



THE CSL GROUP INC. SHIP RECYCLING POLICY

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Introduction:

The CSL Group Inc. and its subsidiaries (“CSL”) seeks at all times to ensure that its vessel operations are carried out in a manner which is environmentally and socially responsible.

In the course of its business, CSL disposes of vessels which have outlived their commercial usefulness. These vessels are sold to shipyards, brokers or other ship owners for recycling or continued commercial use. The purpose of this Policy is set out the procedures and practices to be followed by CSL in the design, construction, operation, sale, and recycling of these vessels so as to ensure that their disposal is carried out at all times in a manner which is environmentally and socially responsible.

1. The Design of New Ships:

- (a) When constructing new ships, CSL shall ensure that each ship is constructed in a manner which minimizes or excludes the use of hazardous materials, such as PCBs, ozone-depleting substances, asbestos, organotin compounds, etc.
- (b) When constructing new ships, CSL shall ensure that each new ship is designed in a manner which facilitates the recycling and removal of hazardous materials.
- (c) CSL shall ensure that an Inventory of Hazardous Materials (Green Passport) is created for each new ship, as more fully described below.

2. Operating Life of Ships:

- (a) Efforts shall be made to reduce hazardous substances and waste generation on board each ship.
- (b) Whenever repairs or maintenance are carried out (whether as part of dry-dock repairs, winter work or otherwise) on equipment which involves the removal of hazardous substances, such substances shall be removed in a controlled manner and, if practical, replaced by non-hazardous material. Lead batteries, mercury gauges, etc. shall be replaced as the need for maintenance occurs.
- (c) CSL shall produce an Inventory of Hazardous Materials for each ship in its fleet (IHM). This IHM shall be a comprehensive inventory which includes drawings showing the location of any potentially hazardous materials known to be utilized in the construction of the ship and its equipment and systems, the quantities of such materials, as well as a photo log description.

3. Preparation of Ships Prior to Sale:

- (a) An Inventory of Hazardous Materials shall be reviewed and updated for each ship before it is sold / recycled.

- (b) Prior to the sale / recycling of any ship, the ship shall undergo an inspection by a competent and independent third party who shall certify that the Inventory of Hazardous Materials for that ship has been updated and finalized and that, to the extent practicable, any outstanding items have been addressed.

4. Preparation of Ships Prior to Recycling:

- (a) All shipyards / facilities to be used for ship recycling shall be verified by CSL as meeting or exceeding applicable international environmental convention standards, including:
 - IMO Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships (2009) and where applicable, European Union regulations such as the Basel Convention;
 - Setting requirements for recycling, e.g. recycling to be done at yards using fixed structures so that waters are not exposed to toxic / polluting spills that may cause pier, slipway or dock to break; not running ships onto an exposed beach or sandbank for recycling);
 - The use of certified dismantling yards which are capable of dealing with hazardous materials onboard (ISO 14001, OHSAS 18001, ISO 30001 or the equivalent); and
 - The use of dismantling yards that have implemented procedures which take into account health and safety considerations of their workforce.
- (b) The ship shall be pre-cleaned as far as is practicable prior to recycling.
- (c) A recycling plan shall be developed for the preparation of the ship, which plan shall include each of the steps to be to be carried out by the yard (including the removal of any materials), such as:
 - The method to be used to dismantle the ship;
 - The certification of any materials disposed of; and
 - The pre-cleaning procedures.
- (d) Any vessels which cannot be responsibly and safely delivered to a yard meeting the above criteria (e.g. sending a laker to China) shall be disposed of by CSL locally, in the best available manner, with the terms of this Policy contractually agreed to by the purchaser of the vessel whenever possible.

5. Supervision During Demolition at Shipyard:

- (a) CSL shall ensure that adequate supervision is provided at the shipyard to ensure that the recycling plan is followed.

6. The Sale of Ships for Other Purposes:

- (a) Any ship sold to another ship owner for operation or for any other purpose shall be sold with an updated Inventory of Hazardous Materials.

7. Administration:

- (a) This Policy shall be administered by the Vice-President, Technical Operations and Environment, Canada Steamship Lines, and the Senior Director, Technical Operations, CSL Americas, with oversight by the Corporate Environmental Sustainability Committee of the Board of Directors.
- (b) This Policy shall be reviewed on an annual basis by the Vice-President, Technical Operations and Environment, Canada Steamship Lines, and the Senior Director, Technical Operations, CSL Americas, to verify its continued accuracy and currency.
- (c) Any modifications or updates to this Policy shall be reported to the Corporate Environmental Sustainability Committee of the Board of Directors for ratification and approval.
- (d) This Policy replaces all pre-existing policies of CSL relating to ship recycling.

Reporting of Breaches of this Policy:

If you become aware of a breach to this Policy, we encourage you to report such breach by submitting a confidential and anonymous report through an EthicsPoint secure webpage which can be accessed either through our website by clicking on the Ethics link or directly through the Ethicspoint webpage at: www.ethicspoint.com. Either way you will have the choice of filing a report online or by phone through a toll-free hotline. The information in your report will be sent to us by Ethics Point on a totally confidential and anonymous basis.