</a>
102-54	Claims of reporting in accordance with the GRI Standards	CSL does not report in accordance with the GRI Standards. This annex shows where alignment to GRI disclosures occurs within the report.
102-55	GRI content index	Page 76 – Global Reporting Initiative Index
<b>200: ECONOMIC STANDARDS</b>		
<b>ANTI-CORRUPTION</b>		
205-1	Operations assessed for risks related to corruption	Page 45 – Fighting Corruption
205-2	Communication and training about anti-corruption policies and procedures	Page 46 – Integrity training Page 45 – Anti-Corruption Manual

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
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## 300: ENVIRONMENTAL STANDARDS

### ENERGY

302-1	Energy consumption within the organization	Page 72 – Environmental Footprint
302-3	Energy Intensity	Page 72 – Environmental Footprint
302-4	Reduction of energy consumption	Page 73 – Net Fuel Efficiency
302-5	Reductions in energy requirements of products and services	Page 26 – Energy-Saving Retrofits Page 72 – Environmental Footprint Page 73 – Net Fuel Efficiency

### BIODIVERSITY

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 35 – CSL Marine Mammal Management Plan
304-2	Significant impacts of activities, products, and services on biodiversity	Page 30 – Protecting Biodiversity and Ecosystems Page 72 – Environmental Footprint

### EMISSIONS

305-1	Direct (Scope 1) GHG emissions	Page 72 – Environmental Footprint
305-4	GHG emissions intensity	Page 72 – Environmental Footprint Page 73 – Net Fuel Efficiency
305-5	Reduction in GHG emissions	Page 69 – Environmental Targets and Results Page 73 – Net Fuel Efficiency
305-6	Emissions of ozone-depleting substances (ODS)	Page 72 – Environmental Footprint
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 72 – Environmental Footprint

### EFFLUENTS AND WASTE

306-2	Waste by type and disposal method	Page 72 – Environmental Footprint
306-3	Significant spills	Page 72 – Environmental Footprint



DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
<b>ENVIRONMENTAL COMPLIANCE</b>		
307-1	Non-compliance with environmental laws and regulations	No environmental fines or sanctions were issued during the reporting period.

#### 400: SOCIAL STANDARDS

<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Page 10 – Health and Safety First Page 68 – Health and Safety Performance
403-3	Workers with high incidence or high risk of diseases related to their occupation	Page 10 – Health and Safety First – relates to all seafaring employees



## THE CSL GROUP

The CSL Group Inc. (CSL) of Montreal, Canada is a world-leading provider of marine dry-bulk cargo handling and delivery services. Through its major operating regions, Canada Steamship Lines, CSL Americas, CSL Australia, CSL Asia and CSL Europe, CSL owns and operates a highly diversified fleet of specialized self-unloading vessels, off-shore transhippers and Handysize bulk carriers, and delivers cargo to industrial customers annually. CSL's history can be traced back to 1845.





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