

CORPORATE
SUSTAINABILITY
REPORT
2016



CSL GROUP



THE SEA KEEPER

The Sea Keeper is an original work of art conceived by Montreal urban artist Bryan Beyung and created with artists FONKi, Ankh One, and Benny Wilding of the A'shop art collective. The monumental mural featured on the Trillium Class bulk carrier, M.V. *CSL St-Laurent*, was created over a period of several weeks in close collaboration with CSL's technical team.

The Sea Keeper was commissioned by CSL to commemorate Canada's 150th birthday, the 375th anniversary of the City of Montreal, and the roles of the St. Lawrence Seaway, marine transportation, and CSL in building the nation and the City.

TABLE OF CONTENTS

About this Report.....	2
2016 Report Highlights	3
Message from the CEO	5
CSL at a Glance.....	6
Corporate Governance.....	8
Sustainability Governance.....	10
Health and Safety First.....	13
Improving Air Quality	18
Protecting Biodiversity and Ecosystems.....	24
Resource Conservation and Supply Chains.....	28
Ethics	32
Positive Workplace.....	36
Employee and Community Engagement	40
Value for Customers.....	44
 Annexes	 47
Our Health and Safety Performance.....	48
Our Environmental Performance.....	49
Green Marine Performance	51
Environmental Footprint.....	52
CSL Fleet Fuel Efficiency.....	53
CSL Fleet Air Emissions.....	54
2017 Footprint Reduction Goals by Division	55
Reporting Framework	56

ABOUT THIS REPORT

At CSL, we are committed to conducting our operations in accordance to the highest standards of corporate social responsibility. We believe it's 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 including the Global Reporting Initiative's G4 Sustainability Guidelines and the United Nations Sustainable Development Goals.

By understanding the impacts of our business from both a social and environmental perspective, and by fostering continuous improvement in all aspects of our operations, we believe we can take the necessary steps towards a sound future for our people, our environment and our industry.

For more information on CSL's sustainability and corporate social responsibility programs, visit our website at www.cslships.com.

2016 REPORT HIGHLIGHTS

HEALTH AND SAFETY FIRST

The SafePartners Program continued to help CSL improve its safety performance with the achievement of a 42% reduction in lost time injury frequency rate (LTIFR) compared to 2015. Behind this number are over 90,950 man hours of safety training and 667 recorded safety observations.

IMPROVING AIR QUALITY

Operational efficiencies and enhanced logistics helped improve cargo transportation emission intensity and reduce gCO₂eq/tonne-nautical mile by 0.9% for CSL Group. Sulphur emissions were also significantly lower with a 25% reduction.

PROTECTING BIODIVERSITY AND ECOSYSTEMS

In 2016, the US Coast Guard (USCG) type approved the ballast water system installed on board M.V. *Sheila Ann*. No major oil spills were reported and CSL's Canadian fleet achieved 100% compliance with voluntary speed reductions in the Montreal-Sorel area.

RESOURCE CONSERVATION AND SUPPLY CHAINS

CSL managed to achieve a 40% increase in waste recycling from vessels and a 10% reduction in total waste produced per crew member. One vessel, *Atlantic Erie*, was recycled in 2016 in accordance with the Hong Kong Convention and CSL's ship recycling policy.

CORPORATE ETHICS

Anonymous whistleblowers reported a total of five alleged breaches of CSL policies and commitments, a 67% reduction from 2015. There were also four complaints or breaches that resulted in corrective actions.

POSITIVE WORKPLACE

CSL completed a total compensation benchmarking study and provided personalized compensation statements to every employee. CSL was also named a Montreal Top Employer in 2016.

EMPLOYEE AND COMMUNITY ENGAGEMENT

CSL donated approximately 1% of net profit in 2016 to charitable causes and disaster relief. Among the many philanthropic activities taking place throughout CSL's regions, the CSL Dragon Boat Challenge raised \$9,000 for the St-Justine Hospital Foundation.

VALUE FOR CUSTOMERS

CSL developed and launched the Scheduling Optimizer to improve logistics and planning efficiency. This tool enables CSL to run multiple scenarios, find contingency plans and visually represent customer supply chains.





MESSAGE FROM THE CEO

My first experience working with CSL was as a third party ship surveyor in the 1990's. I dealt with a lot of companies back then and what stood out most about CSL – more than its legendary name and self-unloaders – was its people. The energy and passion of CSLers, their solid ethics and their approachability, not to mention their incredible knack for getting the job done right no matter the challenge, really stood out from other shipping companies.

I joined CSL in 1997 and after twenty years with this incredible company, it is a tremendous honour for me to be leading such an exceptional team. I take great pride and comfort in knowing that CSL and its owners care deeply about people, safety, the environment and our communities, and that doing the right thing is part of the company's fabric and ethos.

People today, especially younger generations, seek to work for companies that align with their values and who stand up and stay true to their principles, no matter the circumstance. CSL is one of those companies.

Last year was one of the most challenging we have faced in a very long time, and so it was natural that we would take a critical look at our overall structure and costs, and adjust accordingly. While sustainability programs are often the first thing to be cut in tough markets, at CSL, we take the long view. Sustainability is not a superfluous cost but rather it is fundamental to the way we conduct our business. We see it as a competitive advantage, a driver of innovation and an investment in the future of our employees, customers, and communities.

Challenges create opportunities and so over the course of our 2016-17 fiscal year, we realigned our organizational structure to leverage our collective strengths and global capabilities, and foster innovation. Our new collaborative model is allowing us to push the boundaries of our famous ingenuity and focus on delivering the best solutions in the most efficient, safe and responsible way possible.

As outlined in this report, 2016 was a year of considerable change and progress for CSL, and during which we broke ground on new programs and technologies, and integrated sustainable practices that will transform our company for years to come. While we continue to see improvements in our safety and environmental performance, as well as in other areas of our operations, we will always strive to be better.

Though CSL's sustainability journey is far from over, I am proud of what we have achieved so far, and for our ambitious plans to achieve greater things in the future. I thank our employees for their ongoing commitment to making CSL a better company. I thank our customers who inspire and motivate us every day. And I thank our readers, for your interest in our sustainability efforts.

Louis Martel
President and Chief Executive Officer

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 regional offices are located in Halifax, Winnipeg, Hamilton, Vancouver (Canada), Boston (USA), London (UK), Bergen (Norway), Jakarta (Indonesia), and Sydney, Brisbane, Whyalla and Karratha (Australia).

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

THE CSL GROUP

 **CSL Offices**



48 SELF-UNLOADERS

7 BULKERS

2 TRANSHIPMENT
PLATFORMS



We currently operate a fleet of 57 vessels, including 48 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 2016 (March 31, 2017), CSL transported more than 64 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 one 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.



CORPORATE GOVERNANCE

The CSL Group is managed by an executive team headquartered in Montreal. The five principal markets in which CSL operates are served by regional teams.

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

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

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

CSL BOARD OF DIRECTORS



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



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



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



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



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



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

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. Mr. 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.



Sustainability Governance

At CSL, sustainability is a core tenet of our corporate philosophy and values. It is also a pledge to our customers, employees and the communities in which we operate, to conduct our business in a safe, ethical and environmentally responsible manner. Transparency is key to our sustainability approach and the Global Reporting Initiative (GRI) provides us with a better understanding of our impacts and what we need to do to mitigate them.

Beginning with our 2016 Sustainability Report, we are now highlighting the areas in which our report align with the United Nations Sustainable Development Goals (SDGS). These globally shared goals and targets provide a wider context to measure CSL's sustainability performance and contribute to the U.N.'s universal Sustainable Development Agenda.

Global Reporting Initiative

Adopted by CSL in 2015 as a reference and guide for sustainability measurement and reporting, the internationally recognized Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines provide structure and alignment on what and how we report.

We report in accordance with the core option, which comprises the essential elements of our sustainability report and provides the background for how we communicate our environmental, social and governance performance. In 2017, we hope to complete our materiality analysis under the guidelines for reporting in 2017's Corporate Sustainability Report.

Continuous Improvement

CSL is committed to transparent and credible reporting and we continually seek to improve the way we communicate our results. In 2016, CSL completed reviews and updates to the following corporate policies and guidelines:

- CSL Environmental Policy;
- CSL Ship Recycling Guidelines;
- CSL Green Procurement Guidelines (Canada);
- CSL vendor checklist.

GREEN MARINE ISSUE	LEVEL ACHIEVED	
	CANADA STEAMSHIP LINES	CSL INTERNATIONAL
Aquatic Invasive Species	4	5
Pollutant Air Emissions (So _x and PM)	5	3
Pollutant Air Emissions (NO _x)	4	3
Pollutant Air Emissions (GHGs)	5	3
Oily Water	4	3
Garbage Management	5	4



GREEN MARINE

Green Marine is a voluntary and transparent environmental certification program that provides a comprehensive framework for marine transportation companies to measure and reduce their environmental footprints. As a founding member of the program, CSL has been an active Green Marine participant and advocate since its launch in 2007.

As part of the Green Marine program, shipowner participants must take concrete and measurable actions to improve their environmental performance according to seven environmental indicators.

Level 1 of each indicator represents regulatory compliance and a level 5 rating is given to shipowners who demonstrate excellence and leadership.

The program, which was founded in North America and has since expanded internationally, has separate criteria for domestic Great Lakes shipowners and those who trade internationally. To better reflect this distinction, CSL consolidated the Green Marine performance of CSL Americas, CSL Europe and CSL Australia under one participant, CSL International. CSL's Great Lakes and St. Lawrence Seaway fleet continues to be evaluated under the Canada Steamship Lines banner and to rank as Green Marine's highest performing shipowner.

The United Nations Sustainable Development Goals

A new feature in the 2016 Corporate Sustainability Report is the integration of the United Nations Sustainable Development Goals (UNSDG) as an additional measure to show CSL's alignment and contribution towards the achievement of the SDGs.

The UNSDGs consist of a set of 17 goals adopted by countries around the world in 2015 to end poverty, protect the planet and ensure prosperity for all, as part of a new sustainable development agenda. Each sustainable development goal has specific targets to be reached over the next 15 years. To attain these goals, everyone needs to do their part, including the marine transport industry.

The UNSDGs express the expectations and priorities of the global community. As a company with international operations, global supply chains and a diverse ship and shore workforce, CSL understands its responsibility to contribute to the achievement of the UNSDGs. This is why we will strive to integrate these priorities into our sustainability approach and reporting mechanism, and will demonstrate how our current sustainability program aligns with the goals.

UNSDGs relevant to the specific sections of the report are identified with the appropriate icons as illustrated at right. The icons within the report indicate a commitment to the aforementioned objective on CSL's part, as well as a willingness to meet the objective.





Health and Safety First

Safeguarding the health and safety of our employees and anyone in contact with our operations is, without question, the first and foremost priority at CSL. We are committed to achieving a zero harm work environment, a best in class safety culture, and eliminating work-related hazards so that all can return home safely to family and friends.

We understand, however, that a safe and healthy workplace does not come about by accident, particularly in an industry that is dangerous by nature. In 2016 alone, CSL crews weathered cyclones, coastal flooding, and transited through high risk piracy areas – all without incident thanks to our home-grown safety program, SafePartners.

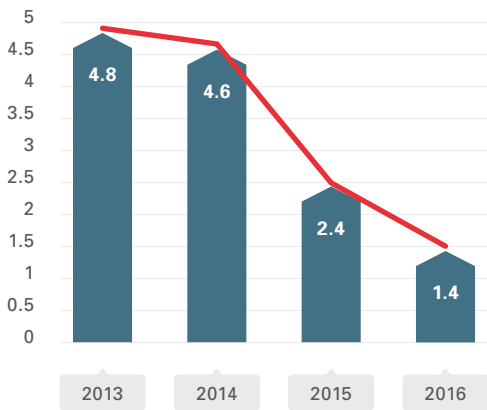
Measuring our Safety Performance

Since it was launched four years ago, the SafePartners program has been instrumental in dramatically improving our safety results and creating a safety culture built on prevention, training, mutual trust and committed leadership. Between 2012 and 2016, CSL witnessed a 71% drop in the frequency rate of lost-time injuries – a remarkable achievement that demonstrates the value of empowering seafarers to take ownership of their own safety and the safety of their mates.

In 2016, CSL achieved its’ best safety performance yet with a global fleet average of 1.4 Lost Time Injuries (LTI) per 1 million hours worked. A sharp uptake was also registered in the reporting of near miss and unsafe acts or conditions, a key element in heightening safety awareness.

CSL directly credits the successful implementation of SafePartners for its improved safety record, which has made safety everyone’s responsibility and a part of daily line management activities.

CSL GROUP - LOST TIME INJURY FREQUENCY RATE SINCE 2013

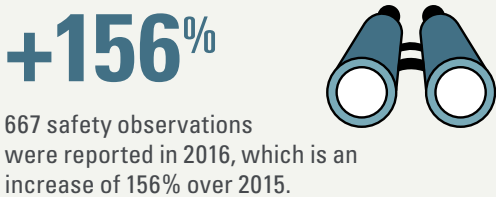
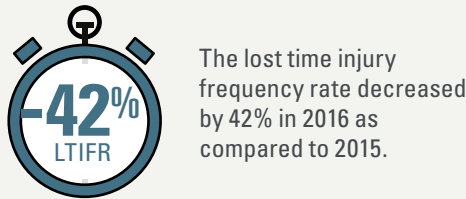
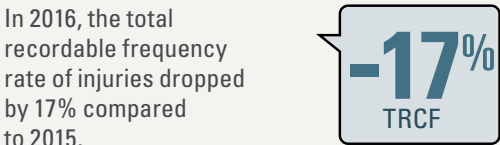
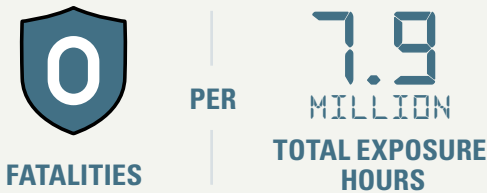
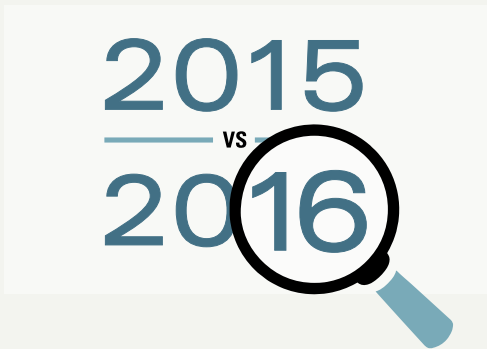


WHAT IS...

Total recordable case frequency (TRCF) refers to the sum of Lost Time Injuries (LTI), Restricted Work Cases (RWC) and Medical Treatment Cases (MTC) occurring in a workplace per 1 million man-hours worked.

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

Safety Performance



A Fair and Just Culture

In 2016, CSL introduced the Fair and Just Culture principle to increase personal accountability and promote a balanced approach to safety event reporting onboard our ships.

An important part of a positive health and safety workplace, the Fair and Just Culture's decision making guide emphasizes learning and accountability over blame and punishment in the

event of an incident, near miss or identified risk to safety. The guide helps crews systematically determine whether the behavior leading to a safety event meets or exceeds expectations, and provides a structured process to manage these issues with transparency and fairness.



Recognizing Safety Achievements

CSL takes great pride in celebrating the safety milestones achieved by vessels operating throughout the global fleet. Among the many outstanding achievements reached in 2016, CSL Europe and the FOTP *Derawan* finished the year without a lost-time injury (LTI) and the Australian Crane crew notched up nine years without an LTI. In Canada, *Whitefish Bay* and *Thunder Bay* both received gold pennants for achieving three consecutive years without an LTI.

Safety Training

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

A key pillar of the SafePartners program, onboard safety training, which begins at the cadet level and continues throughout all the ranks of CSL seafarers. Through training, drills and exercises, crew members learn or refresh vital skills and knowledge to recognize and mitigate workplace hazards and ensure the safe operation of our ships.

In 2016, CSL crew members worldwide completed over 90,950 man hours of safety training, covering a wide range of areas, including:

- Lifesaving rules;
- Working at height/fall protection;
- Confined space entry;
- Human Element Leadership and Management (HELM);
- Risk management;
- Accident/Incident investigation, analysis and reporting;
- Emergency first aid.

Putting our Vessels to the Test

Marine transportation is considered one of the most highly regulated industries in the world. Ships and their crew undergo comprehensive inspections through classification societies, port state control (PSC) and customer vetting. A PSC is the inspection of a vessel while in port to verify that the condition of the vessel, as well as its machinery and equipment, follow international regulations, and that the vessel is manned and operated in compliance with these regulations.

In 2016, CSL underwent 41 PSC inspections with an average of 0.71 deficiencies per inspection. This is a 28% reduction from 2015 where CSL averaged 0.98 deficiencies per PSC inspection.



NINE YEARS LTI-FREE

November 7, 2015, marked a significant milestone for the CSL Australia Crane Crew, which achieved nine years lost time injury free. The twenty-person crew services the CSL hybrid self-unloader, *Adelie*, and other chartered gear and grab vessels that move over 1.2 million tonnes of cargo per year.

CSL Commitment	Progress in 2016	Moving Forward
<ul style="list-style-type: none"> • Achieve zero harm. • Implement safety standards and procedures. • Develop accident investigation and root cause analysis skills to prevent reoccurrences. • Improve management of hazardous conditions and unsafe behaviours. • Provide training to successfully implement Lifesaving Rules. • Improve, upgrade and renew equipment for safe operations. 	<ul style="list-style-type: none"> • 42% reduction in lost time injuries for CSL Group compared to 2015. • 17% decrease in TRCF per million man hours compared to 2015. • The Fair and Just Culture principle was adopted and is being implemented. • Specialists were trained in accident investigation. • Lifesaving Rules training continued with ship and shore personnel. • Safety training was conducted at crew conferences. 	<ul style="list-style-type: none"> • Work toward achieving zero harm. • Follow safety strategy. • Continue implementation of Lifesaving Rules and management standards. • Improve incident investigations, corrective actions and leverage findings. • Implement procedures to manage hazardous conditions and unsafe behaviours. • Pursue Lifesaving Rules training for ship and shore personnel. • Develop a safety training matrix and promote a skilled workforce.

UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS



CUSTOMERS RECOGNIZE SAFETY

In 2016 the FOTP Derawan achieved a special commendation from CSL customer Berau Coal, for successfully achieving a full year with zero lost time injuries. The transhipper and the operations are extremely isolated, positioned approximately 10 nautical miles off the northeast coast of Kalimantan. Such isolated operations require the team on board to work closely to ensure the safety of all crew members through a demanding transhipment operation.

WORKING AT HEIGHT

The Working at Heights Lifesaving Rule was the focus of an awareness and training campaign in 2016 to educate crews and employees on precautions and procedures to avoid falls and minimize consequences.

CSL employees are required to use height safety equipment when working within two metres of an unprotected edge and at heights of more than 1.8 metres. The Rule considers ISO standards 22159:2007, 14567:1999, 10333-4:2002 as well as country specific standards. As part of this focus, CSL committed to upgrading onboard fall arrest systems including snap hooks, lanyards and lifelines, full body harnesses and anchorage points capable of supporting at least 5,000 lbs.





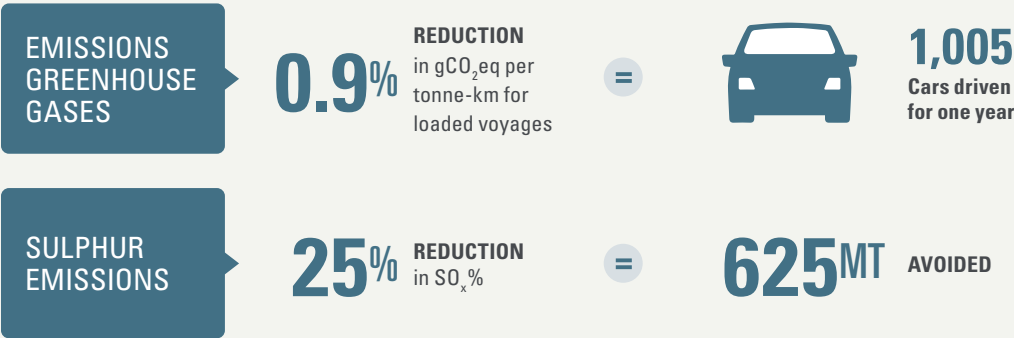
Improving Air Quality

Since the launch of CSL's energy efficiency/greenhouse gas (GHG) reduction program in 2009, consistent progress has been made to significantly reduce CO₂ emissions and other air pollutants from the global fleet. Strategies and actions to optimize vessel design and operations – including the full integration of our nine modern Trillium Class ships – have amounted to a 29.6% reduction in CO₂ emissions during loaded voyages in Canada.

Short sea shipping continues to be a key feature of CSL's worldwide operations and a fundamental element of a global strategy to curb land-based congestion and air pollution. Compared to trains and trucks, short sea shipping is by far the most efficient mode per tonne/kilometer to transport large quantities of cargoes. In the Great Lakes for instance, one CSL seaway-size vessel can transport the equivalent amount of cargo carried by 301 rail cars or 963 trucks.

CSL strives to take a leading role in environmentally responsible shipping and recognizes the important role the shipping sector must play in helping global economies reduce their GHG emissions and achieve their nationally determined climate change commitments. As we look ahead to the future, we will continue to invest in, develop and put into practice new and innovative solutions for the low emission shipping of tomorrow.

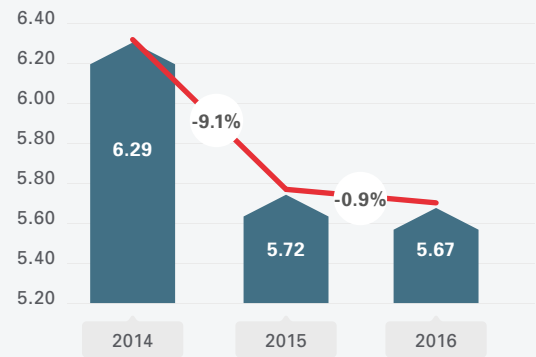
Air Emissions – 2016 vs 2015



GHG EMISSION INTENSITY

CSL's global GHG emissions intensity is measured on a grams of CO₂ equivalent (gCO₂eq) per tonne-km travelled. Over the past three years, CSL has reduced the emission intensity of the global fleet by 10% through fleet renewal, retirement of older less efficient vessels and the systematic roll out of our energy efficiency program, which systematically audits vessels to identify operational and technical improvements to reduce onboard GHG.

CSL GROUP – GCO₂EQ/TONNE-KM



Fleet Performance Monitoring and Optimization

In 2016, CSL developed and launched a pilot project to remotely monitor vessel performance in real time onboard *CSL Niagara* and *Thunder Bay*. The technology developed by CSL is an analytical program that uses geo-location and the vessel's own machinery monitoring systems to continuously check the status of vessel systems and identify trends for onboard analysis.

The new technology provides crews with invaluable operational data to help continuously improve performance and measurement in real time. Not only does this help improve vessel operational efficiency, it also simplifies reporting, enhances communications and helps crews manage vessel costs.



Global Regulations for CO₂

The International Maritime Organization (IMO) has established a roadmap to develop a comprehensive industry strategy to reduce GHG emissions from shipping. CSL is supportive of the IMO's Monitoring, Reporting, Verification (MRV) strategy, which includes the adoption of a data collection system to help the industry define a GHG reduction commitment.

CSL is already committed to annual GHG reductions and is advocating for an IMO-set industry goal for curbing GHG. We believe this is important for the future viability of the industry and to do our fair share in addressing climate change. With our advanced fleet performance monitoring and optimization system, CSL is well positioned to adopt the IMO MRV and prepare for future GHG regulations.

The Canadian division of CSL has a long-standing history of efficiency improvements and has reduced CO₂ emissions per tonne-km by 23.6% over the past 10 years. This result was achieved thanks to the combined efforts of the technical and energy efficiency teams, and has included large scale work such as bow modifications, engine retrofits and machinery upgrades on the fleet. CSL is now looking ahead to test and deploy innovative solutions to enhance performance, including alternative fuels and energy storage.

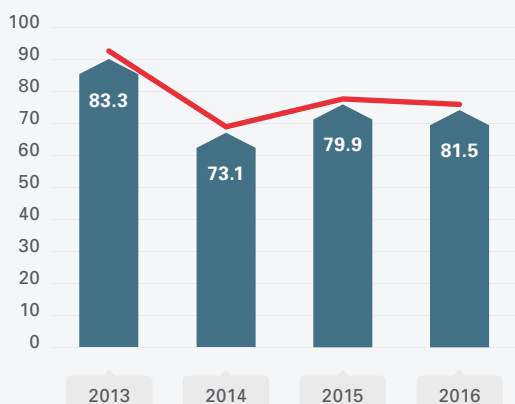
Historic GHG reduction Trend in Canada – gCO₂eq/tonne-km



ADDRESSING NO_x

CSL operates within both the North American and Caribbean NO_x emission control areas (ECAs). Nitrogen Oxides (NO_x) Emissions are produced in the combustion process and are a product of the fuel type, engine age and class. Auxiliary engines produce less NO_x than a ship's main engine and the international NO_x Tier III standards apply to all marine diesel engines installed after January 2016. Unfortunately, in 2016, CSL's NO_x emissions continued to rise as a result of heavy loads on the engine units. CSL is investigating methods and processes to reverse this trend and reduce NO_x emissions in the global fleet.

CSL GROUP AVERAGE NO_x KG/TONNE OF FUEL



Tackling SO₂

The shipping industry is actively addressing sulphur oxide (SO_x) emissions, which are harmful to both human health and the environment, through international regulations that limit the quantity of sulphur in fuel. Compliance comes at a substantial price however, obliging shipping companies to switch to more expensive fuel or to install costly exhaust gas scrubbers with higher operating costs. For coastal shipping companies like CSL, compliance is further challenged by competition with land based modes of transportation.

To reduce the risk to our business, customers and communities, CSL is developing a sulphur reduction strategy that addresses the fuel challenge while maintaining economic competitiveness. This is important to avoid modal shift to less efficient modes of transportation, which is counterproductive to global commitments towards carbon intensity reduction. CSL is also advocating for the active enforcement of and compliance to IMO standards to ensure a level playing field for all responsible operators.

Supporting Research

CSL is committed to supporting and collaborating on research that addresses the environmental and technical challenges faced by the shipping industry. Such research adds value to the shipping sector by facilitating technology transfer and knowledge sharing, and by promoting innovation.

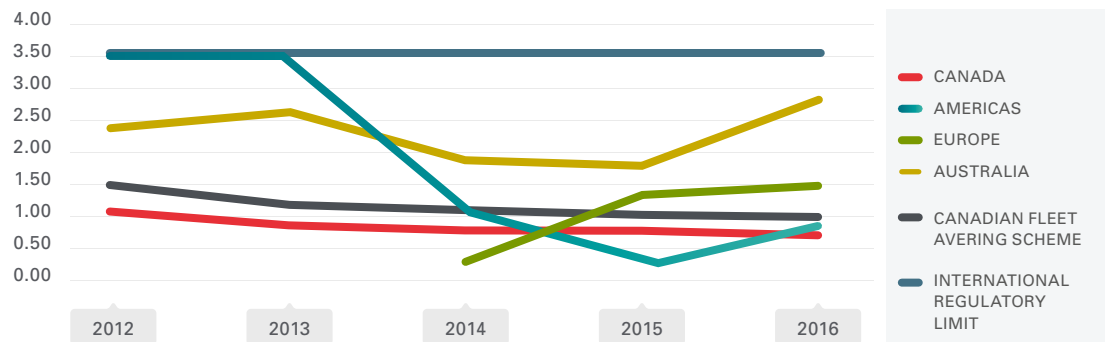
In 2016, CSL partnered with a wide range of research institutes, universities and government bodies to address a diverse range of topics including alternative fuels, ship emissions, biofouling, anchor scour, underwater noise, among many others.

Average Sulphur in Fuel – CSL Global Fleet

CSL complies with and even surpasses the regulatory limit of sulphur in fuel throughout its operations. In Canada, we have consistently performed better than fleet averaging requirements for the percentage of sulphur in fuel, and in Europe and the Americas we operate in and outside

emission control areas. Our Australian operations comply with the international limit of 3.5%.



CSL assesses market sulphur levels in fuel and engages with suppliers that can deliver the lowest percentages, often at a significant cost difference.



Natural Gas Supply Chains

In 2016, CSL participated in an assessment conducted by the Canadian Gas Association on the liquefied natural gas (LNG) supply available on the Great Lakes and East Coast of Canada. The assessment included technology readiness, environmental benefits, infrastructure options, human resourcing requirements and the regulatory barriers to implementation.

By contributing to the study, CSL was able to voice the safety, technical and efficiency requirements that need to be considered when looking at fuel supply options. The assessment concluded that the most significant environmental impact factor is the source of the natural gas, a fact that CSL believes calls for a life-cycle or well to propeller analysis of any future fuels for the shipping industry.

CSL Commitment	Progress in 2016	Moving Forward
<ul style="list-style-type: none"> • Reduce our total air emissions footprint through investment in energy efficiency and emissions abatement technologies. • Reduce an average of 1% gCO₂eq-tonne-nm annually. 	<ul style="list-style-type: none"> • 0.9% of gCO₂eq/tonne-nm was reduced in 2016 compared to 2015. • Energy efficiency audits were completed for the entire Australian fleet. • A fleet distance monitoring pilot is being carried out onboard two vessels. 	<ul style="list-style-type: none"> • Roll out fleet real time distance monitoring onboard more ships in 2017-2018. • Further focus on NO_x and PM reduction technologies. • Develop a sulphur reduction strategy for compliance with 2020 global sulphur regulations.
UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	 	

CSL PARTNERS WITH COLLEGES TO STUDY EFFECT OF SHIP EMISSIONS

CSL partnered with the Australian Maritime College (AMC) and the University of Queensland (UoQ) on a study exploring the health effects of in-port ship emissions on local communities. The research focused on maritime environmental protection under the regulatory compliance of IMO MARPOL Annex VI, which addresses ship emissions for SO_x, NO_x and PM2.5. The exhaust gas stacks of CSL vessels were sampled for onboard emissions and CSL provided historical fuel consumption data for auxiliary engines. The outcome of the research helped CSL further focus and refine its GHG reduction program for in-port operations and assisted the AMC in strengthening and growing its shipboard emissions sampling capabilities and expertise.





Protecting Biodiversity and Ecosystems

The marine transportation industry is a primary user of the world's waterways and as such is fundamentally responsible for the protection and preservation of the marine, coastal and estuary ecosystems in which it operates.

CSL recognizes the potential impacts of its operations on marine wildlife and is taking action to avoid or mitigate them. We are committed to developing and implementing solutions to ensure a healthy and thriving marine environment by addressing issues such as invasive species transfer and underwater noise, and by partnering on research to better understand the impact of shipping on ecosystems.

***Sheila Ann* Ballast Water Treatment System Type Approved**

In May 2016, M.V. *Sheila Ann* completed all US Coast Guard (USCG) type approval testing for a ballast water treatment system. By December 2016, the manufacturer of the system obtained the final USCG type approval certificates and became the first US coast guard approved electrochlorination ballast water treatment system in the world.

The system treats ballast water through electrochlorination and is one of the few systems to have both IMO and USCG type approval. It is also one of the few systems that can manage and treat the 4,000 to 5,000 tonnes per hour water flow that a CSL ship generates.

The system was installed on *Sheila Ann* in early 2015 and shipboard tests were conducted in the saline and brackish water ports of San Marco, Mexico, San Francisco Bay and Tacoma, Washington as well as in fresh water ports on the U.S. Pacific Coast. Despite the wide range of highly varying conditions challenging the system, daily operation of the vessel was never disrupted.

Treating a ship's ballast water is one solution to help reduce the risk of aquatic invasive species. As a short sea shipping company with a fleet of unique self-unloading vessels, CSL remains committed to the pursuit of effective ballast water management systems for its worldwide fleets.

Marine Mammals and Responsible Shipping

Marine transportation presents a number of environmental risks to marine mammals and cetaceans such as collisions, pollution and underwater noise. Studying and understanding the impacts of commercial shipping routes on local whale populations has been a CSL priority for over five years.

In 2016, we renewed our partnerships with several research organisations and made progress on our marine mammal protection strategy, particularly in the area of underwater noise. Understanding the contribution of vessel noise to ambient sea sound and its effects on different whale species will be an ongoing project for CSL over the coming years.

MAMMAL PROTECTION AND VOLUNTARY SPEED REDUCTIONS

As part of our commitment to marine mammal protection, CSL vessels comply with the many voluntary speed reduction areas across North America. Reducing a vessel's speed helps mitigate the potential for a ship and whale collision. The voluntary speed reduction zones include Saguenay Marine Park, where a voluntary speed of 10 knots is promoted between May 1 and October 31 every year to help protect the local beluga population. Other areas include Haro Strait, San Francisco Bay, Grand Manan Basin and the Gully Marine Protected Area.

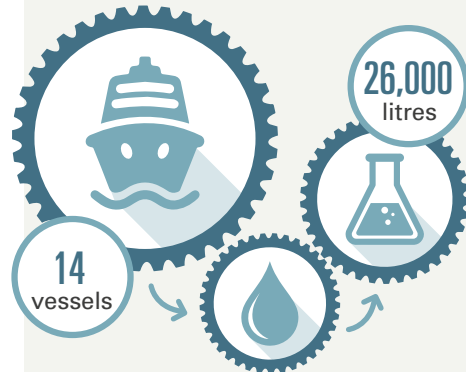


Vessel Lubricants

The use of lubricants onboard ships is vitally important to help protect machinery from wear and tear by reducing friction between the surface of two moving parts. The United States Vessel General Permit requires ship operators to replace traditional mineral oil lubricants with more eco-friendly alternatives at the oil-to-sea interface.

An environmentally acceptable lubricant is defined as biodegradable, minimally-toxic and non-bioaccumulative. In 2016, CSL continued its meticulous assessment of the best available EAL options for vessel stern tubes, bow thruster, controllable pitch propeller, steering gear and deck and tunnel greases.

The installation of water lubricated stern tubes on 14 CSL vessels = 26,660 litre of oil saved.



MARINE MAMMAL WATCH NETWORK (ROMM)

CSL has renewed its partnership with the Réseau d'observation des mammifères marins (ROMM) for the next three years. The partnership will use the mutually developed protocol to continue to train and educate CSL crew on whale sighting, identification and recording. This data will be used by ROMM to better understand the distribution of marine mammals in the St. Lawrence river and work to protect and preserve this unique marine ecosystem. ROMM is a non-profit organization dedicated to the protection and conservation of cetaceans and pinnipeds that frequent the St. Lawrence waters and their habitats.



WADDEN FUND BALLAST WATER SAMPLING

CSL Rhine of our European fleet participated in the Wadden Fund (Waddenfonds) ballast water sampling project. Commissioned by Damen Shipyards in the Netherlands in collaboration with Groningen Seaports, the project studied aquatic communities in ports, the role of invasive species, and the effectiveness of innovative techniques to treat ballast water. The Wadden Fund was established to provide sustainable support to the ecology and economy of the Wadden Sea area in North Holland.

Oil Spill Prevention

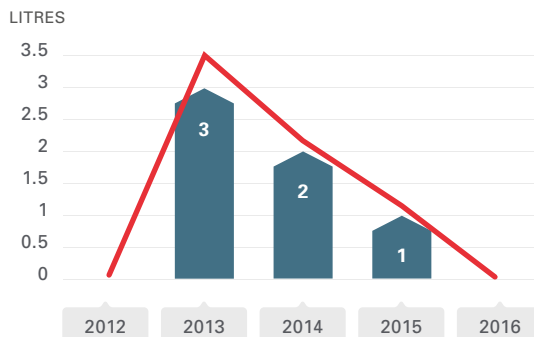
Although no major oil spill was reported in 2016, CSL regrettably did not achieve its target of zero oil spills due to the occurrence of three minor incidents that each released less than one litre of oil. CSL believes even a small spill is unacceptable.

Any discharge of oil pollution from a ship is one too many, which is why CSL has a rigorous spill prevention and response program in place throughout the fleet.

Our approach begins with purpose-built prevention technologies built into the design of our ships, which are supported by emergency response procedures and mitigation measures. In addition to receiving regular training and participating in emergency drills, CSL crew members are also focused on near miss identification and proactive reporting to learn from and avoid future incidents.

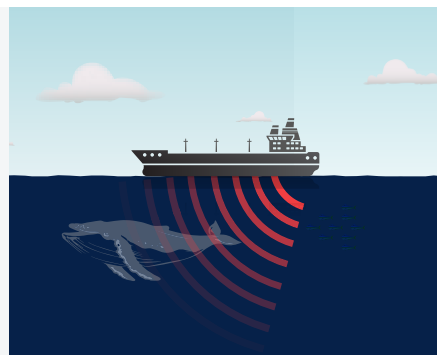
Significant Spill is Defined as an Oil to Water Spill Greater than 100 Litres

SIGNIFICANT OIL SPILLS



MeRLIN RESEARCH ON UNDERWATER NOISE

MeRLIN network for innovation, led by the Technopole Maritime, is dedicated to maritime transport and the port environment in Quebec, Canada. CSL is a founding member and in 2016 contributed to the progression and mandate development for research to be undertaken by the group. One of the major projects involving MeRLIN is research on underwater noise from vessels. There have been many different studies on vessel noise and MeRLIN hopes to collate these studies in a meaningful way for the industry. In addition, the network plans to evaluate various costs and benefits of noise mitigation options.



CSL Commitment

- Aim for zero oil spills.
- Reduce the risk of marine aquatic invasive species and improve water quality.

Progress in 2016

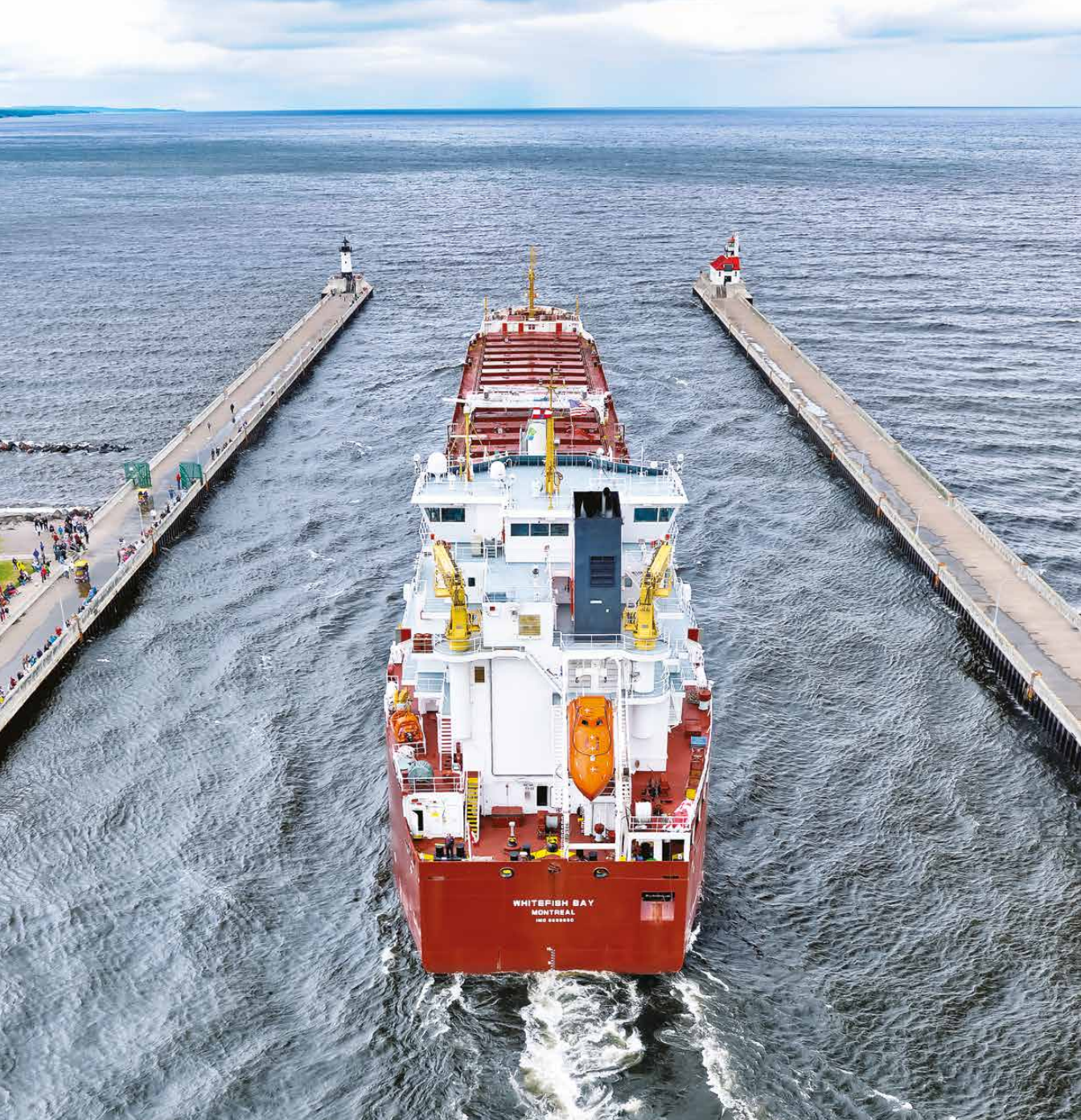
- The ballast water treatment system trialled on M.V. *Sheila Ann* was USCG approved.
- CSL ships complied 100% with the voluntary speed reduction in the Montreal-Sorel area.
- Three minor oil spills to water were reported, all of less than 1 liter in volume.

Moving Forward

- Develop risk-based mitigation procedures for hull biofouling and explore innovative solutions for in-water hull cleaning.
- Seek ways to measure the underwater noise footprint of CSL's fleet.

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GOALS





Resource Conservation and Supply Chains

In 2016, CSL evolved its waste strategy from a management and reduction model to a life cycle approach to products and services, recognizing that many traditional waste products are valuable resources.

CSL's life cycle approach starts with our biggest assets, our ships, and flows through to the cleaning products we use onboard. Going one step further, CSL is seeking waste to asset options across the value chain.

CSL's Waste Reduction Performance

12% less crew-produced waste since 2013 = 2,863 m³ less landfill



40% increase in recycling as a % of total waste produced compared to 2013



46% less oily waste per operational day compared to 2013 = 5,000 tonnes less waste oil



Reducing Waste to Landfill

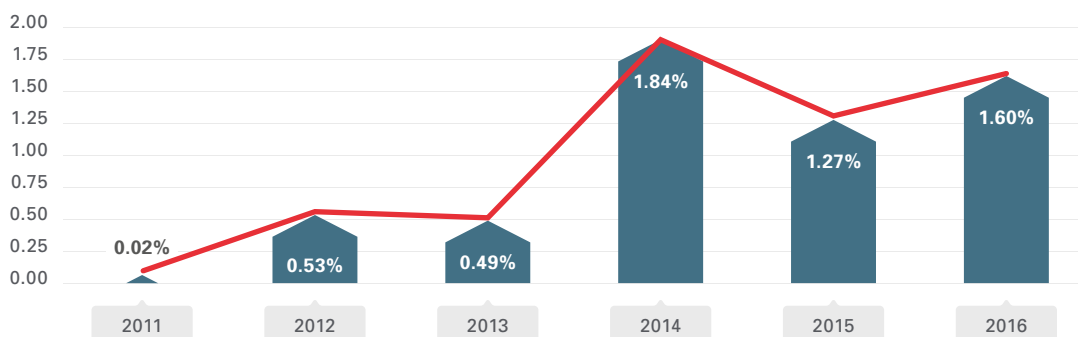
CSL is committed to reducing the amount of material dumped in landfill sites by regularly assessing its waste management procedures and seeking ways to salvage, recycle or reuse resources.

In 2016, a food waste dryer was installed and tested in the galley of Baie Comeau to process and reduce onboard food waste. The eco-friendly dryer processes all organic waste by heating and mechanically mixing the material to remove all moisture.

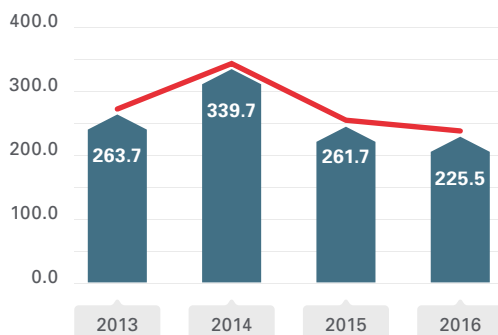
The waste is then transformed into a sanitized, odourless and dry powder, reducing the need for landfill.

The successful trial reduced the weight and volume of onboard organic matter by over 90% and the resulting organic waste powder is a quality biomass product. CSL plans to install the system on more ships in 2017 and is now actively seeking solutions to re-use this valuable resource.

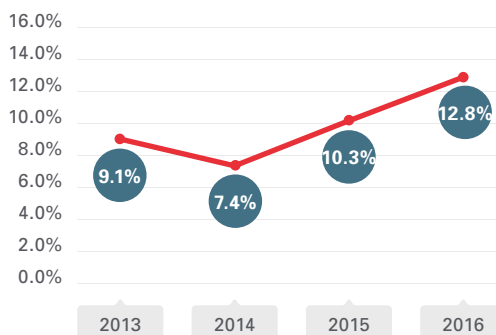
CANADA STEAMSHIP LINES – PERCENTAGE OF TOTAL ORGANIC WASTE PRODUCED



TOTAL WASTE IN M³ PER AVERAGE CREW MEMBER



PERCENTAGE OF RECYCLING TO TOTAL WASTE GENERATED

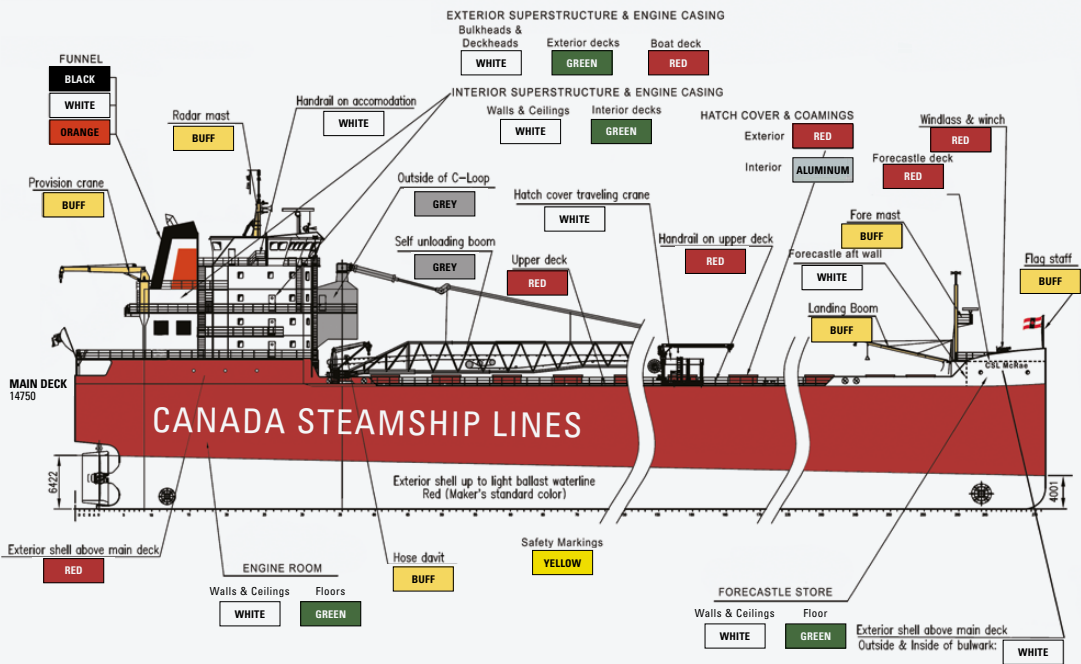


Paint and Coating Management

Vessel maintenance requires a broad spectrum of paints and coatings, the wide variety of which can lead to significant waste and higher levels of volatile organic compounds (VOC) emissions, which are the solvents released into the air as the paint dries. To reduce unnecessary excess and VOC emissions, avoid waste from damaged, out of date and non-approved coatings and to simplify the inventory and ordering process, CSL implemented a vessel paint inventory survey program in 2014.

Since the program’s launch, CSL has developed best practice techniques for paint application and maintenance, and reported marked improvement in onboard paint performance.

CSL STANDARD COLOUR COATING SCHEME – CANADA



Responsible Ship Recycling

CSL has long been a vocal advocate of safe and responsible ship recycling, and of the implementation of the Hong Kong Convention, which provides industry standards for the systematic and controlled dismantling of vessels.

Implemented in 2009, CSL’s ship recycling policy is regularly reviewed and updated to reflect new rules, regulations and trends occurring locally and globally.

Our policy stipulates that vessels must be recycled at carefully vetted yards that meet the standards of the Hong Kong Convention. They must also be in line with our cradle to grave ship management approach, and maintain management system certification, including ISO 14001.

Clean and Green

In 2016, M.V *Atlantic Erie* was recycled at a certified shipyard in Turkey, bringing the total number of CSL vessels dismantled under our recycling policy to fourteen.

All CSL vessels produce an inventory of hazardous materials approved by a classification society. This comprehensive list allows shipyards to properly identify hazardous materials and adequately plan for their safe and responsible removal, thus reducing risks to personnel and the environment.

Five countries have signed on to the Hong Kong Convention, which requires 15 signatories to be ratified, representing 40% of world merchant shipping. To date four Hong Kong-compliant ship recycling yards are operating in India, 18 in Europe and 25 in Turkey.

In 2016, CSL developed guidelines for the procurement of environmentally-responsible onboard cleaning products. According to the guideline, all CSL vessels must use cleaning products that feature the following criteria:

Product Content

- Chlorine free
- Phosphate free
- Readily biodegradable by more than 60% in 28 days
- Nonylphenol free
- Minimally toxic with a LE50 concentration less than 10ppm
- Made of renewable resources, such as water (not petroleum-based)

Product Packaging

- Minimal packaging
- Recyclable materials
- Reusable packaging elements

CSL Commitment	Progress in 2016	Moving Forward
<ul style="list-style-type: none"> • Manage and reduce the environmental impact of our supply chain with a life cycle approach to procurement. 	<ul style="list-style-type: none"> • The waste produced in m³ per average crew member decreased by 10%. • Recycling to general waste increased by 24%. • Incinerated waste as a percentage of total waste produced decreased by 14%. • One vessel was recycled in compliance with CSL recycling policy. 	<ul style="list-style-type: none"> • Continue to decommission incinerators within the fleet. • Roll out the use of dehydrators for organic waste onboard. • Review and update the vessel recycling guidelines. • Conduct environmental impact assessments of critical suppliers.



Ethics

Integrity is a fundamental CSL value and the foundation of our business. At CSL, we promote a fair and honest culture and our employees are champions of high ethical conduct and compliance with all laws and regulations. Our employees understand that there can be absolutely no compromise when it comes to ethical conduct and as a consequence, we are recognized as industry leaders in all areas of legal and ethical compliance.

CSL's Code of Corporate Responsibility

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

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 between CSL employees and public officials are conducted in a manner that does not compromise the integrity or reputation of the officials or CSL. In addition to observing laws applicable to individuals and CSL, all employees are expected to uphold CSL's ethical standards.

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;
- A detailed system of checks and verifications to prevent corruption.

Now in its fifth 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 favorable, reflecting a strong desire to do the right thing.

CSL is a leading 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 and serves as its Vice-Chairman.



MACN
Maritime Anti-Corruption Network

CASE STUDY: SOLVING A PROBLEM IN ARGENTINA

Argentinian members of MACN, of which CSL is an active member, reported systemic demands for payments for approval of holds or tanks to carry agricultural products. Large discretionary powers for inspectors, high costs for failing an inspection, paper records, and the lack of a reporting or appeals system combined to facilitate bribery and corruption.

To tackle this problem, MACN and Governance Latam (a local law firm), in collaboration with other industry stakeholders, catalyzed a collective action program to support the Servicio Nacional de Sanidad y Calidad Agroalimentaria (SENASA) in reforming its procedures.

Following extensive fact-finding and coalition building, these stakeholders together developed a new framework and requirements for the quality of holds and tank inspections, an escalation process when disputes occur, and an e-governance system. The framework follows international standards to modernize the inspections system, balancing the government's responsibility to ensure the cleanliness of vessels that export agricultural products with the necessary conditions for integrity in the context of foreign trade relations.

This successful collective action highlights the benefits of a strong and committed network, with members sharing information to highlight a problem, mobilizing to take action, and utilizing their combined expertise and influence to develop an impactful solution.



WHISTLEBLOWING

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

In 2016, five alleged breaches to CSL policies and commitments were reported through the whistleblowing system. Below is a summary of the complaints received, and actions taken.

2016 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	2	1	1
Embezzlement	0	0	0
Falsification of Contracts, Reports or Records	0	0	0
Misconduct or Inappropriate Behavior	1	1	1
Sabotage or Vandalism	0	0	0
Substance Abuse	0	0	0
Theft	0	0	0
Unsafe working conditions	1	1	1
Violation of Policy	0	0	0
Violence or Threat	0	0	0
Other	1	1	1



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**

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

Consult the website if calling from elsewhere in the world.

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.

CSL Commitment	Progress in 2016	Moving Forward
<ul style="list-style-type: none"> • Consistently and rigorously uphold the highest ethical standards in every aspect of the business. • Ensure all employees and agents are educated on and comply with policies, laws and ethical conduct. 	<ul style="list-style-type: none"> • Ethics training was provided to all shore-based employees. • A member of CSL management became Vice-Chair of the Maritime Anti-Corruption Network Steering Committee. • CSL Continued the validation of CSL suppliers in accordance with the CSL Anti-Corruption Program. • Reports filed through anonymous whistleblowing were investigated. Appropriate action was taken and reported to the Audit Committee of the Board of Directors. 	<ul style="list-style-type: none"> • Widen reach of the CSL Anti-Corruption Program to include commercial bribery. • Provide education and training on ethical conduct and legal compliance onboard vessels as part of the onboarding of new employees.

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.



Positive Workplace

In any business climate, creating the right environment in which employees and teams are fulfilled, supported and empowered is an important factor in achieving business goals and building a successful and sustainable organization. Every year, CSL invests significantly in training and developing its employees, and promoting a values-based workplace culture that puts people first and where performance is recognized and rewarded.

In 2016, we began a realignment process to refocus the CSL organizational structure to better serve our customers and to leverage our core strengths and global capabilities. At the heart of this process was a robust and coherent human resources plan to support employees in embracing and taking ownership of these changes, and to equip them with the tools necessary to thrive in the new environment.

Performing for Success

Improving our HR Management Tools

In 2016, work commenced on modernizing CSL's HR management system to streamline the full spectrum of HR-related tasks and improve process efficiency. Among its many advantages, the system benefits global employees and managers by providing a single-source center for goal-setting and evaluation, as well as easy access to training resources. The system also accelerates and optimizes the recruitment process both from CSL's and the candidate's perspective. The first modules of the system were deployed in early 2017 with complete implementation scheduled for 2018.

Recognizing your Contribution

Compensation Benchmarking and Education

In partnership with a third-party service provider, CSL conducted a compensation benchmarking study in 2016 to ensure salary and benefits are competitive and in line with industry best practices. The study, which confirmed external market rates for core positions, will help guide general compensation planning and decision making for recruitment, promotions and salary adjustments.

Additionally, CSL introduced individualized total compensation statements for every employee, outlining the full value of salary, pension, benefits, bonus and perks. The personalised statements provides employees with a solid understanding of the monetary value of all components related to their individual compensation.

Developing your Expertise

Training for Change

In preparation for the implementation of CSL's new organisational structure, managers received the framework, training and tools to successfully navigate and manage their teams through the transition. With a clear understanding of their roles and equipped with change management skills and techniques, managers were able to foster the behavioural changes required to ensure a sustainable and smooth transition, optimize employee engagement and instill personal accountability at every level. As the maritime industry continues to adjust to the fast pace of change, CSL considers change management a fundamental element in ensuring the success of new projects.

SHIPPING 101

The complex world of marine transportation can seem overwhelming to many new employees who are not only joining a new company but a new industry as well. To acclimatize these new CSL employees with the maritime industry, "Shipping 101," a new course developed and designed by CSL, has become an integral feature of our onboarding program. During the interactive primer, participants learn the key facts, features and vocabulary of the shipping industry and walk out of the session equipped with enough general knowledge to get them started.



Creating an Engaged Workplace

Understanding our Diversity

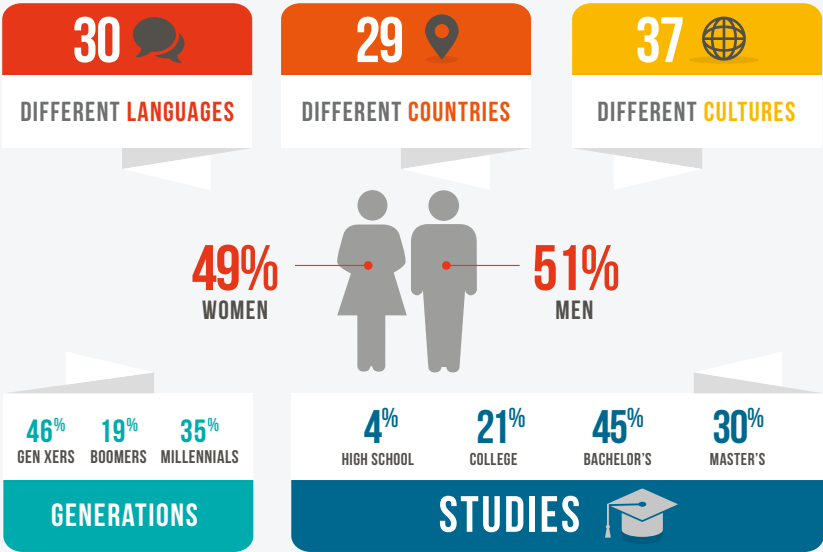
CSL's workforce is composed of a diverse group of people representing not only our operating regions but also a wide variety of nationalities, cultures and languages. Our diversity is in many ways our strength as it brings different ideas, opinions and perspectives to the table, which in turns drives innovation and improves performance. To get a more accurate snapshot of diversity at CSL and to help us better understand how it helps us thrive, we conducted a confidential and voluntary diversity survey among our global office employees. Results confirmed a high rate of cultural and linguistic diversity, among other findings.



Supporting Employees through Change

The realignment of CSL's corporate structure marked a significant milestone in the renewal of the company and presented a considerable change for employees. To support them through this transformation, build buy-in and promote engagement, several change management activities were conducted including workshops, discussion groups and regular communiqués. Team Impact meetings and crew conferences were also held in each CSL region, during which the executive team provided clarity and responded to questions about the new structure.

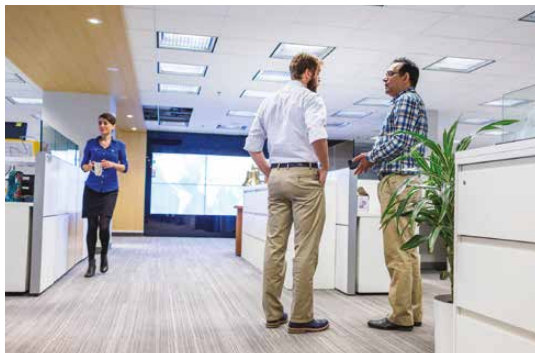
CSL GLOBAL SHORE-BASED EMPLOYEE PROFILE*



*Based on 63% response rate.

Opening up our Offices

Over the past two years, CSL redesigned and modernized its Montreal, Sydney and Boston offices to promote collaboration and unity among teams, and strengthen the relationship between office personnel and vessel crews. The new flexible work environments facilitate communication, teamwork and creativity, and optimize productivity and performance.



CSL Named One of Montreal's Top Employers in 2016

CSL's increased focus on promoting employee engagement, performance and growth earned CSL a position as one of Montreal's Top Employers in 2016. Now entering its 11th year, Montreal's Top Employers is an annual competition that recognizes Montreal-area employers that lead their industries in offering exceptional workplace and progressive and forward-thinking programs.

CSL Commitment

- Inspiring a working environment that promotes diversity and flexibility.
- Attract, select, develop and retain people with the right skills and "fit".
- Foster employee satisfaction to enhance productivity and customer experience.
- Enhance development and growth opportunities for employees and empower them to take ownership of their career progression.
- Improve employee communications.

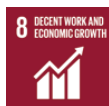
Progress in 2016

- CSL was recognized among Montreal's 2016 Top Employers.
- The deployment of a comprehensive HR system solution was initiated.
- Total compensation benchmarking study and personalised employee statements were completed.
- Change management training was conducted.
- Employees were supported through restructuring process.
- Office environments were redesigned for greater collaboration.
- The vision, mission and values were reviewed and revised.

Moving Forward

- Be recognized among the Canada's Top 100 Employers.
- Finalize the deployment of the comprehensive HR system.
- Strengthen change management expertise.
- Expand training and development programs.
- Implement new onboarding program.
- Implement new succession and development planning process.
- Strengthen personnel management skills.

UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS





Employee and Community Engagement

CSL's long tradition of engaging with the communities in which we operate is a point of pride for our employees, and a reflection of our aim to build trusting and respectful relationships in all our regions and with all our stakeholders. 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, which include arts and culture, community outreach, and health and human services. Every year, CSL donates approximately one per cent 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

Every year, 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 is a prominent feature in CSL's philanthropic activities and reflects our commitment to support research, education and conservation efforts to protect marine wildlife and habitats.

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

In 2016, CSL also contributed the final instalment of a three-year \$100,000 commitment to support research on the endangered St. Lawrence River beluga population.

CSL employees in the United States participated in the annual shoreline clean up. More than 18 million pounds of trash were collected by nearly 800,000 volunteers throughout the world, an increase of 2 million pounds and 340,000 volunteers since 2014.



CSLERS PADDLE FOR SICK KIDS

CSL employees in Canada took their paddles out once again this year at the Paddle for a Purpose Dragon Boat challenge in support of the CHU Ste-Justine Foundation, a non-profit organization dedicated to improving the health outcomes of children and mothers-to-be. Prior to and after the race, a number of fundraising events were organized by CSL employees including a bake sale, a silent auction and a Viking Feast lunch, which together with the generous support of CSL's partners raised \$9,000 for the Foundation.



FOREST RIVER MARSH CLEANUP

CSL Americas volunteers took part in a coastal cleanup effort organized by Salem Sound Coastwatch at the salt marsh in the Forest River conservation area. Over 50 lbs (23 kg) of debris was cleared out including small beads which threaten the health of birds and marine life who mistake them for food. CSLers also pulled out a great deal of pepperweed, a salt tolerant invasive perennial plant that spreads rapidly among coastal watersheds.



CSL EUROPE TEAM SETS SAIL FOR SEA CADETS

The CSL Europe team participated in a sailing regatta in support of Marine Society and Sea Cadets (MSSC), a charity that works across the maritime sector to support young people and seafarers. The MSSC delivers life changing nautical experiences to young people as well as personal and professional development opportunities for seafarers.



CSL AND BEVERLY BOOTSTRAPS

Ten years ago, CSL Americas became involved with Beverly Bootstraps, a non-profit organization committed to helping people change their lives by providing critical resources to families and individuals to attain self-sufficiency. In 2014, CSL made a \$100,000 pledge to Beverly Bootstraps over a five-year period to assist in the relocation of the organization to a more efficient space. Thanks to the support of CSL and other donors, Beverly Bootstraps purchased and renovated a new building, increasing their space from 3,700 to 13,000 square feet, which made it possible for the organization to add valuable resources. The new facility opened on April 18, and is making a profound difference in how Beverly Bootstraps is affecting the lives of those they serve.

Committed to Communities

Through charitable giving and employee volunteerism, CSL supports a wide range of grassroot 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 2016 are the Mission to Seafarers, the Red Cross, the CHU Ste-Justine Foundation, Montreal's Old Brewery Mission, Beverly Bootstraps, the Open Door, the Breakfast Club of Canada, The Starlight Foundation, the Community Giving Tree, Berkshire Community Foundation, Kirkens Bymisjon and the Mama Children's Centre of Norway. CSL's contributions to these and many other organizations included financial support, fundraising and volunteering.

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 and other fundraising efforts up to \$250.

CSL Commitment

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

Progress in 2016

- In 2016, CSL donated one percent of net profit before extraordinary items.
- For the second year, CSL organised the Paddle for a Purpose Dragon Boat challenge, raising \$9,000 for the CHU Ste-Justine Foundation.
- CSL Australia sponsored the CSL Environmental Transport Award.

Moving Forward

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

UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS



PORT OF BRISBANE WINS CSL AUSTRALIA ENVIRONMENTAL TRANSPORT AWARD

The CSL Australia Environmental Transport Award was presented to the Port of Brisbane for its innovative Stormwater Treatment Pilot Project, which explores upstream mitigation measures to prevent stormwater runoff and associated sediment, nutrient and contaminant discharges into the surrounding environment. The annual award recognizes organizations that have made a significant contribution to the protection or enhancement of the environment.



1,225 CLICKS FOR KIDS

Since 2014, CSL has taken advantage of the holiday season to celebrate by giving back. For every click on the 2016 holiday e-card, CSL donated to a local children's charity selected by CSL employees in each operating region. The card accumulated a total of 1,225 clicks, translating into a total donation of \$10,000, 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 (CSL Europe).





Value for Customers

The business challenges of our customers are also our own challenges and nothing motivates us more than solving them. We strive to fully understand the companies we work with, respond to their unique requirements and give them peace of mind.

The primary driver behind the realignment of CSL's corporate structure undertaken in 2016 was to optimize the strategic value of our services to our customers as their needs and expectations evolve. Our customers consider us a strategic partner and solutions provider, and as such we develop and deliver tailored marine transportation solutions that optimize performance and create value.

CSL has been in the business of transporting and handling cargo for over 100 years, and much of our longevity can be attributed to our culture of innovation, our solid corporate values and ethics, our relentless focus on customer service and our ability to adapt our business to markets, regulatory changes and new technologies.

Real-time Performance Monitoring

CSL is testing the Operational Optimizer ("O²"), a real-time vessel monitoring system that continuously checks the status of vessel systems and identifies trends for onboard analysis. Featuring technologies such as geo-localisation, real-time monitoring and alarms, O² provides CSL personnel with the key data and reports necessary to ensure that environmental, operational and energy efficiency systems are working at the height of performance. Not only will this technology improve the overall operational efficiency of every vessel, it will also simplify reporting, help manage vessel and voyage costs, and enhance communication.



Potential Benefits of O²

- Facilitates immediate decision-making and action
- Monitors environmental compliance including oily water, spillage and speed
- Improves equipment reliability
- Reduces down time.
- Improves maintenance, inventory management and planning
- Reduces vessel and voyage costs (including fuel consumption)
- Improves communication between vessel and office staff
- Simplifies manual reporting for fuel consumption, running hours, logs, voyage reports, unloading reports, etc.
- Allows benchmarking of vessels against KPIs

Optimizing Scheduling and Inventory Management

In collaboration with a Canadian university, CSL developed an algorithm-based scheduling tool that optimizes vessel trading patterns, resulting in reduced ballast and waiting times. In addition, CSL uses Simio, a simulation, production planning and scheduling tool. By using the scheduling optimizer tools, CSL is able to run multiple scenarios, find contingency plans and visually represent customer supply chains.



OMYA AND CSL PARTNER TO REDUCE DUST AND NOISE

CSL transports approximately 2.2 million tonnes of crushed marble per year from Lessremman to Elnesvågen, Norway for Omya. This intensive trade takes less than three days per round trip.

Both Omya and CSL are dedicated to conducting their operations in the most environmentally responsible manner possible. Over the years, they have developed effective solutions to overcome noise and dust issues when discharging at the factory in Elnesvågen.



The location of the factory is close to the local community, making it a priority for Omya to reduce the noise level of the operation. CSL's self-unloaders have proven to be the most efficient, quiet and environmentally-friendly means of transporting and handling the crushed marble.

In an effort to respect the strict noise limit and suppress any dust from the operation, several modifications to the discharge operations were developed.

To reduce vessel-related noise, rubber lining was installed on onboard cargo transfer points and hoppers to avoid direct contact of cargo on steel. Exhaust outlets on auxiliary engines were also modified to point away from the shore. Dust was suppressed using a sprinkler system at the end of the boom to spray fresh water, as required.

On the shore side, Omya installed a digital monitor to constantly monitor noise. Measurements enable CSL and Omya to take immediate action should noise levels exceed the limit. A noise protection wall on top of the hopper also helped to reduce the noise as well as to assist with dust collection during the discharge operation.

To increase efficiency and save valuable time for Omya personnel, the receiving hopper, belt and storage feeding system were automated. When a CSL vessel arrives at the factory, only two linesmen are required to assist in the discharge operation.

CSL Commitment	Progress in 2016	Moving Forward
<ul style="list-style-type: none"> • Maintain the highest standards of safety, ethical conduct and environmental responsibility. • Be responsive to customer needs and maintain an open dialogue. • Exceed customer expectations by creating high value through efficiency, innovation and continuous improvement. • Position customers for the future through advocacy and partnerships. 	<ul style="list-style-type: none"> • The Scheduling Optimizer was developed and launched. • O² pilot project was launched. • CSL maintained ongoing dialogue with customers to understand needs and expectations. • CSL led and participated in advocacy initiatives to ensure a thriving marine transportation industry is positioned to respond to evolving customer needs. 	<ul style="list-style-type: none"> • Continuously improve performance and tailor products and services to respond to customer specifications. • Jointly develop key performance indicators in line with customer requirements. • Continue to form partnerships with customers and other stakeholders to actively promote a sound policy and regulatory framework for marine transportation.
UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	 	



CSL NAMED 2016 BULK SHIP OPERATOR OF THE YEAR

CSL was awarded the prestigious title of Bulk Ship Operator of the Year in 2016 by the International Bulk Journal (IBJ).

Presented to the year's most outstanding operator of dry bulk vessels, the award recognizes recent achievements in safety, efficiency and environmental protection, as well as contributions to world trade. IBJ judges selected CSL for the company's overall achievements and made notable mention of CSL's industry leading sustainability efforts.

"CSL's environmentally responsible approach, research collaborations and comprehensive reporting impressed our judges and highlight the progressive approach taken by CSL to improve business sustainability and elevate industry standards," said Jon Culshaw, host of the IBJ gala dinner.

Every year, the IBJ Awards salute excellence and achievements by individuals and organizations involved in the worldwide maritime bulk industry.

ANNEXES



ANNEXES

OUR HEALTH AND SAFETY PERFORMANCE

In 2016, CSL’s overall safety performance improved by over 40 percent. Equally significant, the number of safety observations and near misses reported across the fleet increased markedly, enabling CSL to identify unsafe acts or conditions before injuries could occur. While this encouraging trend indicates we are on the right track, we remain committed to continual improvement and to our goal of zero harm.

2016 HEALTH AND SAFETY PERFORMANCE

	2015	2016	CHANGE	COMMENTS
Hours Worked	7,047,965	7,194,486	2%	The hours of exposure are the total number of hours worked by all employees. They do not include hours worked by contractors. Adjustments of worked hours can occur over time to reflect the variation of crew complement as accurately as possible.
Lost Time Injuries	17	10	-41%	Includes CSL employees only.
Total Recordable Cases	45	38	-16%	Includes CSL employees only.
Lost Time Injury Frequency Rate	2.5	1.4	-44%	Per million man hours.
Total Recordable Cases Frequency	6.4	5.3	-83%	Per million man hours.
Fatalities	0	0		

OUR ENVIRONMENTAL PERFORMANCE

Every year, CSL measures its environmental performance based on goals and targets established through our environmental management system. We focus on the areas of greatest environmental risk posed by marine transportation, such as air and marine pollution, waste production and marine biodiversity protection. Annual environmental impact metrics, which are the results behind the achievement of the goals, are presented in the table below.

2016 ENVIRONMENTAL TARGETS AND RESULTS

REDUCE AIR POLLUTION		
REGION	2016 TARGETS	ACHIEVEMENT
CANADA	Reduce GHG by 1% in grams per tonne-mile (excluding voyages in ballast) by 2016 as compared to 2015, and 10% between 2012 and 2020.	Achieved 2.8% in 2016 compared to 2015
	Convert 45% of vessels to non-ozone depleting substances.	Achieved 50% conversion
	Achieve 0.86% average sulphur in fuel content in 2016.	Achieved 0.74% sulphur average
AMERICAS	Convert 100% of the fleet with non-ozone depleting refrigerants.	Achieved
	Allocate 25% of the company's annual global fuel consumption to fuel with a sulphur content equal to or less than 1.5%.	Achieved
	Achieve a 15% reduction below permitted limits for NO _x on board one vessel.	Not achieved due to vessel lay-up
EUROPE	Reduce GHG by 0.5% in grams per tonne-mile (excluding voyages in ballast) by 2016 as compared to 2015.	Achieved a 26% reduction due to improved cargo loading
	Achieve less than 0.5% sulphur content in fuel when vessels are in port.	Achieved
AUSTRALIA	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.	Not achieved (12% increase due to changes in trading and operating in severe weather)

REDUCE OUR IMPACT ON BIODIVERSITY		
REGION	2016 TARGETS	ACHIEVEMENT
CANADA	Continue to train and educate crews on whale identification and data collection.	Partially achieved (remaining crew to be trained during winter 2017)
	Collect speed data in the Saguenay protected area in collaboration with Parks Canada.	Achieved (including voluntary speed reduction in Saguenay area)
AMERICAS	Conduct ballast water treatment method trials (mechanical, physical or chemical) on one or several CSL vessels.	Achieved (<i>Sheila Ann</i> BWTS)
	Perform in-water inspections (and cleaning if necessary) as routine surveillance, and specific inspections as recommended in the IMO 2011 biofouling guidelines.	Achieved
EUROPE	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.	Achieved on one vessel
	Support scientific research on ballast water or biofouling by providing access to ships for sampling by government and research groups.	Achieved (<i>CSL Rhine</i> participation in IMARES ballast sampling project)
AUSTRALIA	Support research on aquatic invasive species risk or ballast water management.	Not achieved due to vessel schedule changes

REDUCE MARINE POLLUTION		
REGION	2016 TARGETS	ACHIEVEMENT
ALL DIVISIONS	Zero oil spill incidents in 2016.	Not achieved (three oil to water incidents all less than one litre each)
CANADA	Reduce sludge production by 5% in 2016 compared to 2015.	Achieved (8.5% reduction as % of total fuel consumed)
	Convert 35% of vessel oil-to-sea interfaces to environmentally acceptable lubricants.	Not achieved (23% converted)
AMERICAS	Reduce sludge production by 20% between 2012 and 2017.	Not achieved (17% reduction)
AUSTRALIA	Complete a purifier review and optimization plan for the fleet.	Achieved

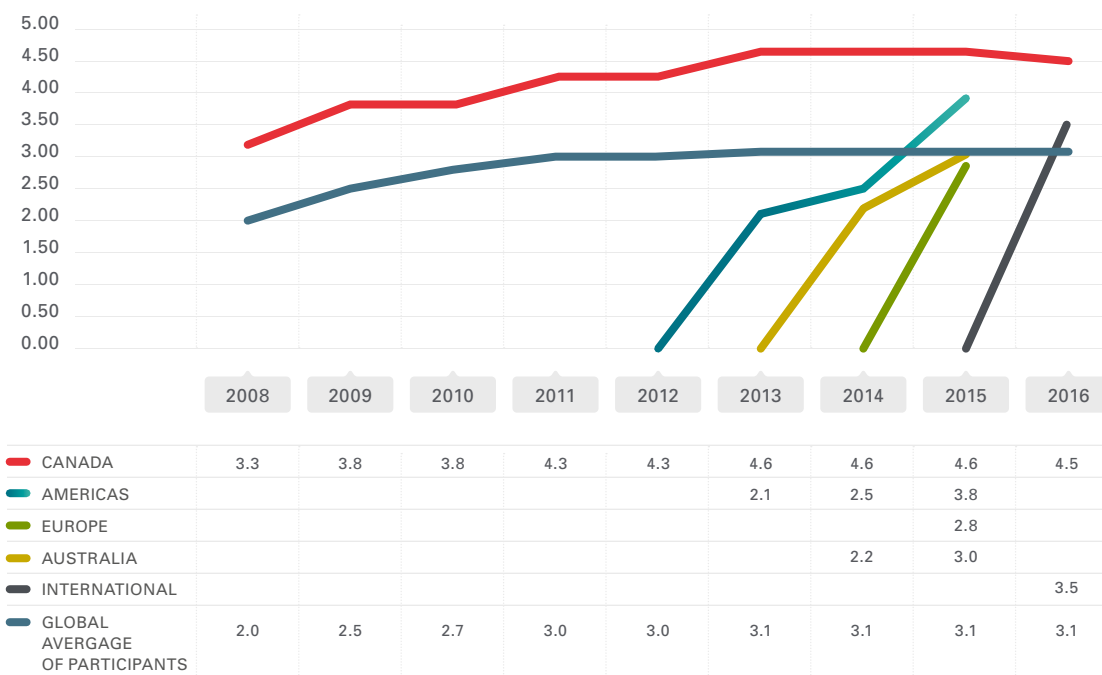
REDUCE WASTE PRODUCTION		
REGION	2016 TARGETS	ACHIEVEMENT
CANADA	Increase recycling by 5% in 2016.	Not achieved (1.9% reduction in recycling)
	Increase organics by 10% in 2016.	Not achieved (5.5% increase)
	Reduce ship-generated waste by 5% in 2016.	Achieved (16.5% reduction in total waste generated)
AMERICAS	Produce an annual inventory of types of garbage generated in the fleet and indicate garbage management practices.	Achieved
	Establish office battery recycling program.	Achieved
	Develop energy reduction program for office electrical consumption.	Achieved

EUROPE	Reduce ship generated waste by 1% in 2016 compared to 2015.	Not achieved (1.8% increase)
	Develop and implement a garbage strategy to reduce the quantity of garbage generated, decrease discharge at sea and increase recycling.	Achieved
AUSTRALIA	Reduce ship generated waste by 5% compared to 2015, and by 20% between 2015 and 2020.	Achieved (30% reduction in total waste produced)
	Increase recycling by 5% compared to 2015, and by 20% between 2015 and 2020.	Achieved (100% increase as % of total waste produced)

GREEN MARINE PERFORMANCE

In 2016, CSL consolidated the Green Marine performance of CSL Americas, CSL Europe and CSL Australia under one participant, CSL International. This decision was made to better conform with Green Marine's evaluation protocol which is split into two streams: 1) domestic participants operating in the Great Lakes and St-Lawrence Seaway and 2) all other international participants.

Canada Steamship Lines has maintained the highest performance in the program for six years in a row despite increasingly comprehensive and stringent criteria.



ENVIRONMENTAL FOOTPRINT

CSL's environmental management programs are helping to drive footprint reductions across the Company. In 2016, CSL Australia achieved significant improvements in recycling and waste reduction thanks to new onboard waste management procedures. CSL Europe and Canada Steamship Lines continued to make impressive reductions in greenhouse gas emissions.

Please note that due to the relocation and renovation of multiple offices within the CSL Group, CSL did not report office activity consumption in 2016. We hope to include this footprint again in 2017.

2016 FOOTPRINT					
GHG	CANADA	AMERICAS	EUROPE	AUSTRALIA	TRANSHIP- MENT
Total fuel by type (tonne)					
Heavy fuel oil (tonne)	52,763	39,618	3,279	30,000	989
Diesel (tonne)	6,501	0	0	888	2,213
Marine gas oil (tonne)	0	31,657	10,251	0	0
CO ₂ eq net g/tonne-nm (excluding ballast) ¹	10.51	15.52	14.16	16.73	
CO ₂ eq gross (k tonne) including ballast ²	189,584	233,737	35,744	91,162	

OTHER AIR EMISSIONS	CANADA	AMERICAS	EUROPE	AUSTRALIA	TRANSHIP- MENT
NO _x (tonne)	4,670	6,401	630	2,409	64
NO _x (kg/tonne-fuel)	79	90	59	73	20
PM (tonne) ³	233	357	47	239	683
Fuel Sulphur Average (%)	0.78	1.45	1.50	2.46	<.001
Hydrofluorocarbon released (kg)	123	1967	60.2	20	41

WASTE	CANADA	AMERICAS	EUROPE	AUSTRALIA	TRANSHIP- MENT
Garbage (m ³)	2046	1169	616	439	288
Garbage (m ³ /ops day)	0.52	0.29	0.33	0.29	0.37
Recycling (m ³)	378	-	85	122	-
% Recycling of total waste	19	-	15	15	-
Total dry cargo residues per cargo carried (ppm)	64	56	146	94	N/A
Bilge produced (m ³)	5158	3777	88	783	8
Sludge produced (m ³)	1.614 ⁴	960	329	358	N/A
% Sludge per fuel quantity (M ³ /tonne-fuel)	2.72	1.35	3.09	1.26	N/A

POLLUTION	CANADA	AMERICAS	EUROPE	AUSTRALIA	TRANSHIP- MENT
Significant oil spills ⁴	0	0	0	0	0

¹ Net CO₂eq does not include voyages in ballast

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

³ Particulate matter less than or equal to 10 microns in diameter

⁴ A significant oil spill is any spill to water above 100 litres

CO₂: Carbon dioxide | NO_x: Nitrous Oxides | PM: particulate matter | PPM: Parts per million

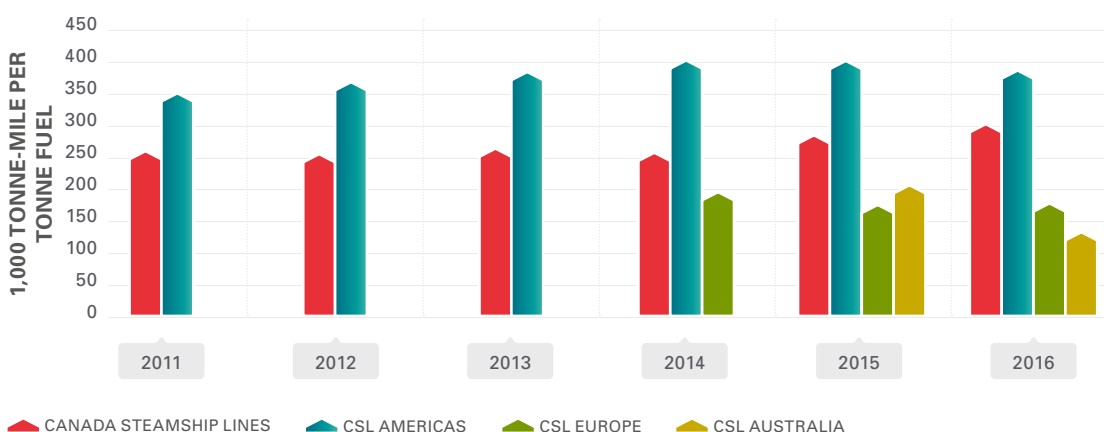
Energy consumption and air emissions are reported for vessels under the operational control of CSL. The emission factors used in the calculations are those published through the Green Marine program. For NO_x, PM and SO_x, these emissions are validated through onboard testing.

CSL FLEET FUEL EFFICIENCY

The fuel intensity described in the graph below represents the cargo tonnes per nautical mile transported per tonne of fuel consumed. In 2016, Canada Steamship Lines reported its best fuel efficiency performance yet with an improvement of 9% compared to 2015, and 16% overall since 2011. CSL Europe also made significant strides, increasing fuel efficiency by 20% since 2014 thanks to larger cargo loads across the fleet.

CSL Group – Fuel Efficiency

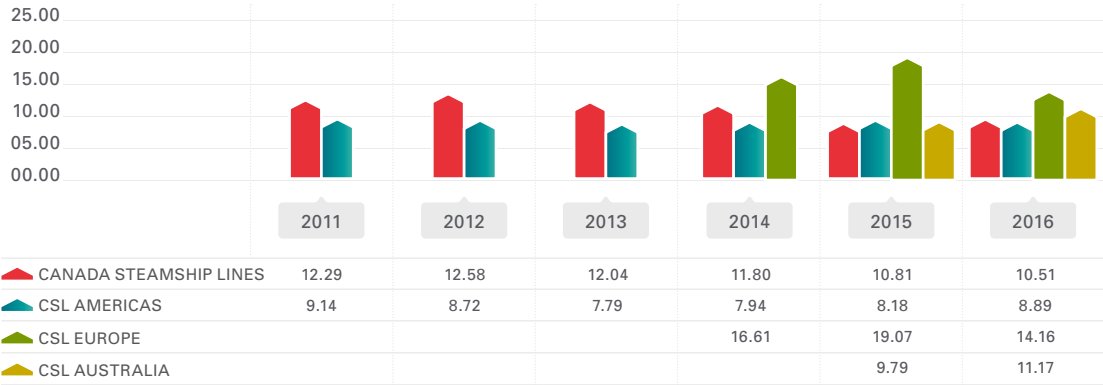
(Million tonne* mile / Thousand tonne fuel) 2010 to 2015



CSL FLEET AIR EMISSIONS

In 2015, CSL began applying the same methodology and definitions to measure CO₂ emissions from regional fleets. By standardizing our approach on a global scale, we can now more accurately measure and compare progress, assess trends and realign tactics on a global or regional scale.

Since 2012, Canada Steamship Lines has seen a 16.4% reduction in CO₂eq/tonne-nm due to a robust and comprehensive fleet energy efficiency program. CSL Europe has also managed to reduce its emissions by 14.7% in CO₂eq/tonne-nm since 2014 thanks in large part to optimized cargo and voyage logistics. CSL Australia and CSL America both underperformed in 2016 and are re-evaluating regional energy efficiency programs for 2017.



2015 * - OCT. NOV. DEC DATA NOT INCLUDED DUE TO SOFTWARE ISSUE

2017 FOOTPRINT REDUCTION GOALS BY DIVISION

CSL's 2017 footprint reduction goals are set as part of an annual strategic process during which both regional and global monitoring and control programs are established. For the purpose of clarity in this report, only meaningful pollution reduction targets are presented.

REDUCE AIR POLLUTION	
DIVISIONS	2017 TARGET
AMERICAS	Achieve an annual average reduction of 1.5% GHG emissions in g/tonne-mile as compared to 2000.
AUSTRALIA	Reduce GHG emissions by 1% in g/tonne-mile by 2017 as compared to 2016.
CANADA	Achieve an annual average reduction of 2% GHG emissions in g/tonne-mile as compared to 2008.
	Convert eight vessels to non-ozone depleting substances.
	Achieve a 60% incinerator-free fleet.
EUROPE	Reduce GHG emissions by 0.5% in g/tonne-mile by 2017 as compared to 2016.

REDUCE MARINE POLLUTION	
DIVISIONS	2017 TARGET
CSL GROUP	Achieve zero oil spills in 2017.
ASIA	Reduce bilge generation by 10% compared to 2016.
AUSTRALIA	Achieve 100% biocidal and phosphate free chemical use in 2017.
CANADA	Achieve 100% shore discharge of treated sewage for Trillium Class vessels.
EUROPE	Achieve 100% biocidal and phosphate free chemical use in 2017.

REDUCE WASTE POLLUTION	
DIVISIONS	2017 TARGET
ASIA	Reduce landfill waste by 10% in volume as compared to 2016.
AUSTRALIA	Increase recycling by 5% in 2017 compared to 2016.
CANADA	Reduce ship generated waste by 5% compared to 2016.
	Increase recycling by 5% in 2017 compared to 2016.

REPORTING FRAMEWORK

This is the second year CSL has reported using the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. In 2016 the GRI G4 Reporting Guidelines were superseded by the GRI Standards. CSL has used the G4 Guidelines for 2016 and will endeavour to update our sustainability reporting process to the GRI Standards in 2017, with the inclusion of a materiality and priority setting process.

● Reported | ● Partially reported

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
GENERAL STANDARD DISCLOSURES				
1	Statement from the most senior decision-maker of the organization	●	Page 5	<i>Message from the CEO</i>
2	Description of key impacts, risks, and opportunities	●	Page 5	<i>Message from the CEO</i>
ORGANIZATIONAL PROFILE				
3	Name of the organization	●	Page 6	<i>CSL at a Glance</i>
4	Primary brands, products, and/or services	●	Pages 6-7	<i>CSL at a Glance</i>
5	Location of organization's headquarters	●	Pages 6-7	<i>CSL at a Glance</i>
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	●	Pages 6-7	<i>CSL at a Glance</i>
7	Nature of ownership and legal form	●	Page 6	<i>CSL at a Glance</i>
8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	Page 6	<i>CSL at a Glance</i>
9	Scale of organization (including total number of employees, total number of operations, net sales, total capitalization, quantity of products or services provided)	●	Page 6	<i>CSL at a Glance</i>
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	●	Page 11	<i>Sustainability Governance</i>
REPORT PROFILE				
28	Reporting period	●		The reporting period is for January 1 st to December 31 st 2016.
29	Date of most recent previous report	●		CSL's last Corporate Sustainability Report was in 2015.

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
REPORT PROFILE				
30	Reporting cycle	●		CSL publishes an annual Corporate Sustainability Report.
31	Contact point for questions regarding this report or its contents	●		Questions and comments regarding this report should be directed to: info-canada@csllships.com .
GOVERNANCE				
34	Governance structure of the organization, including committees of the highest governance body	●	Page 8	<i>Corporate Governance</i>
35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	●	Page 8	<i>Corporate Governance</i>
36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether the post holders report directly to the highest governance body	●		The CEO of CSL Group, Louis Martel, holds ultimate responsibility for reporting on economic, environmental and social topics to the CSL Board of Directors.
37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	●	Page 8	<i>Corporate Governance</i>
38	Report the composition of the highest governance body and its committees by: executive or non-executive, independence, tenure on the governance body, number of individuals having other significant positions and commitments, and the nature of the commitments, gender, membership of under-represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation	○	Pages 8-9	<i>Corporate Governance</i>
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 8	<i>Corporate Governance</i>
48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	○		The Corporate Environmental Sustainability Committee formally reviews the Sustainability Report annually.

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
REMUNERATION AND INCENTIVES				
52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	●	Page 37	<i>Compensation Benchmarking and Education</i>
ETHICS AND INTEGRITY				
56	Describe the organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	●	Page 33	<i>CSL's Code of Corporate Responsibility</i>
57	Report internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	●	Page 33	<i>Ethics</i>
58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity such as escalation through line management, whistle-blowing mechanisms or hotlines	●	Page 34	<i>Ethics</i>
SPECIFIC STANDARD DISCLOSURES				
ENVIRONMENTAL				
ENERGY				
EN3	Energy consumption within the organization	○	Page 52	<i>Environmental Footprint</i>
EN5	Energy intensity	●	Page 53	<i>CSL Fleet Fuel Efficiency</i>
EN6	Reduction of energy consumption	●	Pages 18 to 23	<i>Improving Air Quality</i>
EN7	Reductions in energy requirements of products and services	●	Page 53	<i>CSL Group – Fuel Efficiency</i>
BIODIVERSITY				
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	○		<p>CSL has trade routes in a number of IMO adopted Particularly Sensitive Sea Areas (PSSA). They are:</p> <ul style="list-style-type: none"> • The Great Barrier Reef, Aus • Florida Keys, USA • The Wadden Sea, EU • The Baltic Sea Area, EU • The Saba Bank, NL
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas of high biodiversity value outside protected areas	○	Page 24	<i>Protecting Biodiversity and Ecosystems</i>

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
EMISSIONS				
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	●	Page 52	<i>Environmental Footprint</i> CSL reports total GHG emissions for CSL owned and managed vessels.
EN18	Greenhouse Gas emissions intensity	●	Page 52	<i>Environmental Footprint</i>
EN19	Reduction of greenhouse gas (GHG) emissions	●	Page 19	<i>GHG Emissions intensity</i>
EN20	Emissions of ozone depleting substances (ODS)	●	Page 52	<i>Environmental Footprint</i>
EN21	NO _x , SO _x , and other significant air emissions	●	Page 52	<i>Environmental Footprint</i>
EFFLUENT WASTE				
EN22	Total water discharged by quality and destination	○	Page 52	<i>Environmental Footprint</i> Treated bilge water disposal disclosed. Omissions include whether it was ashore or at sea as well as other type of water discharge such as ballast.
EN23	Total weight of waste by type and disposal method	●	Pages 52 and 29	<i>Environmental Footprint and Canada Steamship Lines Organics</i> In Canada and Australia waste disposal figures come directly from contracted disposal companies, in all other divisions this is via the ship log books.
EN24	Total number and volume of significant spills	●	Page 27	<i>Oil Spill Prevention</i>
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organizations discharges and runoff	○		See G4-EN11
PRODUCTS AND SERVICES				
EN27	Extent of impact mitigation and environmental impacts of products	●	Pages 18 to 31	<i>Improving Air Quality, Protecting Biodiversity and Ecosystems, Resource Conservation and Supply Chains</i>
COMPLIANCE				
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental law or regulations	●		No fines or sanctions were imposed for environmental non-compliance in 2016.

DISCLOSURE	DESCRIPTION	STATUS	PAGE	COMMENTS
LABOR PRACTICES AND DECENT WORK				
OCCUPATIONAL HEALTH AND SAFETY				
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	●		Omissions include occupational diseases, lost days and absenteeism. Figures have not been disaggregated by region or gender.
TRAINING AND EDUCATION				
LA9	Report the average hours of training that organization's employees have undertaken	●	Page 16	<i>Safety training</i>
DIVERSITY AND EQUAL OPPORTUNITY				
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group membership, and other indicators of diversity	●	Page 38	<i>CSL Global Shore-based Employee Profile</i> (omissions are for the governance body diversity)
LABOR PRACTICES GRIEVANCE MECHANISMS				
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	●	Page 34	<i>EthicsPoint</i>
HUMAN RIGHTS				
NON-DISCRIMINATION				
HR3	Total number of incidents of discrimination and corrective actions taken	●	Page 34	<i>EthicsPoint</i>
SOCIETY				
LOCAL COMMUNITIES				
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	Page 40	<i>Employee and Community Engagement</i>
S05	Confirmed incidents of corruption and actions taken	●	Page 34	<i>EthicsPoint</i>
PRODUCT RESPONSIBILITY				
CUSTOMER HEALTH AND SAFETY				
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	●	Page 16	<i>Putting our Vessels to the Test</i>
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	●	Page 16	<i>Putting our Vessels to the Test</i> No fines or penalties were issued for non-compliance with regulations or voluntary codes concerning health and safety impacts.

THE CSL GROUP

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

