

An aerial photograph of a large offshore supply ship, likely a T-ESV, sailing on a deep blue ocean. The ship has a red hull and a white superstructure. It is equipped with various deck cranes, including a large derrick crane, and several large storage tanks. The ship is moving towards the bottom right, leaving a white wake. The text "CORPORATE SUSTAINABILITY REPORT 2015" is overlaid in the top right corner.

# CORPORATE SUSTAINABILITY REPORT 2015







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## ABOUT THIS REPORT

At CSL, we are committed to conducting our operations in accordance with the highest standards of corporate social responsibility. We believe being socially responsible is not only the right thing to do, it is 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 progress in advancing a performance-based sustainability culture and embracing internationally recognized best practices in measurement and reporting.

As part of this process, CSL has selected Global Reporting Initiative's G4 Sustainability Reporting Guidelines as a reference and guide to prepare our Corporate Sustainability Report. GRI's holistic framework and triple-bottom-line approach provide a comprehensive roadmap to help us more effectively measure our performance and benchmark ourselves against companies in our own industry and beyond.

By understanding the impacts of our business from both a social and environmental perspective, we believe we can take the necessary steps towards creating a sound future for our people, our environment and our industry.

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

# REPORT HIGHLIGHTS

## SAFETY ABOVE ALL

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- The combined efforts of our SafePartners Program, our new safety strategy, our Lifesaving Rules and a stronger safety culture resulted in a 53 percent reduction in our lost-time injury rate and a 54 percent reduction in our total recordable frequency rate.

## ENVIRONMENTAL SUSTAINABILITY

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### AIR QUALITY

- Due to operational improvements and rightsizing our fleet, we have reduced our CO<sub>2</sub> emissions by 25,903 tonnes since 2012, and 6,250 tonnes in the last year alone.

### BIODIVERSITY AND ECOSYSTEMS

- The OceanSaver ballast water treatment system was tested on the *Sheila Ann* for USCG type approval.
- CSL crew members received whale identification training to support marine research.

### MARINE POLLUTION AND WASTE

- Five vessels were responsibly recycled in compliance with international regulations and with CSL's own rigorous Ship Recycling Policy.
- Sludge production to fuel burn decreased by 0.5 percent.

### ENVIRONMENTAL MANAGEMENT SYSTEMS

- CSL Americas and CSL Australia showed remarkable improvements in their Green Marine program performance, achieving 3.83 and 3 respectively. Canada Steamship Lines emerged as a top performer, with a score of 4.57. CSL Europe joined the program in 2015 and achieved a respectable first-year score of 2.8.

## CORPORATE ETHICS

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- Anonymous whistleblowers reported a total of 15 alleged breaches of CSL policies and commitments. We investigated all reports, reported back to the Audit Committee, and addressed them appropriately.

## POSITIVE WORKPLACE

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- The consolidation of ship and shore operations in Australia saw the transfer of 267 employees to CSL.
- We deployed global and local action plans in response to feedback we received in the CSL Employee Engagement Survey.

## EMPLOYEE AND COMMUNITY ENGAGEMENT

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- Donations exceeded the targeted goal of one percent of net profit before extraordinary items.
- The Red Cross recognized CSL Americas as a Workplace Hero.
- CSL Australia became the sponsor of the CSL Australia Environmental Transport of the Year Award.

## VALUE FOR CUSTOMERS

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- The arrival of *CSL St-Laurent* marked the final step in the Trillium Class newbuild program and the acquisition of the Trillium Class *CSL Tarantau* (previously *Balto*) brought the newbuild fleet to ten ships.
- Lloyd's List named CSL the 2015 Inland/Coastal Lakes Operator of the Year.





## MESSAGE FROM THE CEO

Times are tough in the shipping sector and in many of our customers' industries. Oversupply in steel, coal, iron ore, oil and cement is keeping prices low and margins thin. The shipping industry is the hardest hit of all. Most dry bulk ships on the spot market are not even covering their operating costs, not to mention earning any return on invested capital. In this pressurized environment, everyone's focus is on cutting costs. CSL is no different. Throughout the organization, we are focusing on productivity, efficiency, waste elimination and just plain cost reduction. This process is healthy and CSL will emerge a leaner and tighter organization when these cyclical markets recover.

In any cost management program, there is a danger that some cutbacks will be too deep and compromise safety, the environment, the development of our employees and our social responsibilities. It is one thing to reduce the price paid for spare parts through efficient buying. It is another to defer planned maintenance to "save" operating costs. CSL is focused on smart cost reduction. In fact, we believe our unwavering commitment to safety and to reducing our environmental footprint is accelerating our cost effectiveness and improving employee engagement.

Safety and environmental stewardship are core CSL values that we will never compromise. We believe that being green and safe not only saves lives and our environment, it is good business. In a highly intensive operation like CSL's, lost time accidents and unplanned downtime are some of the biggest impediments to productivity. Taking the time to plan work, assess risks and plan voyages saves time and money. At the same time, inefficient fuel and power use increase emissions and overhead. By improving fuel efficiency and the environmental performance of our ships, we reduce costs and our footprint.

Despite the downturn in the industrial markets we serve, CSL is in good financial condition. Our diversified business base provides good insulation against the turmoil in any one market segment. CSL has the capacity to continue to operate to its own high standards, no matter the length and depth of the market crisis. We want all of our stakeholders to know that we will not waver in our commitments to operate our business in a safe, ethical and environmentally friendly manner, to invest in the development of our employees, and to contribute to our communities in a meaningful way.

To better communicate these commitments to our stakeholders, we have decided to change how we track and report our performance by moving towards the internationally recognized Global Reporting Index (GRI) voluntary reporting framework. Beginning with the 2015 Corporate Sustainability Report, we have identified a series of GRI indicators that we believe elevate our sustainability reporting practices. The complete list of GRI indicators disclosed by CSL is published at the end of this report.

A handwritten signature in black ink, appearing to read "Rod Jones", with a stylized flourish at the end.

Rod Jones  
President and CEO, The CSL Group



## CSL AT A GLANCE

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

Through our five major operating divisions, 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 transshipment solutions.

We currently operate a fleet of 62 vessels, including 53 self-unloaders, seven bulkers, and two transshipment platforms. In 2015, we completed the Trillium Class newbuild program, which produced a total of 11 state-of-the-art self-unloaders and bulk carriers for CSL’s Canadian and international fleets.

In FY 2015 (March 31, 2015), CSL transported more than 78 million tonnes of dry bulk commodities for customers throughout the world. Typical commodities moved include aggregates, cement, coal, gypsum, iron ore, salt and wheat.

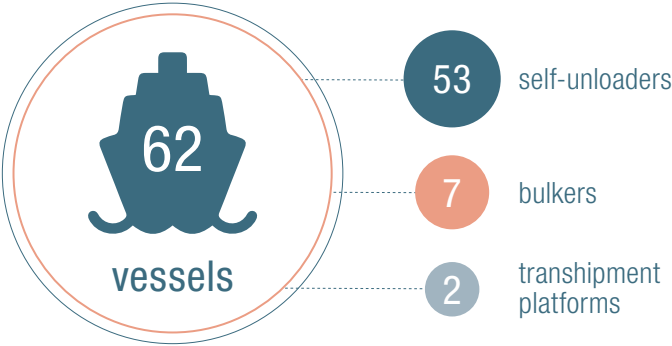
Approximately 90 percent of our revenue is generated from long-term contracts with customers. Contracts range in duration between 1 and 20 years.

We employ approximately 1,000 people globally in a wide range of positions, both on board our ships and in shore-based functions. We are committed to the well-being 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.





LEGEND



# CORPORATE GOVERNANCE

An executive team headquartered in Montreal, along with managing directors in each of our five principal operating divisions, manage CSL.

A ten member independent Board of Directors that includes the three shareholders, the CEO and six independent directors, oversees company management. In addition to overseeing the business affairs of the Company, the Board of Directors advises our management team on CSL's strategic and operational direction.

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

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

## CSL BOARD OF DIRECTORS



**Professor David R. Beatty**, C.M., O.B.E. is Chair and CEO of Beatinvest Ltd. and a Director of the Clarkson Centre for Business Ethics and Board Effectiveness. He was the founding Managing Director of the Canadian Coalition for Good Governance, founding Chair of Orogen Minerals Ltd., Chair and CEO of Old Canada Investment Corp. and President of Weston Foods.



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



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



**Rod Jones** has been the President and CEO of The CSL Group since April 1<sup>st</sup>, 2008, and has been with CSL for over 30 years. Mr. Jones led the team that launched CSL Americas, and under his leadership, CSL's international operations have expanded to Australia, Asia, Europe and Africa. Prior to CSL, Mr. Jones held management positions at Van Ommeren and Navios Corp.



**William (Bill) Linton** was the Executive VP Finance and CFO of Rogers Communications and President and CEO of Call-Net Enterprises Inc. He has been Chair and CEO of Prior Data Sciences Inc. and Executive VP and CFO of SHL Systemhouse Inc. Mr. Linton currently serves as a Director of TMX Group.





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



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



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



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



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

## CSL AUSTRALIA ADVISORY BOARD



**Greig Gailey** is Independent Non-Executive Director at Caltex Australia Ltd., Chair at ConnectEast Group and at Horizon Roads Holdings Pty Ltd. He is on the Board of Directors at Caltex Australia Ltd., Victorian Opera Co. Ltd. and Energy & Minerals Institute UWA. Greg Gailey was previously Director and VP at Business Council of Australia and CEO at Zinifex Ltd. He also served on the board at Australian Davos Connection Ltd.



**Lindsay Tanner** is a former member of the Australian Government, serving as Minister for Finance and Deregulation. He was appointed as a Vice Chancellor's Fellow and Adjunct Professor at Victoria University, and a special adviser to Lazard Australia. In 2011, the Chartered Institute of Procurement and Supply (CIPS) granted him an Honorary Fellowship (FCIPS), the first bestowed outside the UK.

# SAFETY ABOVE ALL

The safety of our seafarers, our employees and anyone who comes into contact with our vessels is unequivocally the most important priority at CSL. It is the first and foremost consideration in every decision we make and top of mind in every action we take.

Our Zero Harm approach means everyone at CSL should get through their workday without suffering an injury, whether they work at sea or on shore. Our safety philosophy also applies to our customers, our suppliers, the communities that share waterways with our ships, and the people who live and work at or near the facilities where we operate.

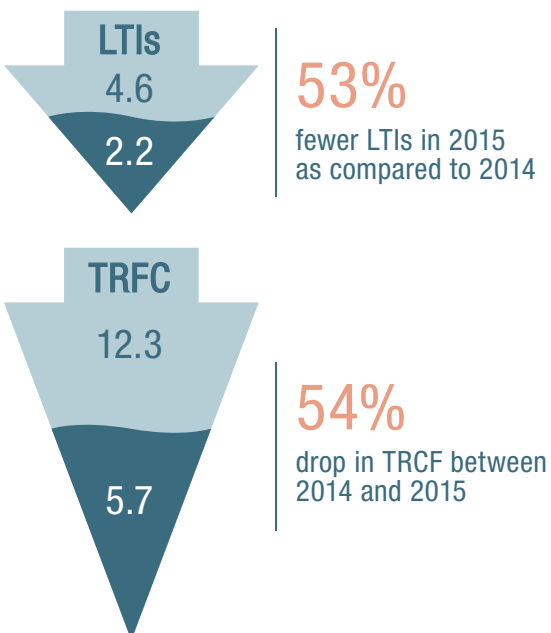
## MEASURING OUR SAFETY PERFORMANCE

In the past year, the combined efforts of our home-grown SafePartners program, a new safety strategy, rigorous lifesaving rules and procedures, and, most importantly, a workforce with a heightened safety consciousness, have all contributed to the achievement of our best safety performance yet.

In 2015, CSL's lost-time injury frequency rate (LTIFR), which refers to the number of times an employee is unable to carry out his duties due to a work-related injury, improved by 53 percent, as compared to 2014, dropping from 4.6 to 2.2 LTIs per million hours worked.

Our total recordable case frequency (TRCF), which measures the number of fatalities, lost-time injuries, restricted work cases and other injuries requiring medical treatment, dropped by 54 percent, from 12.3 recordable injuries per million hours worked in 2014 to 5.7 in 2015.

We are encouraged by the steady decline in LTI and TRC frequency rates, which attests to the resolve of our employees and the effectiveness of our safety program.



But even one person injured is one too many, which is why we are intensifying our efforts to build a world-class safety culture that is inclusive and sustainable.

## ENHANCING OUR SAFETY PROGRAM

As a result of a thorough review of our internal safety requirements, we introduced the CSL Safety Management System (SMS) in 2015 as part of a three-year Group Safety Strategy. The safety standards set out in the SMS correspond to the fundamental and non-negotiable obligations required to protect our people consistently throughout our operations. The standards apply to all CSL employees and contractors.

Launched in a phased roll-out in 2015, the SMS provides the foundation building block for a renewed focus on safety leadership and accountability, and for improving the management of high-risk activities.

## LEADING BY EXAMPLE

Safety leadership is a vital pillar of our safety philosophy, with ship and shore managers playing key roles in influencing the health and safety of their employees. Managers make the decisions that affect working conditions, the nature of tasks, functional demands and the availability of support, all of which contribute to the level of safety at CSL.

Accordingly, managers must provide pro-active safety leadership and exhibit exemplary behaviour that visibly demonstrate CSL's commitment to a safe and accident-free workplace. They must also own and be held accountable for safety performance, a responsibility that we emphasized in 2015.

Throughout CSL's divisions, we held a series of workshops to better equip our management teams to fulfil CSL's safety requirements and expectations. The sessions served to reinforce our managers' critical role in empowering their teams toward safety excellence and ensuring that safety policies and procedures are clearly understood and rigorously enforced.



## CSL LIFESAVING RULES

Marine transportation is inherently dangerous and poses extreme risks that must be clearly understood and effectively managed. Failure to do so leads, all too often, to workplace accidents that can have disastrous consequences on our people and their families.

To tackle these challenges, in 2015 CSL implemented Lifesaving Rules that apply to the six high-risk activities identified as being the most likely to result in life-threatening accidents. These rules set out what crew members and employees need to know and do to perform these activities safely and to prevent serious injury or fatality.

Not only do CSL's rules go beyond the regulatory framework, they set out clear and simple procedures that aim to eliminate any potential for error when taking on high-risk tasks. As such, CSL's uncompromising commitment to the Lifesaving Rules is intended to protect people.

We launched an awareness campaign on the Lifesaving Rules throughout CSL and gave training on specific rules at crew conferences and in all fleets. We also assessed current lifesaving equipment on vessels and put a program in place to standardize and upgrade dated equipment to best-in-class gear.

In Canada, where maintenance and repair work is conducted on vessels during the winter lay-up, contractors are also subject to standards and procedures set out in the Lifesaving Rules.

## SIGNIFICANT SAFETY MILESTONES

Among the many outstanding safety achievements reached in 2015, CSL Australia's crane crew tops the list with eight consecutive years without a lost time injury. FOTP *Derawan* reached five years LTI-free while *CSL Thames*, *CSL Brisbane* and *CSL Rhine* achieved four years without an LTI.

Both *CSL Whyalla* and *Stadacona* reached three years of operation without an LTI, along with *CSL Trimnes* and *CSL Clyde*. *CSL Metis* achieved 1,000 consecutive days LTI-free, while the crews of Trillium Class vessels *Thunder Bay* and *Whitefish Bay* received silver safety pennants for achieving 730 days without an LTI.

These outstanding achievements demonstrate a high level of commitment by CSL crews to maintain safe operations in a hazardous work environment.



## LIFESAVING RULES



### Confined Space

Entry is not permitted unless you are qualified and have a confined space permit.



### Hoisting and Lifting

Always use certified lifting equipment and never stand under a suspended load.



### Energy Isolation

Always remove and isolate energy before beginning work on equipment.



### Working at Heights

Height safety equipment is required when working within two metres of an unprotected edge higher than 1.8 metres.



### Machine Safety

Never bypass or interfere with safety devices or machine guarding. Never remove guarding unless isolation is in place.



### Mooring Safety

Never stand in snapback zones or mooring line bights when mooring lines are under tension.

*"A safe workplace provides confidence when you're still learning the ropes. Team work and safety are one and the same. Good planning and effective communication will get the job done right. By including everyone we cover all the risks."*

**Eoin Bosley**  
Deck Cadet, *CSL Thevenard*



## PERFORMANCE-BASED TRAINING

All seafarers are required to undergo a variety of training to comply with international and local regulations. CSL goes above and beyond these legal requirements by conducting training programs aimed at providing vessel crews with the necessary skills to perform their jobs safely and effectively.

From cadets to senior officers, CSL seafarers of all ranks underwent safety training in 2015 to develop or refresh the vital knowledge and skills necessary to recognize and mitigate workplace hazards. Among the many ongoing training programs regularly carried out by CSL are:

- Cadet training and orientation
- High-risk activity training
- Human Element Leadership and Management (HELM)
- Maritime occupational health and safety
- Conveyor systems maintenance
- Risk management and accident investigation

## ACCIDENT INVESTIGATION

Investigation allows us to uncover the root causes of an accident and identify the corrective measures to prevent a similar event from occurring. CSL made it a priority in 2015 to train qualified accident investigation specialists and implement a pro-active approach to reporting lead indicators such as near-misses and unsafe acts and conditions.

CSL Australia led the way with the training of seven accident investigators to support the accident management process. As a priority, training will continue throughout all divisions in 2016.

To further enhance our ability to eliminate risks, we will also add high-potential occurrences to our key performance indicators next year and will investigate them thoroughly. High-potential occurrences are safety accidents during which a fatality, explosion, fire, toxic release or exposure, grounding or collision could have occurred.



## MITIGATING HUMAN ERROR

A mainstay of CSL's safety training is the HELM program, which educates seafarers and employees worldwide on the root causes of human error and how to mitigate them. In Canada, where the course was first launched in 2012 as part of the SafePartners program, a follow-up mentorship program was put in place to ensure HELM principles are being applied in day-to-day shipboard operations. During ship visits, HELM mentors observe operations and coach crew members on how to better identify and cope with factors such as fatigue, work overload and stress, which can influence performance and lead to mistakes.



## GETTING OUR PARTNERS ON BOARD WITH SAFETY

CSL's comprehensive approach to safety extends to our partners who work on board our ships, including contractors and subcontractor employees who must follow and respect our safety procedures.

To ensure a safe and environmentally responsible workplace and to maximize efficiency and operational excellence, CSL provides suppliers with the information and tools necessary to comply with our high safety and environmental standards. In Canada, a video covering safety protocols, guidelines and procedures is available on CSL's website and is mandatory viewing for all contractors and subcontractor employees.

## PREPARING FOR THE UNEXPECTED

Conducting safety drills and simulations is an essential part of CSL's Safety Management System and a mandatory requirement of the International Convention for the Safety of Life at Sea (SOLAS) and flag states. We regularly test emergency response procedures to ensure our seafarers have the necessary skills and equipment to manage all types of crises and to identify areas for improvement.

On any given day, week or month, each CSL vessel will carry out a series of mandatory drills, inspections and maintenance activities to test everything from man overboard and confined space rescue to fires, groundings and spills.

In addition to mandatory drills, CSL carries out in-house nominated drills as part of the Lifesaving Rules, training agenda, internal ship management requirements and the CSL Crisis Response Manual.

## INNOVATING FOR DOCKSIDE SAFETY

A new shore brow and pivot platform that CSL designed is helping bridge a safety gap at Port Waratah in New South Wales. The brow, which ensures a more secure connection between *Iron Chieftain's* accommodation ladder and the wharf, conforms to Australian Maritime Safety Authority requirements and was developed in consultation with the Port Waratah Coal Services Terminal.



## CSL EARNS CUSTOMER SAFETY AWARDS

CSL Australia earned two Arrium Excellence Awards for our efforts to eliminate tripping, falling and manual handling hazards. *CSL Whyalla* won the Safety Contractor Initiative for the automatic mooring system that was installed at the inner and outer transhipment berths in Whyalla, Australia. The system features line hangers that eliminate the risks to crew members working with heavy mooring lines.

CSL Transhipment was also named the winner of Arrium's Workplace Improvement Initiative. The transhipment team won for its installation of soft lines to replace heavy towing wires and its retraining of crew members to safely connect and disconnect tow lines.



OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Achieve zero harm.</li> <li>◦ Promote CSL Safety Policy.</li> <li>◦ Deploy Phase One of the safety management system.</li> <li>◦ Implement safety standards and procedures, including the Lifesaving Rules.</li> <li>◦ Develop accident investigation and root cause analysis skills, and leverage findings to prevent reoccurrences.</li> <li>◦ Improve management of hazardous conditions and unsafe behaviours.</li> <li>◦ Provide training to successfully implement Lifesaving Rules.</li> <li>◦ Conduct safety training tailored to divisional needs.</li> <li>◦ Improve communication and information-sharing across divisions.</li> <li>◦ Carry out emergency drills twice a year in all divisions.</li> <li>◦ Improve, upgrade and renew equipment for safe operations.</li> <li>◦ Integrate world-class safety best practices.</li> </ul>	<ul style="list-style-type: none"> <li>◦ LTI and TRC frequency rates decreased.</li> <li>◦ Phase One of the SMS was developed and deployed, including the Safety Policy.</li> <li>◦ Divisional gap analyses were conducted for implementation of standards and the Lifesaving Rules.</li> <li>◦ Specialists were trained in accident investigation.</li> <li>◦ CSL Australia upgraded the seafarers' Code of Conduct in vessel management system.</li> <li>◦ Lifesaving Rules training was initiated with ship and shore personnel.</li> <li>◦ Safety training was conducted during crew conferences.</li> <li>◦ Accommodation upgrades were completed to improve quality of life on board.</li> <li>◦ World-class safety best practices were integrated in CSL's safety management system.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Work toward achieving zero harm.</li> <li>◦ Continue rollout of safety strategy.</li> <li>◦ Pursue implementation of Phase One of the SMS within technical operations.</li> <li>◦ Continue implementation of Lifesaving Rules and management standards.</li> <li>◦ Improve incident investigations and corrective actions, and enhance tools to leverage findings.</li> <li>◦ Implement procedures to manage hazardous conditions and unsafe behaviours.</li> <li>◦ Pursue Lifesaving Rules training for ship and shore personnel.</li> <li>◦ Develop a safety training matrix and promote a skilled workforce.</li> <li>◦ Reinforce safety governance.</li> <li>◦ Continue integrating world-class health and safety best practices.</li> <li>◦ Strengthen safety leadership through an observation program.</li> <li>◦ Introduce leading indicators.</li> <li>◦ Capture and investigate high-potential occurrences.</li> <li>◦ Implement operational risk management processes.</li> </ul>



## CSL RESPONSE

We developed the CSL Crisis Response Manual as an effective internal communication and crisis management tool. The Manual sets out the roles and responsibilities, communications flow and crisis management process to efficiently respond to crises in an orderly and timely manner.














## ENVIRONMENTAL SUSTAINABILITY: PROGRESS IN 2015

CSL's global environmental sustainability strategy has been in place since 2013 and was developed as a cross-divisional, integrated action plan. The strategy unites our worldwide operations under a clear and common vision, and harmonizes footprint reduction targets and environmental management.

In the past year, we made progress to adapt our environmental strategy to the new realities of the shipping industry. Volatile international markets, evolving sustainability priorities and game-changing legislative developments in local and global jurisdictions have prompted us to update and refresh our long-term sustainability goals.

Among the many issues we are working to address are the tightened regulations on air emissions, challenges posed by ballast water treatment systems and the impact on marine wildlife and habitats of underwater noise from shipping.

GLOBAL LONG-TERM SUSTAINABILITY GOALS	INDICATORS	STATUS
Reduce impact of CSL's shipping activities on climate change and foster a culture of energy efficiency.	Fleet efficiency is monitored and maximized.	
Foster green innovation.	Personnel and resources are allocated to work on R&D projects focused on CSL's primary environmental issues.	
Ensure procurement practices are sustainable.	A sustainability procurement team is established and tasked with putting in place sustainable, cost-efficient and environmentally friendly purchasing practices.	
Make environmental sustainability a core value of CSL employees.	A program to engage personnel and crew on sustainability issues is implemented.	
Achieve company-wide harmonization of environmental data reporting.	Environmental data is collected, reported, processed and used in a harmonized manner.	
Strengthen the credibility of CSL's environmental performance.	Performance is audited and certified according to recognized standards.	
Improve CSL's communication on environmental and sustainability issues.	The Environmental Report is expanded to include Corporate Social Responsibility issues.	



Satisfactory progress



Progress made but further work required



Little or no progress made

## ADVOCATING FOR SHORT SEA SHIPPING

Providing value to our customers through the delivery of safe, environmentally sustainable, reliable and cost-competitive shipping services is CSL's primary objective. As a short sea shipper with highly specialized vessels that operate along coasts and on waterways, we are faced with regulatory challenges from local, national and international governments and bodies that can severely impact our customers and our business.

To address these challenges and ensure a level playing field within the marine industry and with other forms of transportation, we engage in advocacy to support a sound public policy and regulatory environment for the short sea shipping industry in all markets.

Unlike ocean-going vessels, short sea ships operate along continental coastlines and rarely transit vast ocean distances. They move large volumes of cargo efficiently, safely and sustainably, with significantly fewer emissions per tonne/mile, and fewer injuries and fatalities than road and rail transportation. Short sea shipping also reduces road congestion, noise, and wear and tear on land transportation infrastructure, and contributes significantly to local and national economies through direct and indirect jobs.

The critical socio-economic role short sea shipping plays as a safe, sustainable and cost-efficient mode of transport continues to be neither fully recognized nor exploited. In partnership with industry associations and coalitions, we continue to take a leadership role in educating and engaging with governments and regulators on the unique advantages and operational realities of short sea shipping.

CSL's self-unloading ships are highly efficient and environmentally friendly vessels with vastly different operational requirements than ocean bulkers. Purpose-built to operate in short sea shipping trades, these vessels require solutions and rules tailored to their unique operating environment.

In the regulatory arena, failure to recognize the distinction between the trading patterns of short sea shipping vessels and those of ocean bulkers could jeopardize the unique economic, social and environmental advantages they offer, and the very future of short sea shipping.



### SHORT SEA TRADE REDUCES CONGESTION AND POLLUTION IN MONTREAL

In July 2015, the Trillium Class ship *Baie St. Paul* carried 269,000 tonnes of stone for the construction of Montreal's new Champlain Bridge. Performing the same work by truck would have required an estimated 9,000 truckloads or more. The operation is a great example of how short sea shipping contributes to economic development to the benefit of our communities and the environment. One ship can carry the cargo of 900 trucks and is over 500 percent more energy efficient, which means safer and healthier communities and lower infrastructure costs for taxpayers.

*"CSL is an active participant at the International Maritime Organization (IMO), within the delegate countries in which we operate and within the ship-owning delegation of the International Chamber of Shipping (ICS). Our role is to educate governments and regulators on the issues facing the short sea shipping sector and propose well-researched and rational solutions to ensure the vitality and sustainability of our sector."*

**Kirk Jones**

*Vice President, Sustainability, Government and Industry Affairs*



### CSL NAMED INLAND/COASTAL LAKES OPERATOR OF THE YEAR

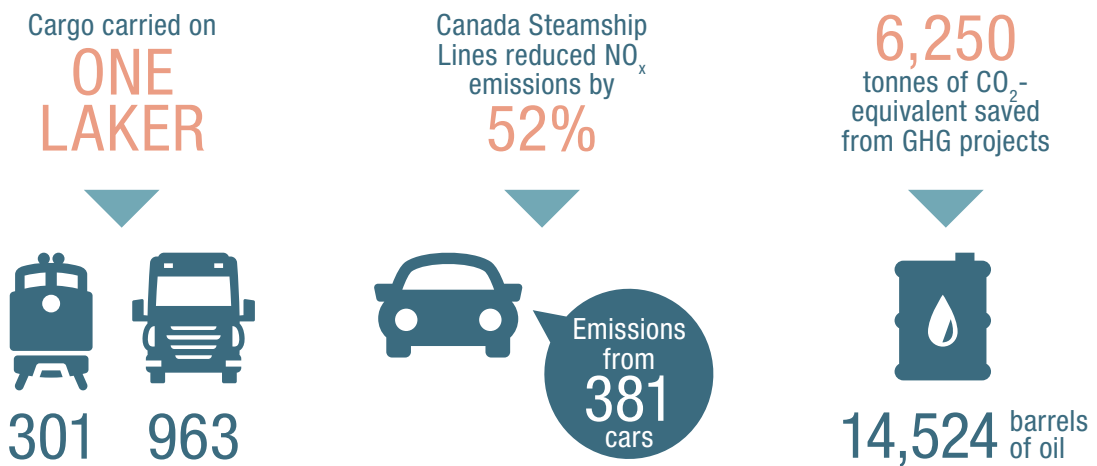
Lloyd's List recognized CSL as one of the "best and brightest" in North American shipping, winning the prestigious 2015 Inland/Coastal/Lakes Operator of the year award. This distinction acknowledges our position as the market leader in safe, efficient and environmentally responsible shipping in the Great Lakes and St. Lawrence Seaway.

## IMPROVING AIR QUALITY

It is widely recognized that marine transportation and in particular short sea shipping is the most carbon-efficient mode of moving large volumes of cargo. CSL acknowledges, however, that addressing climate change is everyone's responsibility, which is why we actively invest in technologies and pursue practices to improve the environmental performance of our operations.

In 2015, the successful integration into the fleet of our modern Trillium Class ships, along with numerous actions and initiatives to improve fuel economy and operational efficiency, resulted in significant reductions in our carbon footprint.

The centrepiece of our air quality strategy is the GHG Reduction Program, which continues to make significant strides in reducing our impact on climate change. Since 2012, the combined efforts of CSL's fleets contributed to a reduction of 25,903 tonnes of CO<sub>2</sub>-equivalent and in the last year alone, 6,250 tonnes of CO<sub>2</sub>-equivalent were avoided.

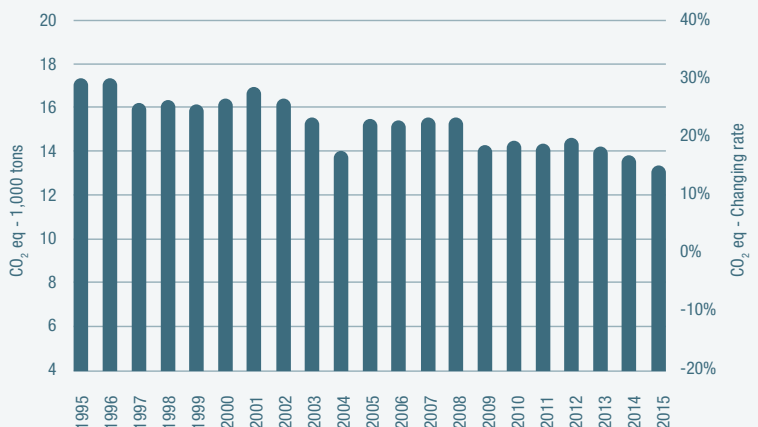


### A LEANER MORE EFFICIENT FLEET

CSL's fleet renewal program reached an important milestone in 2015. In February we welcomed the bulk carrier *CSL St-Laurent*, the last of the newbuild Trillium Class vessels, and in November we reached an agreement to acquire the Trillium Class self-unloading Panamax *Balto* (renamed *CSL Tarantau*) bringing our state-of-the-art newbuild fleet to a total of four self-unloading lakers, two bulkers and four Panamax self-unloaders.

While our new ships are equipped with advanced technologies that improve our overall operational and environmental performance, our fleet renewal program focused equally on capacity discipline and retiring older, less efficient ships. Over the course of 2015, CSL recycled a total of four vessels – *Atlantic Superior*, *Birchglén*, *Mapleglen*, *CSL Pacific* and our joint venture Marbulk recycled *Nelvana*.

### HISTORICAL TREND = CONTINUOUS PROGRESS



Voluntary reduction in fuel use intensity by the Canada Steamship Lines fleet has resulted in a 32.39 percent reduction in CO<sub>2</sub>-equivalent per 1,000 tonne-nautical miles over the past 20 years.



## 2015 GHG PROJECT HIGHLIGHTS

CSL's GHG Reduction Team is dedicated to engineering solutions to optimize the environmental performance and operational efficiency of our vessels worldwide. In collaboration with our technical teams in each division, the GHG Reduction Team conducts small- and large-scale projects, such as main engine replacements and bow modifications, with the goal of reducing our carbon footprint. Working in parallel is CSL's Global Technical Services team, which designs, tests and deploys innovative solutions that enhance performance, such as alternative fuels and clean technologies.

### Ship Energy Efficiency Management Plans (SEEMP)

In 2015, CSL Australia made operational improvements to vessel energy efficiency management plans that reduced emissions by 1,524 tonnes of CO<sub>2</sub>-equivalent. Changes included optimizing generator usage during ship loading, optimizing the boiler tube heating capacity and closing fuel oil storage tank heaters while in port.

### Fleet Distance Monitoring System Pilot

A Fleet Distance Monitoring System (FDMS) will be piloted on board CSL *Niagara* in 2016. By collecting vessel data and transferring it to the office via Internet, the FDMS allows vessel officers and managers to monitor ship performance on a real-time basis. The system monitors onboard kW consumption during various operational conditions and detects whether they are normal or not. The FDMS identifies long-term trends that help ship managers compare parameters and inform vessel crews about required adjustments to save energy.

### Improving Onboard Thermal Oil Heating

The installation of onboard thermal oil electric heaters has resulted in savings of one tonne of fuel per day, or approximately 288 tonnes of CO<sub>2</sub>-equivalent per year. The way in which the heaters are installed improves the system's power without the need to fire the auxiliary boiler. A by-pass valve prevents energy loss when the engine is stopped and is expected to save an additional 25 tonnes of fuel per year and reduce 80 tonnes of GHG emissions.

### Tunnel Timer Lights

When unloading operations are not being conducted, tunnel lights can be switched off for up to 12 hours. The installation of tunnel light timers on *Atlantic Huron* in 2015 is expected to save 4 kW to 10 kW per day and 22 tonnes of CO<sub>2</sub>-equivalent per year. CSL plans to roll out this project across the worldwide fleet, beginning in 2016.

### Small Pumps Mean Big Savings

The installation of small onboard high-pressure pumps for dust abatement and deck cooling and washing will reduce GHG emissions by 30 tonnes per year per ship. Using variable frequency drives, the smaller pump replaces the general service pump, which is oversized for these tasks.

Due to the relatively low water temperatures of the Great Lakes, Trillium Class Lakers were each outfitted with one small cooling water pump to replace the two unnecessarily large pumps in service. The smaller pumps are projected to reduce 228 tonnes of CO<sub>2</sub>-equivalent per year per vessel.

### Bow Modification on CSL *Assiniboine*

The retrofitting of rounded bilge plates on CSL *Assiniboine*'s bow in early 2015 achieved an average increase of 1.54 knots, which represents a 14-percent increase in the vessel's speed and an additional 17 days of operation per year. The rounded plates were designed to reduce the resistance that the hard chines of the ship's hull cause, by creating a rounded bow that smooths the flow of water.

CSL launched Fleet Distance Monitoring and Thermal Oil Heating projects thanks to the support of the Ministère des transports du Québec and its PETMAF program, aimed at reducing GHG emissions in the marine, air and rail industries. Financed through the Government of Québec's Green Fund, the subsidy represents 50 percent of the project costs.



## REDUCING SULPHUR EMISSIONS

Sulphur emissions from shipping activities continue to be the focus of international regulation. Over 85 percent of the CSL Global fleet operates within an emission control area (ECA), which represents a unique challenge for short sea ships that spend the majority of their voyage time entirely within an ECA.

International standards that set the maximum level of sulphur permitted for shipping fuels play an important role in reducing air pollution from the maritime sector. The current international sulphur limit allowed in shipping fuel is 3.5 percent m/m and will be reduced further to 0.5 percent m/m in January 2020. The establishment of Emission Control Areas (ECAs) covering the Baltic Sea, the North Sea, and parts of North America, including most of the U.S. and Canadian coasts, has reduced the allowable sulphur in fuel limit even further.

CSL is committed to working with industry and governments on sound solutions to reduce sulphur emissions effectively and equitably.

## FLEET AVERAGING TO REDUCE SULPHUR EMISSIONS IN NORTH AMERICA

On January 1, 2015, the allowable sulphur content limit for shipping fuel for vessels trading in the North America ECA was reduced to a maximum of 0.1 percent m/m. In anticipation of this regulation, the Fleet Averaging Program was conceived in 2009 for the Great Lakes and St. Lawrence River as a Canadian industry/government collaborative solution to implement international sulphur regulations in Canadian internal waters.

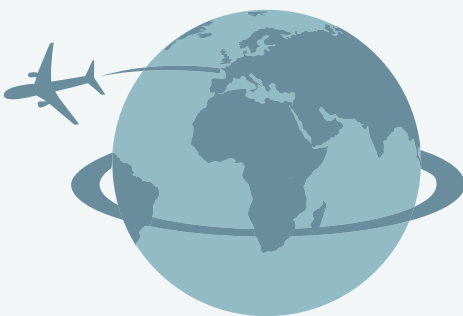
Through a system of weighted sulphur averaging for each participating fleet, the program helps to lower sulphur levels by reducing a fleet's fuel sulphur content incrementally each year. In 2015, Canada Steamship Lines continued to source and use low sulphur fuel and successfully operated below the regulatory standard for lakers under the fleet averaging regime.



## SCRUBBER TESTING ON *BAIE ST. PAUL*

In 2015, *Baie St. Paul* was retrofitted with a pilot-scale Ionada scrubber. The scrubber uses membrane technology with an alkaline aqueous solution to capture sulphur dioxide as it permeates the system. CSL conducted a series of tests in conjunction with Environment Canada to assess the scrubber's efficacy. The first step in this process was the continuous monitoring of the scrubber inlet and outlet gas flows. The development and testing of the scrubber with Ionada is ongoing.

OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Reduce the impact of shipping activities on climate change and foster a culture of energy efficiency.</li> <li>◦ Support research and promote the development and application of green technologies in the design and operation of vessels.</li> <li>◦ Promote environmental sustainability as a core CSL value, and educate and encourage employees to protect the environment.</li> </ul>	<ul style="list-style-type: none"> <li>◦ The bow of <i>CSL Assiniboine</i> was modified.</li> <li>◦ Ionada scrubber testing was conducted on board <i>Baie St. Paul</i> in collaboration with Environment Canada.</li> <li>◦ Energy efficiency audits were completed on 57 percent of the global fleet.</li> <li>◦ Four vessels were recycled as part of the fleet renewal program.</li> <li>◦ CSL's average sulphur content dropped by 1 percent.</li> <li>◦ Research into alternative fuels was conducted.</li> <li>◦ Inventory validation of NO<sub>x</sub>, SO<sub>x</sub> and particulate matter was expanded to all divisions.</li> <li>◦ Reporting on air emissions footprint from corporate air travel was initiated.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Continue the Fleet Distance Monitoring pilot project to improve data and reduce fuel consumption.</li> <li>◦ Convert fleet refrigerant systems to non-ozone depleting substances.</li> <li>◦ Complete GHG reduction projects, including: <ul style="list-style-type: none"> <li>- Tunnel timer lights</li> <li>- Service air compressors</li> <li>- Fuel oil storage tank temperature controller</li> <li>- Water heater furnace</li> </ul> </li> <li>◦ Continue to research, test and deploy new technologies and practices to reduce CO<sub>2</sub> emissions from vessels.</li> </ul>



## CORPORATE TRAVEL FOOTPRINT

In 2015, CSL's corporate air travel carbon footprint added up to 715 tonnes of CO<sub>2</sub>-equivalent. This is the first year CSL has calculated and disclosed this impact. As we continue to benchmark the impact of our corporate air travel, we will redouble our efforts to improve and offset our air travel emissions inventory across the company.



# PROTECTING BIODIVERSITY AND ECOSYSTEMS

The health of marine, coastal and estuarine ecosystems depends heavily upon the commitment of the marine transportation industry to conduct its operations responsibly and sustainably. Protecting the waterways that are home to precious wildlife and marine habitats is a fundamental responsibility that we have as principal users of the world's oceans, rivers and lakes.

Key issues on CSL's radar in 2015 included controlling the transfer of aquatic invasive species from ballast water, reducing ship-related underwater noise, and supporting research to protect critical habitats and species at risk.

## BALLAST WATER

Adopted in 2004, the International Convention for the Control and Management of Ships' Ballast Water and Sediments establishes standards and procedures to manage the spread of invasive species through ballast water transfer. In anticipation of its entry into force, CSL continues to explore and test effective mitigation strategies and solutions.

### OceanSaver System Tested on *Sheila Ann*

In early 2015, the OceanSaver ballast water treatment system (BWTS) was installed and tested on *Sheila Ann* for U.S. Coast Guard (USCG)-type approval. Three out of six tests were completed in 2015, and the remaining two tests will be conducted before June 2016.

OceanSaver is one of the few systems that can manage and treat the 4,000 to 5,000 tonnes per hour flow of water that a CSL self unloader generates. The system employs a combination of filtration and disinfection. Seawater is pumped into the ship and passes through an automatic back-flushing filter equipped with a 40-micron screen. Organic matter above 40 microns is kept out and automatically refushed.

A small portion of the filtered water is then passed through a charged membrane. The resulting chemical reaction produces chlorine that is re-injected into the main flow to eliminate any remaining organisms.

If OceanSaver is successful in meeting the rigorous standards of the USCG and the Environmental Protection Agency, it could be the very first ballast water treatment system to be type-approved by the USCG.

### Supporting Ballast Water Research in the Great Lakes

Within the Great Lakes and St. Lawrence Seaway system, lakes and rivers are naturally linked in one interconnected system. Aquatic organisms that exist in one part of the system could migrate to another part on their own or via natural and/or man-made means.

Finding a solution to this lake-to-lake transfer of invasive species continues to challenge shipowners operating in the cold waters of the Great Lakes, due to the lack of proven and approved ballast water technology.

In 2015, the CSL-supported Ballast Water Research and Technical Evaluation Project and Fund, established by the Canadian Shipowners Association (CSA), undertook an invasive species risk transfer project. Leveraging previous CSA studies, the objective of the project is to identify the best mitigation measures and ballast water management options by evaluating the latest data on species in the region and identifying non-indigenous species that may be candidates for potential transfer. Phase One of the study is being conducted in partnership with the University of Toronto's Department of Biological Sciences.

## FRESHWATER HEALTH ASSESSMENT OF THE ST. LAWRENCE RIVER

CSL partnered with the World Wildlife Fund in 2015 to support the Freshwater Health Assessment, a scientific study to assess the health of the St. Lawrence River system. With input from leading hydrologists, biologists, ecologists and other experts, the health of watersheds was evaluated based on water quality, biodiversity, water flow and ecological disturbance.

Fifty percent of Canadian watersheds were scored over the course of the study and seven key threats were identified: habitat loss, fragmentation, over-allocation, pollution, invasive species, climate change and water infrastructure.

The Assessment will provide strategic direction for local action to conserve and restore watersheds nationwide. Study results can be viewed on interactive watershed maps on the WWF website.

## PARTICULARLY SENSITIVE SEA AREAS ALONG CSL TRADING ROUTES

CSL's ships trade all over the world, including within the Particularly Sensitive Sea Areas (PSSA) that the International Maritime Organization has identified for their ecological, socio-economic or scientific importance. The map below shows the CSL trade routes that coincide with the PSSAs. In addition to these internationally recognized sensitive areas, CSL operates

within strictly regulated areas of local environmental significance, such as the Spencer Gulf in South Australia, which is home to an important local prawn population. A zero discharge policy applies to CSL vessels operating in the Spencer Gulf, and regular underwater environmental monitoring surveys are conducted to monitor the health of the seabed.



### OPERATING IN THE GREAT BARRIER REEF

Australia's Great Barrier Reef (GBR) is the world's largest coral reef ecosystem and, along with its designation as a United Nations world heritage area, became the first PSSA in 1990. CSL vessels transiting through the GBR must do so within a designated shipping area. By limiting vessel traffic to two well-defined lanes, the route system reduces the risk of collisions and groundings.

## BELUGA TAGGING PROJECT

CSL supported field research that the Group for Research and Education on Marine Mammals (GREMM) conducted on the endangered St. Lawrence belugas. For the first time, six adult male belugas were tagged at sea to detect their winter migration patterns. The data collected will inform decisions on habitat protection and marine planning to ensure the long-term survival of the St. Lawrence belugas.



OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Support research and promote the development and application of effective green technologies in the design and operation of CSL vessels.</li> <li>◦ Increase environmental awareness and educate and encourage CSL employees to protect the environment.</li> <li>◦ Support research on the impact of shipping on marine mammals and ecosystems.</li> </ul>	<ul style="list-style-type: none"> <li>◦ The OceanSaver ballast water treatment system trial was completed on <i>Sheila Ann</i>.</li> <li>◦ Whale identification training was conducted on <i>Salarium</i> in partnership with ROMM.</li> <li>◦ CSL supported and participated in the Ballast Water Research and Technical Evaluation Project and Fund.</li> <li>◦ Ballast water and Biofouling Management Plans were adopted across all divisions.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Continue investigating technologies and solutions to address the risk of transfer of invasive species via ballast water.</li> <li>◦ Investigate underwater noise propagation from vessels.</li> <li>◦ Collaborate with Parks Canada to collect vessel speed data in the Saguenay protected area.</li> <li>◦ Continue to train crew in whale identification and data collection, and promote the NOAA Right Whale Guidance among the North American fleet.</li> <li>◦ Continue to support the CSA's Ballast Water Research and Technical Evaluation Project on AIS transfer potential risks and technical assessment tool.</li> </ul>



## ROMM WHALE SIGHTING STUDY

In 2015, CSL partnered with the *Réseau d'observation des mammifères marins* (ROMM) to record marine mammal sightings by vessel crews and advance scientific research in whale behaviour.

An expert from ROMM trained crew members on *Salarium* on how to categorize and record the whale observation data. Scientists value the information CSL crews gather because it contains a large quantity of new data on whales, often in zones the scientific community rarely covers. In addition to participating in the whale-sighting study, CSL has voluntarily committed to reducing the speed of its vessels in areas containing a large number of whales.



## SUPPORTING UNDERWATER NOISE RESEARCH IN BRITISH COLUMBIA

Quiet ocean coastlines are vital for marine species that use sound to navigate, forage for food and find mates. To help us understand and mitigate the impact of noise pollution on critical habitats and whales, CSL is supporting WWF research in British Columbia.

In the past year, WWF worked with local partners, Cetacea Lab and the Gitga'at First Nation, to complete the installation of a hydrophone network near Gill Island on B.C.'s North Coast. The hydrophones will record whale sounds and underwater noise from ships to locate and track the source of the sounds, providing baseline data about whale activity and shipping noise in the region.

On the South Coast, which is home to 82 endangered killer whales, WWF has been working with industry partners such as CSL to advance best practices for mitigating noise around this population's critical habitat.



## REDUCING MARINE POLLUTION AND WASTE

Marine pollution and waste, including spills, oily water, bilge, sludge, garbage and cargo residues that the marine transportation industry generate, can have devastating impacts on marine fauna and habitats, and on affected communities and economies.

In the past year, CSL's global efforts to minimize marine discharges have focused on increasing the use of environmentally friendly lubricants and chemicals, reducing ship-generated garbage and waste, and increasing recycling efforts across the fleet. These initiatives are having a noticeable impact on CSL's overall footprint, resulting in such achievements as a 50-percent decrease in ship-generated garbage across the fleet and a marked reduction in sludge production per tonne of fuel consumed.

### RESPONSIBLE SHIP RECYCLING

As part of CSL's fleet optimization and capacity management programs, five vessels were retired from the fleet in 2015 – *CSL Pacific*, *CSL Superior*, *CSL Nelvana*, *Birchglen* and *Mapleglen*. Dismantling of the vessels was conducted in full compliance with international rules and regulations, and with CSL's own rigorous ship recycling policy, which sets out the procedures and practices for a safe and environmentally responsible recycling process.

Prior to departure, vessels were pre-cleaned and certified with a Green Passport, in accordance with IMO Guidelines on Ship Recycling. Shipyards were carefully vetted and screened to ensure ISO 9001, ISO 14001 and OHSAS 18001 certification and compliance with international environmental convention standards for the movement and disposal of hazardous waste. Each selected shipyard provided CSL with a ship recycling plan confirming that hazardous waste would be properly removed and disposed of, and that workers would receive appropriate training.

During the dismantling process, steel is recovered and recycled for second-hand use. Non-reusable materials such as asbestos, mercury, lead, refrigerants, electrical equipment, fuel and chemical products are recovered and treated to eliminate any negative impact on the environment.

To comply with regulations and dispose of sewage using best practice procedures, all CSL vessels are equipped with onboard sewage treatment plants. In addition, Trillium Class vessels in CSL's Great Lakes fleet have put in place procedures to discharge all blackwater through a shore contractor.

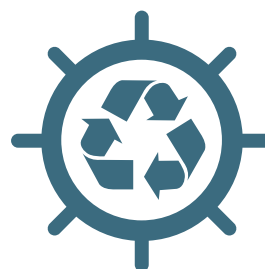
### STREAMLINING GARBAGE MANAGEMENT AND DISPOSAL

The consolidation of garbage disposal services under a single contractor is helping CSL's Australian fleet reduce its ecological footprint through improved recycling and oversight. Under the new system, launched in July 2015, the fleet increased onboard recycling by 13 percent. Using a single contractor allows for greater oversight of the waste disposal process and for more detailed reporting on waste streams and disposal methods.

Since 2011, ship-generated garbage on CSL's Great Lakes fleet decreased by 28 percent, and garbage recycling increased by an astounding 113 percent. Among the many initiatives launched to reduce waste, CSL has engaged with contractors and suppliers to lessen the amount of packaging in products coming on board. Shipboard incineration is also trending down, as ships are increasingly disposing of garbage ashore.

### REDUCING SEWAGE POLLUTION

Discharges of ship-generated sewage or "blackwater" are prohibited by the International Convention for the Prevention of Pollution from Ships (MARPOL), except under specific conditions and based on strict water quality standards. Some jurisdictions, such as the United States, also prohibit sewage discharges through designated no discharge zones.



Canadian ships increase  
garbage recycling by

**113%**  
since 2011



**11,208 kg**  
of landfill methane  
emissions abated

## IMPROVING FUEL USE AND REDUCING SLUDGE PRODUCTION

Initiatives such as vessel engine repowering, the recycling of older vessels and the introduction of the Trillium Class fleet have contributed to improving fuel burn efficiency and decreasing the production of sludge through better purifier performance. Notably, sludge production on the CSL Americas fleet has decreased by a remarkable 63 percent since 2013.

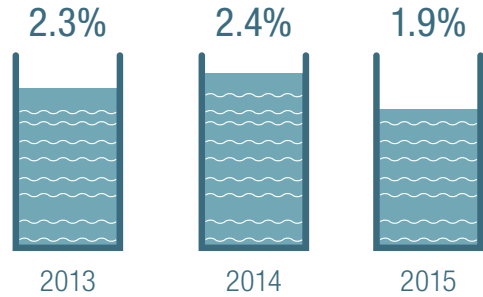
Sludge is a heavy oil residue produced during the fuel oil purification process. A decrease in sludge production during this process corresponds to an increase in bunker fuel utilization and efficiency.

## OIL SPILL RESPONSE

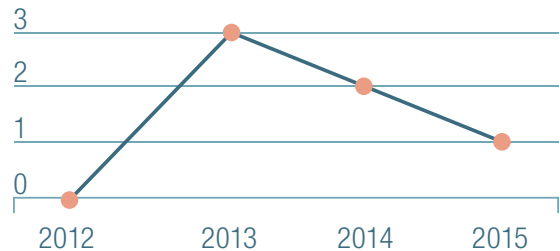
CSL is committed to rigorous oil spill prevention and response, and has Shipboard Oil Pollution Emergency Plans (SOPEP) in place across the fleet. We conduct training and onboard emergency drills on a regular basis to test the reaction and skills of crew members to put into action response techniques, procedures and mitigating activities.

In 2015, *Atlantic Huron* discharged 100-150 litres of oil due to a fuel oil tank overflow during bunkering operations. Once the alarm was raised, the SOPEP was immediately initiated. Bunkering operations ceased and the crew was mobilized to contain the spill and initiate clean up in coordination with Eastern Canada Response Corporation, the Canadian Coast Guard, Transport Canada and Seaway Niagara Region officials. To prevent the potential for a reoccurrence, new high-level alarms were installed on the ship's fuel tank. Even a small spill is unacceptable at CSL, and we will continue to work with crews to eliminate the potential for any incident.

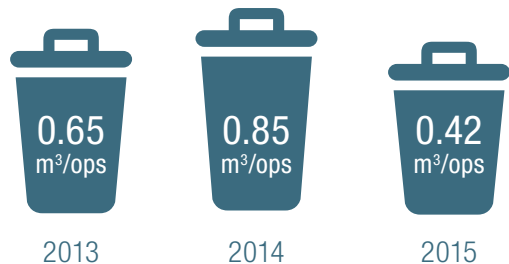
### CSL SLUDGE M<sup>3</sup>/FUEL BURN



### CSL SIGNIFICANT OIL SPILLS



### CSL SHIP GENERATED WASTE M<sup>3</sup>/OPERATION DAY



## NEW PROGRAM TO REDUCE FOOTPRINT AT CSL ASIA

CSL Asia launched a new environmental program in 2015 to reduce the footprint of the floating offshore transshipment platform (FOTP) *Derawan*. The initiatives the *Derawan* crew undertook included using freshwater in the ballast tanks, reducing grease and lube oil waste through condition-based maintenance of the cranes and wires, avoiding over-greasing, and implementing new oil transfer and storage procedures to minimize the chance of an on-deck spill. The crew also initiated a new waste management plan that includes switching to environmentally friendly cleaners and detergents, installing an onboard garbage compactor and vetting shore facilities for proper garbage segregation and disposal.

OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>Target goal of zero oil spills.</li> <li>Demonstrate leadership in the sound and responsible recycling of ships.</li> <li>Strive to reduce waste production and promote effective use of resources.</li> <li>Ensure purchases and services provided are sustainable.</li> <li>Support research and promote the development and application of green technologies in the design and operation of vessels.</li> </ul>	<ul style="list-style-type: none"> <li>A new sewage discharge procedure was initiated on Trillium Class ships.</li> <li>Alfa Laval PureDry system was installed on Trillium Class ships to recover fuel.</li> <li>National waste contract was initiated in Australia to improve recycling onshore.</li> <li>Five ships were responsibly recycled according to CSL's Ship Recycling policy.</li> <li>Water lubricants replaced petrochemical lubricants on board select vessels.</li> <li>Sludge production to fuel burn decreased by 0.5 percent.</li> </ul>	<ul style="list-style-type: none"> <li>Continue conversion of vessel oil to environmentally acceptable lubricants.</li> <li>Update procedures on dry cargo residue management.</li> <li>Conduct shore disposal pilot project for all blackwater on board.</li> <li>Continue to investigate technologies to reduce sludge and waste, as well as improve disposal methods.</li> <li>Continue to roll out oily water modernization plans.</li> <li>Continue to investigate environmentally friendly chemical availability.</li> </ul>

## WATER-LUBRICATED STERN TUBES

Fourteen CSL ships replaced the oil-based lubricant used to lubricate the bearings that support the vessel propeller shaft in the stern tube with a water-soluble alternative. This environmentally friendly, pollution-free solution removes the risk of hazardous leaks during operation and disposal and complies with US EPA Vessel General Permit Rules.



## COASTAL CLEANUPS AROUND THE WORLD

Every year, CSL employees around the world take part in the Ocean Conservancy's International Coastal Cleanup Day. During this annual event, participants comb through kilometres of beaches and shorelines, picking up all the litter they can find along the way. For instance, CSL employees in Montreal collected 14 bags of trash, 18 bags of recyclable materials and a message in a bottle from a seven-year-old girl. The event raises awareness about the importance of keeping coastal habitats and our oceans clean and healthy.











# ENVIRONMENTAL MANAGEMENT SYSTEM

CSL's Environmental Management System (EMS) is the roadmap that defines the processes and practices that enable us to reduce our environmental footprint and improve our operational performance and efficiency.

In 2015, we continued to harmonize all divisions towards one strategy and one approach. We also worked to align and improve our reporting standards and increase the transparency of our performance.

Moving forward, CSL will look at ways to further integrate our EMS to gain efficiencies in the way we manage our environmental and sustainability measures. The Global Reporting Initiative's G4 Sustainability Reporting Guidelines will also guide us in enhancing our reporting credibility and transparency.

## MANAGING ENVIRONMENTAL RISKS

CSL identifies and mitigates environmental risk using a robust Enterprise Risk Management process that includes a cross-functional analysis of environmental activities. The process identifies material risks and helps us define annual goals and targets to mitigate and manage those risks.

## ISO 14001 CERTIFICATION

ISO 14001 is a voluntary, internationally recognized management system standard that helps companies put in place systems that not only benefit the environment, but also help reduce costs and improve efficiency. Certification is based on stringent performance requirements that provide companies such as CSL with standardized and externally verified methods of quantifying, monitoring and controlling operational impacts on the environment.

Canada Steamship Lines obtained its ISO 14001 certification in 2011 and has maintained it every year since. CSL Americas and CSL Australia were both certified in 2015.

By implementing ISO 14001 throughout our divisions, we are able to align environmental management and compliance on a global scale, and provide our customers with the confidence that CSL is meeting industry standards and managing risks effectively.

## CSL'S GREEN MARINE PERFORMANCE

In 2015, the Green Marine performance of CSL Americas and CSL Australia saw remarkable progress, and Canada Steamship Lines emerged once again as a top performer. CSL Europe, which joined the program in 2015, achieved a respectable 2.8 overall score for its first-year effort.

CSL Americas' performance has steadily progressed since joining Green Marine, but in 2015, the division exceeded expectations and achieved an above-average score of 3.83 and a Level 5 rating for Aquatic Invasive Species. This top-level rating was achieved in large part thanks to the installation of the OceanSaver ballast water treatment system installed on *Sheila Ann*.

CSL Australia's performance also showed significant progress since its first Green Marine assessment, achieving an overall rating of 3 in 2015, compared to 2.16 in 2014. The division also attained a Level 3 for the SO<sub>x</sub>, NO<sub>x</sub> and PM indicators.

In the Great Lakes, Canada Steamship Lines maintained its position as a Green Marine leader, with an overall average score of 4.57, significantly surpassing the global average of 3.1 for Program participants. The repowering of *CSL Niagara* and *Rt. Hon. Paul J. Martin* with Tier II engines helped the division achieve a Level 4 ranking for NO<sub>x</sub> air emissions, a result that only three other participating shipowners achieved.

## GREEN MARINE

CSL is proud to be a founding member of the Green Marine program. Established in 2007, Green Marine has since gained worldwide recognition as a leader in promoting sustainable shipping practices and challenging companies to improve their environmental performance beyond compliance. Since its inaugural year, the Program's membership has grown to 94 participants from 34 countries and includes shipowners, ports, terminals, seaway corporations and shipyards.

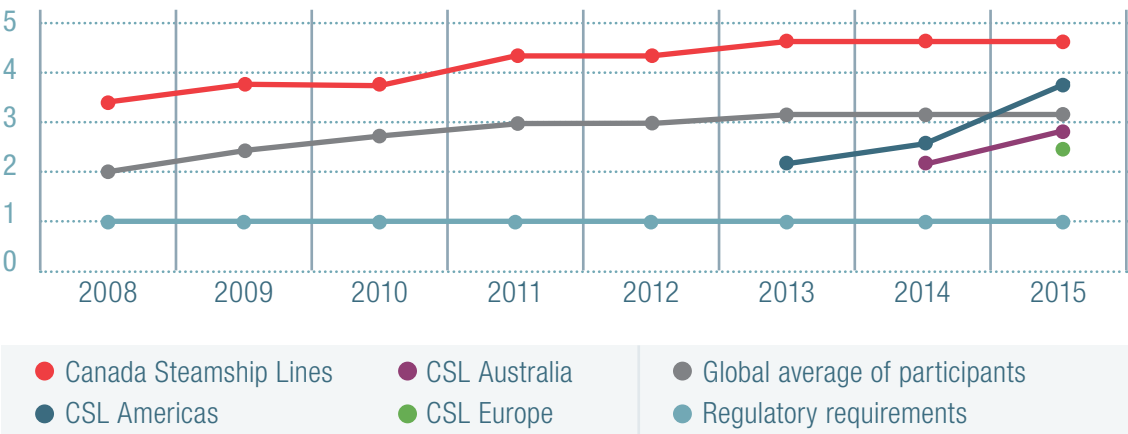
To receive a Green Marine certification, participants must benchmark their annual environmental performance through the program's rigorous self-evaluation guides, which are based on 12 performance indicators. Results are verified by an accredited external auditor, ranked on a scale of one to five, and then made public.





OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>Strengthen the credibility of CSL's environmental performance.</li> <li>Harmonize environmental data reporting throughout the company.</li> <li>Improve CSL's communications on environmental and sustainability issues.</li> </ul>	<ul style="list-style-type: none"> <li>CSL Australia and CSL Americas obtained ISO 14001 certification.</li> <li>CSL Europe joined the Green Marine Program – all divisions now participate.</li> <li>Sustainability reporting was aligned with Global Reporting Index principles.</li> <li>Data collection and footprint reduction targets were further aligned among divisions.</li> </ul>	<ul style="list-style-type: none"> <li>Review and update CSL's long term sustainability goals.</li> <li>Continue to gain ISO 14001 certification across divisions.</li> <li>Integrate the environmental management system with an overarching safety, quality and environment tool.</li> <li>Continue to strengthen the CSL Corporate Sustainability Report by reporting in accordance with the G4 reporting principles.</li> </ul>

## 2015 CSL GROUP GREEN MARINE RESULTS



## AIR EMISSIONS SAMPLING IN AUSTRALIA

In partnership with the Australian Maritime College and the University of Queensland, CSL conducted emissions testing on board two vessels during 2015. The testing is part of a combined research project on the development of a methodology to measure and assess ship emissions. The sampling continuously monitored the SO<sub>x</sub>, particulate matter (PM), NO<sub>x</sub> and CO<sub>2</sub> emissions of vessels over the entire voyage from loading to discharge. In addition to helping CSL Australia achieve a Level 3 in the Green Marine indicators for SO<sub>x</sub>, NO<sub>x</sub> and PM, the sampling will help the division validate its emissions inventories and better understand the impact of ships on air quality.



**Bjorn Bijma**  
Senior Manager,  
Technical Operations  
CSL Europe

*"Green Marine is a well-structured program focusing on key environmental issues and responsibilities for a more sustainable shipping industry. It is a valuable tool to continuously improve our environmental performance on board, which is good for our fleet and our customers."*

# CORPORATE ETHICS

Integrity is a fundamental CSL value and the premise upon which we conduct all business activities. All CSL crew members and onshore employees are expected to conduct themselves with honesty, decency and trustworthiness at all times, and there can be absolutely no compromise when it comes to ethical conduct.

At CSL, we promote and uphold high ethical values and pride ourselves on doing the right thing. We recognize our responsibilities to the communities and global ecosystems in which we operate and understand that fulfilling these responsibilities requires our full dedication and commitment.

## CSL'S CODE OF CORPORATE RESPONSIBILITY

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

## COMPLIANCE WITH LAWS AND REGULATIONS

A strict compliance program and a skilled team ensure CSL carries out its business in compliance with the laws and regulations of the countries in which it operates. All dealings among CSL employees and public officials are conducted in a manner that does not compromise the integrity or reputation of the officials or CSL. In addition to observing laws applicable to individuals and CSL, we expect all our employees to uphold CSL's ethical standards, even if these are higher or more stringent than local standards.

## FIGHTING CORRUPTION

Since the introduction of its anti-corruption program, CSL has been at the forefront of the drive to end bribery, extortion and corruption in the shipping industry. The program's objective is to ensure CSL's business operations are corruption-free, which it achieves through

four components: a strict policy against any form of corruption, due diligence and verification on persons representing CSL in any dealings with government officials, training of employees on corruption avoidance and best practices, and a detailed system of checks and verifications to prevent corruption. Now in its fourth year, the program has seen the successful completion of implementation and training, and the incorporation of regular due diligence in daily operations. The response of employees and partners to the program has been overwhelmingly favourable, reflecting a strong desire to do the right thing.

CSL is also actively engaged in the eradication of corruption in the shipping industry as a whole, and is a member of the Maritime Anti-Corruption Network (MACN), a global business network dedicated to eliminating corruption in the marine industry. MACN collaborates with key stakeholders, including governments and international organizations, to identify and mitigate the root causes of corruption in the industry. CSL's Chief Legal and Compliance Officer is a member of the MACN Steering Committee.

### Anti Corruption Manual

Adopted in 2012, the CSL Anti Corruption Manual outlines the policies and procedures that make up CSL's Anti Corruption Program, which is designed to address the risk of corruption. The Manual applies to CSL and all officers, directors, and employees of the Company. CSL also requires its partners, agents, and other representatives to abide by its ethical standards.

## ETHICSPPOINT

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

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

Call toll-free in Canada and  
the United States: 1 866 384-4277

Consult the website if calling from elsewhere in the world.





## WHISTLEBLOWING

CSL strongly encourages its employees, customers and the public to report any breaches 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. Anyone can submit an anonymous and confidential report to EthicsPoint, online or via telephone.

In 2015, 15 alleged breaches of CSL policies and commitments were reported through the whistleblowing system. Below is a summary of the complaints received, and actions taken.

## 2015 WHISTLEBLOWING REPORTS AND ACTIONS

NATURE OF COMPLAINT	NUMBER OF COMPLAINTS	NUMBER OF BREACHES DETECTED	NUMBER OF CORRECTIVE ACTIONS
Accounting and Auditing Matters	0	0	0
Bribery	0	0	0
Conflict of Interest	0	0	0
Discrimination or Harassment	3	0	0
Embezzlement	0	0	0
Falsification of Contracts, Reports or Records	0	0	0
Misconduct or Inappropriate Behaviour	2	1	1
Sabotage or Vandalism	0	0	0
Substance Abuse	0	0	0
Theft	0	0	0
Other (Safety-related)	5	0	0
Other	3	0	0



**MACN**  
Maritime Anti-Corruption Network

*"The Maritime Anti-Corruption Network (MACN), has grown significantly in both membership and impact over the last few years. As we see our membership growing, the MACN organization has recognized the need for more support from our leading companies in driving the programs forward, shaping the focus for the years to come and ensuring MACN provides a strong value proposition to members and all stakeholders. The CSL Group, represented by John Sypnowich, Chief Legal and Compliance Officer, and other members of the Steering Committee, have played a key role in this growth to date and MACN looks forward to continued positive collaboration and engagement with CSL."*

*Maurice John Meehan, Advisory Services, Business for Social Responsibility | [bsr.org](http://bsr.org)*



## THE UNITED NATIONS GLOBAL COMPACT AND COLLECTIVE ACTION

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

## HUMAN RIGHTS

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

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

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

OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Consistently and rigorously uphold the highest ethical standards in every aspect of the business.</li> <li>◦ Ensure all employees and agents are educated on and comply with policies, laws and ethical conduct.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Ethics training was provided to all shore-based employees.</li> <li>◦ CSL became a member of the Maritime Anti-Corruption Network Steering Committee.</li> <li>◦ Validation of CSL suppliers continued in accordance with the CSL Anti-Corruption Program.</li> <li>◦ Reports filed through anonymous whistleblowing were investigated, appropriately treated and reported to the Audit Committee of the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Widen reach of CSL Anti-Corruption Program to include commercial bribery.</li> <li>◦ Provide education and training on ethical conduct and legal compliance on board vessels as part of onboarding of new employees.</li> </ul>

## POSITIVE WORKPLACE

Investing in a highly skilled and motivated workforce is fundamental to growth and success, and particularly vital when a business is challenged by rapidly changing and volatile shipping markets. At CSL, we rely on the superior capabilities and passion of our shore- and ship-based people, who every day contribute to our success and inspire us to always aim higher.

In 2015, we remained committed to fostering an engaging workplace in which our employees are inspired to perform and encouraged to grow. We enhanced our comprehensive slate of programs to respond and adapt to evolving business needs, and to create stronger alignments with our corporate values of integrity, innovation and excellence. Under the banners “Performing for Success,” “Recognizing your Contribution,” “Engaging through Dialogue” and “Expanding your Expertise,” a series of initiatives contributed to empowering our people and strengthening our workplace.

### PERFORMING FOR SUCCESS

#### Ship and Shore Consolidation Down Under

Following the consolidation of ship and shore operations in Canada, CSL Australia repatriated all vessel management functions on April 1, 2015, creating a stronger alignment between our people, our values and our business approach. The integration of ship management activities in both Canada and Australia reflects CSL’s global strategy to standardize our operating procedures and systems, particularly in the areas of safety and environment, and optimize communications among our seafarers and our management teams at shore. For our customers, our streamlined operations deliver more consistent, harmonized and efficient service. The consolidation in Australia resulted in the transfer and hiring of 267 ship and shore employees.

#### Performance Management

CSL’s Performance Management Program, based on the three pillars of ‘SMART’ objectives, continuous

feedback and ongoing coaching, gained momentum in 2015, empowering employees to take ownership of their performance and providing managers with the tools to help them succeed. Nearly 80 percent of employees set SMART objectives, received formal performance evaluations, and engaged in regular and meaningful dialogue with their managers.

### RECOGNIZING YOUR CONTRIBUTION

#### Celebrating More Milestones

In response to employee feedback calling for a work environment more conducive to recognition, we added three new years of service milestones (5, 20 and 30 years) to the three already in place (10, 15 and 25 years). The enhanced recognition program also features a personalized yearbook sent to employees celebrating a milestone, along with a catalogue from which they can select a gift.

### CONNECT. SHARE. LEARN.

CSL’s Connect-Share-Learn strategy recognizes that people draw on different styles and techniques to learn. By combining three approaches — on-the-job training, coaching and mentoring, and instructor-led tutorials — Connect-Share-Learn embraces these differences and allows employees to tailor training and skills development to their style and needs. The approach is now a primary consideration when shaping all individual development plans at CSL.



## ENGAGING THROUGH DIALOGUE

### Meetings with Impact

At CSL, we recognize that each and every CSL employee plays a key role in our growth and success. In 2015, we introduced divisional all-employee “Team Impact” meetings to open up the dialogue and take a more inclusive approach to communicating as a team. The meetings created an opportunity for employees of every function and level to discuss the challenges and opportunities driving our business, learn about our goals, strategies and values; communicate openly and share ideas, and get to know each other in a relaxed atmosphere. A flash survey conducted after the meeting revealed an increased level of employee commitment and engagement.

Annual crew conferences held throughout CSL's global fleets continue to be a valuable platform for crew members to exchange ideas and best practices, take part in discussions on company objectives, receive training and skills, and get reacquainted with seafaring colleagues and friends. Conferences in 2015 focused on setting a higher standard to drive safety and business excellence forward.

### Survey says...

In response to the results of the CSL Employee Engagement Survey conducted by Aon Hewitt in November 2014, we deployed a series of global and local action plans to address three major issues: 1) the need to develop and enhance managerial skills; 2) the need to clarify roles, responsibilities and processes; and 3) the need to better align individual objectives with company priorities.

A pulse survey conducted in November 2015 to measure the state of play of employee engagement showed a marked improvement overall, demonstrating the effectiveness of the action plans and their positive impact on employees.

## EXPANDING YOUR EXPERTISE

### Voice of Leadership

We launched the “Voice of Leadership” training program in 2015 to help our managers develop the skills and core competencies necessary to be effective and engaging leaders. During the course, participants learn practical techniques to find their leadership voice, shape their message and engage in powerful and difficult conversations. In 2015, 90 percent of CSL's people managers participated in the training program.



## A HEALTHY WORK ENVIRONMENT

CSL called on the expertise of ergonomists to achieve a better balance between productivity and the comfort, well-being and safety of both office employees and crew members.

To prevent work-related back pain and other injuries related to the office environment, ergonomists examined the work habits and tasks of employees and adapted individual workspaces to create a healthy, comfortable and productive environment.

A university student completing her Master's degree in Ergonomy also spent nine days on board *Baie St. Paul* to understand the work environment on a ship, identify problems and collaborate with crew members to design and implement solutions. She identified and addressed a number of challenging situations, including the cleaning of cargo holds, which is a very physically demanding task for deck workers.



OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Create a safe, caring and inspiring work environment that promotes diversity and agility.</li> <li>◦ Attract, select, develop and retain people with the right skills and “fit.”</li> <li>◦ Foster employee satisfaction to enhance productivity and customer experience.</li> <li>◦ Enhance development and growth opportunities for employees and empower them to take ownership of their career progression.</li> <li>◦ Improve employee communications and engagement.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Global and local action plans were launched in response to feedback received in the CSL Employee Engagement survey.</li> <li>◦ Employee commitment was measured in a flash survey.</li> <li>◦ The “Voice of Leadership” management development program was established and deployed.</li> <li>◦ The employee service awards and rewards program was enhanced.</li> <li>◦ Objectives setting, individual development plans and performance appraisals were formalized within the performance management program.</li> <li>◦ The first stage of CSL’s employment equity program was launched.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Improve management training programs for ship and shore employees by analyzing the needs and implementation of high-performance tools.</li> <li>◦ Formalize mentorship program.</li> <li>◦ Continue the deployment of global and local action plans to increase employee engagement.</li> <li>◦ Increase accountability of ship personnel by deploying training programs specifically developed for the vessel environment.</li> <li>◦ Finalize the employment equity program.</li> <li>◦ Enhance office working environments to promote communication, collaboration and innovation.</li> </ul>



## CSL VALUES

Although geographies, cultures, ages, languages and roles at CSL make our employees different, we are united by shared values that bind us as a team. Our core values are the fundamental principles and philosophy that drive the way we make decisions, do business and conduct ourselves.

# EMPLOYEE AND COMMUNITY ENGAGEMENT

Over our 100+ years in operation, CSL has always maintained strong ties with the communities in which we operate — a rich tradition that our employees take pride in carrying on. Throughout our divisions around the world, being a good corporate citizen means being accountable for the social and environmental impacts of our business, and it means making a positive difference that enriches the world in which we live.

CSL's corporate giving and community engagement program is based on our values and structured under three main pillars: education, the environment, and social affairs, the latter of which includes arts and culture, community outreach, and health and human services. Every year, CSL donates approximately one percent of our net profit before extraordinary items to charitable causes and disaster relief, and our employees volunteer countless hours to local charities and not-for-profit organizations.

## SUPPORTING OUR YOUNG SEAFARERS

CSL encourages and supports the next generation of seafarers, by awarding 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, Georgian College, the Marine Institute of Memorial University, the Massachusetts Maritime Academy, the Maine Maritime Academy, the Australian Maritime College and the Marine Society and 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, and welcomes student interns in a variety of shore-based departments, from Technical Operations to Accounting.

## PROTECTING OUR ENVIRONMENT

Environmental stewardship features prominently in CSL's philanthropic activities and reflects our commitment to support research, education and conservation efforts to protect marine wildlife and habitats.

Among the initiative and organizations CSL supports are the World Wildlife Fund, Georgian Bay Forever, the Salem Sound Coastwatch, the United Kingdom-based Marine Conservation Society, the Group for Research and Education on Marine Mammals, research by the University of Queensland and Australian Maritime College, and WWF Norway's efforts to protect threatened species on the Norwegian Red List. CSL has also committed to contributing \$100,000 over three years to support research on the endangered St. Lawrence River beluga population.

CSL employees in Canada, the United States and Australia once again participated in the Ocean Conservancy's annual International Coastal Cleanup Day. Nearly 800,000 volunteers throughout the world collected more than 18 million pounds of trash in 2015, an increase of 340,000 volunteers and 2 million pounds of trash since 2014.



## PADDLING FOR A PURPOSE

Dragon boat racing is all about teamwork and synchronicity, and CSL employees in Canada rose to the challenge during CSL's Paddle for a Purpose Dragon Boat Challenge. Leading up to the event, the five teams of CSL paddlers and cheerleaders organized a series of fundraising activities to raise money for Cedars CanSupport, a non-profit organization that provides compassionate care and assistance to cancer patients and their families. Thanks to everyone pulling together, CSL employees reached their goal of \$10,000, which CSL's Donations Committee matched, for a total donation of \$20,000.

## COMMITTED TO COMMUNITIES

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

Among the many charitable organizations CSL actively supported in 2015 are the Mission to Seafarers, the Red Cross, Cedars CanSupport, Montreal's Old Brewery Mission, Beverly Bootstraps, the Open Door, the Breakfast Club of Canada, The Starlight Foundation, the Community Giving Tree, Berkshire Community Foundation, Kirkens Bymisjon and the Children's Hospital in Bergen, Norway. CSL's contributions to these and many other organizations included financial support, fundraising and volunteerism.

## PROMOTING ENGAGEMENT

CSL's philanthropic efforts are led by a Donations Committee that sets the annual donations budget and evaluates requests based on specific criteria. A portion of CSL's donations budget is set aside each year to support a matching gift and employee sponsorship program. Through this program, the company encourages the charitable activities of employees by matching donations to educational institutions up to \$1,000 CAD and other fundraising efforts up to \$250.



### MANILA CLEAN-UP RUN

A team representing CSL Europe took part in the 2015 Manila Bay Clean-Up Run to raise funds and awareness for efforts to protect the marine environment around Manila and other major waterways across the Philippines.

### 1,385 CLICKS FOR KIDS

Since 2014, CSL has taken advantage of the holiday season to celebrate by giving back. For every click on the 2015 holiday e-card, CSL donated \$8 to selected children's charities. The card accumulated a total of 1,385 clicks, translating into a total donation of \$11,080, which was distributed to the following not-for-profit organizations: Community Giving Tree (CSL Americas), The Starlight Foundation (CSL Australia/Asia), The Breakfast Club of Canada (Canada Steamship Lines), and the Children's Hospital of Bergen.

## WATER MANAGEMENT FOR KIDS

The CSL Australia transshipment team transformed a recycled CSL water tank and pump into a science project to educate local children about the importance of water management and organic food production. CSL donated the beds, soil and plans to 20 day care children, who planted 18 tomato and 12 strawberry plants. The water tank collected rain water from the CSL warehouse roof and the pump delivered it to the plants.



OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Seek, identify and support causes that enrich lives, improve our environment and create opportunities for communities to thrive.</li> <li>◦ Donate approximately one percent of net profit before extraordinary items to charitable organizations.</li> </ul>	<ul style="list-style-type: none"> <li>◦ In 2015, CSL donated more than the targeted goal of one percent of net profit before extraordinary items.</li> <li>◦ CSL initiated the Paddle for a Purpose Dragon Boat challenge and raised \$20,000 for CanSupport.</li> <li>◦ CSL Americas was recognized by the Red Cross as a Workplace Hero.</li> <li>◦ CSL Australia became the sponsor of the CSL Australia Environmental Transport of the Year Award.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Increase participation in the CSL Matching Gift and Employee Sponsorship Program.</li> <li>◦ Increase employee participation in volunteer and community engagement initiatives.</li> <li>◦ Educate employees on the impact of CSL's philanthropic efforts.</li> </ul>



### CSL AUSTRALIA ENVIRONMENTAL TRANSPORT OF THE YEAR AWARD

The CSL Australia Environmental Transport of the Year Award recognizes organizations that have made a significant contribution to the protection and enhancement of the environment. The recipient of the first award was Northern Stevedoring Services for its state-of the art bulk handling facility. Runners-up Svitzer Australia and Pilbara Ports Authority were both highly commended and acknowledged for their achievements.



### CSL AMERICAS RECOGNIZED AS WORKPLACE HERO

The American Red Cross recognized CSL Americas as a 2015 Workplace Hero for ongoing efforts by employees to help alleviate hunger and poverty in Beverly, Massachusetts. The division was nominated for the award by Beverly Bootstraps and The Open Door, two local organizations dedicated to providing critical services to community members in need. Massachusetts Senator Joan B. Lovely acknowledged the award and issued an official citation congratulating CSL Americas for its contribution to the North Shore community.



## VALUE FOR CUSTOMERS

CSL has been in the business of transporting and handling bulk raw materials for industrial customers for over 100 years, beginning in Canada in 1913 and expanding throughout the world within the last two decades. The company's longevity can be attributed to its relentless customer-centric approach built on solid relationships that last, and tailored solutions that deliver.

Customer needs and expectations have changed significantly over time, never more so than during the past 20 years. By pushing the boundaries of technology, CSL has built its business to respond to, adapt and anticipate emerging needs, and position its customers for profitable growth.

In the current economic climate, customers are more selective than ever and seek value-added partnerships that can deliver on their unique challenges with efficient, cost-competitive and socially responsible shipping solutions. CSL's approach is to put customers at the heart of the business and align everything it does — research and development, operational performance, client services and advocacy — around customers' needs and expectations.

### EXCELLENCE THROUGH INNOVATION

Working with frontline vessel crews, client representatives and our in-house safety and environment experts, CSL's operational, technical and fleet efficiency teams continued to make great strides in 2015 to develop and implement sustainable technologies and practices that meet the evolving needs of customers and comply with tomorrow's regulatory environment.

The arrival of the bulk carrier *CSL St-Laurent* in February 2015 marked the final step in CSL's monumental newbuild program, which produced a total of nine state-of-the-art self-unloaders and bulk carriers in the last three years. The acquisition of *MV Balto*, a Trillium Class Panamax self-unloader built in 2013 under CSL supervision, brought our newbuild total to ten state-of-the-art ships, all built to provide exceptional performance to customers and minimize our environmental footprint.

Among the many other initiatives deployed to improve safety and reduce the environmental impact of our operations were the introduction of our Lifesaving Rules, improvements to dockside safety, the installation

of pressure pumps for dust abatement and a series of emissions-reducing and performance-enhancing measures throughout CSL's worldwide fleets.

### CUSTOM TRANSHIPMENT

The ability to help customers overcome logistics and location challenges with reliable, made-to-measure solutions is the cornerstone of CSL's business and most particularly of its transshipment operations. A partner at every step, CSL conceptualizes transshipment solutions and provides a comprehensive analysis of productivity, throughput, lead time, risk and cost. When an investment decision is made, CSL provides the capital for the transhipper, builds it, owns it, operates it and guarantees productivity.

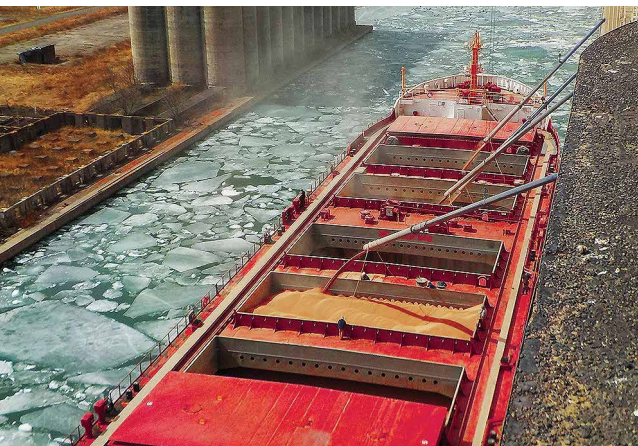
CSL's custom transshipment platforms, self-unloading barges and high-capacity self-unloading bulk carriers are built with the highest technological, safety and environmental standards available today.

### CSL AND POLARIS MATERIALS MARK 250<sup>TH</sup> ORCA QUARRY LOAD

CSL and long-time customer Polaris Materials marked the 250<sup>th</sup> vessel loading from Vancouver Island's Orca Sand and Gravel Quarry on March 25, 2015, with a celebration on board CSL's Panamax self-unloader *Sheila Ann*. Acclaimed First Nations artist Trevor Hunt carved and painted an Orca-themed paddle to mark the occasion. Over the eight years since the first vessel loading, 15 different CSL ships have loaded and discharged 16 million metric tonnes of sand and gravel.



OUR COMMITMENT	PROGRESS IN 2015	MOVING FORWARD
<ul style="list-style-type: none"> <li>◦ Maintain the highest standards of safety, ethical conduct and environmental responsibility.</li> <li>◦ Be responsive to customer needs and maintain an open dialogue.</li> <li>◦ Exceed customer expectations by creating high value through efficiency, innovation and continuous improvement.</li> <li>◦ Position customers for the future through advocacy and partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>◦ All new Trillium Class vessels were operating and delivered exceptional performance with a reduced overall environmental impact.</li> <li>◦ CSL maintained ongoing dialogue with customers to understand needs and expectations.</li> <li>◦ CSL led and participated in advocacy initiatives to ensure a thriving marine transportation industry is positioned to respond to evolving customer needs.</li> </ul>	<ul style="list-style-type: none"> <li>◦ Continuously improve performance and tailor products and services to respond to customer specifications.</li> <li>◦ Jointly develop key performance indicators in line with customers' requirements.</li> <li>◦ Continue to form partnerships with customers and other stakeholders to actively promote a sound policy and regulatory framework for marine transportation.</li> </ul>



### TRILLIUM CLASS BULKERS SET NEW RECORDS AT PORT OF THUNDER BAY

In April 2015, CSL's two new Trillium Class bulk carriers, *CSL St-Laurent* and *CSL Welland*, set back-to-back grain load records at the Port of Thunder Bay.

On her first loading, *CSL St-Laurent* broke the Port's long-standing grain load record of 30,400 MT, with a load of wheat weighing 30,654 MT. Two weeks later, on May 1, *CSL Welland* surpassed her sister ship with a load of wheat weighing 31,019 MT. Like all Trillium Class ships, the sister bulkers feature a custom hull designed to provide maximum cargo lift.

ANNEXES



# ANNEXES

## HEALTH AND SAFETY PERFORMANCE

Despite the high-risk and intensity of operating self-unloaders in demanding environments like the Great Lakes, where seafarers can spend up to 70 percent of voyage time maneuvering through locks, channels and canals, CSL's overall safety performance saw improvements of more than 50 percent. While this decline in injury rates indicates an encouraging trend, we remain steadfast in our resolve to achieve zero harm and a world-class safety culture. The unique challenges we face while operating self-unloaders do not justify any risk to health and safety.

### 2015 HEALTH AND SAFETY PERFORMANCE

	2014	2015	CHANGE	COMMENTS
Hours Worked	7,894,848	7,838,205	-1%	The hours of exposure are the total number of hours worked by all employees. They do not include hours worked by contractors.  Adjustment of worked hours can occur over time to reflect the variation of crew complement as accurately as possible.
Lost Time Injuries	36	17	-53%	Includes CSL employees only.
Recordable Injuries	97	45	-54%	Includes CSL employees only.
Lost Time Injury Frequency	4.6	2.2	-52%	Per million man exposure hours
Total Recordable Injuries Frequency	12.3	5.7	-53%	Per million man exposure hours
Days Away From Work	N/A	N/A	N/A	The days away from work will be reported as of 2016.
Fatalities	0	0	0	-



## OUR ENVIRONMENTAL PERFORMANCE

We measure our environmental performance against the previous year's goals and targets, which are established through an environmental risk analysis process. We routinely monitor and report against other environmental performance metrics, as presented in the environmental footprint data tables on page 50.

### 2015 ENVIRONMENTAL TARGETS AND RESULTS

REDUCE AIR POLLUTION		
	2015 TARGETS	RESULTS
CANADA	Reduce GHG by 6% in grams per tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast) and by 10% between 2012 and 2020.	Achieved (7.18% reduction)
	Achieve 0.88% sulphur in fuel content in 2015 (whereas the fleet averaging requirement was to achieve 1.1% sulphur content).	Achieved as per fleet averaging system (0.81%)
	Sample air emissions (PM, NO <sub>x</sub> ) for all of the fleet's main engine types, to validate inventory emissions factors.	Achieved ( <i>Atlantic Huron and Rt. Hon. Paul J. Martin</i> )
AMERICAS	Reduce GHG by 0.2% in grams per tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast).	Not achieved (3% increase) due to significant changes in trading
	Reduce lube oil by 0.5% fleet-wide.	Achieved (12%)
	Use a fuel with a sulphur content equal to or less than 0.5% while at port.	Achieved when operating inside the ECA. Not achieved when operating outside the ECA.
AUSTRALIA	Reduce GHG by 0.5% in grams per tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast).	Not achieved due to data comparison issues. Achieved absolute reduction of 1.5 tonnes GHG.
	Complete an annual GHG emissions inventory (totals and per tonne-mile).	Achieved
	Develop and adopt an energy performance plan.	Achieved
	Complete energy audits for the entire fleet, to identify GHG reduction projects.	Achieved for coastal fleet
	Sample PM and NO <sub>x</sub> for one ship in the fleet.	Achieved (sampled two vessels)
EUROPE	Reduce GHG by 0.5% in grams per tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast).	Not achieved due to significant changes in trading
	Sample PM emissions for all of the fleet's main engine types, to validate inventory emissions factors.	Partially achieved. Sampling vessel emissions of NO <sub>x</sub> , SO <sub>x</sub> , CO <sub>2</sub> eq but PM not conducted
	Sample NO <sub>x</sub> emissions on board vessels installed with NO <sub>x</sub> abatement technology.	Achieved (ongoing)
	Implement a systematic control policy for documenting fuel.	Achieved
ASIA	Conduct an exhaust emissions test and carry out a survey to monitor exhaust gas and vibration on an annual basis.	Achieved

## 2015 ENVIRONMENTAL TARGETS AND RESULTS (CONT'D)

REDUCE OUR IMPACT ON BIODIVERSITY		
2015 TARGETS		RESULTS
CANADA	Reduce risk of whale impact by developing new procedures for ships.	Achieved
	Develop new procedures to reduce impact on shore erosion.	Achieved
AMERICAS	Formally incorporate into the ballast water management plan the best practices required by Green Marine at Level 2.	Achieved
	Support scientific research and ballast water analysis sampling.	Achieved – Excet Inc.   Naval Research Laboratory
AUSTRALIA	Adopt a ballast water exchange reporting template as part of the ballast water management plan.	Achieved
	Adopt a biofouling management plan and the Green Marine best practice ballast water management plan.	Achieved
EUROPE	Conduct an annual inspection and scheduled cleaning of ballast tanks. All sediments are disposed of ashore or in deep waters.	Achieved
	Minimize the possible uptake of ballast water in certain specified conditions and remove biofouling.	Achieved

REDUCE MARINE POLLUTION		
2015 TARGETS		RESULTS
ALL	Achieve zero oil spill incidents (greater than 100 litres).	Not achieved ( <i>Atlantic Huron</i> , 150 litres)
CANADA	Conduct training to improve the Dry Cargo Residue (DCR) inventory's accuracy.	Achieved (new bulkers)
	Set short-and long-term cargo residue reduction targets.	Not achieved (no longer applicable)
	Reduce sludge production by 2% compared to 2014.	Achieved (20% reduction per fuel quantity and 30% reduction per operation day)
	Use environmentally friendly cleaning chemicals on board the entire fleet.	Not achieved
	Implement lubricants replacement with environmentally friendly lubricants.	Achieved (ongoing)
	Improve marine sanitation device effluent quality.	Achieved (ongoing) – Pilot project on board <i>CSL Niagara</i>
AUSTRALIA	Implement fleet-wide practices and training plan for cargo residue reporting.	Not achieved
	Adopt a modernization policy for the oily water separator (OWS) and best practice management plan.	Achieved
EUROPE	Implement six of the nine best practices listed by the Green Marine program to minimize the risk of bilge water discharges.	Achieved
	Review chemicals used on board and investigate suitable environmentally friendly chemicals available for supply within the UK, Norway and Europe.	Achieved

## 2015 ENVIRONMENTAL TARGETS AND RESULTS (CONT'D)

REDUCE WASTE PRODUCTION		
	2015 TARGETS	RESULTS
CANADA	Increase recycling by 5% compared to 2014, and by 25% between 2012 and 2017.	Achieved (57% increase compared to 2014 and 26% since 2012)
	Reduce ship-generated waste by 1% compared to 2014, and by 5% between 2012 and 2017.	Achieved (16.8% reduction compared to 2014 and 31% since 2012)
	Obtain an inventory of hazardous materials for the entire fleet by 2020.	Achieved (two ships completed in 2015)
AMERICAS	Equip all ships with recycling bins and train staff on established user procedures and waste management hierarchy (reduce, reuse, recycle, recover, dispose of).	Achieved
	Favour suppliers that use less packaging.	Achieved
	Encourage the use of reusable, biodegradable and/or recyclable supplies.	Achieved
	Eliminate shipboard incineration at port.	Achieved
AUSTRALIA	Reduce ship-generated waste by 2% and increase recycling by 5% in 2015 compared to 2014.	Achieved (16% reduction in waste generated and 13% increase in recycling)
	Implement waste audits on board vessels and a tailored approach for garbage management.	Partially achieved

ENVIRONMENTAL MANAGEMENT SYSTEM		
	2015 TARGETS	RESULTS
AMERICAS	Conduct full implementation of ISO 14001.	Achieved
AUSTRALIA	Implement ISO 14001 (Phase 1).	Achieved certification
	Become a formal member of the Green Marine Program.	Achieved
EUROPE	Implement ISO 14001 (Phase 1).	Achieved
	Become a formal member of the Green Marine Program.	Achieved



## 2015 ENVIRONMENTAL FOOTPRINTS

CSL is proud to report significant improvements in our overall environmental footprint in 2015. Our active greenhouse gas and waste management programs have contributed considerably to lowering our environmental footprint. In this report, we separated footprint reporting for transshipment operations in Australia and Asia to account for the variances between these operations and those of our regular coastal trading.

### 2015 ENVIRONMENTAL FOOTPRINTS – VESSELS ACTIVITIES

	CANADA	AMERICAS	TRANSHIP- MENT (ASIA)	TRANSHIP- MENT (AUS)	AUSTRALIA	EUROPE
<b>ENERGY</b>						
Heavy fuel oil (tonne)	55,848	32,736	0	0	32,677	1,889
Diesel (tonne)	8,787	18,051	1,078	2,239	880	0
MGO (tonne)	0	9,275	0	0	0	9,765
Total fuel (tonne)	64,635	60,058	1,078	2,239	33,557	11,654
Net fuel efficiency (1,000 cargo tonne-mile/ tonne-fuel) – loaded voyages only	520	750	N/A	N/A	327	176
Transshipment fuel efficiency – cargo tonne / tonne fuel	N/A	N/A	3,403.04	4,851	N/A	N/A
<b>AIR</b>						
CO <sub>2</sub> eq – gross <sup>1</sup> emission (K tonne) – including ballast and loaded voyages	137	247	3	N/A	94	39
CO <sub>2</sub> eq – net <sup>2</sup> (g/tonne-nm)	11	9	N/A	N/A	15	19
NO <sub>x</sub> (tonne)	2,889	4,690	N/A	N/A	2,273	621
NO <sub>x</sub> (kg/tonne-fuel)	45	78	N/A	N/A	68	53
PM <sub>10</sub> (tonne) <sup>3</sup>	249	269	1	1	174	17
Fuel sulfur average (%)	0.81	0.81	0%	diesel	1.86%	IFO: 1.31% / MGO: 0.06%
Hydrofluorocarbon released (kg)	352 kg	1195 kg	9 kg	84 kg	212 kg	54 kg
<b>WASTE</b>						
Cargo residue (m <sup>3</sup> )	700	266.57	0	131	435	108
Total DCR per cargo carried (parts per million)	44	28	0	n/a	79	27
Garbage – (m <sup>3</sup> )	2,446	1,285	24	163	1,050	324
Garbage (m <sup>3</sup> /operational day)	0.78	0.34	0.17	0.22	0.41	0.35
Bilge discharged (m <sup>3</sup> )	7,263	3,897	0	40	1,127	101
Bilge (m <sup>3</sup> /operational day)	1.89	1.3	0	0.05	0.5	0.11
Sludge (m <sup>3</sup> )	1,669	986	7	34	389	206
Sludge % per fuel quantity (m <sup>3</sup> /tonne-fuel)	2.38% <sup>4</sup>	1.60%	0.61%	1.52%	1.16%	1.78%
<b>SPIILLS</b>						
Total oil spills <sup>5</sup>	1 (150 litres)	0	0	0	0	0

# 2015 ENVIRONMENTAL FOOTPRINTS – OFFICE ACTIVITIES

	CANADA	AMERICAS	ASIA	AUSTRALIA	EUROPE
<b>ENERGY</b>					
Electricity (kWh)	1,160,215	190,068	9,975	64,456	15,153
Electricity (kWh/sq. ft.)	30.38	8.73	8.50	5.54	7.77
<b>PAPER</b>					
Paper consumption (kg)	4,551 kg	1,247 kg	60 kg	940 kg	165 kg
Recycled paper	30,855 kg	5,920 kg	30 kg	1.86 m <sup>3</sup>	324 kg

<sup>1</sup> Gross – including ballast and loaded voyages  
(based on data from January to September, 2015)

<sup>2</sup> Net – not including ballast voyages

<sup>3</sup> PM<sub>10</sub> – particulate matter less than or equal to 10 micrometres in diameter

<sup>4</sup> Running season sludge

<sup>5</sup> A significant oil spill is any spill to water above 100 litres.

N/A = Not applicable

CO<sub>2</sub>: Carbon dioxide  
IFO: Intermediate fuel oil

MGO: Marine gas oil

NO<sub>x</sub>: Nitrogen oxide

ppm: Parts per million

Energy consumption and air emissions are reported for vessels under the operational control of CSL. The emission factors used in the calculations are those published through the Green Marine program. For NO<sub>x</sub>, PM and SO<sub>x</sub> emissions, these emissions factors are validated through onboard testing.

## CSL FLEET FUEL EFFICIENCY

### MOVING MORE CARGO PER FUEL CONSUMED

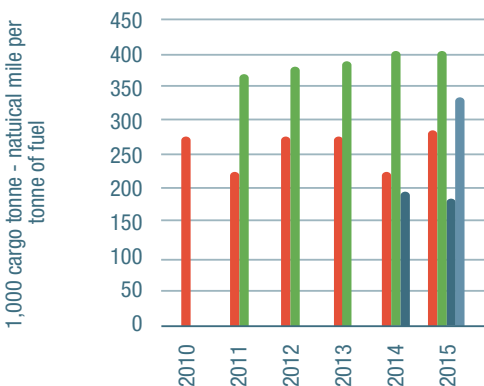
The net fuel efficiency of loaded voyages for the global CSL fleet has increased steadily over the last five years. The fuel intensity figure describes how many thousand cargo tonnes per nautical mile were transported per tonne of fuel consumed by the fleet (total diesel and heavy fuel oil). CSL Europe showed a small decrease in efficiency, but is expected to reverse the trend with the rollout of the division's GHG program in 2016.

## AIR EMISSIONS

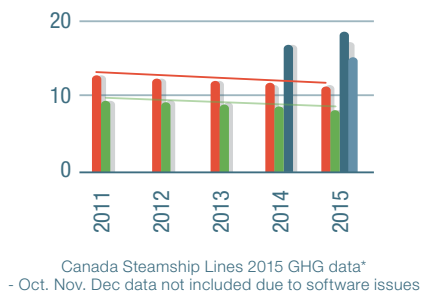
### STEADY REDUCTION OF GHG EMISSIONS AGAINST TARGETS

CSL has been progressively reducing the CO<sub>2</sub>-equivalent grams/tonne-nautical mile of the global fleet. The annual reduction goal of each division was met or exceeded year-over-year with the exception of CSL America, which had a slight increase of 3 percent in 2015 compared to 2014. CSL Canada has reduced CO<sub>2</sub>-equivalent (grams per tonne-mile) by 11 percent since 2011.

CSL GROUP – NET FUEL EFFICIENCY  
(1,000 TONNES-NM / TONNE-FUEL) – 2010 TO 2015



CSL GROUP GHG – CO<sub>2</sub> EQUIVALENT  
(G/TONNE-NM)



The base year chosen for comparison across the divisions varies depending on when the data was collected with the required detail. All divisions are now aligned under the same reporting system.

## GOALS BY DIVISION

Continuous improvement is fundamental to CSL's sustainability strategy. For 2016, we have set meaningful and ambitious footprint reduction targets. Looking further ahead, we will seek ways to consolidate annual divisional goals under a more unified Group Environmental Goals and Targets program.

### 2016 ENVIRONMENTAL GOALS

REDUCE AIR POLLUTION	
DIVISIONS	2016 TARGETS
CANADA	<p>Reduce GHG by 1% in grams per tonne-mile (excluding voyages in ballast) in 2016, and 10% between 2012 and 2020.</p> <p>Convert 45% of the vessels with non ozone-depleting substances (no R-22).</p> <p>Achieve 0.86% average sulphur in fuel content in 2016.</p>
AMERICAS	<p>Convert 100% of the fleet with non ozone-depleting refrigerants.</p> <p>Allocate 25% of the company's annual global fuel consumption to fuel with a sulphur content equal to or less than 1.5%.</p> <p>Achieve a 15% reduction below permitted limits for NO<sub>x</sub> on board one vessel.</p>
EUROPE	<p>Reduce GHG by 0.5% in grams per tonne-mile (excluding voyages in ballast) by 2016 as compared to 2015.</p> <p>Achieve less than 0.5% sulphur content in fuel when vessels are in port.</p>
AUSTRALIA	<p>Reduce GHG by 1% in grams per tonne-mile by 2016 as compared to 2015 (excluding voyages in ballast), and by 5% by 2020 as compared to 2014.</p>

REDUCE OUR IMPACT ON BIODIVERSITY	
DIVISIONS	2016 TARGETS
CANADA	<p>Continue to train crews about whale identification and data collection.</p> <p>Collect speed data in the Saguenay protected area in collaboration with Parks Canada.</p>
AMERICAS	<p>Conduct ballast water treatment method trial (mechanical, physical or chemical) on one or several CSL vessels.</p> <p>Perform in-water inspections (and cleaning if necessary) as routine surveillance, and specific inspections as recommended in the IMO 2011 biofouling guidelines.</p>
EUROPE	<p>Remove biofouling organisms from the hull, propellers, stern tube, sea chests, and other wetted portions of a vessel if biofouling covers over 15% of wet surfaces.</p> <p>Support scientific research on ballast water or biofouling by providing access to ships for sampling by government and research groups.</p>
AUSTRALIA	<p>Support research on aquatic invasive species risk or ballast water management.</p>



## GOALS BY DIVISION (CONT'D)

REDUCE MARINE POLLUTION	
DIVISIONS	2016 TARGETS
ALL DIVISIONS	Zero oil spill incidents in 2016.
CANADA	Reduce sludge production by 5% in 2016. Convert 35% of vessel oil-to-sea interfaces to environmentally acceptable lubricants.
AMERICAS	Reduce sludge production by 20% between 2012 and 2017.
EUROPE	Implement an integrated bilge treatment system as defined in the IMO's revised guidelines on at least one CSL ship built after January 1, 2011.
AUSTRALIA	Complete purifier review and optimization plan for the fleet.















REDUCE WASTE POLLUTION	
DIVISIONS	2016 TARGETS
CANADA	Increase recycling by 25% in 2016. Increase organics by 10% in 2016. Reduce ship-generated waste by 5% in 2016.
AMERICAS	Produce an annual inventory of types of garbage generated in the fleet and indicate garbage management practices. Establish office battery recycling program. Develop energy reduction program for office electrical consumption.
EUROPE	Reduce ship generated waste by 1% in 2016 compared to 2015. Develop and implement a garbage strategy to reduce the quantity of garbage generated, decrease discharge at sea and increase recycling.
AUSTRALIA	Reduce ship-generated waste by 5% compared to 2015, and by 20% between 2015 and 2020. Increase recycling by 5% compared to 2015, and by 20% between 2015 and 2020.



## GLOBAL REPORTING INITIATIVE G4 CONTENT INDEX

Beginning with the 2015 Corporate Sustainability Report, CSL is now using the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines as a guide to determine report content and quality, and to align our reporting with international standards. As a privately owned company, we are proud to offer a high level of transparency to our stakeholders and the public. We will continue to strive to report on a greater number of G4 indicators in years to come, and to more effectively measure and benchmark our performance and improve the quality of our report.

 **Reported**
 **Not Reported**
 **Partially reported**
**N/A Not applicable**

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
<b>GENERAL STANDARD DISCLOSURES</b>				
G4-1	Statement from the most senior decision maker of the organization		Page 7	Message from the CEO
G4-2	Description of key impacts, risks, and opportunities		Page 7	Message from the CEO
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Name of the organization		Page 8	CSL at a Glance
G4-4	Primary brands, products, and/or services		Page 8	CSL at a Glance
G4-5	Location of organization's headquarters		Page 8	CSL at a Glance
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		Page 8	CSL at a Glance
G4-7	Nature of ownership and legal form		Page 8	CSL at a Glance
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		Page 8	CSL at a Glance
G4-9	Scale of organization (including total number of employees, total number of operations, net sales, total capitalization, quantity of products or services provided)		Page 8	CSL at a Glance
G4-15	External economic, environmental and social charter, principles or other initiatives		Page 30	Environmental Management Systems
G4-16	Memberships of associations		Page 24	Protecting Biodiversity and Ecosystems
<b>REPORT PROFILE</b>				
G4-28	Reporting period			
G4-29	Date of most recent previous report		Page 8	CSL at a Glance
G4-30	Reporting cycle		Page 8	CSL at a Glance



DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
GOVERNANCE				
G4-34	Governance structure of the organization, including committees of the highest governance body	⊙	Page 10	Corporate Governance
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	⊙	Page 10	Corporate Governance
G4-38	Report the composition of the highest governance body of its committees	⊙	Page 10	Corporate Governance
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	⊙	Page 10	Corporate Governance
ETHICS AND INTEGRITY				
G4-56	Describe the organization's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics	⊙	Page 34	Corporate Ethics
G4-57	Report internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines	⊙	Page 34	Corporate Ethics
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity such as escalation through line management, whistle-blowing mechanisms or hotlines	⊙	Page 34	Corporate Ethics
SPECIFIC STANDARD DISCLOSURES				
ENVIRONMENTAL				
ENERGY				
G4-EN3	Energy consumption within the organization	⊙	Page 50	Fuel consumption is reported in tonnes, not joules.
G4-EN5	Energy intensity	⊙	Page 50	2015 Environmental Footprints and CSL Fleet Fuel Efficiency graph
G4-EN6	Reduction of energy consumption	⊙	Page 20	Reported in tonnes, not joules, and only for selected projects
G4-EN7	Reductions in energy requirements of products and services	⊙	Page 50	Reported in 1,000 cargo tonnes per nm/tonne of fuel.
WATER				
G4-EN9	Water sources significantly affected by withdrawal of water	N/A		Ballast water by ship is not withdrawn completely.

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
BIODIVERSITY				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	⊙	Page 25	Reported trading routes in particularly sensitive sea areas as reported by the IMO.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas of high biodiversity value outside protected areas	⊙	Page 24-25	No information available on specific impacts
EMISSIONS				
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	⊙	Page 50	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	⊙	Page 50	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	⊙	Page 23	Reported business travel for office staff.
G4-EN18	Greenhouse gas emissions intensity	⊙	Page 50	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	⊙	Page 20	
G4-EN20	Emissions of ozone depleting substances (ODS)	⊙	Page 50	
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	⊙	Page 50	SO <sub>x</sub> reported as average percentage of total fuel consumed.
EFFLUENT WASTE				
G4-EN22	Total water discharged by quality and destination	⊙	Page 50	Treated bilge water disposal disclosed. Omissions include whether it was ashore or at sea, as well as other types of water discharge such as ballast.
G4-EN23	Total weight of waste by type and disposal method	⊙	Page 50	Data does not include recycling, composting or incineration for all divisions.
G4-EN24	Total number and volume of significant spills	⊙	Page 28	
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organizations' discharges and runoff	⊙	Page 25	Information on size of PSSA is not provided.
PRODUCTS AND SERVICES				
G4-EN27	Extent of impact mitigation and environmental impacts of products	⊙	Page 21-33	Environmental reduction achievements and GHG projects
TRANSPORT				
G4-EN30	Significant impacts of transporting products and other goods and materials for the organization's operations and transporting members of the workforce	⊙	Page 48	Reported only by CSL vessels, and not by suppliers and service providers

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
<b>LABOR PRACTICES AND DECENT WORK</b>				
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender	⊙	Pages 12 and 46	Omissions include occupational diseases, lost days and absenteeism. Figures have not been disaggregated by region or gender.
<b>TRAINING AND EDUCATION</b>				
G4-LA9	Average hours of training per year per employee by gender and by employee category	⊙		A Learning Management System is being implemented to track this data.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	⊙	Page 37-38	Performance Management
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	⊙	Page 37	Performance Management
<b>LABOR PRACTICES GRIEVANCE MECHANISMS</b>				
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	⊙	Page 35	Whistleblowing Reports and Actions
<b>HUMAN RIGHTS</b>				
<b>NON-DISCRIMINATION</b>				
G4-HR3	Total number of incidents of discrimination and corrective actions taken	⊙	Page 35	Whistleblowing Reports and Actions
<b>SOCIETY</b>				
<b>LOCAL COMMUNITIES</b>				
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	⊙	Page 40	Employee and Community Engagement
<b>ANTI-CORRUPTION</b>				
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	⊙	Page 34	Corporate Ethics
G4-S04	Communication and training on anti-corruption procedures	⊙	Page 34	Corporate Ethics
G4-S05	Confirmed incidents and corruption and actions plans taken	⊙	Page 35	Corporate Ethics





## 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 divisions, 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 more than 77 million tonnes of cargo to industrial customers annually. CSL's history can be traced back to 1845.



