

CORPORATE SUSTAINABILITY REPORT 2019



 **CSL** GROUP



In September 2017, CSL began a conversion program to transform three geared bulk carriers into 28,000 DWT pneumatic self-unloading cement carriers. The program was completed in April 2019 with the delivery of the MV *Akuna*, MV *Kondili* and MV *Wyuna*, which are now operating along the Australian coast.

2	About This Report
3	2019 Report Highlights
5	Message from the CEO
6	CSL at a Glance
8	Corporate Governance
10	Sustainability Governance
16	Health and Safety First
24	Improving Air Quality
30	Protecting Biodiversity and Ecosystems
38	Resource Conservation and Supply Chains
44	Transforming through Digitalization
50	Ethics and Integrity
56	Positive Workplace
62	Employee and Community Engagement
68	Creating Value for Our Customers

TABLE OF CONTENTS

ANNEXES

76	2019 Health and Safety Performance
77	2019 Environmental Performance
78	Green Marine Performance
79	2019 Environmental Footprint
80	Global Reporting Initiative Index

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.

2019 HIGHLIGHTS

Sustainability Governance

Canada Steamship Lines and CSL International continued to be among the top performing participants in the Green Marine program and both obtained a Level Five for the waste management indicator. CSL also made significant progress towards its 2030 environmental vision.

Health and Safety First

An in-depth review of our safety culture was completed and a roadmap was developed to achieve our zero harm goal. While the total number of lost time injuries was identical to the previous year at 13, the lost time injury frequency rate decreased by 6% in 2019 due to an increase in exposure hours because of more crew and operational days.

Improving Air Quality

CSL achieved a 3.8 percent reduction in gCO₂eq/tonne-nm for loaded voyages compared to 2018. Testing was conducted on fuel additives, biofuels and robotic hull cleaning.

Protection Biodiversity and Ecosystems

Efforts to improve biodiversity protection included the installation of ballast water treatment systems and oily water discharge protection units. CSL also reinstated its policy to reduce vessel speed in waters with a high concentration of whales and installed equipment to reduce underwater noise emitted by vessels.

Resource Conservation and Supply Chains

To ensure its supply chain reflects CSL's strong commitment to the principles of sustainable development, a supplier code of conduct was developed containing general expectations in terms of human rights, anti-corruption, environmental responsibility and health and safety.

Transforming through Digitalization

CSL launched an ambitious digital transformation strategy to enhance the customer experience, increase our competitive advantage, and improve the sustainability of our operation and the way we do business.

Corporate Ethics

Anonymous whistleblowers reported a total of 17 alleged breaches of CSL policies and commitments in 2019. Ten breaches were detected and corrective action was taken.

Positive Workplace

CSL was named one of Montreal's Top employers in 2019 and launched a series of initiatives to foster employee engagement and empowerment. These include a flexible work arrangement policy, an online learning portal, a crew transformation project and a new benefits program.

Employee and Community Engagement

CSL donated approximately 1 percent of its total net profit in 2019 to charitable causes and disaster relief. Additionally, a donation of \$540,000 was made to Georgian College for a state-of-the-art simulator and \$150,000 was committed to Moisson Montréal over three years.

Value for Customers

CSL delivered six vessels and began four newbuild and conversion projects. The Operational Optimizer (O2) system was successfully installed on vessels in the Canadian fleet.



MESSAGE FROM THE CEO



Every year, the CSL Corporate Sustainability Report informs our customers, employees and partners on our efforts to improve the environmental and social impacts of our activities and tells the story of CSL's deeply rooted values and commitment to a sustainable global economy.

Through detailed and meaningful data, we systematically measure, evaluate and manage the consequences of our business, and use it to take concrete actions to improve our performance and maintain our social license to operate.

Growing sustainably as a company underpins our focus on continuously broadening the scope of our environmental and social programs. In 2019, as the shipping industry and CSL continued to modernize and change, we doubled up on our resolve to make sustainability a core driver in our transformation. The way we see it, being socially responsible is good for people, for the planet and for our business.

Digital transformation is a major theme of our 2025 Strategic Plan in which we set out an ambitious road map to leverage new technologies to modernize and improve our operations and processes, create greater value for our customers and reduce our environmental footprint.

We also expanded on our SafePartners program developed by CSL seafarers in 2012, to unite all employees in achieving our goal of zero harm and placing safety at the core of how we operate and measure our performance. Although the path to safety excellence may not be linear, one workplace

injury is too many and we are committed to continuously investing in prevention strategies, equipment, tools and training to empower our teams and individuals.

It was a busy and exciting year for vessel construction, during which we focused on applying the most innovative and sustainable technologies and designs.

In Australia, we took delivery of three newly converted cement carriers and in Europe, we welcomed three newbuild cement ships in partnership with Eureka.

Three bulk carriers were also purchased in 2019, which will be converted into one hybrid self-unloader for delivery in Australia and two new state-of-the-art self-unloaders, which will serve our CSL Americas fleet. Construction also got under way on two 40,000 DWT self-unloading ships for our joint venture with Hartmann.

While I am very proud of our ships and how they bring efficiency and reliability to our customers' supply chains, I am most proud of the entrepreneurial and visionary people who conceive, design, build and operate them. Every employee that makes up CSL's diverse and global workplace is an essential component of our growth and success, and I thank them for their contribution in helping us shape a company based on customer excellence, innovation and quality.

As we continue to progress on our sustainability agenda, we embrace our long-term commitment to make sound choices that have positive impacts on our customers, employees, communities and the environment. In our rapidly changing world, raising the bar on responsible shipping is not only the right thing to do, it's our responsibility.

Louis Martel
President and Chief Executive Officer



1,500 people *
employed globally



72.4 million *
tonnes of dry bulk
cargo delivered



Vessels
• 48 owned
• 15 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, St. Catharines, Winnipeg, Vancouver (Canada), Boston (U.S.A.), London (UK), Bergen (Norway), Sydney, Brisbane, Perth, Whyalla and Karratha (Australia), Jakarta (Indonesia) and Singapore.

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.



We currently operate a fleet of 48 vessels, including 30 self-unloaders, five pneumatic cement carriers, five transhippers plus two self-unloading barges and six bulk carriers. CSL is also responsible for the commercial management of eight other self-unloading ships as part of the CSL International Pool.

In 2019, CSL purchased two 82,000 DWT Kamsarmax bulk carriers for conversion into gravity-fed self-unloaders for the CSL Americas fleet. A bulker was also acquired in 2019 to be converted into a hybrid self-unloader for the CSL Australia fleet.

In fiscal 2019 (ending at March 31, 2020), CSL transported 72.4 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, ranging from three to 20 years.

We employ approximately 1,500 people globally in a wide range of positions, both on board our ships and in shore-based positions.

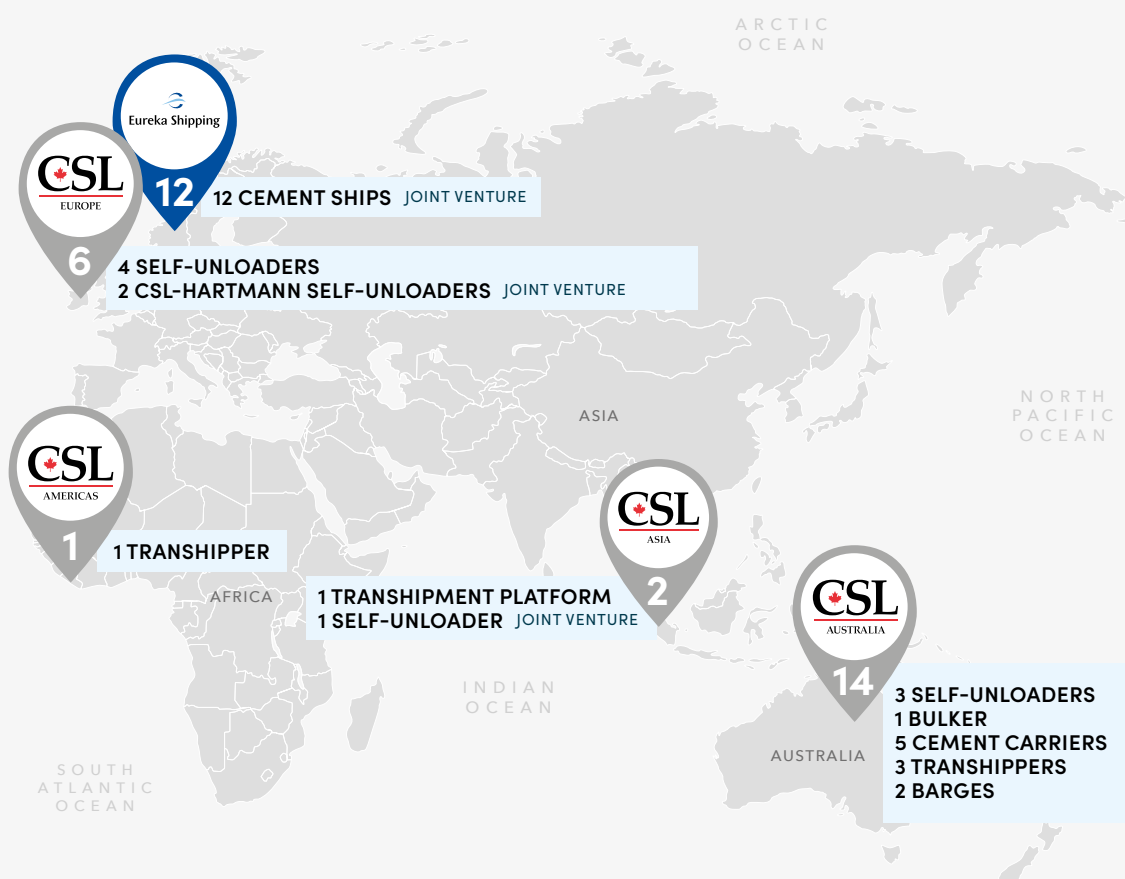
We are committed to the wellbeing and development of our employees, and to promoting a corporate culture that values high ethical standards, a safe and healthy workplace, and respect for the environment.

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. In 2019, Eureka took delivery of three pneumatic cement carriers.

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. The two vessels are under construction.

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



CORPORATE GOVERNANCE

The CSL Group Inc. is headquartered in Montreal, Canada, and has offices in each of the regions in which it operates.

Company management is overseen by a nine-member Board of Directors, which includes CSL's three owners and six independent directors. In addition to overseeing the company's business activities, 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, all of which meet and report back 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, formerly President and Chief Executive Officer of Alcan, is currently a Director of McCain Foods Limited and KDC-One Inc. He is also Chair of the advisory board of The Montreal Neurological Hospital and Institute. Mr. Bougie has served on the boards of SNC-Lavalin, Atrium Innovations, 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 President and Chief Executive Officer of SNC-Lavalin, where he held successively senior roles until his current appointment in October 2019. He joined SNC-Lavalin in 2014 after six years in senior management roles with the Leighton Group, including that of 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 President and Chief Executive Officer of The CSL Group Inc. from 1995 to 2008. Mr. Hayes has worked as an auditor, a bond money market trader, and in various finance and treasury positions for major Canadian companies. Mr. Hayes is also a Trustee of the CSL Pension Fund Society and an advisor to Horizon Capital Holdings Inc.



William (Bill) Linton is a Corporate Director currently serving on the Boards of TMX Group, Empire Company and Deveron UAS. Prior to 2012, he was Executive Vice-President, Finance and Chief Financial Officer at Rogers Communications Inc. and was Chief Executive Officer of Call-Net Enterprises. Mr. Linton also serves as a director of several private companies in the technology and music industries.



David P. A. Martin is President of Bromart Holdings and an owner of The CSL Group Inc. and Horizon Capital Holdings, of which he is the Co-President and Chief Executive Officer. Mr. Martin is Chair of the Board of Directors of the World Wildlife Fund (Canada) and a co-founder and General Partner of Capital for Aboriginal Prosperity and Entrepreneurship Fund (CAPE Fund).



R. James E. Martin is a film and television producer and an owner of The CSL Group Inc. and Horizon Capital Holdings. Mr. Martin began his career marketing films at The Movie Network before working in theatrical distribution with TVA International, a subsidiary of Montreal's Astral Network. Since 2006, he has been producing features through his own production company, High Treason Productions, and is currently developing a television co-production in partnership with Ciné Télé Action.



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



Brian McManus is a partner at Cafa Corporate Finance, a private investment bank headquartered in Montreal. Prior to joining Cafa in 2020, Mr. McManus spent over 18 years as President and Chief Executive Officer of Stella-Jones Inc., a leading producer and marketer of pressure treated wood products.



Lone Fønss Schrøder is Chief Executive Office of Concordium AG. She is also Vice Chair and Chair of Volvo's Audit Committee, founder and Chair of Cashworks AG, Vice Chair and Chair of the respective audit committees of Akastor ASA and Kværner ASA, and a Director of both INGKA Holding BV (IKEA) and Geely Sweden Holdings AS. Ms. Schrøder has held senior management and board positions at A.P. Møller-Maersk A/S and was President and Chief Executive Officer of Wallenius Lines AB.

SUSTAINABILITY GOVERNANCE

At CSL, commitment to sustainability begins at the top. Our executive team is responsible for ensuring that sustainability is not only a business imperative, but also integrated across the company and within our strategic objectives. The Environmental Sustainability Committee of the Board of Directors holds CSL accountable to the company's established goals and progress.

The voices shaping and directing our sustainability efforts include those of our key stakeholders, the Green Marine environmental certification program and the United Nations Sustainable Development Goals.





Stakeholder Engagement and Materiality

Identifying the needs and interests of CSL's key stakeholders is important to understanding the company's sustainability context and priorities. Our stakeholders are those who affect our business and/or those affected by it. Their input and insight inform our material sustainability issues and our ability to address them.

Our Stakeholders

- Our employees and their families
- Our customers
- Logistics partners such as ports, terminals, suppliers and contractors
- The environment
- The local communities in which we operate
- Government and regulatory bodies
- Our insurers

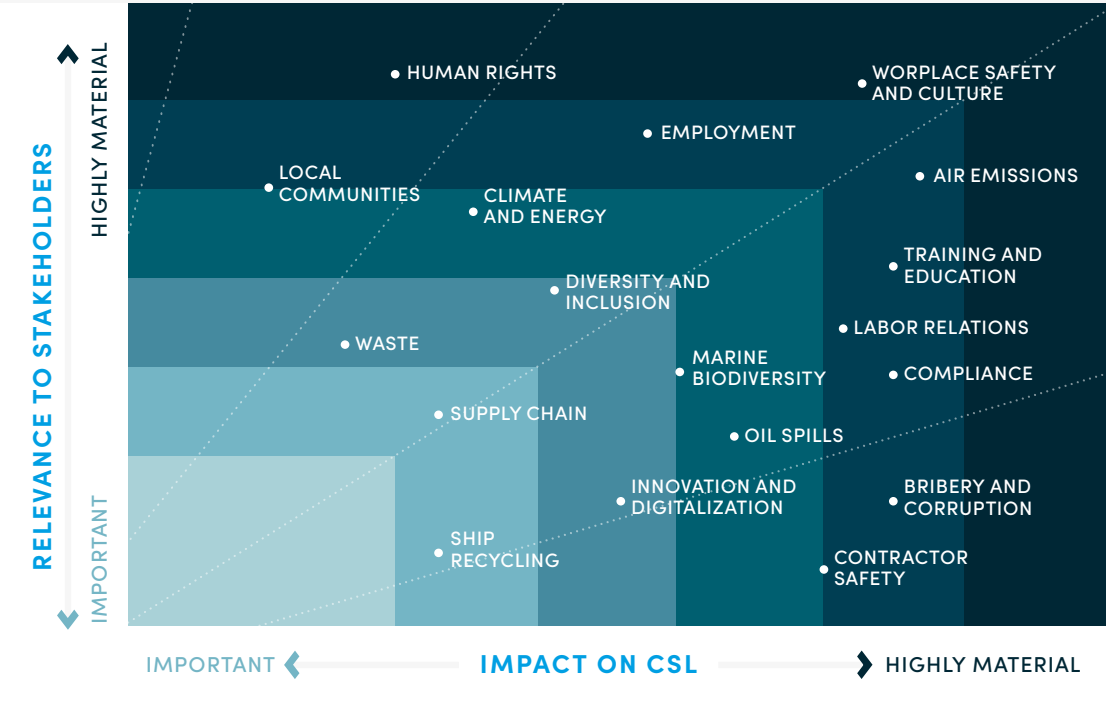
Materiality Mapping

In 2018, CSL conducted a material mapping process to identify the most important sustainability issues, opportunities and risks for our business according to the following steps.

1. Risk and opportunity mapping
2. External stakeholder review
3. Analysis and calibration
4. Senior level assessment

The output was the CSL Materiality Matrix, which identifies and prioritizes the issues that are material to our business. This materiality process is set to be reviewed and refreshed in 2020.

CSL Materiality Matrix



Progress Made in 2019 – CSL's 2030 Environmental Vision

Every year, CSL tracks its global progress towards the company's long-term environmental vision. This exercise enables us to assess and reflect on the areas in which we are succeeding and those that may require more focus and resources. CSL's regional teams then set their own annual goals, which are aligned and designed to help CSL achieve its 2030 Environmental Vision.

Air



Goal

- Generate 35 percent less CO₂eq per tonne of product moved than in 2005
- Reduce the fleet sulphur emissions by 95 percent compared to 2010 levels
- Eliminate ozone-depleting refrigerants from the fleet

Result

- CO₂eq emissions were reduced by 20 percent compared to 2005
- SO_x emissions were reduced by 46 percent compared to the baseline
- 96 percent of CSL's fleet is now free of ozone-depleting substances

Water



Goal

- Strive for zero oil spills
- Seek innovative protective measures to eliminate the spread of aquatic invasive species
- Improve our understanding of underwater noise impacts on marine mammals

Result

- Seven minor oil spills were reported in 2019 (total of less than 20 litres)
- Ballast water treatment systems were installed on five vessels
- Ongoing development of a noise testing program in collaboration with the Institut des sciences de la mer (ISMER) and Innovation maritime (IMAR)

Resource Use



Goal

- Produce 75 percent less shipboard waste than in 2010
- Increase shipboard recycling by 50 percent
- Conduct environmental impact assessments of critical suppliers

Result

- Landfill waste was reduced by 22 percent compared to the baseline
- Recycling was increased by 32 percent compared to the baseline
- CSL joined IMPA ACT and completed a review of critical suppliers



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.

Due to varying program requirements in different operating jurisdictions, CSL's participation in Green Marine is split between the Canada Steamship Lines fleet (one participant) and CSL International (including the CSL Americas, CSL Australia and CSL Europe fleets) as a second participant.

	5	4	3	2	1	LEVEL ACHIEVED
PERFORMANCE INDICATORS						
						CANADA STEAMSHIP LINES
						CSL INTERNATIONAL
Aquatic Invasive Species						45
Pollutant Air Emissions (So _x and PM)						43
Pollutant Air Emissions (NO _x)						43
Pollutant Air Emissions (GHGs)						45
Oily Water						44
Garbage Management						55
Underwater Noise						44

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 Level Five demonstrates excellence and leadership.

5

Excellence and leadership

4

Introduction of new technologies

3

Management plan and footprint measurement

2

Systematic use of a defined number of best practices

1

Monitoring of regulations

United Nations Sustainable Development Goals (SDGs)

As a global shipping company, we believe we have a responsibility to report on our progress and contribution to the United Nations Sustainable Development Goals. While we may not have a direct impact on every one of the 17 goals, we are actively aware of those to which we can meaningfully contribute.

Throughout CSL's Corporate Sustainability Report, we have identified programs that are closely aligned with the United Nations Sustainable Development Goals and identified these with the corresponding icons.



HEALTH AND SAFETY FIRST

The safety briefings held before every hazardous vessel job, along with the safety shares that open every office meeting, are constant reminders that safety at CSL is more than a priority, it is a way of life.

The collaborative top-down, bottom-up approach of our SafePartners program is grounded in the belief that safety is embedded in every business decision we make, and that all employees are empowered with the responsibility for their own safety and that of their colleagues.





CSL ASSINIBOINE



Striving for Zero Harm with SafePartners

CSL's commitment to zero harm is promoted through the SafePartners program. Under the People, Planet and Property pillars, we make every effort to provide our employees with the knowledge, skills, equipment, processes, procedures and supportive culture they need to ensure their work environment is free from harm. This means zero harm to people including our employees, customers, contractors and communities, zero harm to the planet from negative impacts to air, water and resource use, and zero harm to property, which includes our vessels and the infrastructure of our partners.

ZERO HARM



SAFE PEOPLE

- ↩ CSL employees and customers
- ↩ Contractors and suppliers
- ↩ Community



SAFE PLANET

- ↩ Air
- ↩ Water
- ↩ Resource use



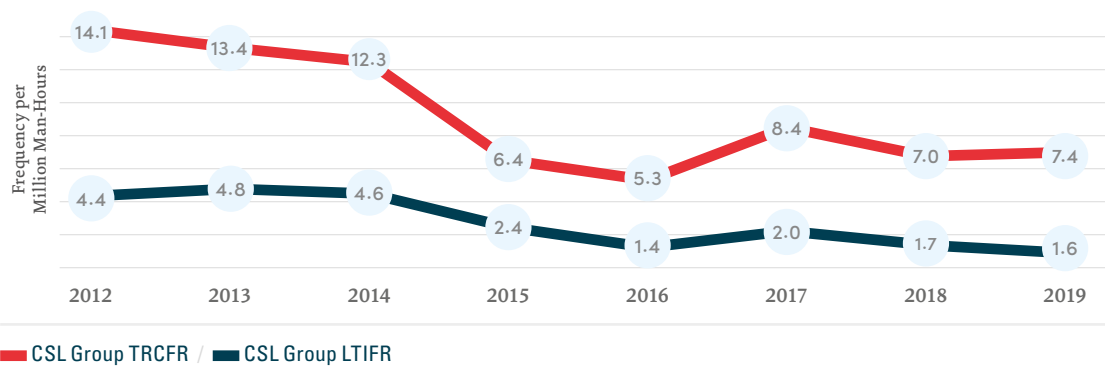
SAFE PROPERTY

- ↩ Vessels
- ↩ Infrastructure

Historical Injury Trend

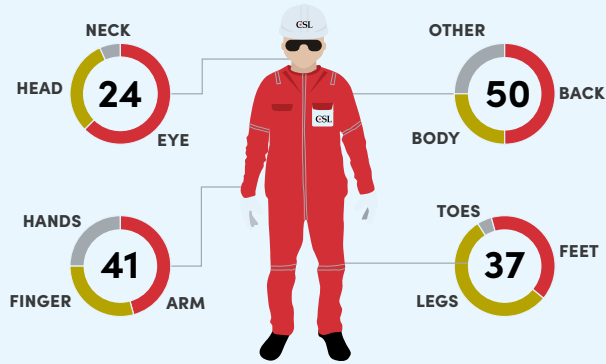
CSL's lost-time injury and total recordable case frequency rates, which include lost-time injuries, medical treatment cases and restricted work cases, have dropped dramatically since the launch of SafePartners. Safety is a journey and CSL is committed to continually strengthening and building on the program to improve safety performance in pursuit of zero harm.

Global LTI and TRC Frequency Rates



Health and Safety Risks

The image depicts the location and number of safety incidents that occurred in 2019, and includes all first-aid injuries, medical treatment cases, restricted work cases and lost-time injuries.



All Hands on SafePartners

We recognize that achieving zero harm is not a linear journey, but one that requires regularly evaluating and improving our operations to incrementally move toward a stronger, more resilient safety culture and SafePartners program.

In 2019, CSL launched the **All Hands on SafePartners** (AHOs) project to elevate our safety culture by seeking input from seafarers and employees across all regions and functions. The project, which is ongoing, consists of three key phases.

1-Assess

The AHOs project began with a comprehensive assessment phase designed to help define the current state of our safety culture. As part of this process, seven ships were evaluated, over 70 interviews were conducted and a survey that generated over 800 responses was completed.

While many employees and seafarers expressed a degree of satisfaction with CSL's current safety practices and culture, the need for improvement was clearly communicated. Greater consulting of employees, a clearer commitment to safety and the promotion of an open and honest dialogue on safety were some of the areas identified as needing improvement.

79% of employees agreed that CSL 'walks the talk' by consistently modelling **positive health and safety behaviours**.

49% of shipboard employees strongly agreed that they are encouraged to **openly report errors and mistakes**.

42% strongly agreed that CSL takes into consideration **workplace health and wellbeing when making decisions**.

2-Design

The detailed results of the Assessment phase provided the necessary data to allow CSL to begin defining and designing a "future state" roadmap based on five key improvement areas:

1. Define an improved organizational structure for health, safety and environmental management;
2. Build safety and environmental skills and capabilities across the company, from executives to deckhands;
3. Improve communication in all directions on multiple channels;
4. Implement a systematic company-wide safety management system supported by IT infrastructure;
5. Promote the active and meaningful ownership of CSL's safety and environmental culture at every level of the organization.

3-Implement

Projects that support the five key improvement areas identified in the AHOs future state roadmap progressed in the latter half of 2019 and will continue to be implemented on an ongoing basis.

Initiatives launched to date include a safety master class series for management staff, a revamping of our fleet safety communications with the addition of quarterly newsletters, an updated training for ship visitors, and the development of a company-wide central risk register.

SAFETY RESULTS

2018 vs 2019



8.2 million hours
Total exposure hours



-6%



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.



+6%



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.



-41%



Days off duty

The average days off per injury decreased from 172.7 in 2018 to 102.23 in 2019.



+8%



Safety observations reported

1,165 in 2018 vs 1,263 in 2019

Focus on Fire Safety

Fire is a known and well managed risk for conveyor belt systems, such as those on self-unloading ships.

Following a major belt fire on a vessel in 2018, CSL undertook a comprehensive fire system review to strengthen and modernize fleet fire risk plans. From this review, CSL developed a global strategy, called Fire Integrated Risk Mitigation (FiRM), to improve fire safety across its fleet.

FiRM involves the following four pillars.

1 Prevention and Maintenance

Improve fire detection capabilities and install safety devices and tools to maintain and assist in prevention.

2 Firefighting

Review and improve the standard supply of onboard firefighting equipment, including procedures for storage and maintenance. Strengthen the fire-fighting policy and provide adequate tools for proper fire drills and training.

3 Detection and Suppression

Modernize onboard detection and suppressions systems using a combination of CCTV surveillance, fire detection software, linear heat detection systems, and deluge suppression for conveyor belts.

4 Vessel Design

Adopt and develop new standards for the layout of self-unloading equipment to mitigate fire risk, including the suitable selection of hydraulic fluids.

In 2019, 19 vessels were equipped with fire detection systems that will be fully commissioned by late summer 2020. Upcoming steps include the installation of fire detection and suppression systems on ships in CSL Australia's newbuilds and conversion programs.

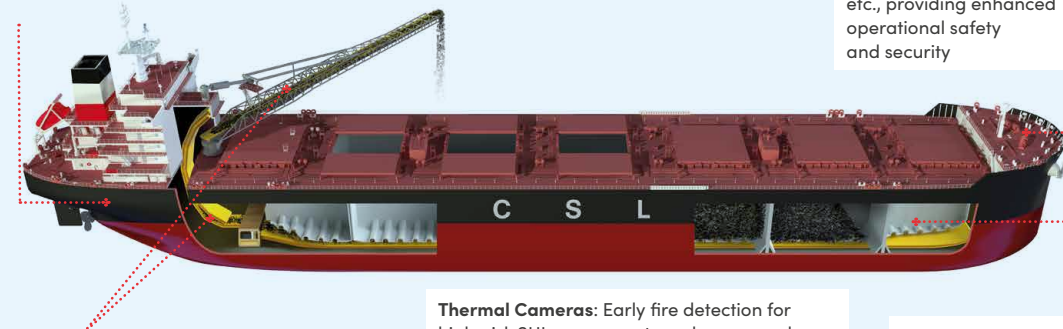


Photo: Denys Yelmanov

Engineering Solutions to Prevent, Detect and Mitigate Fires

Engine Room Early Fire Detection System: FIKE cameras detect oil mist, smoke and flames

Open Decks: CCTV at mooring decks, gangways, etc., providing enhanced operational safety and security



Belt Fire Suppression Systems: Deluge system on all external conveyors and the HI-FOG® system on all internal conveyors

Thermal Cameras: Early fire detection for high-risk SUL components and areas, and remote fire risk equipment, e.g bow thruster

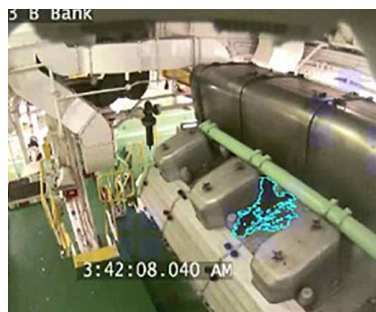
Linear Heat Detection (LHD) System: Belt fire detection, integrated with suppression system for release

Cargo System CCTV: Integrated with LHD to trigger a view of a given 'alarm' zone at all workstations

Early Fire Detection in the Engine Room

CSL is implementing an advanced technology solution on its ships that uses CCTV cameras with data analytic overlays to detect oil mist, smoke, flame and reflective flame.

The technology will sound a warning up to three minutes before the start of a fire, providing crew members with a critical fire reaction and prevention window.



Enhancing Mooring Safety

Mooring is a well-known high-risk activity and one for which CSL has developed a Lifesaving Rule.

When a mooring line parts under tension, the sudden release of stored energy in the rope will cause it to revert to its original length almost instantaneously. The two ends of the line recoil or snap-back towards or past their secured ends with great velocity. Anyone standing within the snap-back zone risks serious injury or death.

CSL has tested an improved mooring rope system with positive results. The new rope includes a "fuse" which is a sacrificial component to prevent dangerous overload and breakage. This system thus prevents the mooring line from ever reaching the load point where it will break and cause damage, injury and death.

Three vessels in CSL's fleet have been equipped with the new system and another seven are planned for 2020.

Reducing Draft Reading Risk

Measuring the draft on a vessel is essential to ensuring a safe balance between maximum load and vessel stability. The process of reading the draft marks painted on a ship's hull can be a high-risk activity, depending on vessel location and dock quality.

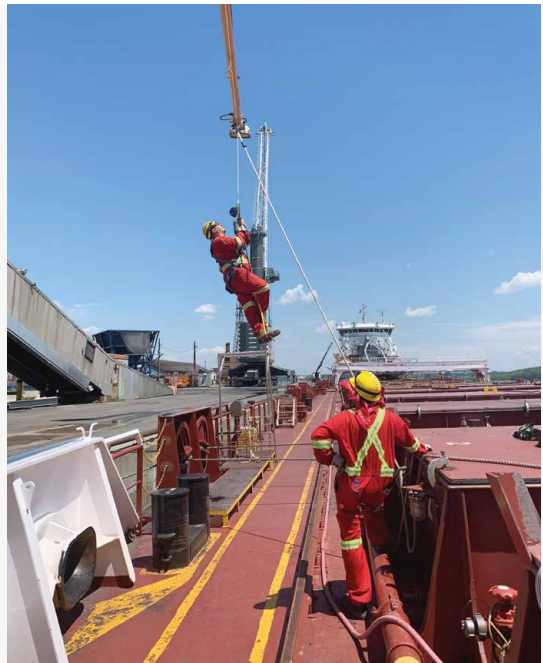
CSL is testing two different techniques – radar and camera measurements – to reduce the risks associated with draft reading and increase ship efficiency. Tests will continue throughout 2020 with selection based on vessel and trade needs.

Landing Boom

Ships in Canada are uniquely required to have crew members go ashore to tie up the ship in locations where access to linesmen or a gangway is not possible. This high-risk activity involves swinging a seafarer over the vessel's side and lowering them ashore with the use of a rope.

New landing boom equipment co-designed with and tested by CSL seafarers was delivered to CSL ships in Canada. The new system includes a tether harness, a landing rope descent limiter, a hands-free communication system and a standardized stirrup.

Onboard training was provided to all crew members and a new computer-based training module was rolled out to support the use of the new equipment.



Smarter Use of Data with HiLo Maritime Risk Management

CSL is a member of HiLo Maritime Risk Management, an independent joint industry initiative that uses a predictive modelling tool to identify and assess High impact, Low frequency safety events.

Using thousands of near miss and incident data points already collected by ships, HiLo's statistical model analyses the data to calculate and rank the risk of high impact events. It then identifies the events that are contributing to the highest level of risk, empowering companies like CSL to take concrete action to eliminate or reduce those risks.

HiLo's members represent approximately 3,500 ships, of which 800 are bulk carriers.






Fourteen Vessels Achieve Safety Milestones

CSL's safety pennant program is an important way of recognizing and celebrating the safety milestones achieved by our crews.

In 2019, 14 vessels reached a new safety milestone for LTI-free operations. Twenty-eight vessels, representing 66 percent of the fleet, currently hold a SafePartners Pennant.

 X 6 Double Platinum

 X 7 Platinum

 X 3 Silver

 X 5 Gold

 X 7 Bronze

CSL Commitment

- Achieve zero harm
- Continue to build on SafePartners through focused vessel safety design and risk management
- Increase focus on the prevention of catastrophic losses by tracking and learning from high-potential occurrences
- Leverage technology and reporting/analysis to proactively anticipate and prevent accidents
- Increase the maturity of CSL's safety culture

Progress in 2019

- Reduced LTIFR by 6 percent in 2019
- Implemented the All Hands on SafePartners project to further strengthen the safety culture
- Started receiving risk information from the HiLo industry database
- Piloted and rolled out fire detection and suppression system on three vessels
- Established leadership safety commitments and new leading indicators
- Established a safety training matrix to promote a skilled workforce

Moving Forward

- Continue implementation of the SafePartners roadmap
- Select an upgraded safety management IT tool for the fleet that includes a contractor safety module
- Complete installing the fire suppression and detection system across the fleet
- Launch a revised Lifesaving Rules campaign incorporating a new rule on fire prevention
- Continue to develop role-based safety competencies to promote a skilled workforce

Sustainable Development Goals



IMPROVING AIR QUALITY

Although short sea shipping is considered one of the most environmentally friendly modes of transporting large quantities of cargo, we recognize that tremendous progress still needs to be made to reduce the industry's overall carbon footprint.

At CSL, we are committed to continuously improving the energy efficiency of our fleet and promoting the decarbonization of the marine transport industry.

Throughout 2019, CSL's Research and Innovation and Global Technical Services teams continued to explore, evaluate and test emerging technologies and approaches. Our goals for 2030 are to produce 35 percent less CO₂ eq per tonne of cargo moved than in 2005 and 95 percent less sulphur emissions compared to 2010.





2020 Sulphur Cap on the Horizon

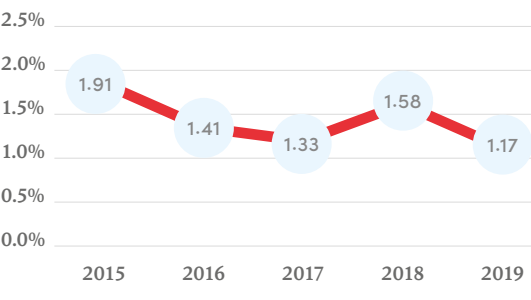
In 2016, when the International Maritime Organisation (IMO) established January 1, 2020 as the start date for the 0.50 percent maximum sulphur fuel oil requirement under MARPOL Annex VI, CSL set in motion an action plan to prepare for what many considered to be the single biggest change in the shipping industry in decades.

This new limit applies to all fuel oils used by ships outside existing Environmental Control Areas (ECA) for SO_x emissions (Baltic, North Sea, North America and the Caribbean) where the limit was set at 0.10 percent maximum sulphur in 2015.

Reduction in Sulphur Emissions

At CSL, we measure the sulphur emissions of our fleet on the basis of total sulphur emitted in metric tonnes per total fuel consumed, to account for trade and fuel consumption fluctuations. Since 2015, we reduced the SO_x percentage of fuel in our global fleet by 38 percent.

CSL Global Fleet Sulphur Emissions



In 2017, a team of CSL experts was set up to investigate available fuel options and develop plans to assess and transition regional fleets to compliant fuels. This exercise culminated in the development of CSL's primary approach to compliance, which involved a switch to low sulphur residual fuels or marine diesel oil for vessels operating outside existing Environmental Control Areas (ECA) for SO_x emissions. 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 0.10 percent.

Cutting GHG Emissions

In 2018, the International Maritime Organization (IMO) adopted an initial strategy to reduce greenhouse gases (GHG) from shipping by at least 50 percent by 2050. This was a historic move to bring the shipping industry in line with nationally determined contributions under the Paris Agreement.

CSL is committed to reducing fleet-related GHGs and has set a long-term goal to reduce CO₂eq emissions by 35 percent by 2030, based on 2005 levels. This ambitious target aligns with the United Nations Sustainable Development Agenda for 2030 and the aspirations of the Canadian and Australian governments.

Efforts to reduce emissions in 2019, including robotic hull cleaning and retrofitting vessels in the current fleet with energy efficient technologies such as propeller boss fin caps, resulted in an annual fuel efficiency improvement of 1.8 percent. We also continued to modernize our fleet, seek out operational improvements for newbuild vessels and conduct research and development on low-carbon solutions such as biofuels and fuel additives.

CSL Joins Trident Alliance

In 2019, CSL joined the Trident Alliance, a network of shipping companies and other stakeholders with a shared interest in the robust and transparent enforcement of environmental regulations.

As a member of the Trident Alliance, CSL is committed to comply with the IMO 2020 Maritime Sulphur regulations and to support their robust and transparent enforcement.

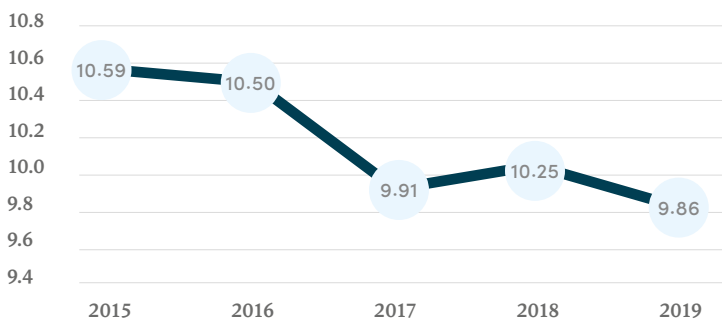


TRIDENT
ALLIANCE

GHG Emissions Intensity

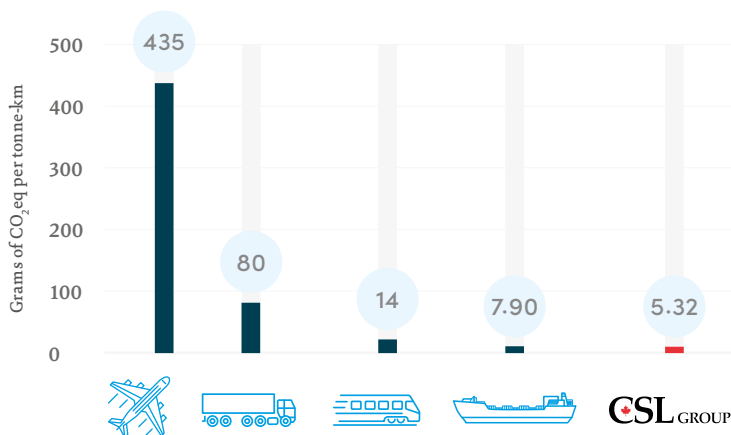
CSL's global GHG emissions intensity is measured on the basis of grams of CO₂ equivalent emitted (gCO₂eq) per tonne-nautical mile travelled. Over the past five years, CSL has reduced the emissions intensity of its global fleet by 7 percent.

CO₂eq net g/tonne-nm (excluding ballast)



Efficiency of Cargo Transportation

Comparison of CO₂eq Emissions Between Modes of Transport



Ships move approximately 80 percent of the world's goods. When compared to other forms of transportation, marine shipping is the most energy-efficient mode of moving cargo.

As shown in the graph, transporting cargo on CSL's global fleet is ten times more efficient than by truck, and 55 times more efficient than by air. Overall, CSL's fleet is 2.58 percent more efficient than the average for all bulk carriers.

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



Emit 35 percent fewer CO₂eq emissions per tonne of product moved, compared to 2005

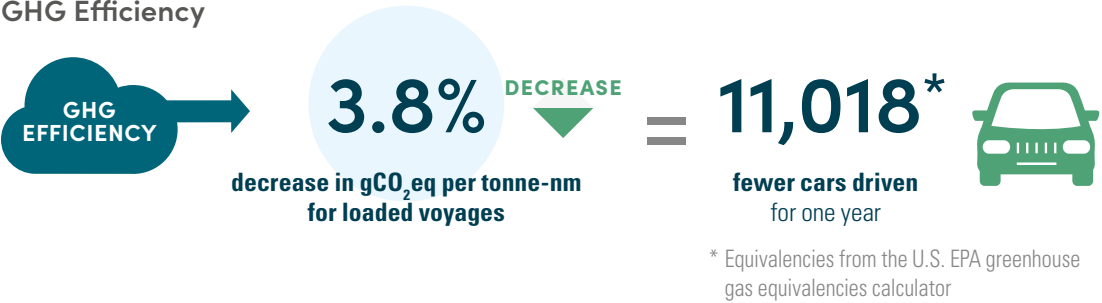


2030 GHG Reduction Goal

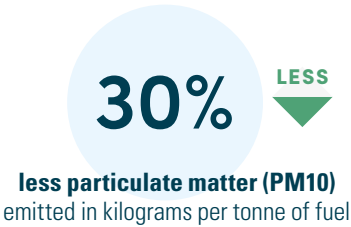
CSL is at 93 percent of meeting its 2030 GHG reduction goal of 35 percent of 2005 levels. This baseline aligns with Canada’s and Australia’s own reference years for greenhouse gas reduction targets.

2019 Air Emissions Reductions Compared to 2018

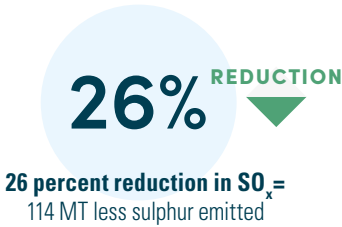
GHG Efficiency



Particulate Matter



Sulphur Emissions



Efficiency Gains Due to Propeller Boss Fin Caps

The installation of propeller boss fin caps on the CSL Australia vessels *Goliath* and *Akuna* in 2018 resulted in estimated fuel savings of 5 to 8 percent. Attached to a ship’s propeller, propeller boss fin caps improve efficiency and reduce underwater noise by breaking up the hub vortex produced by the rotating propeller.



Biofuel Research and Development

In August 2019, CSL ran the first in a series of marine biofuel tests on the 36,920 DWT self-unloading bulk carrier *Atlantic Huron*. The process began with a test involving a 50 percent bio-content fuel supplied by Canada Clean Fuels made from a diverse mix of resources such as recycled cooking oil, soybean oil and animal fats.

Initially, biofuel was used on one onboard generator with the aim of extending its use to the main engine. As testing progresses, the bio-content of the fuel will be increased with the objective of operating *Atlantic Huron* on 100 percent biofuel.

When compared to petroleum-based fuels, biofuels reduce lifecycle carbon emissions by 86 percent and particulate matter by 47 percent, thereby contributing to improved air quality and less pollution.



Our 2030 Goal

- Generate 35 percent less CO₂eq per tonne of cargo compared to 2005
- Reduce the fleet's sulphur emissions by 95 percent compared to 2010
- Eliminate ozone-depleting refrigerants from the fleet

Progress in 2019

- Achieved a 3.8 percent reduction in gCO₂eq/tonne-nm for loaded voyages compared to 2018
- Conducted fuel additive and biofuel tests
- Completed robotic hull cleaning testing
- Launched a wind technology R&D project

Moving Forward

- Test biofuel on main engines
- Replace vessel fuel with low-sulphur residual fuels or marine diesel oil
- Install propeller boss fin caps on two vessels
- Upgrade lighting on three vessels
- Trim propeller edge on one vessel
- Install a Mewis duct on two vessels

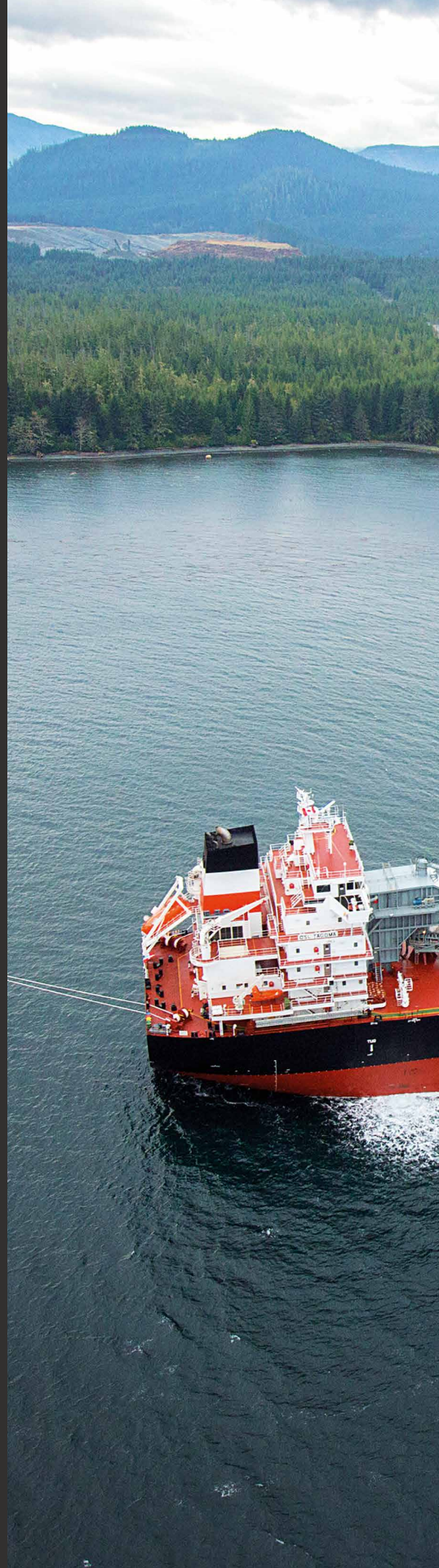
Sustainable Development Goals



PROTECTING BIODIVERSITY AND ECOSYSTEMS

CSL has a long history of engaging in marine mammal protection and research. Past initiatives include the development of a whale guide for mariners, crew training on marine mammal sightings, assistance for scientists studying and monitoring the behaviour of the St. Lawrence beluga and research into foraging and habitat requirements in the Grand Banks.

CSL's research activities and scientific support continued throughout 2019 and were accompanied by new onboard environmental protection measures to help promote healthy waterways.





Responsible Ballast Water Treatment

Protecting local marine environments from aquatic invasive species has long been an aspiration of the marine shipping industry. In 2019, the mandatory requirement that ships treat their ballast water came into effect with the phased implementation of the International Maritime Organization's (IMO) Ballast Water Management Convention.

Seven CSL vessels are currently equipped with functional ballast water treatment systems. The journey to compliance, far from being a smooth ride, was paved with challenges such as filter clogging and chemical imbalances, as the new technologies were tested under actual operating conditions.

As we continue to retrofit our fleet, the lessons learned from the first ships are helping us improve the design and installation of the systems.

Focus on Biofouling

Ballast water and vessel biofouling are the two main vectors for the introduction and spread of aquatic invasive species (AIS) in the marine environment.

In Canada, where vessels operate in cold fresh water, berthing times are short and seasonal icy conditions are par for the course, the risk of hull fouling is very low. However, operating conditions in other parts of the world where CSL's global fleet navigates are such that hull fouling is much more common. For those fleets, CSL is taking measures and exploring new technologies and techniques to manage and reduce the risks associated with biofouling.



Robotic Hull Cleaning Test

In 2019, CSL tested a safe and efficient robotic hull cleaning system that removes ship biofouling with no diver intervention on the *MV Acacia*. The residue removed is captured and filtered into dedicated drums for safe disposal ashore by approved environmental waste disposal experts.

In addition to reducing invasive species, a clean hull also reduces a ship's carbon emissions while dramatically increasing its energy efficiency. Following the robotic hull cleaning test, *MV Acacia*'s operating energy efficiency increased by 5 percent.

Although this robotic system is only available at select ports, CSL is working with suppliers to schedule hull cleaning operations whenever possible.



IMO and Biofouling

While there is currently no global regulatory framework to manage biofouling, in 2011, the IMO's Marine Environmental Protection Committee (MEPC) established its Guidelines for the Control and Management of Ships' Biofouling to Minimize the Transfer of Invasive Aquatic Species. These voluntary guidelines provide a globally consistent biofouling management framework to minimize the transfer of AIS through ship hulls.

In 2018, the IMO launched the GloFouling Partnerships Project to implement these Guidelines and spearhead the development of best practices and standards to improve biofouling management throughout the shipping industry.

Enhancing Oily Water Discharge Protection

Under the Green Marine environmental certification program, CSL has been methodically upgrading its fleet's ageing oily water separators. As part of our commitment to installing oily water discharge protection units on every ship in the global fleet, in 2019, 'whiteboxes' that monitor and prevent illegal discharges of bilge water from onboard machinery were installed on 17 ships and three oily water separator systems were upgraded.

Protecting the Endangered North Atlantic Right Whale

Gulf of St. Lawrence

Despite the high level of shipowner compliance with seasonal mandatory vessel speed limits of 10 knots in a large portion of the Gulf of St. Lawrence, eight North Atlantic right whale fatalities were recorded during the 2019 shipping season, three of them due to vessel strikes. The population is now estimated at approximately 410 whales.

To further protect North Atlantic right whales, CSL reinstated its company policy requiring vessels transiting the Western Gulf of St. Lawrence to navigate at no more than 10 knots at all times, and implemented the same voluntary speed restriction in the Cabot Strait, located between Cape Ray, Newfoundland and Cape North, Cape Breton Island.



Photo: Jim Cornall

U.S. East Coast

For the second year, CSL America's fleet was recognized by the National Oceanic and Atmospheric Administration for its efforts to protect North Atlantic right whales in Seasonal Management Areas along the East Coast of the United States. In these areas, which overlap with the Stellwagen Bank National Marine Sanctuary at the mouth of Massachusetts Bay, CSL vessels have reduced their speed to less than 10 knots, cognizant that if a ship collides with a whale while travelling at a lower speed, the risks of a fatality ensuing are significantly lower.



Conserve and sustainably use the oceans, seas and marine resources

CSL directly contributes to meeting the targets of UNSD Goal 14 by increasing its efforts to reduce treated oily water discharges, minimize the introduction of invasive species, improve vessel waste discharges, implement operational measures and form partnerships to protect marine mammals and sensitive habitats.

Glider-Mounted Hydrophones Making Headway with Whale Research

Since 2018, CSL and the World Wildlife Fund (WWF) have supported research at Dalhousie University, the University of New Brunswick and the Canadian Whale Institute to collect data on the movements of right whales and their feeding habitats using glider-mounted hydrophones.

In 2019, the glider-mounted hydrophones covered nearly 5,000 kilometres over 200 days, resulting in 160 detections of North Atlantic right whales. The team also collected over 100 plankton samples and nearly 200 photographs of right whales. This research identified at least 70 individual right whales and confirmed that at least four of the seven known calves born in 2019 made it to the Gulf of St. Lawrence.

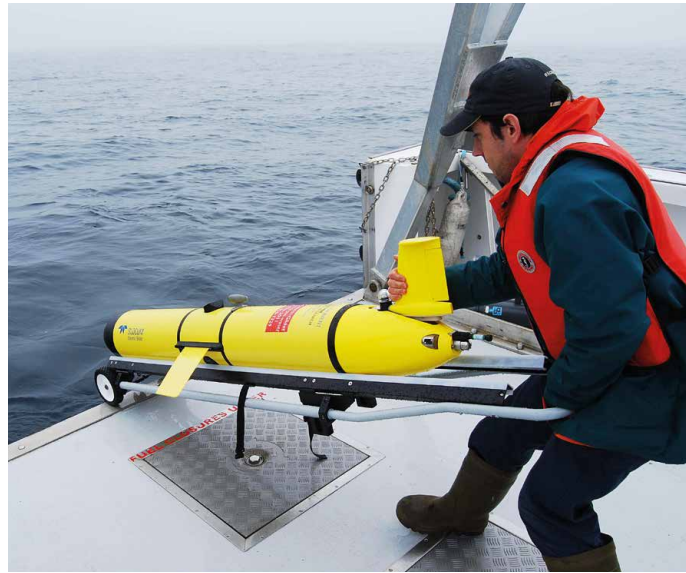


Photo: Ivkovich

Improving Southern Resident Killer Whale Habitat

In 2019, CSL Americas participated in a voluntary vessel speed reduction initiative to protect Southern Resident killer whales launched by the Port of Vancouver's Enhancing Cetacean Habitat and Observation (ECHO) program. The initiative targeted Haro Strait, which separates Vancouver Island and the Gulf Islands in British Columbia from the San Juan Islands of Washington state, and Boundary Pass, which connects Haro Strait to the south with the Strait of Georgia to the north.

Results to date show a significant reduction in vessel noise, which is known to increase killer whale stress levels and moving patterns. CSL Americas will continue to participate in the ECHO program's voluntary slow down initiative in 2020.

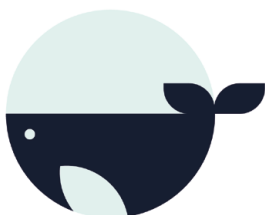
Five Years of Marine Mammal Data Collection and Counting

The Marine Mammal Observation Network (MMON) and Green Marine are championing a program that provides seafarers with the training and tools needed to collect data on whale sightings. Between 2015 and 2019, more than 40 active vessels from eight shipping companies, including CSL, collected data on nearly 5,370 marine mammal sightings.

The species most commonly observed in 2019 was the minke whale, with the fin whale coming in second. Data collected by seafarers helps improve current knowledge on the conservation of whales in the Northwest Atlantic, including the Estuary and Gulf of St. Lawrence.



Digital Training and Data Collection



Navigating Whale Habitat

Working in close collaboration with WWF Canada, the Shipping Federation of Canada, CSL and other industry members, the MMON is developing a new web-based platform and training tool to allow seafarers to electronically capture whale observation data. The new digital tool to be launched in 2020 will facilitate training and the collection of observation data, including location, species and behaviour.

Improving Our Understanding of the Impact of Underwater Noise

As a known producer of anthropogenic underwater noise, the marine shipping industry has a duty to take the necessary measures to understand and mitigate the impacts of noise on marine mammals who rely on sound to reproduce, communicate, feed and navigate.

CSL has actively sought ways to reduce the noise emitted by ships, including the installation of main engines on resilient mounting and propeller boss fin caps, both of which are recommended in the IMO's 2014 Guidelines for the Reduction of Underwater Noise from Commercial Shipping.

Throughout 2019, CSL was an active participant in the development of the Canadian government's proposal to add underwater noise as a new work item on the IMO's Marine Environmental Protection Committee's (MEPC) agenda in 2020. Canada, along with Australia and the United States, will also be requesting that the IMO review the 2014 Guidelines.

In Canada, where Transport Canada is exploring Underwater Vessel Noise Management Plans (UVNMPs) to progressively reduce underwater noise, CSL stresses the importance of conducting additional research and installing acoustic stations to better understand the industry's impact and establish baseline data. Distinct noise sources vary in frequency characteristics, which have different impacts on marine species.

Marine Protected Areas

Marine protected areas are taken into consideration in CSL's marine mammal management plans for all major trading routes. These plans include sensitive whale habitats, types of species that may be encountered and what to do if a whale is sighted. These areas are also included on vessel electronic chart overlays to inform crews when a ship enters a protected zone. As per CSL requirements, no discharges, even if permitted, can be made in these sensitive areas.

Canada

Marine protected areas in Canada include Grand Manan and the Roseway Basin, the Bay of Fundy, the Gully, the Shortland/Halifax Canyons, the Saguenay Marine Park, the Gulf of St. Lawrence, the Strait of Georgia, Haro Strait and the Strait of Juan de Fuca. In 2019, Canada designated two new marine protected areas under the *Oceans Act*, the Banc-Des-Américains and the Laurentian Channel.

Europe

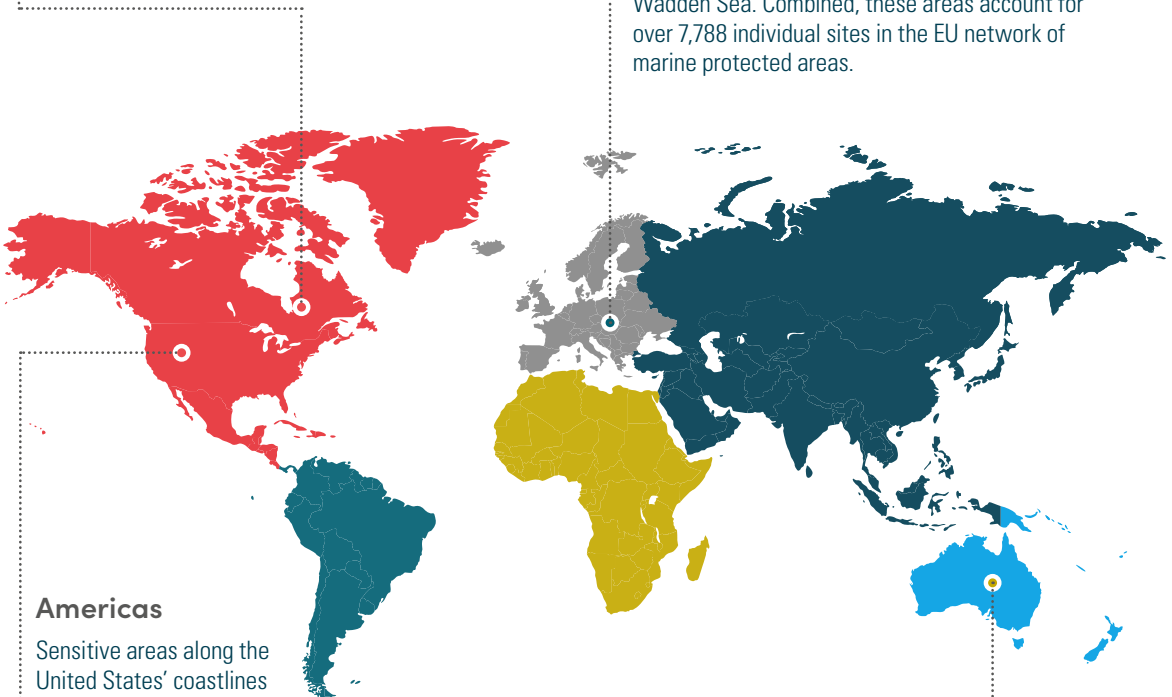
There are numerous marine protected areas in Europe. CSL's main trading zones in these areas include the Baltic Sea, the North East Atlantic Ocean, the Greater North Sea and the Wadden Sea. Combined, these areas account for over 7,788 individual sites in the EU network of marine protected areas.

Americas

Sensitive areas along the United States' coastlines 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

All of Australia's territorial sea is classified as a whale sanctuary, including notable areas such as the Great Barrier Reef Marine Park, Torres Strait and the Coral Sea.





Partnerships for the Goals

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

- World Wildlife Fund (WWF)
- Transport Canada
- Marine Mammal Observation Network
- MeRLIN
- Green Marine
- Port of Vancouver
- Fisheries and Oceans Canada
- Dalhousie University
- Université du Québec à Rimouski (UQAR) / Institut des sciences de la mer de Rimouski (ISMER)
- Innovation Maritime
- Parks Canada
- Canadian Whale Institute
- Group for Research and Education on Marine Mammals (GREMM)



Our 2030 Goal

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

Progress in 2019

- 17 oily water discharge protection units (whiteboxes) were installed, and three oily water separators upgraded
- Three ballast water treatment systems were installed in the global fleet
- 100 percent compliance with mandatory speed restriction to protect the North Atlantic right whale
- Underwater noise footprints were obtained for five 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
- Continue to participate in the North Atlantic Right Whale Working Group

Sustainable Development Goals



RESOURCE CONSERVATION AND SUPPLY CHAINS

CSL continues to make progress with its holistic approach to waste reduction and recycling, which involves the entire lifecycle process of a vessel rather than focusing solely on end-use consumption on board. Long-term relationships with partners and suppliers and a high level of collaboration and input from a variety of stakeholders are key to skillfully managing resources and minimizing our environmental footprint.





Accountable Procurement Across the Value Chain

In 2019, CSL joined IMPA ACT, a not-for-profit program developed in 2016 by the International Marine Purchasing Association to bridge the gap between sustainability and marine procurement, and to create a global standard for responsible purchasing and supplying in the shipping industry.

The core of the program is the adoption of a supplier code of conduct that details process requirements for companies wishing to embrace sustainable practices.

Since joining IMPA ACT, CSL has developed a supplier code of conduct and completed supplier assessments based on spend, dependency, frequency and known corporate social responsibility risks. At CSL's first annual Supplier Summit held in Montreal in 2019, Canada-based vendors were informed of the new compliance requirements for 2020.

IMPA ACT Six Step Process for Building a Responsible Value Chain



Responsible Ship Recycling

CSL takes a strong stance on ethical and responsible ship recycling as outlined in its Ship Recycling Policy, in effect since 2009. While some shipowners choose to sell their vessels before the end of their useful life, CSL utilizes its ships until the very end of their working life and maintains control and oversight of the ship dismantling and recycling processes. Working with ship recycling experts, CSL continually vets and audits shipyard facilities to ensure that approved yards meet all international and internal requirements.

In 2019, three vessels (*Cedarglen*, *Iron Chieftain* and *Stadacona*) were recycled at approved recycling facilities in Turkey, in compliance with the highest international QHSE standards, the IMO Hong Kong Convention, the EU Ship Recycling Regulation and CSL's Ship Recycling Policy.



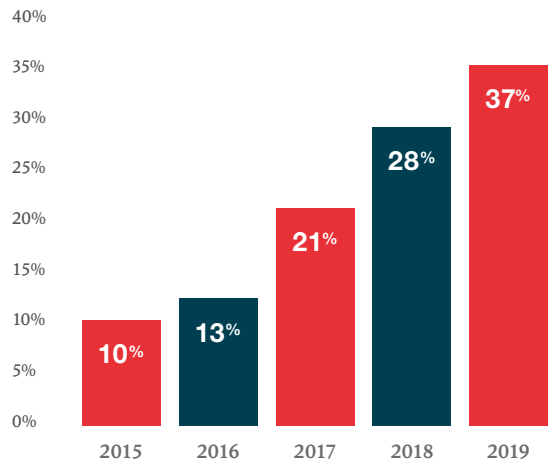
Optimizing Onboard Waste Management

CSL is committed to reducing, reusing, recycling and properly disposing of the waste produced, and this according to the principle of a circular economy. We also work closely with suppliers, waste managers and ports to identify new waste reduction opportunities.

Waste audits conducted on board CSL vessels in 2019 identified the most advantageous methods of managing waste streams to maximize safety, sustainability, cost-efficiency and onshore recovery rate. Among the technologies assessed, waste compaction combined with compost freezing proved to be the most effective and efficient process for crew members.

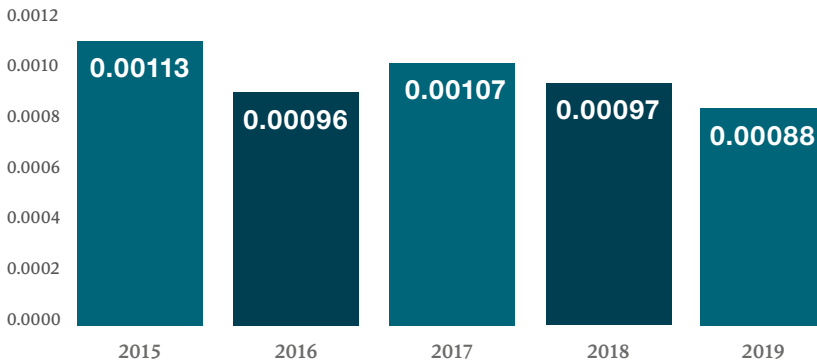
CSL is gradually moving away from waste incineration in favour of freezing organic materials and storing garbage on board. Limiting the use of incinerators will enable CSL to reach its objective of increasing the recycling rate to 50 percent of total residual materials by 2030.

Onboard Recycling as a Percentage of Total Waste



In 2019, 37 percent of total waste was recycled on CSL ships, which represents 74 percent of our 2030 Goal.

Crew-Produced Waste Per Operational Day (m³)



In 2019, CSL reduced crew-produced waste per operational day by 9 percent compared to 2018, which represents 47 percent of our 2030 Goal.



Photo: Wayne Stadler

Inventory of Hazardous Materials

Sixty-four percent of the ships in CSL's fleet currently carry an inventory of hazardous materials (IHM), which is a critical system to control hazardous materials on board and achieve compliance with the EU Ship Recycling Regulation and the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

**CSL Australia Donates
Used Mooring Lines to
Wildlife Park**

CSL Australia's Whyalla transshipment operations donated eight pallets of used mooring lines to the local Eyre Reptile & Wildlife Park.

This was the second donation of used mooring lines, which the park uses to line the maze of pathways and animal enclosures throughout its facilities.

The mooring lines are a longer lasting and more flexible option than the timber permapine posts that were previously used, and this initiative constitutes a great way to recycle a used item that would otherwise have ended up in a landfill.



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 2019

- Decreased annual total waste sent to landfills by 14 percent, bringing us to 47 percent of our 2030 goal
- Recycled 37 percent of total ship waste, which represents 74 percent of our 2030 goal
- Conducted a supplier impact assessment

Moving Forward

- Install water fountains
- Communicate supplier code of conduct to main Canadian suppliers
- Complete inventories of hazardous materials on 16 more vessels in 2020

**Sustainable
Development Goals**





TRANSFORMING THROUGH DIGITALIZATION

Over the past few years, the global maritime transportation industry has been undergoing far-reaching changes at an unprecedented pace, a phenomenon that is particularly surprising for a sector traditionally steeped in conventions and traditions.

Faced with increasing pressure to improve the efficiency and sustainability of their operations while also meeting the growing demands of sophisticated customers, shipowners like CSL are turning to new technologies and exploring the benefits of digitalization.

In 2019, CSL embarked on an ambitious digital transformation journey designed to optimize the company's business activities, customer service and fleet by 2025.







Leveraging Technology to Drive Long-Term Value

CSL's transformation journey is an integral part of our Strategic Plan. It is forward-thinking and based on a vision for CSL in 2025, when new technologies will help us address old and emerging problems, as well as work in a safer, smarter and more cost-efficient way.

Our strategy consists of integrating and leveraging digital technologies in specific areas of our business to enhance the customer experience, increase our competitive advantage and improve the way we do business.

The way we see it, we owe it to our customers to modernize our operations and infuse technology into our value proposition. We also owe it to our employees to strengthen our market position and prepare CSL for a strong, stable future.

Our Transformation Roadmap

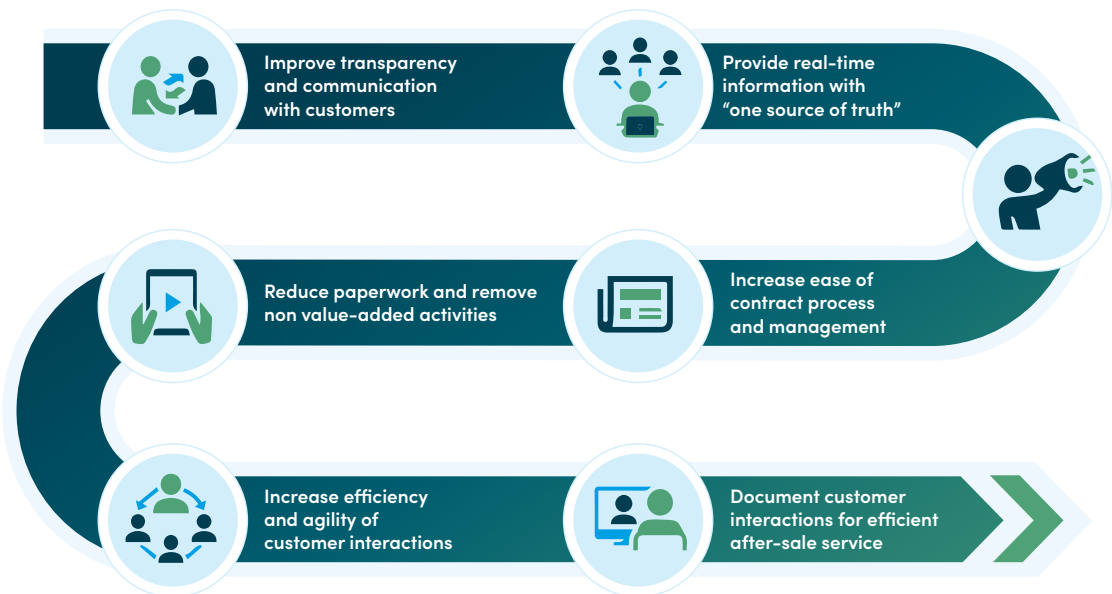
The input and collaboration of customers as well as ship and shore employees has been critical to the development of an appropriate digital strategy and roadmap for CSL that corresponds to customer needs and expectations while remaining aligned with the company's long-term strategy.

The strategy seeks to bring about progress in three main areas, as outlined below.

1. Enhance the service to our customers

By leveraging digital technologies, CSL is improving the customer experience by expanding our service offer, developing efficient and resilient supply chains and building self-service portals and direct links to real-time data.

The New Customer Journey





2. Increase fleet efficiency

The CSL-developed Operational Optimizer (O2) digital platform draws on data, automation, analytics and real-time communication to inform and improve the effectiveness of our operations in the following areas:

- Safety and compliance
- Maintenance and troubleshooting
- Performance and benchmarking
- Communication and transparency
- Voyage optimization

By expanding on O2's sensors and capabilities, we are introducing a more effective and efficient approach to managing operational and environmental performance.

3. Improve the way we work

Digital technologies represent opportunities to better integrate and exploit data and systems to improve corporate processes, enhance cross-functional collaboration and empower people.

To prioritize and manage projects that will benefit from digitalization in CSL's corporate functions, a comprehensive pipeline has been developed that ensures rigor from conception through to delivery.

**Sustainable
Development Goals**

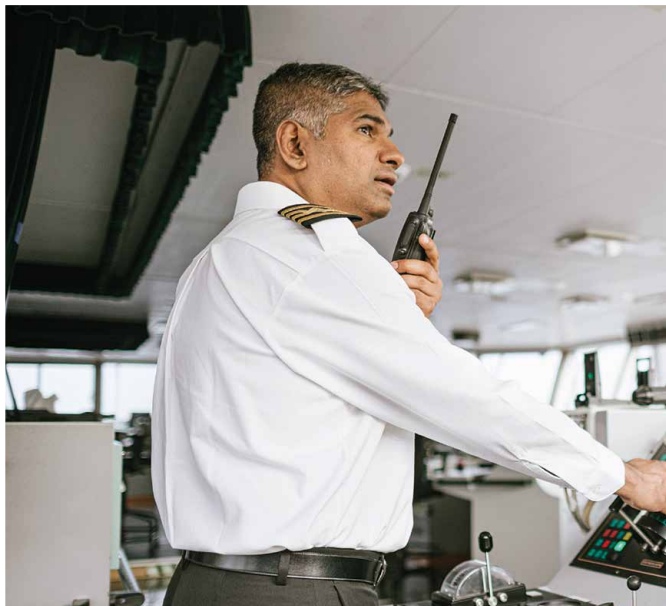


Digital Comes of Age on CSL Ships

Vessels are at the core of our operations and generate vast quantities of complex and useful information. Historically, only a small subset of vessel data has ever been available for analysis on shore, and it was mostly gathered through manual processes. The advent of O2 rattles this established naval paradigm, with all key operational systems now feeding more than 1,000 data points every five seconds to digital twins ashore.

O2 is fundamental to our transformation. With data now being conserved and easily accessible in real-time from the office, time-consuming manual processes have been simplified and tasks that could only be accomplished on vessels are now supported more efficiently by land-based resources.

O2 provides a single source of truth, which makes for better-informed and speedier decision-making. The large quantity of data gathered from vessels also opens the door to broader analytics. We are now able to create benchmarks that provide insightful and actionable information to further optimize the efficiency of our fleet and maximize the lifespan of our assets.



O2 Progress in 2019

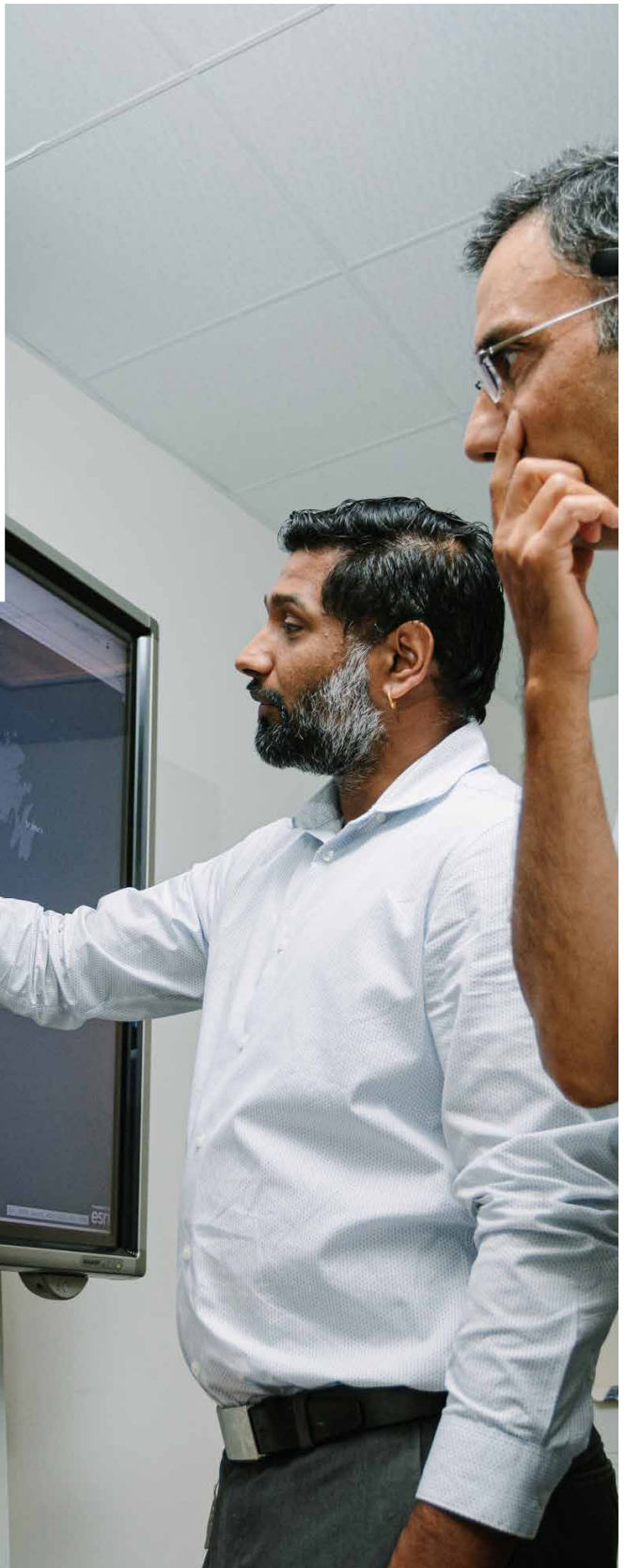
O2 System Installation on Vessels

- The system was fully installed on 17 vessels in Canada.
- The installation process is currently underway on 22 additional vessels – three in the Canada Steamship Lines fleet, eight in the CSL Americas fleet and 11 in the CSL Australia fleet.

Current Functionalities

- Crew members and office staff are connected through real-time digital dashboards.
- For the crew, O2 eases the management of environmental compliance, speed limits, pilotage, fuel efficiency, fuel sounding, ETA predictions, and management of cargo uplift.
- For office personnel, O2 provides real-time visibility via a single source of truth for vessel situational awareness, fuel remaining on board and ETA.





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, we are 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. This Code sets forth CSL’s ethical responsibilities and provides clear rules on appropriate conduct towards customers and business partners, respect for and fair treatment of employees, compliance with applicable laws, 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 violations of 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. Anonymous and confidential reports can be submitted to EthicsPoint either online or via telephone.

In 2019, 17 alleged violations of CSL’s policies and commitments were reported through the whistleblowing system and to management. Below is a summary of the complaints received and the actions subsequently 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.

@ A report can be submitted online at www.cslships.com/ethicspoint or

☎ By calling (toll-free from Canada or the United States) **866-384-4277**

Consult the web site for further instructions if calling from elsewhere in the world.

2019 WHISTLEBLOWING REPORTS AND ACTIONS

TYPE OF COMPLAINT	NUMBER OF COMPLAINTS	NUMBER OF VIOLATIONS DETECTED	NUMBER OF CORRECTIVE ACTIONS
Accounting and Auditing	0	0	0
Bribery	0	0	0
Conflict of Interest	1	0	0
Discrimination or Harassment	7	4	4
Embezzlement	0	0	0
Falsification of Contracts, Reports or Records	0	0	0
Misconduct or Inappropriate Behaviour	0	0	0
Sabotage or Vandalism	0	0	0
Substance Abuse	3	2	2
Theft	0	0	0
Unsafe Working Conditions	4	2	2
Violation of Policy	2	2	2
Violence or Threats	0	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 of CSL. In addition to observing all applicable laws, 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 these 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 CSL's business operations are corruption-free, and this through four components:

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

Now in its ninth year, the program has been comprehensively implemented and incorporated in employee training measures. It is also a key element in the regular due diligence associated with daily operations.

Anti-Corruption Manual

Adopted in 2012, CSL's Anti-Corruption Manual outlines the policies and procedures that form the company's Anti-Corruption Program, an initiative designed to counter the risk of corruption. The Manual applies to CSL and all of its officers, directors, and employees. CSL also requires that its partners, agents, and other representatives 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. CSL's Chief Legal and Compliance Officer, John Synnowich, serves as the Network's Chair.

Since its inception in 2011, MACN has grown to over 130 members globally and represents over 30 percent of the world's maritime shipping tonnage. It has become a preeminent example of an industry-led network that has chosen to take collective action to eliminate corruption within the maritime industry itself as well as across the wider supply chain.

Human Rights

CSL strictly complies with Canadian and international human rights laws and recognizes its responsibility to respect human rights principles 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, the company continually endeavours to:

- Respect human rights in all of the countries in which it operates;
- Provide fair and competitive employment terms;
- Promote equal opportunity employment;
- Treat employees fairly and according to all applicable laws and regulations.

Integrity Training

In 2019, CSL’s global shoreside employees received integrity training to increase their awareness of the dynamics and impact of corruption, and to provide them with the tools and insight necessary to identify and address risks.

Specific training was also provided to personnel working in operations and purchasing departments in all regions to reinforce the importance of CSL’s Anti-Corruption Program and the company’s zero tolerance for corruption in any form.



Our 2030 Goal	Progress in 2019	Moving Forward
<ul style="list-style-type: none">• Consistently and rigorously uphold the highest ethical standards in every aspect of the business• Ensure all employees and agents are educated and comply with policies, laws and ethical conduct	<ul style="list-style-type: none">• Took on a leadership role in the Maritime Anti-Corruption Network• Ethics training provided to all shore-based employees• Operations teams trained on the importance of strictly complying with CSL’s Anti-Corruption Program• 17 reports filed through anonymous whistleblowing were investigated, appropriately treated and reported to the Audit and Risk Committee of the Board of Directors	<ul style="list-style-type: none">• Take a leadership role in combatting corruption in all its forms, industry-wide and globally• Provide education and training on ethical conduct and legal compliance aboard vessels during the onboarding of new employees



POSITIVE WORKPLACE

Whether they are working aboard one of our vessels or on shore, people are the driving force behind CSL's determination to continuously improve its operations and customer service while focusing on "doing what's right".

The safety and wellbeing of our employees is of the utmost importance, as is fostering a diverse, inclusive and dynamic workplace that promotes collaboration and entrepreneurship, and delivers outstanding results.

Through transformative technologies and innovative approaches, in 2019, we continued to adjust our workplace in response to the changes impacting the marine transport industry and society at large. As we modernize our working environment, we are focused on improving the overall CSL work experience from recruitment onward.





Recruitment That Yields Results

Attracting a Skilled Workforce

In 2019, CSL continued developing strategies to address the skilled labour shortage facing the global shipping industry and more acutely, the Great Lakes marine transportation sector.

Working with sector associations, CSL continued to be actively involved in initiatives to promote marine careers to the next generation of seafarers, increase the number of students enrolling in seafaring programs and work on creative solutions to fill critical positions on ships.

In January 2020, CSL became a founding member of the Canadian Marine Industry Foundation, created to raise awareness of the sector and attract the skilled labour, tradespeople and accredited professionals needed to steer the industry forward.



Recruiting a talented and diverse workforce

In 2019, as part of our efforts to attract a skilled and diverse workforce in an increasingly competitive talent market, we updated our employer brand and grew our presence in maritime colleges, at career fairs and on digital media platforms.

Notably, a social media campaign aimed at critical marine-based positions increased our online visibility among targeted groups and contributed to raising awareness about CSL. Along with CSL's increased presence in academic institutions and at job fairs, these initiatives contributed to over 50 new junior officers signing on with CSL.

Transforming our Approach to Crewing

With the support of a third-party expert and the collaboration of ship and shore employees, CSL embarked on a Crewing Transformation Project in 2019 to improve how we recruit, manage and support our vessel crews in Canada.

Based on input from shore-based personnel and 92 percent of CSL vessel officers of all ranks, a future state roadmap was designed to improve workforce planning, the crewing process, career advancement opportunities and the overall seafarer experience.

The measures taken include:

- A highly visible social media recruitment campaign that places our crews front and centre;
- A strengthened collaboration with maritime colleges and academic institutions to attract, train and retain cadets and skilled seafarers;
- A training and succession planning tool to help us be more proactive when it comes to managing talent progression internally;
- A workforce planning tool to address our medium- and long-term planning needs.



Measuring Employee Engagement

Engagement on shore

Introduced in 2017, Officevibe pulse surveys continue to provide a safe channel for office employees to anonymously share insightful feedback. In 2019, 83 percent of office employees responded to the survey on a regular basis.

According to survey results, 2019 saw overall engagement rise to 73 percent (a 3 percent increase). Relationships with managers and peers were viewed by employees as representing one of the company's top engagement strengths, followed closely by their pride in working for CSL.

Improving the Employee Experience

At CSL, we strive to create a work environment where ship and shore employees can thrive and reach their full potential. In addition to our Crewing Transformation Project, 2019 saw the introduction of a series of initiatives aimed at bringing greater flexibility and balance to the workplace, and improving engagement and productivity. Thanks in part to these efforts, CSL reduced its voluntary turnover rate by 2 percent.

Achieving Work-Life Balance with Flexible Work Arrangements

One of the game-changing initiatives launched in 2019 consisted of a Flexible Work Arrangement (FWA) policy implemented in CSL offices to allow managers and employees to jointly design a work schedule that optimized both productivity and work-life balance. Within days of the policy's introduction, over one third of office employees from all CSL regions made the necessary arrangements to modify their work schedules to better fit their personal realities.

This policy, according to feedback received from employees since its introduction, has already helped boost morale and improve the physical and mental well-being of employees.



Engagement on ships

As part of the Crew Transformation Project, an engagement survey was conducted on board our ships to measure seafarers' perception of the CSL work environment. Just over half of crew members responded, providing more than 430 comments.

Survey results showed a 76 percent overall engagement score, with on board leadership and supervision being the top strengths. Crew members commented positively on their relationships with on board colleagues and the efficient management of vessel operations.

Career and development opportunities were identified as areas for improvement. Several initiatives to strengthen how we guide and accompanied our seafarers through their development and career progression are being undertaken.

Supporting A Learning Culture

As new technologies and trends continue to transform the global marine shipping industry, the need for relevant and easy to access training and development resources at all levels of the organization has never been greater.



Launch of CSL Academy

CSL Academy was created in 2019 as a one-stop-shop for all learning, training and development activities. Developed by a team of training experts, CSL Academy is supported by an online

learning portal that contains more than 200 structured learning resources grouped by area of competency. The platform also features learning communities that employees can join to accelerate their digital collaboration and productivity skills.

Crew Training

Using the database of seafarer career profiles developed in conjunction with the Crew Transformation Project, CSL created interactive dashboards to identify training priorities to improve safety and facilitate crew progression to senior onboard leadership roles. This improved visibility is a major step forward to ensuring that seafarers receive the best possible training to safely and efficiently operate our vessels and meet the needs of our customers.



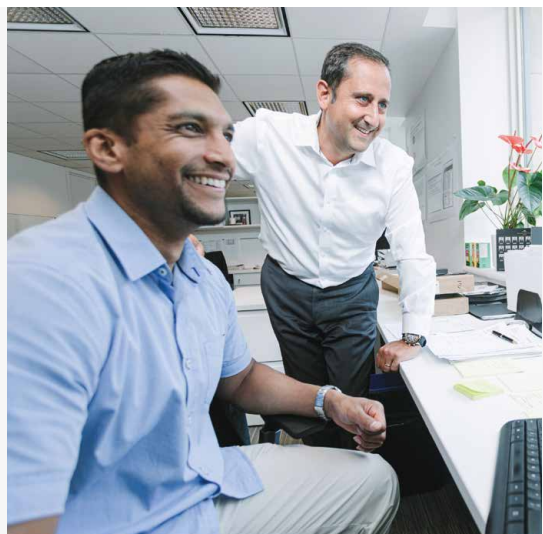
Career Progression and Mobility

CSL is a strong advocate for cross-functional and cross-regional learning and development from within. In 2019, over 17 percent of our office-based workforce benefited from career progression or mobility measures. Through promotions, lateral moves and relocations, CSL continuously seeks to offer meaningful career progression opportunities to strong performers.



CSL Named a Montreal Top Employer

For the second year in a row, CSL was named one of Montreal's Top employers in 2019, in recognition of the company's progressive employee programs, competitive compensation and benefits, and strong corporate values that feature safety, inclusion, diversity, sustainability and innovation.



Charting a Digital Course for People Management

A roadmap was established in 2019 to bring efficiencies to CSL's people function by leveraging digital technologies. A thorough assessment of HR practices and processes by external experts revealed areas that would benefit from digitalization. Among the projects initiated or slated to begin in 2020 are:

- Streamlined recruitment process;
- Centralized employee database;
- Management access to digital employee engagement results and input;
- Digital recognition platform;
- Standardized onboarding practices.



Enriching our Cadet Program

Based on the recommendations of vessel crew members, the CSL cadet program was revamped to better reflect the changing needs of the shipping industry and to attract and retain top young talent to our ships.

Incentives introduced in 2019 included completion bonuses, enhanced training opportunities and measures designed to allow cadets to gain a broader understanding of what a seafaring career represents.

Thanks in part to these new initiatives, CSL retained nearly 60 percent of graduating cadets in 2019-20 for onboard employment opportunities.



Our 2030 Goal

- Attract, select, develop and retain people with the right skillset and "fit"
- Foster employee satisfaction to enhance productivity and the customer experience
- Enhance development and growth opportunities for employees and empower them to take ownership of their career progression
- Improve employee communication and engagement

Progress in 2019

- Conducted a worldwide succession and development planning process
- Launched a flexible work arrangement policy for office employees
- Revamped the cadet onboarding program and resources
- Improved the recruitment process and related tools
- Launched the crew transformation project and delivered key initiatives
- Deployed CSL Academy and the Learning Portal
- Completed Canadian crew training needs analysis and data dashboard
- Implemented a new benefits program in Canada
- Launched a talent development program

Moving Forward

- Enhance safety training onboard CSL vessels for all Lifesaving Rules
- Empower managers to take ownership of their team's engagement
- Continue to improve crew experience through the Crewing Transformation Project
- Deploy impactful learning activities aimed at improving commercial excellence
- Centralize employee data
- Accelerate CSL succession for key positions
- Ensure health and safety is prioritized

EMPLOYEE AND COMMUNITY ENGAGEMENT

CSL is committed to being a good neighbour and an upstanding corporate citizen. That means making a positive difference in the world and being accountable for the social and environmental impacts of every one of our actions.

Our goal is to build trust in the communities and the regions in which we operate around the world, which includes fostering respectful relationships with our stakeholders and partners. Our employees are proud of the community engagement work we do and the projects we undertake, and we couldn't do it without their support.

Our corporate giving and community engagement program covers three main areas: education, the environment and social affairs (which includes arts and culture, community outreach and health and social services). Every year, CSL donates approximately 1 percent of the company's net profit (before extraordinary items) to charitable causes and disaster relief. Our employees also volunteer with various local charities and not-for-profit organizations that we support.





Supporting the New Generation of Seafarers

Thanks to a \$540,000 donation from CSL, students enrolled in Georgian College's marine programs, cadets and working mariners now have access to a new state-of-the-art advanced integrated simulator and upgraded on-site systems at the college's Owen Sound Campus.

Georgian College is one of a few institutions with this capability – and has the only integrated Kongsberg engine/navigator simulator of its kind in Canada.

"This incredible investment by CSL builds on a rich legacy of continued support. They're at the forefront of new system development and innovation and have navigated the changing face of the industry since its inception. This is why they are a renowned leader and innovator in the industry – and a perfect partner for Georgian and our highly-respected Marine Program."

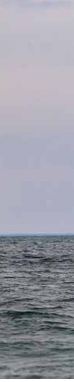
Kevin Weaver, Vice President, Academic
Georgian College



Supporting Young Seafarers

Every year, CSL encourages and supports the next generation of seafarers. We award bursaries and scholarships to select students at maritime academies and colleges around the world, including the Institut maritime du Québec, the British Columbia Institute of Technology, Nova Scotia Community College, Georgian College, the Marine Institute of Memorial University, the Massachusetts Maritime Academy, the Maine Maritime Academy, the Australian Maritime College and the Marine Society & Sea Cadets in the United Kingdom.

CSL also 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.



Protecting our Environment

Environmental stewardship is the driving force behind some of CSL's philanthropic activities. This is reflected in our commitment to supporting research, education and conservation efforts in the area of marine wildlife and habitat protection.

The initiatives and organizations CSL supports include the World Wildlife Fund (WWF), the Canadian Whale Institute, Salem Sound Coastwatch, the Group for Research and Education on Marine Mammals and the National Marine Life Center.

Coastal Cleanup 2019

CSL employees in Montreal helped to clean up the shore of Charron Island as part of the Great Canadian Shoreline Cleanup organised by Oceanwise and the WWF. As part of the volunteer effort, CSL teams collected and documented trash that included non-biodegradable items such as cigarette butts, lids, plastic, styrofoam and other items, from blankets and construction materials to hockey sticks.





Support for Whale Research and Rescue

In conjunction with the annual Marine Club Dinner, CSL hosted a casino gala evening to gather funds in support of the Canadian Whale Institute and raise awareness about whale behaviour and habitats, particularly as they relate to the shipping industry. Almost \$10,000 was raised during the evening, which CSL matched for a total donation of \$20,000.

The Canadian Whale Institute promotes stewardship amongst mariners to reduce vessel strikes and whale entanglement in commercial fishing gear. It also supports the Campobello Whale Rescue Team, which works in collaboration with the Marine Animal Response Society and Fisheries and Oceans Canada to disentangle and release entrapped whales.

Rewarding Safety and Sustainability in Australian Shipping

CSL was proud to sponsor the Safety and Environment awards at the annual Australian Maritime and Shipping Industry awards as part of its stewardship and promotion of safe and sustainable innovation in the shipping industry.

The Environmental Award was presented to HullWiper Ltd. for its innovative hull cleaning technology. Linx Cargo Care received the Safety Award for its virtual reality safety training platform that allows employees to be exposed to hazardous work situations in a 100 percent risk-free environment.

CSL was also commended in the Supply Chain Innovation & Technology award category for the CSL Australia cement carrier project. The newly converted cement vessels, which represent a seamless solution due to the fast, environmentally-sound and efficient discharge of cement at shore-based facilities, were hailed as a step forward in the Australia cement supply chain.



Committed to Our Communities

Through charitable giving and employee volunteerism, CSL supports grassroots causes such as food banks, shelters, hospitals, cultural and artistic organizations, and disaster relief.

Among the many charitable organizations CSL supported in 2019 are Moisson Montréal, The Mission to Seafarers, the Red Cross, the Ste-Justine Children's Hospital Foundation, Beverly Bootstraps, the Open Door, the Breakfast Club of Canada, the Starlight Foundation, Community Giving Tree, Berkshire Community Foundation, Kirkens Bymisjon, the Scottish Shipping Benevolent Association and the Norwegian Sea Rescue Society. CSL's charitable endeavours included financial support, fundraising and volunteerism.

Helping our Employees Help

CSL's Donations Committee establishes the annual budget for philanthropic donations and evaluates the requests it receives based on specific criteria. Every year, a portion of this budget is earmarked to match employee gifts to educational institutions and sponsorships or other fundraising efforts, and this to a maximum of \$250 CAD per employee. The program promotes the active engagement and contribution of employees to their communities.



Playing the Great Game for a Great Cause

The CSL Boomers hockey team competed in the inaugural Maritime Cup Hockey Tournament in Québec City, facing off against teams from QSL, Fednav and Groupe Océan. Proceeds from the charity hockey tournament were donated to organizations chosen by each team. CSL chose to donate its portion to the Mariners' House of Montreal, a charity that supports the needs of thousands of seafarers who visit the Port of Montreal each year.



Fourth Annual Dragon Boat Challenge Benefits Sick Kids

CSL employees took out their paddles for CSL's fourth annual *Paddle for a Purpose* Dragon Boat Challenge in support of the Ste-Justine Children's Hospital Foundation.

A series of employee-led fundraising drives including lunchtime bingo, snack and plant sales, a potluck lunch and a silent auction helped raise money for the foundation, which is dedicated to improving the health outcomes of children and mothers-to-be.

CSL Safety Innovation Earns Award

CSL was honoured to receive the prestigious Award for Safety in Bulk Handling at the International Bulk Journal (IBJ) Awards in Hamburg, Germany. The award was presented to CSL in recognition of its innovative work to improve seafarer safety when operating landing booms.

CSL's landing boom findings and improvements have been shared with the St. Lawrence Seaway Management Corporation, seafarers unions and other ship operators that service the Great Lakes and St. Lawrence Seaway to ensure greater safety throughout the industry.



Partnering with Community Food Banks

CSL's Boston office has a long history of supporting and volunteering at local food pantries and community organizations such as Beverly Bootstraps, Open Door and Community Giving Tree. In 2019, the CSL Montreal office followed suit by partnering with Moisson Montréal, a charitable organization that picks up sundry donations (mostly food and essential items) and distributes them to community organizations on the Island of Montreal. CSL has committed to donating \$50,000 per year for a three-year period.

Last year, Moisson Montréal distributed 15.6 million kilos of foodstuffs and other basic products worth close to \$86 million to 257 community organizations, which in turn helped 74,369 people, 35.8 percent of whom were children. For every dollar it receives, Moisson Montréal is able to donate \$15 worth of food thanks to a vast network of over 12,000 volunteers.





4,863 Clicks to Help Kids in our Communities

Since 2014, CSL has celebrated the holiday season by giving back to the communities in which we operate. For every click on our holiday e-card, we donate to a local children's charity selected by CSL employees in each operating region.

This year's holiday e-card, which featured life on board a CSL ship during the holiday season, received a record-breaking 4,863 views. The total donation of \$10,000 was distributed among the following not-for-profit organizations: Community Giving Tree (CSL Americas), the Red Cross (CSL Australia/Asia), the Breakfast Club of Canada (Canada Steamship Lines) and the Children's Hospital of Bergen (CSL Europe).

In 2019, the Breakfast Club of Canada issued a Certificate of Excellence to CSL in recognition of the \$21,500 donated by the company over the last four years.



Winter Clothing Drive for the Waywayseecappo Community School

In collaboration with the Martin Family Initiative, CSL employees held a winter clothing drive to provide coats, boots, sweaters, snow suits and other clothing items to keep kids at the Waywayseecappo Community School in Manitoba warm throughout the winter.

Our 2030 Goal

- Seek, identify and support causes that enrich lives, improve our environment and create opportunities for communities to thrive
- Donate approximately 1 percent of net profit (before extraordinary items) to charitable organizations

Progress in 2019

- Donated 1 percent of net profit (before extraordinary items)
- Donated \$540,000 to Georgian College for a state-of-the-art simulator
- Committed \$150,000 (over three years) to Moisson Montréal
- Sponsored Safety and Environment awards in Australia

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**

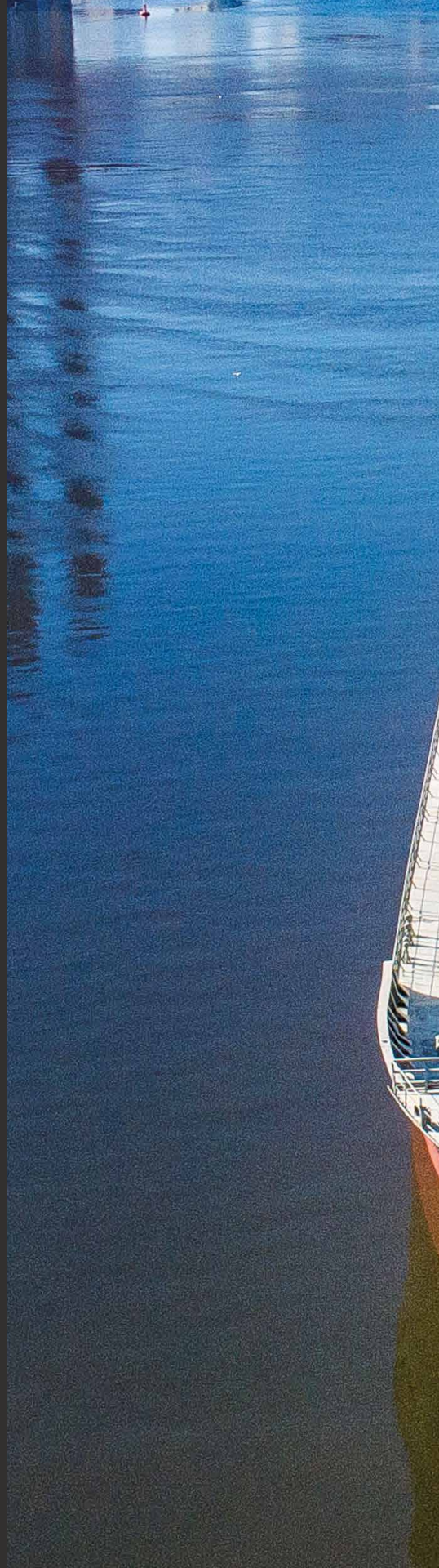


CREATING VALUE FOR OUR CUSTOMERS

At CSL, we hold the firm conviction that no two voyages are the same. That's why our team makes it a priority to understand the business needs of our customers and develop the tailored solution that will best allow them to reach their objectives.

These solutions can take many forms: developing a marine transportation plan that adds value to a client's supply chain, adapting to ensure we remain operational in the most challenging conditions or even designing a ship to meet stringent standards.

Through it all, one thing is clear: the very foundation of our commitment to customers is to provide our services in the most sustainable, efficient and reliable way possible, with the highest regard for safety and environmental responsibility.





Customer Solutions

The High Water Challenge in the Great Lakes

CSL strives to bring forward innovative solutions to complex problems. When record-high water levels threatened to disrupt our clients’ value chains, we did just that.

In the spring and summer of 2019, many areas along the shores of Lake Ontario experienced extreme flooding due to above-normal precipitation. The only way to bring water levels down, other than waiting for seasonal warm weather, is to increase the flow of water from Lake Ontario through the Moses-Saunders dam and into the St. Lawrence River. However, opening the dam beyond the “L-limit” creates such strong currents that ships cannot operate in the area. This type of interruption to navigation could have damaging impacts on the supply chains of customers.

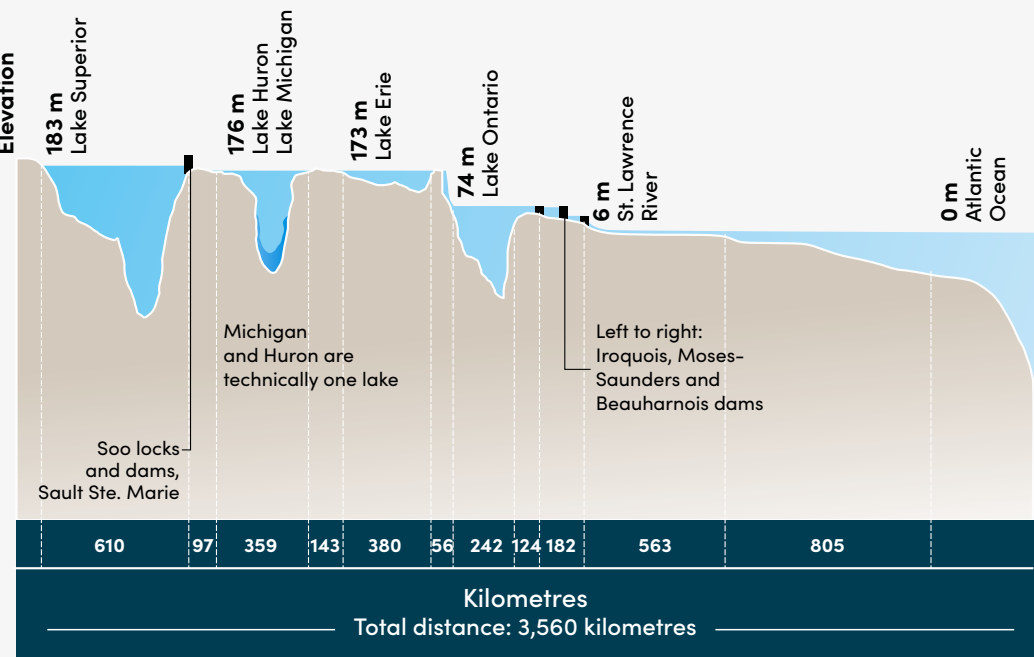
CSL worked closely with different levels of governments on an appropriate response plan. By self-imposing speed restrictions, we were able to diminish the wake caused by our ships. We were also able to demonstrate the importance of maintaining a reliable shipping corridor.

Since then, CSL has continued to collaborate with government officials and Seaway authorities to find ways of avoiding a similar situation in the future.

CSL HIGH WATER RESPONSE PLAN
SELF-IMPOSED SPEED LIMITATION
TUG ASSISTANCE
LOAD LIMITS
TRAFFIC CONTROL MEASURES

Great Lakes Water System

The Great Lakes are a single connected body of water, flowing from west to east. Water flows from one lake to another, and eventually gathers in the St. Lawrence River before flowing into the Atlantic Ocean.



Drawing not to scale. Vertical elevations are exaggerated.

Source: Michigan Sea Grant



Monaco Land Reclamation Project

In 2019, CSL's self-unloading bulkers *MV Tertnes* and *MV CSL Rhine* completed Monaco's ambitious Portier Cove land reclamation project. The innovative use of CSL's self-unloading vessels proved to be the most efficient way of transporting large quantities of aggregates to the construction site with minimal disruption to the surrounding community.

Sustainability was also a key priority of the project, and every effort was made to protect the marine environment and biodiversity.

Tertnes and *CSL Rhine* discharged 10,000 tonnes of cargo with every load, which is the equivalent of approximately 1,000 truckloads. Over the duration of the project, the two CSL vessels handled 400,000 tonnes, or the equivalent of over 40,000 truckloads.

A video of the operation can be viewed on CSL's website at [cslships.com](https://www.cslships.com).

Tailor-Made Vessel Solutions

An essential element of CSL's business approach is the development of customized purpose-built solutions designed to serve the specific needs of our customers.

In 2019, CSL took delivery of three new converted 28,000 DWT cement carriers in Australia – *Kondili*, *Akuna* and *Wyuna* – and three 4,200 DWT newbuild cement carriers in Europe – *Aalborg White*, *Kongsdal* and *Norden*.

In addition to welcoming these six new additions to the fleet, CSL also undertook a series of projects in 2019 to improve logistic reliability and efficiency for customers.

CSL Australia

CSL purchased a bulk carrier for conversion into a hybrid self-unloader. Upon completion, the new vessel will service coastal customers in Australia, replacing third party chartered vessels.

CSL Europe

The CSL/Hartmann joint venture began construction of two 40,000 DWT self-unloading vessels. Upon completion, the two sister ships will set new standards in efficiency and provide vital capacity for the Mibau-Stema group's quarries in Norway.

CSL Americas

CSL purchased two bulk carriers, built in 2015, which will be converted into self-unloaders for use in the CSL Americas fleet. The two sister Kamsarmax vessels will be equipped with greater lift capacity and be more fuel-efficient compared to the rest of the fleet. Once delivered, the vessels will further optimize CSL's trade capacity. These converted ships will be of great value to clients on the West Coast of the United States, as they will exceed the stringent air emission regulations in the fast-growing Los Angeles market.

How do you truck in 400,000 tonnes of material through one of Europe's most densely populated cities, without significant increases in traffic, noise and CO₂ levels?

You don't. You rely on a CSL ship.

CSL-Engineered Vessel Conversions Transform High Efficiency Cement Carriers



In September 2017, CSL began a conversion program to transform three geared bulk carriers into 28,000 DWT pneumatic self-unloading cement carriers. The program was completed in April 2019 with the delivery of the new Kondili, Akuna and Wyuna, which are now operating along the Australian coast. A video of the conversion can be viewed on CSL's website at cslships.com.

In April 2019, CSL completed a two-year conversion program that culminated in the delivery of three high-performing pneumatic self-unloading cement carriers, *Kondili*, *Akuna* and *Wyuna*. The vessels have been a welcome addition to our customers' supply chains and are now operating successfully on the Australian coast.

Over the last five years, our cement customers have been focusing on optimizing their maritime distribution networks and the transportation of powder cement and fly ash under long-term contracts and shoreside investments. This shift led to a need for more specialized and sustainable vessels.

CSL acknowledged this change and responded by designing, engineering and delivering three pneumatic cement vessels built to be interchangeable between trade routes and customer facilities, thereby ensuring constant logistics support.

Because the ships operate in high-density residential areas, careful consideration was given to the design and engineering of the discharge systems, with a special focus on dust control and noise suppression. For both CSL and our customers, it was of vital importance that the vessels operate as silently and cleanly as possible near coastal communities.

Notably, the seamless connection of pneumatic hoses from the vessel to customers' shoreside facilities allows for discharging cement and fly ash directly into silos with no dust or airborne loss of product.

CSL's customers value the reliability, efficiency and environmentally friendly nature of these vessels. The project also demonstrates CSL's agility and expertise in developing sustainable solutions within community environments.

CSL-Eureka Newbuild Cement Carriers Performing Above Expectations

Between May and November 2019, three 4,200 DWT cement carriers were successfully delivered to the CSL-Eureka joint venture – *Aalborg White*, *Kongsdal* and *Norden*.

The vessels, specifically designed to transport cargo from Danish cement-producing company Aalborg Portland's facilities to ports in Western Europe, feature modern cargo handling systems and benefits such as improved speed and reduced fuel consumption.

Since their addition to the fleet, the vessels have been performing above specifications, carrying 100 tonnes more per voyage than expected.



Safe and Sustainable Solutions

As an integral part of its customers' supply chains, CSL makes every effort to find responsible and sustainable solutions that contribute to reducing its environmental impacts and the overall footprint of the marine shipping industry.

Greener Shipping, Greener Customer

CSL is actively exploring ways to enable greener transportation. The successful marine biofuel trial conducted in 2019 on board MV *Atlantic Huron* paved the way for further testing.

Optimizing Vessel Operations and Scheduling

CSL's Operational Optimizer (O2) data-gathering and real-time metrics system was successfully installed on vessels in the Canadian fleet, generating improved fleet reliability and efficiency. The refinement of CSL's vessel scheduling optimization platform also promotes more accurate planning and a decrease in ship down times.



Preventing and Mitigating Fire Risk

CSL globally launched the Fire Integrated Risk Mitigation (FiRM) project to enhance its ability to prevent, detect and suppress fires through engineered solutions. With an anticipated completion in 2023, FiRM's goal is to mitigate the risk of fire on board, ensure a safe working environment for crew members and minimize supply chain interruptions for customers.

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 through efficiency, innovation and continuous improvement
- Position customers for the future through advocacy and partnerships

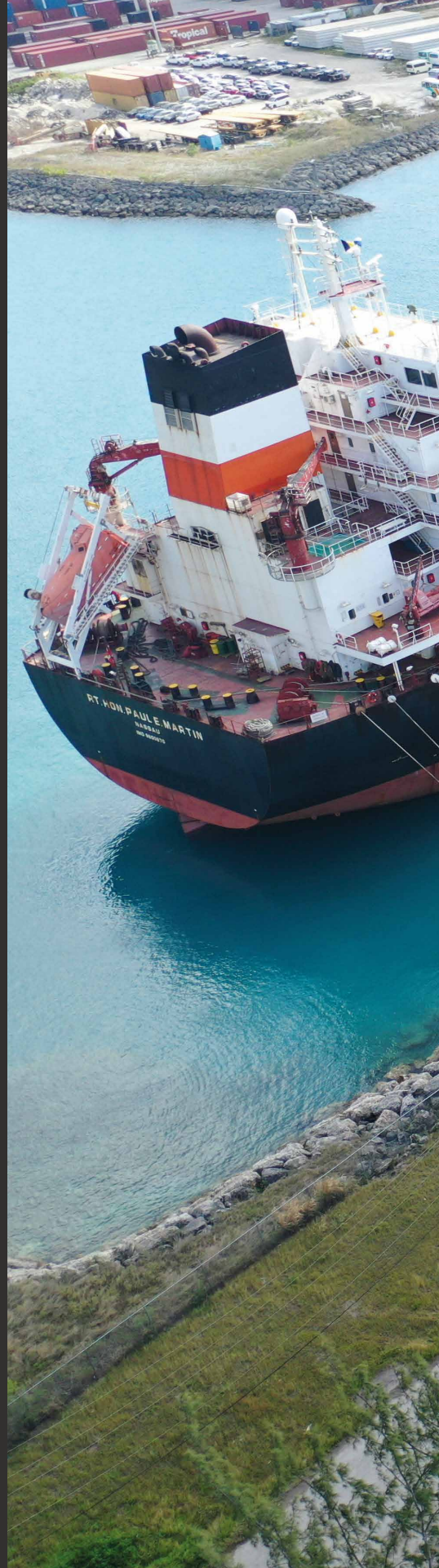
Progress in 2019

- Improved our capacity to develop tailored solutions that exceed client requirements through a collaborative approach
- Led advocacy initiatives to ensure a thriving marine transportation industry that responds to evolving customer needs
- Designed and invested in a newer and increasingly sustainable global fleet
- Delivered six vessels to meet customers' specific requirements
- Began four newbuild and conversion projects
- Conducted a first biofuel test
- Advanced O2 and scheduling optimizer development, data collection and optimization
- Deployed FiRM project to prevent and mitigate vessel fires, and minimize potential supply chain interruptions

Moving Forward

- 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
- Improve logistical efficiency and reduce environmental footprint: greener transportation = greener customer

ANNEXES





HEALTH AND SAFETY PERFORMANCE

	2016	2017	2018	2019	CHANGE	COMMENTS
Hours Worked (millions)	7.2	7.1	7.5	8.2	+9%	Exposure hours are the total number of hours worked by all ship and shore employees. They do not include hours worked by contractors.
Lost-Time Injuries (LTI)	10	14	13	13	0%	Includes CSL employees only
Total Recordable Cases	38	59	53	63	+19%	Includes CSL employees only
Lost-Time Injury Frequency Rate	1.4	2.0	1.7	1.6	-6%	Per million hours worked
Total Recordable Case Frequency Rate	5.3	8.4	7.0	7.4	+6%	Per million hours worked
Fatalities	0	0	1	0	-100%	

All safety data applies to CSL employees only, they do not include contractor hours worked or injuries.

Our Environmental Performance

Every year, CSL measures its environmental performance based on goals and targets established through our environmental management system. In 2019, our regional targets were aligned under our long-term 2030 environmental vision goals for air, water and resource use.

2019 Environmental Targets and Results

	TARGET 2030 VISION	ACHIEVEMENT
AIR	Achieve 35% reduction in gCO ₂ eq/tonne-mile by 2030**	93% of target
	Achieve 95% reduction in percentage of sulphur in total fuel consumed by 2030*	51% of target
WATER	Achieve zero oil spills	7 minor spills, all less than 10 litres
	Pursue ballast water and biofouling mitigation technologies and solutions	3 systems installed
RESOURCE USE	Reduce shipboard waste m ³ /ave crew/operational day by 75% by 2030*	71% of target
	Recycle 50% of total shipboard waste by 2030*	60% of target
* Compared to 2010 baseline		
** Compared to 2005 baseline		

Green Marine Performance

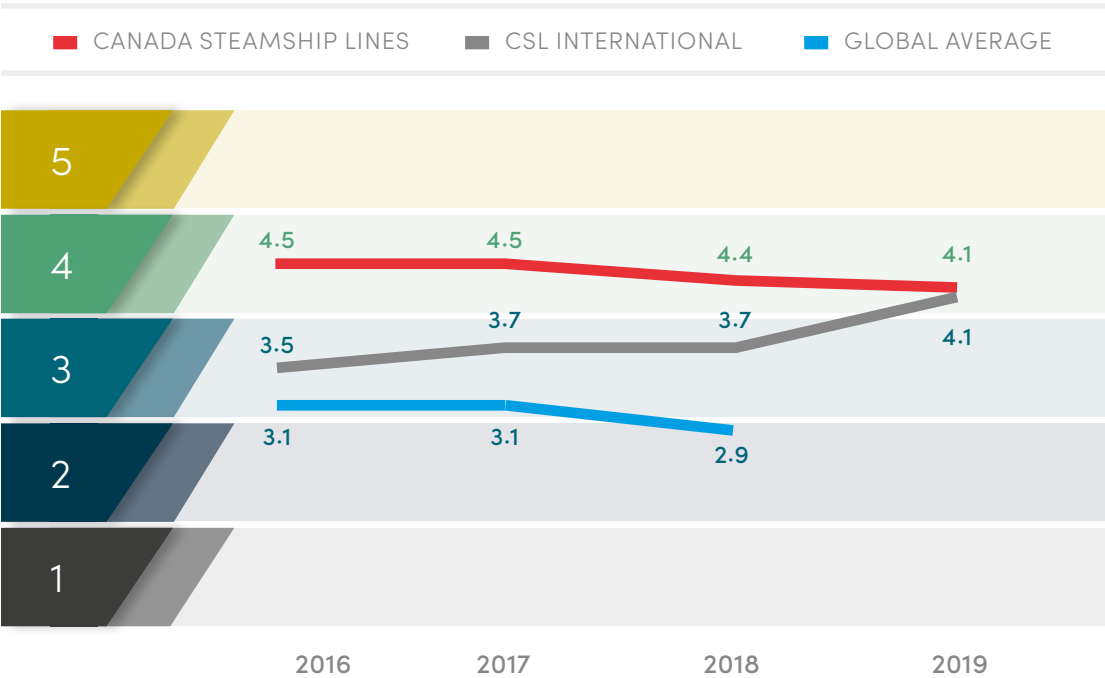
The Green Marine environmental certification program, of which CSL is a founding member, has been helping North American shipping companies improve their environmental performance since 2008. Every year the program reevaluates criteria and ensures the levels for each indicator remain ahead of applicable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

CSL is proud to report that in 2019, Canada Steamship Lines and CSL International continued to be among the top performing participants in the program and both obtained a Level Five for the waste management indicator, attesting to our efforts to reduce waste and increase recycling.

Despite more stringent criteria, CSL International achieved a Level Five for three of the indicators in 2019, and was ranked as a top performing participant in the Greenhouse Gases category.

Canada Steamship Lines dropped down one level for the Pollutant Air Emissions (SO_x and PM) performance indicator due to the addition of a new criterion requiring a reduction in particulate matter emissions of 75 percent or more for a vessel.

Finally, CSL applauds the introduction in 2020 of the new Ship Recycling performance indicator. In 2019, CSL actively participated in a number of in-depth consultations on the development of the indicator, which will measure ship recycling based on associated health, safety and environmental impacts.



PERFORMANCE LEVELS

5
Excellence
and leadership

4
Introduction
of new
technologies

3
Management
plan and
footprint
measurement

2
Systematic use
of a defined
number of best
practices

1
Monitoring
of regulations

2019 Environmental Footprint

2015-2019 PERFORMANCE

FUEL & GHG	2015	2016	2017	2018	2019
Total fuel (tonnes)	145,596	177,067	185,103	183,316	154,152
Heavy fuel oil (tonnes)	102,602	127,113	134,036	127,280	123,264
Marine gas oil (tonnes)	42,994	49,954	51,066	56,035	68,233
CO ₂ eq net g/tonne-nm (excluding ballast) ¹	10.59	10.50	9.91	10.25	9.86
CO ₂ eq gross g/tonne-nm (including total voyage)	17.78	18.58	17.26	19.13	17.42
CO ₂ eq gross k/tonne (including ballast) ²	448	523	570	621	571

OTHER AIR EMISSIONS	2015	2016	2017	2018	2019
NO _x (tonnes)	10,473	14,231	17,281	12,802	13,350
NO _x (kg/tonne-fuel)	73.0	80.8	93.4	70.3	64.1
Particulate Matter (PM) (tonnes) ³	710	848	750	812	566
Sulphur (tonnes)	2,736	2,481	2,455	2,895	2,123
Fuel Sulphur Average (%)	1.91%	1.41%	1.33%	1.59%	1.17%

WASTE	2015	2016	2017	2018	2019
Garbage (m ³)	5,241	4,579	4,881	3,979	4,074
Garbage (m ³ /ops day)	0.44	0.37	0.38	0.32	0.31
Recycling (m ³)	538	584	763	928	1,099
% recycling of total waste	10.3%	12.8%	21.1%	28.0%	37.0%
Organic (m ³)	31.0	32.75	62.50	101.30	290.0
Bilge produced (m ³)	12,429	10,230	10,977	13,020	7,232
Sludge produced (m ³)	2,877	2,390	2,942	3,373	3,354
% sludge per fuel quantity (m ³ /tonne-fuel)	2.0%	1.36%	1.59%	1.85%	1.85%

POLLUTION	2015	2016	2017	2018	2019
Total oil spills (#)	6	3	5	6	7
Total oil spills (litres)	154.10	16.10	13.25	3.55	17.55

¹ Net CO₂eq does not include voyages in ballast

² Gross CO₂eq includes fuel consumed in the ballast and loaded voyages

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

Global Reporting Initiative Index

This is the fifth year CSL has used the Global Reporting Initiatives disclosures. The guidelines cover an organization's 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, Environmental and Social sections for 2019 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 https://www.cslships.com/en/our-values/corporate-sustainability-report
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 6 – 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 71 – Value for Customers: purchase of three vessels in 2019 and the commencement of the construction of two vessels for the CSL–Hastmann Joint Venture in Europe
102-12	External initiatives	Page 14 – Green Marine Page 15 – UN Sustainable Development Goals Page 22 – HiLo Maritime Risk Management Page 26 – Trident Alliance Page 33 – Whale protection initiative with multiple partners Page 40 – IMPA ACT Page 53 – Marine Anti-Corruption Network Page 53 – UN Global Compact
102-13	Association memberships	CSL is a member of the following industry associations: <ul style="list-style-type: none"> • 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 • Armateurs du Saint-Laurent, Canada

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
STRATEGY		
102-14	Statement from senior decision-maker	Page 5 – Message from the CEO
102-15	Key impacts, risks, and opportunities	Page 12 – Materiality Mapping
ETHICS & INTEGRITY		
102-16	Values, principles, standards and norms of behavior	https://www.cslships.com/en/our-company/about-us
102-17	Mechanisms for advice and concerns about ethics	Page 52 – EthicsPoint Hotline
GOVERNANCE		
102-18	Governance Structure	Page 8 – Corporate Governance
102-21	Consulting stakeholders on economic, environmental and social topics	Page 12 - Materiality Mapping
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
102-29	Identifying and managing economic, environmental, and social impacts	Page 10 – Sustainability Governance
102-31	Review of economic, environmental and social topics	The Sustainability Committee of the Board of Directors meets twice annually where a review of impacts, risks and opportunities related to economic, environmental and social topics takes place.
102-32	Highest governance body's role in sustainability reporting	The Sustainability Committee of the Board of Directors formally reviews the sustainability report annually.
REPORTING PRACTICE		
102-50	Reporting period	CSL Group Corporate Sustainability Report 2019 – calendar year
102-51	Date of most recent report	Annual – previous year 2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding this report	All queries should be directed through the CSL website at www.cslships.com .

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
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 80 – Global Reporting Initiative Index

200: ECONOMIC STANDARDS

ANTI-CORRUPTION

205-2	Communication and training about anti-corruption policies and procedures	Page 54 – Integrity training
205-3	Confirmed incidents of corruption and actions taken	Page 52 – Whistleblowing Reports and Actions

300: ENVIRONMENTAL STANDARDS

ENERGY

302-1	Energy consumption within the organization	Page 79 – Environmental Footprint – Fuel & GHG
302-3	Energy Intensity	Page 79 – Environmental Footprint – Fuel & GHG
302-4	Reduction of energy consumption	Page 79 – Environmental Footprint – Fuel & GHG
302-5	Reductions in energy requirements of products and services	Page 79 – Environmental Footprint – Fuel & GHG

BIODIVERSITY

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 36 – Marine Protected Areas
304-2	Significant impacts of activities, products, and services on biodiversity	Page 30 – Protecting Biodiversity and Ecosystems Page 79 – Environmental Footprint

EMISSIONS

305-1	Direct (Scope 1) GHG emissions	Page 79 – Environmental Footprint – Fuel & GHG
305-4	GHG emissions intensity	Page 79 – Environmental Footprint – Fuel & GHG
305-5	Reduction in GHG emissions	Page 79 – Environmental Footprint – Fuel & GHG
305-6	Emissions of ozone-depleting substances (ODS)	Page 79 – Environmental Footprint – Fuel & GHG
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Page 79 – Environmental Footprint – Other Air Emissions

DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OR EXPLANATION
EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	Page 79 – Environmental Footprint - Waste
306-3	Significant spills	Page 79 – Environmental Footprint - Pollution
ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	No environmental fines or sanctions were issued during the reporting period.
400: SOCIAL STANDARDS		
OCCUPATIONAL HEALTH AND SAFETY		
403-1	Occupational health and safety management system	CSL operates and maintain a Safety Management System compliance with the International Safety Management (ISM) Code.
403-4	Worker participation, consultation and communication on occupational health and safety	Page 19 – All Hands on SafePartners
403-5	Worker training on occupational health and safety	Page 19 – All Hands on SafePartners: ship visitor training and safety masterclass for management staff Page 22 – Landing Boom Page 60 – Crew Training
403-6	Promotion of worker health	All CSL shipboard and office employees have access to an Employee Assistance Program (EAP). Australia and Asia: Hunterlink Canada, USA, Norway, UK: Morneau Shepell UK: Unum
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 19 – All Hands on SafePartners
403-8	Workers covered by an occupational health and safety management system	CSL's safety management system applies to all seafaring employees. CSL is in the process of developing the safety management system to cover all shore-based employees.
403-9	Work-related injuries	Page 19 – Health and Safety Risks Page 76 – Health and Safety Performance



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.

