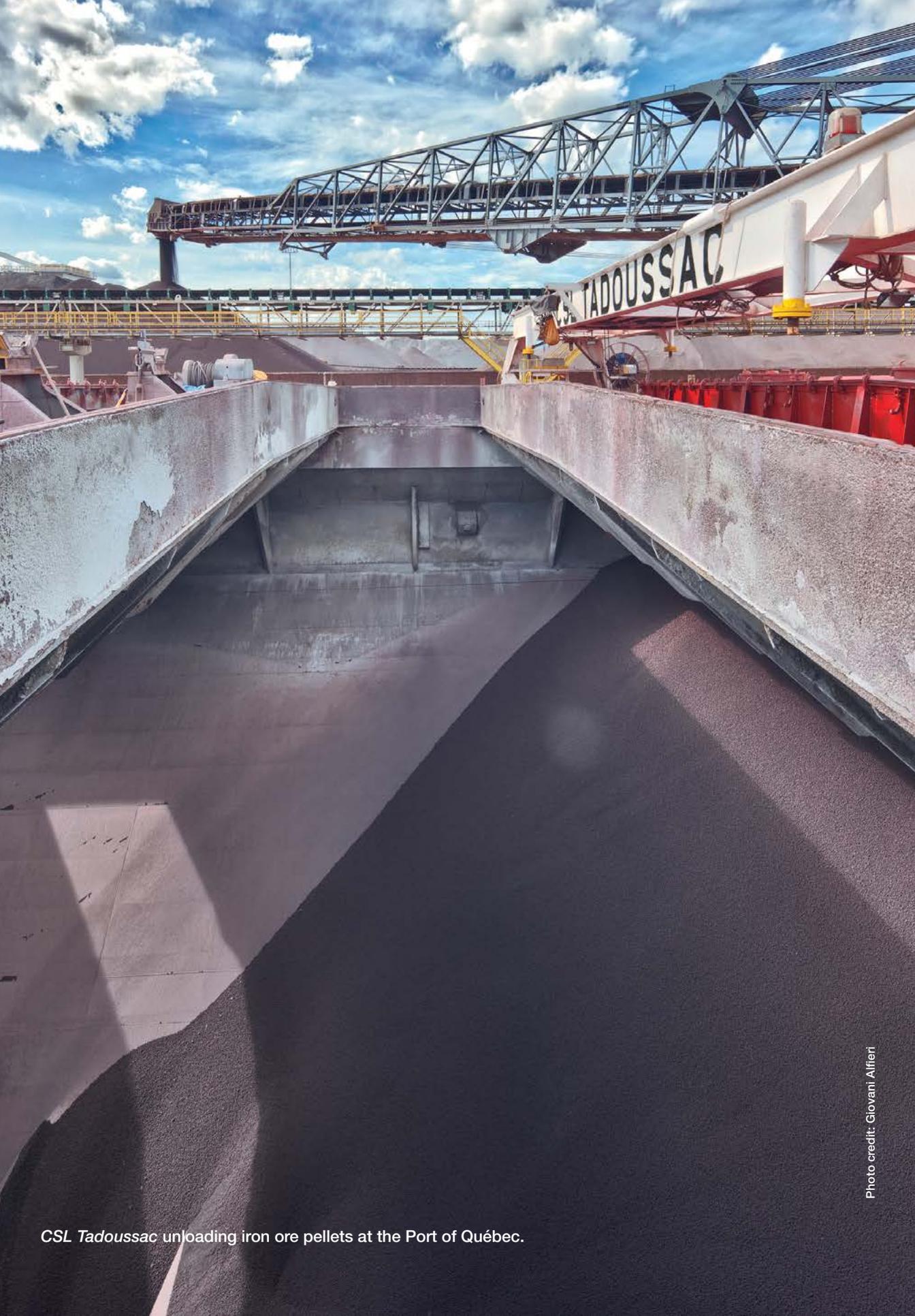




**CORPORATE
SUSTAINABILITY
REPORT 2014**

TABLE OF CONTENTS

MESSAGE FROM THE CEO	3
CSL AT A GLANCE	4
SAFETY ABOVE ALL	6
STRENGTHENING CSL'S ENVIRONMENTAL SUSTAINABILITY APPROACH	10
IMPROVING AIR QUALITY	13
PROTECTING BIODIVERSITY AND ECOSYSTEMS	16
REDUCING MARINE POLLUTION AND WASTE	18
ENVIRONMENTAL MANAGEMENT SYSTEMS	20
CORPORATE ETHICS	22
POSITIVE WORKPLACE	24
EMPLOYEE AND COMMUNITY ENGAGEMENT	26
VALUE FOR CUSTOMERS	28
ANNEX	29
2014 GREEN MARINE RESULTS	30
2014 ENVIRONMENTAL PERFORMANCE	32
2015 ENVIRONMENTAL GOALS	34
2014 ENVIRONMENTAL FOOTPRINTS	36



CSL Tadoussac unloading iron ore pellets at the Port of Québec.

MESSAGE FROM THE CEO



Building a sustainable shipping company involves long-term, strategic planning that challenges our thinking about the traditional business model and steers us towards innovation and reinvention. Over the years, CSL's sustainability journey has seen the Company evolve to align business growth with environmental and social progress, and become a leader in driving positive change throughout the industry.

Understanding the business case for sustainability requires CSL to embrace new pressures and demands as creative opportunities for improving competitiveness and performance. Inspired by our commitments to our customers, communities and the environment, and leveraging our core values and strengths, CSL made great strides this past year to implement transformative ideas for the future.

In 2014, we took delivery of the last of the nine Trillium Class vessels, marking the completion of this phase of CSL's ambitious fleet renewal program that began in 2011. These ships are among the most environmentally friendly in the world and CSLers ashore and afloat are very proud of them. We also witnessed significant improvements in our environmental and safety performance, our ethics program, and in our ability to support employee and crew engagement and growth.

In a process that began in late 2014, ship and shore operations were consolidated at Canada Steamship Lines and CSL Australia with the insourcing of the ship management function. Along with aligning employees under one business approach and providing our customers with a more streamlined service, the integration has served to improve communications and drive accountability throughout the business, creating a strong foundation for sustainable growth.

On issues such as ballast water compliance, addressing the impact of shipping on biodiversity and eliminating corruption in the shipping industry, CSL formed partnerships with a variety of stakeholders to promote a safe, environmentally responsible and cost-competitive short sea shipping industry that is supported by sound public policy.

Being part of the solution is a CSL promise with a very long history. For over 100 years, CSL employees have demonstrated a steadfast commitment to integrity and excellence, and to exceeding the expectations of our customers. At CSL, we understand that corporate sustainability cannot be achieved without vision, conviction and commitment. It needs the buy-in of employees, collaboration with industry partners, and engagement with governments and regulators. CSL has the vision and CSLers bring the conviction. I'd like to thank all CSLers for their continuing commitment to sustainable shipping.

A handwritten signature in black ink, appearing to read 'Rod Jones', written in a cursive style.

ROD JONES
President and CEO, The CSL Group

CSL AT A GLANCE

COMPANY OVERVIEW

Founded in 1845, CSL is a private Canadian company headquartered in Montreal, Quebec, with commercial operations around the world.

Through its six major operating divisions, CSL owns and operates a highly diversified fleet of specialized self-unloading vessels, transshippers and bulk carriers. CSL is 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 currently operates a fleet of 62 vessels, including 49 self-unloaders, five transshippers and eight bulkers. CSL is also a leader in high-efficiency transshipment solutions.

In FY 2014 (March 31, 2014) CSL transported over 77 million tonnes of dry-bulk commodities for its customers. Typical commodities shipped by CSL include aggregates, cement, coal, gypsum, iron ore, salt and wheat. Approximately 90% of CSL's revenues are generated from long-term contracts with customers. Contracts range in duration between one and 20 years.

CORPORATE GOVERNANCE

At CSL, good governance is an essential element of the corporate culture, ensuring a comprehensive system of stewardship and accountability that complies with all requirements, rules, regulations and policies.

CSL's Board of Directors is responsible for overseeing the Company's business affairs and management, particularly in areas such as governance, strategic planning, risk management, succession planning and corporate disclosure. The Board delegates the day-to-day management of CSL to the President and CEO and senior management, although major capital expenditures, debt and equity financing, and significant acquisitions and divestitures require Board approval.

The Board carries out many of its responsibilities through its Committees: Audit Committee, Nominating and Governance Committee, Corporate Environmental Sustainability Committee, Human Resources Committee.

Directors

David R. Beatty Appointed August 25, 2003	William (Bill) Linton Appointed December 16, 2013
Jacques Bougie Appointed December 1, 2008	Greg Maddison Appointed August 18, 2005
Lone Fonss Schröder Appointed September 21, 2011	Paul W. J. Martin Appointed January 1, 2005
Meredith H. (Sam) Hayes Appointed May 6, 1992	R. James E. Martin Appointed January 1, 2005
Rod Jones Appointed April 12, 2000	David P. A. Martin Appointed January 1, 2005

WORLDWIDE OPERATIONS

CANADA STEAMSHIP LINES	CSL EUROPE	CSL ASIA
<p>09 Self-Unloaders</p> <p>04 Trillium Class Self-Unloaders</p> <p>06 Bulk Carriers</p> <p>02 Trillium Class Bulk Carriers</p> <p>04 Offices</p> <p><i>Montreal, Quebec</i></p> <p><i>Stoney Creek, Ontario</i></p> <p><i>Halifax, Nova Scotia</i></p> <p><i>Winnipeg, Manitoba</i></p>	<p>05 Self-Unloaders</p> <p>02 Offices</p> <p><i>Windsor, United Kingdom</i></p> <p><i>Bergen, Norway</i></p>	<p>01 Transhipper</p> <p>01 Office</p> <p><i>Jakarta, Indonesia</i></p>
CSL AMERICAS	CSL AFRICA	CSL AUSTRALIA
<p>19 Self-Unloaders</p> <p>05 Trillium Class Self-Unloaders</p> <p>02 Offices</p> <p><i>Beverly, Massachusetts</i></p> <p><i>Vancouver, British Columbia</i></p>	<p>01 Transhipper</p>	<p>06 Self-Unloaders</p> <p>04 Transhippers</p> <p>02 Offices</p> <p><i>Sydney, Australia</i></p> <p><i>Brisbane, Australia</i></p>



LOST-TIME INCIDENT FREQUENCY TREND

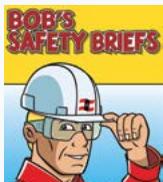


PREVENTING SLIPS, TRIPS AND FALLS



Slips, trips and falls are leading causes of LTIs on CSL ships. CSL's Coating Specialist worked with crews to identify hazard areas onboard vessels that could benefit from the application of non-slip paints or strips.

SAFETY BOB



A popular feature in SafePartners News, Bob's Safety Briefs uses graphic imagery to communicate important safety lessons to seafarers. The

CSL comic strip is published in English, French and Russian.

SAFETY ABOVE ALL

Providing a safe and healthy workplace free of incident or injury is a CSL value and the Company's single most important responsibility. The safety of employees and crews is CSL's primary consideration and explicit priority in every decision made.

By its very nature, maritime transportation presents a vast array of challenges and exposes seafarers to a variety of risks. In the daily operation of a vessel, crew members must negotiate the injury-prone areas of a ship and manage numerous factors such as climate, geographic range, operational diversity and technical complexity, all of which require excellence in safety management and procedures.

In such a context, CSL's vision is to achieve Zero Harm, with all employees ending their work day in the same manner in which they started it: safe and healthy. To achieve this vision, CSL's safety program is evolving to implement and enforce a comprehensive safety management system. As a complement to the SafePartners program, a more robust set of safety rules and procedures will strengthen and align how safety risks are managed throughout CSL and contribute to improving the Company's overall safety performance.

MAKING A DIFFERENCE THROUGH SAFEPARTNERS

In 2013, CSL launched the SafePartners program in Canada as a vehicle to transform the safety culture, improve the fleet's safety record and ultimately reduce lost-time injuries (LTIs) to zero. In 2014, CSL Americas, CSL Australia and CSL Europe began introducing tailored versions of the program throughout their respective fleets and, by the end of the year, SafePartners was recognized as CSL's global safety brand.

Since its introduction, the program has contributed to a steady culture change towards a fully integrated safety mindset and to significant improvements in safety performance across CSL's fleets. In 2014, CSL achieved its lowest frequency of recordable cases of injuries requiring treatment by a medical professional per million hours worked, representing a drop of 32% since 2012.

The number of LTIs also saw a decrease of 27% since 2011, a downward trend that, though encouraging, reveals that too many injuries are still occurring. In total, 33 people in CSL's worldwide fleet suffered injuries severe enough to require off-ship recovery. For CSL, every injury is an injury that should never have happened.

RECOGNIZING SAFETY ACHIEVEMENTS

Celebrating safety achievements and leadership is a hallmark of CSL's safety philosophy. Among the outstanding accomplishments of 2014 was the company record set by the crew of *CSL Atlas* which achieved 3,000 days – more than eight years – without an LTI. The last LTI on *CSL Atlas* occurred on April 24, 2006. Also noteworthy is CSL Australia's crane crew, which marked seven years without an LTI in November 2014.

Other CSL ships that reached significant safety milestones include *CSL Trailblazer* and *CSL Pioneer*, both with three consecutive years without an LTI. In honour of their outstanding safety performance, *CSL Atlas*, *CSL Trailblazer* and *CSL Pioneer* were also awarded the Jones F. Devlin Award, issued by the Chamber of Shipping of America in recognition of the skill and dedication of crews responsible for safe vessel operations.

Three other ships, *CSL Rhine*, *CSL Thames* and *CSL Brisbane*, received Silver Safety Pennants for reaching 1,000 days without an LTI.

SAFETY TRAINING AND SKILLS DEVELOPMENT

Developing the knowledge and skill set to recognize and mitigate workplace hazards is vital in any working environment, and particularly onboard a ship. CSL's comprehensive safety training program empowers employees of all levels and ranks to take charge of their own safety and the welfare of their colleagues.

Safety training at CSL begins with cadets, the officers of tomorrow, who go through an intensive orientation program that includes a full-day risk assessment. Prior to boarding a ship, young seafarers learn how to identify and assess risks, and take the appropriate measures to eliminate or control them.

Through crew conferences, e-learning and on- and off-site courses, all CSL seafarers from ratings to senior officers undergo regular safety training and skills development in a number of key areas. Among the programs conducted in 2014 are:

Training for Health and Safety Representatives: Canada Steamship Lines carried out two-day shore-based training for Marine Occupational Health and Safety Officers, and newly appointed CSL Australia Health and Safety Representatives completed a course to enable them to effectively perform their duties and responsibilities.

Human Element Leadership and Management (HELM): A total of 77 participants representing all CSL fleets underwent HELM training during the course of the year. The HELM program educates seafarers on how to identify and mitigate factors such as fatigue, emergencies and work overload that can influence safety and performance.

Training Modules: Seafarers from all fleets participated in specialized training courses such as confined space rescue, emergency training and response, safety leadership and compliance, and ship security officer training, among many others. CSL Australia released a new training module that educates seafarers on such topics as cement safety awareness, how to use onboard defibrillators, hygiene and mental health.

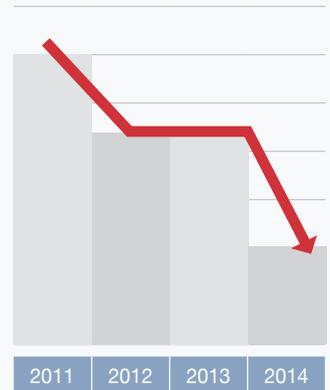
Safety Measures for High-Risk Activities: Crew members in Canada received training on 'Red Zone' procedures to reduce distractions on the bridge during critical manoeuvres such as docking and entering/exiting locks. In Australia, training programs targeting high-risk activities were conducted including conveyor system maintenance, bobcat forklift training and "Lockout / Tagout" procedures for energy isolation.

LESSONS LEARNED FROM SAFETY INSPECTIONS

CSL complies with inspections by external parties and proactively undertakes internal safety reporting and accident investigations as part of its continuous efforts to improve. Third-party inspections consistently show year-on-year improvements, and CSL takes aggressive action in areas where weaknesses are identified.

The installation of safety cages for winch operators onboard Great Lakes ships is one example of a safety improvement implemented by CSL in the wake of a near miss report. CSL Europe, meanwhile, introduced full-body harnesses to its fleet after industry reports linked belt harnesses with crew injuries. CSL is also assessing designs for improved landing booms for the safe transfer of crew members from ship to dock.

TOTAL RECORDABLE CASE FREQUENCY TREND



CONFINED SPACE RESCUE TRAINING



Crew members required to enter or work in confined spaces receive training that combines classroom instruction with practical demonstrations and exercises based on real case scenarios.

INCREASED VIGILANCE



CSL Asia's Transshipment platform *Derawan* was towed to SMI Yard in Banten, near Jakarta, for heavy repairs. The towing and drydock operation required the utmost precaution, preparation and precision in terms of safety.

MAN OVERBOARD DRILLS



Man overboard drills are conducted every six months on CSL ships. As per the International Convention for the Safety of Life at Sea, every vessel is also equipped with ship-specific plans and procedures for the recovery of persons from the water.

SHIP SAFETY UPGRADES



CSL carried out extensive safety upgrades to *CSL Brisbane* after consulting crew members. Upgrades included main deck anti-slip coatings, conveyor access, modified pilot ladder, relocation of hatch-lid controls, forecandle illumination, and an improved forecandle canopy to protect crews in heavy seas common off southern Australia.

EMERGENCY PREPAREDNESS

Effective emergency preparedness and crisis response are critical organizational functions designed to prevent or lessen damage inflicted on people, ecosystems, assets and reputation.

In 2014, vessel emergency response procedures to manage fires, explosions, groundings, spills and collisions were regularly tested during simulations and drills to ensure crew members have the necessary skills and equipment to manage all types of crises. The drills, which were conducted in every division and fleet, also served to identify areas for improvement and develop appropriate action plans.

A company-wide Crisis Response Manual was developed for implementation in early 2015 as an effective internal communication and crisis management tool. The Manual sets out the roles and responsibilities, communication flow and crisis management process to efficiently respond to four types of crises in an orderly and timely manner.

OCCUPATIONAL HEALTH AND WELLNESS

Minimizing the exposure of crews to workplace hazards and improving the quality of life onboard ships are two key preoccupations of the SafePartners program. Various initiatives throughout the fleet are undertaken every day to manage and reduce risk factors such as heavy manual work and harmful noise levels.

- To address strains and sprains caused by lifting, CSL Australia conducted manual handling training across its fleet.
- To reduce crew exposure to harmful noise levels, Canada Steamship Lines installed disposable earplug dispensers at engine room entry points.
- To improve life onboard, CSL Australia and Canada Steamship Lines completed accommodation upgrades including renovated bathrooms and floors, new paint and furniture in crew cabins, and galley improvements.
- To improve the quality of onboard food, a single-source catering and ordering system was introduced in Canada.

OUR COMMITMENT

- Achieve Zero Harm.
- Instill a world-class safety culture.
- Improve workplace health and safety onboard and on shore.
- Improve communication and cross-division collaboration on safety.
- Ensure effective emergency preparedness and crisis response.
- Develop and implement consistent safety strategies worldwide.
- Take a leadership role in promoting safety in the shipping industry.

PROGRESS IN 2014

- LTI and TRC frequency rates decreased.
- The SafePartners program was fully implemented in all divisions and SafePartners Project Managers were appointed.
- The Corporate Safety Plan was developed and dedicated safety resources were allocated to every division.
- A marked improvement in third-party safety inspections results was recorded.
- Safety training courses, exercises and drills were held throughout the global fleets, and access to training on specific high-risk activities, leadership and human factors was improved.

REACHING THE NEXT LEVEL OF SAFETY

Leveraging the momentum created by SafePartners, CSL is enhancing its safety program with the introduction in 2015 of a fully integrated Corporate Safety Management System (SMS). Under development in 2014, the SMS will provide an overarching philosophy and proactive approach to safety management at CSL that is consistent across all divisions and works to achieve the ultimate goal of Zero Harm.

Grounded in the same values embedded in SafePartners, the SMS will be based on a corporate safety policy and an organizational structure in which roles, responsibilities and accountabilities are clearly defined, and exemplary leadership empowers employees to take action on safety.

Beginning with the introduction of Six Lifesaving Rules, standards and procedures will provide the framework for managing, mitigating and eliminating safety risks, and will be reinforced by clear instructions and guidelines for employees.

To support the implementation of the new SMS, a corporate safety director was engaged in early 2014 and dedicated safety resources were appointed in each division.

CSL'S SAFETY PRINCIPLES

LEADERSHIP

We demonstrate operational leadership and accountability.

We enforce a zero deviation standard for lifesaving rules and unsafe behaviours.

We promote high-level communication for safety issues.

SKILLS

We ensure our employees acquire competencies for all required tasks.

We ensure risk management tools are used effectively.

We investigate rigorously to ensure zero repeats for all potentially severe events.

OPERATIONAL EFFECTIVENESS

We are committed to more effective and sustainable operations through operational excellence.

We ensure all divisions are compliant with internal rules and legal requirements.

We integrate safety requirements in vessel design and construction.

MOVING FORWARD

Crew conferences were held in every division to raise safety awareness, improve communication and develop safety skills.

Issues identified by crews through the SafePartners program were addressed and a number of action plans were deployed.

A Crisis Response Management Plan was developed.

Ship upgrades were completed to improve safety and quality of life onboard.

Work toward achieving Zero Harm.

Publish and promote the CSL Group's Safety Policy.

Deploy Phase One of the Safety Management System.

Implement safety standards and procedures including the Six Lifesaving Rules.

Develop accident investigation and root cause analysis skills and leverage findings to prevent reoccurrences.

Improve the management of hazardous conditions and unsafe behaviours.

Provide training to ensure successful implementation of the Six Lifesaving Rules.

Conduct safety training during crew conferences tailored to divisional needs.

Improve communication and exchange of expertise and resources across divisions.

Carry out emergency drills twice a year in all divisions.

Improve, upgrade and renew equipment for safe operations.

Integrate world-class safety best practices.

STRENGTHENING CSL'S ENVIRONMENTAL SUSTAINABILITY APPROACH

RAISING THE PROFILE OF SHORT SEA SHIPPING



Photo credit: Paul Dionne

Short sea shipping remained high on CSL's radar in 2014 with the release of a new study on the mode's safety profile. Published by Martin Associates, the study concludes that short sea shipping in the Great Lakes is not only safe, it is in fact significantly safer than other modes of transport. When compared to rail transport for instance, the rate of injuries caused by collisions is 17 times lower for short sea ships in Canada and 70 times lower in the United States.

The study, entitled "Safety Profile of the Great Lakes-St. Lawrence Seaway System," is the third in a series of studies published since 2012 on the economic contribution and environmental impact of short sea shipping. Studies to date have contributed to raising the profile of the sector by demonstrating the critical role it plays as a safe and environmentally sustainable link in the multimodal chain.

On the international scene, several initiatives were undertaken in 2014 to promote short sea shipping internationally by the International Maritime Organization (IMO), the International Chamber of Shipping (ICS), and Canadian and U.S. governments.

Environmental measurement and reporting have been hallmarks of CSL's corporate sustainability program for almost a decade, as has the Company's commitment to communicate its environmental performance in an open and transparent manner.

CSL has long recognized that while its divisions face distinct operational and regulatory conditions in different parts of the world, many environmental issues are common to all jurisdictions and are more effectively tackled on a global scale. To capitalize on opportunities for collective action, in 2012 CSL began a comprehensive review and benchmarking exercise that would lead to the implementation in 2014 of the CSL Group Environmental Sustainability Strategy.

In December 2013, CSL's Environmental Sustainability Committee endorsed the new Strategy with its two-fold approach that addresses CSL's key priority areas and sets out common divisional footprint reduction targets based on Green Marine performance indicators.

During Stage One of the Strategy's implementation, long-term sustainability goals will transition to the Green Marine model under ISO 14001. In Stage Two, CSL's legacy targets and measurement system will be phased out, and the new Strategy will be fully deployed. Stages One and Two are scheduled to be completed by 2017.

IDENTIFYING PRIORITIES

Developed as a cross-divisional, integrated action plan, the Strategy unites divisions under a clear and common vision, and harmonizes footprint reduction targets and environmental management under the Green Marine program and ISO 14001 respectively.

Under the Strategy, seven long-term priority areas were identified for global action. Between 2014 and 2019, CSL has committed to:

1. Reduce the impact of its operations on climate change by monitoring and maximizing fleet efficiency and fostering an energy efficiency culture.
2. Foster green innovation by investing in research and development focused on primary environmental issues.
3. Promote sustainable business and growth by establishing a Sustainability Procurement Team.
4. Encourage employees and crews to participate in environmental initiatives by implementing employee engagement programs throughout the Company.
5. Achieve harmonization of data reporting by standardizing the collection, reporting and processing of information.
6. Strengthen the credibility of its environmental performance by auditing and certifying results according to recognized standards.
7. Expand its communication on sustainability issues by reporting on a wider range of corporate social responsibility issues.

HARMONIZING FOOTPRINT REDUCTION TARGETS

As a result of a comprehensive benchmarking exercise of existing marine industry environmental programs, the Green Marine certification program was recognized as responding best to CSL's measurement requirements and selected for implementation in all divisions.

The program's ready-made methodology for measuring footprints and setting targets places the emphasis on continuous improvement by incrementally increasing the level of difficulty of targets each year. Green Marine also provides credibility through external verifications and can be easily replicated across CSL.

Based on the footprint reduction targets established under Green Marine and ISO 14001, in 2014 CSL committed to reducing the impact of its shipping operations on an annual basis in seven fundamental areas. The Company will:

1. Reduce the risk of introducing and propagating aquatic organisms and harmful pathogens by means of ship's ballast water.
2. Reduce greenhouse gas emissions.
3. Reduce pollutant air emissions of sulphur oxides.
4. Reduce particulate matter and nitrogen oxides.
5. Reduce cargo residue discharges.
6. Minimize the risk of oily water discharges.
7. Reduce ship-generated garbage and increase recycling.

"Our goal at CSL is to put into practice an environmental sustainability strategy that aligns the principles of responsibility, commitment and stewardship with our business objectives throughout the world.

By linking environmental leadership with economic performance, we are better positioned to mitigate risks, increase efficiency, identify opportunities and create value for customers – all with the advantage of benefitting the environment.

A performance-based sustainability culture rooted in shared values, measurable goals, harmonized third-party reporting and strong partnerships is the path forward espoused by CSL, and is the one advanced by our new Environmental Sustainability Strategy."

DAVID MARTIN

Chair, CSL Environmental Sustainability Committee



2014 ENVIRONMENTAL SUSTAINABILITY STRATEGY UPDATE

GLOBAL LONG-TERM SUSTAINABILITY GOALS	INDICATORS	
Reduce the impact of the CSL Group's shipping activities on climate change and foster a culture of energy efficiency.	Fleet efficiency is monitored and maximized.	■
Foster green innovation throughout the Company.	Personnel and resources are allocated to work on R&D projects focusing on the CSL Group's primary environmental concerns.	■
Ensure purchases and services provided to the CSL Group are sustainable.	A Group "Sustainability Procurement Team" is established, tasked with looking at sustainable, cost-efficient and environmentally friendly purchasing on and off vessel.	■
Employee Involvement. Make environmental sustainability a core value of CSL Group employees.	A program to involve personnel and crew on sustainability issues is implemented throughout the Company.	■
Harmonize environmental data reporting throughout the Company.	Environmental information throughout the CSL Group is collected/reported, processed and used in a harmonized manner.	■
Strengthen the credibility of the CSL Group's environmental performance.	Performance is audited and certified according to recognized standards.	■
Improve the CSL Group's communications on environmental and sustainability issues.	The Environmental Report is expanded to include Corporate Social Responsibility issues.	■

STATUS	■ Satisfactory progress	■ Progress made but further work required	■ Little or no progress made
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CSL Tecumseh discharging sand at the Port of Redwood for construction of the new Apple "Spaceship" campus conceived by Steve Jobs.



IMPROVING AIR QUALITY

Strategies and actions undertaken by CSL to lower the carbon footprint of its operations have translated into a significant drop in its CO₂ emissions worldwide, including a 27% reduction in Canada between 1995 and 2014. While this steady improvement in the fleet's environmental performance indicates a positive and encouraging trend, CSL recognizes that investing in technologies and tactics to improve air quality and fuel efficiency are ongoing objectives that need to be aggressively pursued at both the regional and global levels.

In 2009, CSL established the GHG Reduction Team to better coordinate efforts across CSL divisions to reduce greenhouse gases (GHG) and other air emissions. The Team's mandate is to develop, test and implement innovative solutions to improve the environmental performance of the fleet. Within five years, the Team has deployed more than 100 ship-based energy efficiency projects that have decreased fleet CO₂ emissions by more than 11,000 tonnes annually.

Energy efficiency initiatives implemented by the Team in 2014 at both Canada Steamship Lines and CSL Americas led to a reduction in GHG emissions of more than 1.5% per tonne-mile over 2013, an achievement in line with CSL's 10-year GHG reduction objectives. The GHG Team also expanded in 2014 to include new members at CSL Australia, where energy efficiency audits have already identified potential CO₂e reductions of up to 4,000 tonnes.

AUTOMATING ENGINE ROOM FANS

The installation of a CSL-designed system for controlling engine room fans led to a cut in GHG emissions of 77 tonnes per year on vessels equipped with the new technology. The innovative system automates full fan modulation variable frequency drive (VFDs) instead of high and low speeds in accordance with the engine room's temperature and relative pressure based on operator settings. Automation reduces inefficiencies linked to modulating energy-consuming fans manually, as was done previously. The system's touch-screen interface provides valuable information on power consumption and other data to maximize overall energy efficiency.

SMART WINTER HEATING WITH STANDBY SYSTEM

CSL introduced a more efficient way of heating its Trillium Class ships during the winter lay-up that delivers annual GHG emissions reductions of 73 tonnes per vessel and decreases electrical load by 35 kW. The savings are the result of a standby heating system that uses a cutting-edge hot water furnace heated by a high-efficiency diesel oil burner. The economical system provides heat for the main engine, crew accommodations, and the engine room, and includes a hot water pump with variable frequency drive that allows for greater temperature control. Keeping the temperature at an adequate minimum improves environmental performance by reducing the temperature of furnace exhaust gas.

NEW PUMP IMPROVES FUEL EFFICIENCY

The installation of a small, high-pressure water pump for hosing down decks on eight CSL ships produced an average reduction in GHG emissions of 30 tonnes per ship over 2014. The new pumps are more energy efficient than the larger fire or general service pumps previously used by crews for the routine task. Fire pumps generate a higher volume of water and require more output from the ship's diesel electric generator to operate. Switching to the smaller, high-pressure pumps for hosing down decks reduced fuel and CSL's carbon footprint.

NEW ENGINES IMPROVE OVERALL EFFICIENCY



Photo credit: Marc Dease

The replacement of the main engines onboard *Rt. Hon. Paul J. Martin* and *CSL Niagara* reduced GHG emissions by approximately 15% in grams of CO₂e/tonne-mile per vessel. The new Tier II main engines offer greater fuel efficiency, improved environmental performance and significant reductions in emissions such as NO_x and particulate matter.

FUEL SULPHUR CONTENT
AVERAGE ACROSS THE CSL
FLEET WAS 0.97%,
REPRESENTING AN
18% DROP
SINCE 2013

11,000 MT
OF DIESEL SAVED BY
CSL SHIPS IN 2014
COULD POWER
2,500 HOMES
FOR ONE YEAR

“Ship Energy Efficiency Management Plans developed for five ships by CSL Australia will potentially reduce CO₂e emissions by 1,200 tonnes this year, and we hope to reduce an additional 2,400 tonnes of CO₂e through 18 GHG-reducing projects lined up for 2015.”

JOVITO BARROZO

Chief Engineer and Fleet Efficiency Specialist, CSL Australia



HYDROCHLOROFUOROCARBON
-23% **EMISSION**
REDUCTION
SINCE 2013

OPERATING ON ONE COOLING WATER PUMP OUT OF TWO

The cold waters of the Great Lakes make it possible for CSL’s Trillium Class ships to operate only one of their two 50 kW low temperature (LT) cooling water pumps. A small 1 kW booster pump ensures that shaft generator converter systems receive an adequate supply of water. By eliminating the use of one of the 50 kW cooling water pumps, which consumes fuel at a rate of 220 grams per kilowatt hour, CSL’s Trillium Class fleet is expected to save more than 71 tonnes of fuel and reduce GHG emissions by 228 tonnes annually per ship.

FLEET AVERAGING TO REDUCE SULPHUR EMISSIONS

In effect since August 2012, the North American Emission Control Area (NA-ECA), adopted under the International Convention for the Prevention of Pollution from Ships (MARPOL), brought stricter controls on emissions of sulphur oxide (SO_x), nitrogen oxide (NO_x) and particulate matter (PM) for ships trading off the coasts of Canada, the United States and Saint-Pierre and Miquelon. Vessels operating inside the NA-ECA and throughout Canadian waters south of 60°N are required to use marine fuel with a set a limit of 1% on the sulphur content. On January 1, 2015, the sulphur content in marine fuel went down to a maximum of 0.1%.

For Canadian vessels navigating in the Great Lakes and St. Lawrence waters, the regulations provide a fleet averaging regime whereby compliance is determined by the average sulphur content of the total fuel used by a fleet. Under the fleet averaging regime, the annual average sulphur content limits for marine fuels are set on a declining basis between 2012 and 2019, reaching the NA-ECA fuel sulphur limit of 0.1% in 2020. Since 2012, CSL’s Canadian fleet has reduced its sulphur content by 47%.

OUR COMMITMENT	PROGRESS IN 2014
<p>Reduce the impact of shipping activities on climate change.</p> <p>Support research and promote the development and application of green technologies in the design and operation of CSL's vessels.</p> <p>Increase environmental awareness, and educate and encourage CSL employees to protect the environment.</p>	<p>The fuel sulphur content average across the CSL fleet dropped by 18% compared to 2013.</p> <p>All divisions are now calculating their NO_x emissions.</p> <p>Energy efficiency projects reduced CO₂ emissions by more than 11,000 tonnes annually.</p> <p>CSL Canada and CSL Americas reduced their GHG emissions by more than 1.5% in grams per tonne-mile compared to 2013.</p> <p>Hydrochlorofluorocarbon emissions released by CSL vessels decreased by 23% between 2013 and 2014.</p> <p>Research was conducted on the possible application of liquefied natural gas (LNG) technologies.</p>

SHIP EFFICIENCY CHALLENGE

At the beginning of the 2014 Great Lakes sailing season, Canada Steamship Lines and the World Wildlife Fund (WWF) launched the Ship Efficiency Challenge, calling on seafarers to come up with energy savings ideas to improve the environmental performance of CSL ships. Out of the 18 projects submitted and evaluated by a panel of CSL's top energy efficiency specialists, three were retained for implementation in 2015:

1. Transitioning from paper to electronic pay slips to reduce paper and GHG emissions by 1.08 metric tonnes;
2. Installing automatic heating valves on the main heavy fuel supply to save energy and reduce 42 metric tonnes of CO₂;
3. Installing ballast tank ammeters to improve energy efficiency, save downtime and reduce GHG emissions by an estimated 15 tonnes per ship.

EXPLORING LNG ON THE LAKES



CSL is an active participant in the East Coast & Great Lakes Marine Natural Gas Supply Chain Project, a multi-stakeholder group supported by Transport Canada. The project is tasked with identifying and making recommendations regarding risks, operating requirements, and the overall regulatory framework needed to support LNG for marine adoption in Canada. The Project's final report will be released in July 2015.



**100 SHIP-BASED
ENERGY EFFICIENCY
PROJECTS LAUNCHED
SINCE 2009**

MOVING FORWARD

An analysis on the benefits of slow steaming was completed.

Main engine upgrades were carried out on two vessels.

Two new fuel-efficient Trillium Class ships were added to the fleet.

Under-performing vessel equipment was replaced with modern, efficient alternatives.

The Ship Efficiency Challenge inspired energy savings ideas by crew members.

Training was conducted at CSL Americas and CSL Australia to curb emissions and improve the overall environmental performance of CSL's vessels.

Adopt an energy performance plan with quantifiable objectives in all divisions.

Calculate particulate matter (PM) in all divisions.

Complete energy efficiency audit on entire CSL fleet.

Continue to research, test and deploy new technologies and methods to maximize fuel efficiency, including scrubber testing, turbocharger and bow modification, and the repowering of two forebody vessels (*CSL Assiniboine* and *CSL Laurentien*) with more efficient engines.

Conduct GHG reduction training at CSL Europe.

PROTECTING BIODIVERSITY AND ECOSYSTEMS

As a primary user of the world's waterways, the marine transportation industry has a critical role to play in protecting the delicate marine, coastal and estuarine ecosystems in which it operates. Mitigating the risks that could negatively affect the health of marine life and habitats, and educating employees on protecting the integrity of our water sources are responsibilities CSL takes very seriously. By supporting research and development, and forming scientific partnerships to address challenges such as invasive species, underwater noise and the effect of vessel traffic on marine life and habitats, CSL is investing in the future of our lakes, rivers, oceans and seas.

NEW FUND SEEKS FRESH WATER BALLAST SOLUTIONS

Finding a solution to the lake-to-lake transfer of invasive species continues to challenge shipowners operating in the fresh waters of the North American Great Lakes due to the lack of proven and approved ballast water technology. In the fall of 2014, the Canadian Shipowners Association established the Ballast Water Research and Technical Evaluation Fund, which builds on previous work and CSL research into ballast water treatment filters. The Fund facilitates testing and the promotion of pragmatic, cost-effective and attainable technological solutions to combat the transfer of aquatic invasive species in the Great Lakes.

One of the Fund's tasks is to evaluate the results of a series of tests on nine commercially-available ballast water filter systems conducted by the Great Ship Initiative (GSI), a collaboration uniting maritime industry representatives, federal agencies, NGOs and academic institutions around the goal of ending ship-mediated invasive species in the Great Lakes-St. Lawrence Seaway System. Results from GSI tests on eight of the systems published in December 2014 found a best-case reduction for macro zooplankton of 99.98% and a best case reduction for micro zooplankton and protist of 99.8% and 89.5% respectively.

BALLAST WATER COMPLIANCE – FINDING THE RIGHT BALANCE

CSL, in association with members of Canada's shipping industry, provided detailed input on two studies conducted by Transport Canada on the efficacy of ballast water treatment systems for the Great Lakes, and the feasibility of complying with the IMO's Ballast Water Management Convention and its technology requirements. This exercise clearly demonstrated that Lakers face specific operational and technical challenges such as non-availability of ballast water treatment systems designed to operate in the unique Great Lakes fresh water environment.

CSL and the Canadian Shipowners Association sought a formal legal opinion supporting a domestic solution to address issues around ballast water treatment compliance in the Great Lakes until proven and effective technology is available. The draft regulation was presented to Canada's Minister of Transport.

Internationally, CSL partnered with the International Chamber of Shipping (ICS) and other stakeholders to call for amendments to the IMO guidelines for approving ballast water treatment systems (the G8 Guidelines) with a view to incorporate critical criteria such as fresh water and cold water for vessels operating in the Great Lakes and St. Lawrence Seaway.

CSL SUPPORTS RESEARCH ON DECLINING BELUGA POPULATION

In support of new scientific research to protect threatened St. Lawrence River belugas, a unique whale species that lives primarily in the St. Lawrence Estuary, CSL symbolically adopted a female beluga. The Adopt a Beluga campaign is an initiative of the Marine Mammals Research and Education Group (GREMM), a non-profit organization dedicated to scientific research on the whales of the St. Lawrence and education on the conservation of the marine environment.

BALLAST WATER TESTING



In 2014, CSL Americas installed the OceanSaver Ballast Water Treatment System on *Sheila Ann*. The system is designed to meet rigorous new standards established by the United States Coast Guard (USCG) and the Environmental Protection Agency (EPA) to curb the possible introduction of aquatic invasive species.

The system, which employs a combination of filtration and disinfection, weighs more than 50 tonnes and took almost two months to install. Once in operation, the system will be used for USCG type approval, making it one of the first new systems to fully comply with these new standards.

INTERNATIONAL COASTAL CLEANUP DAY



CSL employees collected more than 289 pounds / 131 kilograms of trash and recyclable materials during the 2014 edition of the Ocean Conservancy's International Coastal Cleanup Day. Canada Steamship Lines employees cleaned a three-kilometre stretch of shoreline on Île Charron, near Montreal, while CSL Americas employees helped clean the shoreline around Winter Island in the Salem Sound region of Massachusetts.

Each year, International Coastal Cleanup Day sees hundreds of thousands of people in countries around the world pitch in to rid coastlines of garbage. In 2014, volunteers around the world collected an astounding 16 million pounds / 7.26 million kilograms of trash.

Canada's maritime industry has launched a number of initiatives to protect belugas and other marine species, including voluntary measures to reduce vessel speed in order to minimize the risk of collisions with marine mammals – a measure that has produced excellent results.

CSL has been contributing to research aimed at protecting marine species since 2006, when it provided funding for WWF efforts to reduce the number of endangered right whale deaths from entanglement in fishing gear.

ENSURING ADEQUATE WATER LEVELS FOR OPTIMUM EFFICIENCY

Variability in water levels has a considerable impact on the environmental efficiency of shipping operations and the capability of vessels to carry more cargo. To navigate safely and avoid groundings, a ship must maintain a safe Under Keel Clearance (UKC) – the vertical distance between the lowest part of the ship's hull and the seabed. When water levels are low, ships must reduce the quantity of cargo carried to respect the UKC, which decreases operational performance and increases the number of vessel trips required to carry the same amount of cargo. Every inch of water lost translates into 120 to 140 tonnes of cargo not carried.

While CSL appreciates the environmental objectives of the 2014 International Joint Commission (IJC) Plan calling for more natural variations of water levels in Lake Ontario and the St. Lawrence River, it has expressed concern that the Plan does not fully consider the scope and impact of these fluctuations on navigation in the long term.

CSL has advocated for the right to deviate from the Plan when necessary to counter extremely low water levels, and for better industry representation on relevant IJC boards to promote sound public policy on water levels.

CSL'S ANNAKPOK



In support of beluga habitat research conducted by the Marine Mammals Research and Education Group, CSL symbolically adopted a female beluga between 12 and 16 years old known to researchers as DL0516.

To find her a more poetic name, CSL employees were invited to participate in the Big Beluga Naming Contest. Put forward by Captain Mark Dillon, Master of *Spruceglen*, the winning name was Annakpok, an Inuit word meaning "free, not caught."

OUR COMMITMENT	PROGRESS IN 2014	MOVING FORWARD
<p>Support research and promote the development and application of effective green technologies in the design and operation of CSL's vessels.</p> <p>Increase environmental awareness, and educate and encourage CSL employees to protect the environment.</p>	<p>The OceanSaver Ballast Water Treatment System was installed onboard <i>Sheila Ann</i>.</p> <p>An industry-led Ballast Water Research and Technical Evaluation Fund was established in collaboration with the Canadian Shipowners Association.</p> <p>Financial support was provided to WWF for research on the conservation and protection of marine species and habitats.</p> <p>The symbolic adoption by CSL of a St. Lawrence River beluga in support of whale research raised awareness about this endangered species among employees, the industry and the public.</p>	<p>Test the new OceanSaver Ballast Water Treatment System installed onboard <i>Sheila Ann</i>.</p> <p>Participate in the Ballast Water Research and Technical Evaluation Fund to test pragmatic, cost-effective, and attainable technological solutions to end the transfer of aquatic invasive species in the Great Lakes.</p> <p>Continue to explore and test prototype systems to minimize the introduction and propagation of invasive species through ballast water.</p> <p>Participate in the development of Green Marine's new Underwater Noise indicator.</p> <p>Train bridge crews to help observe whales and collect data.</p> <p>Educate crews about whales and have all vessels implement the recommendations contained in "A Mariner's guide to whales in the Northwest Atlantic."</p>

RESPONSIBLE SHIP RECYCLING



Four CSL vessels were responsibly recycled in 2014, including *CSL Pioneer* pictured above at a recycling facility in Turkey.

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



REDUCING MARINE POLLUTION AND WASTE

Ship-generated waste and pollution such as spills, oily water, bilge, sludge, garbage and cargo residues can threaten biodiversity and the health of coastal communities and ecosystems if they are not managed responsibly. Efforts across CSL's worldwide fleet to raise awareness about the safe and conscientious disposal of pollutants and hazardous products are getting results. New procedures implemented globally in 2014 reduced onboard garbage by 6.5% and sludge by 3.6% as compared to 2013. CSL's offices also undertook a number of initiatives to reduce, reuse and recycle, resulting in notable reductions in the Company's overall footprint.

WASTE MANAGEMENT AND RECYCLING

CSL adopted a ship waste management system that governs the collection, sorting, recycling, composting, storage and disposal of waste in accordance with the revised Annex V of the International Convention for the Prevention of Pollution from Ships (MARPOL). In Canada, a zero tolerance policy for the overboard disposal of garbage goes beyond current MARPOL requirements.

In 2014, the majority of CSL vessel crews received training on recycling procedures and waste management hierarchies, and adopted best practices such as replacing cardboard cups with reusable ones, and asking suppliers to minimize packaging and use only recycled materials.

A collective recycling effort by CSL's Canadian fleet saved 100 mature trees and 213 cubic yards of landfill airspace, an amount equal to the airspace filled monthly by 5,353 people. The fleet also saved 22,890 gallons of water, or enough to meet the daily fresh water needs of 253 people.

CARGO RESIDUE MANAGEMENT

Cargo spillage and residue management is a primary concern for CSL due to the sensitive nature of cargoes transported and handled. In 2014, CSL Australia developed and engineered a unique solar-powered hydraulic deflector plate to minimize cargo spillage during loading operations onboard *CSL Thevenard*.

The mobile aluminium plate, which can be moved from hold to hold during the loading process, directs any spillage from the shore-based loader directly into the hold. The deflector plate eliminates spillage on deck and the potential for the inadvertent release of cargo into the water.

OUR COMMITMENT

- Target goal is zero oil spills.
- Take a leadership role in the responsible recycling of ships.
- Integrate environmental norms in operational practices in an effort to reduce waste and promote effective use of resources.
- Support research and promote the development and application of green technologies in the design and operation of CSL's vessels.

PROGRESS IN 2014

- Two pollution events were reported during which 100 liters of oil were released. Immediate actions to mitigate environmental impacts were taken.
- Four vessels were recycled in compliance with international regulations and CSL's Ship Recycling Policy.
- Onboard waste production was reduced on vessels by 6.5% compared to 2013.

RESPONSIBLE SHIP RECYCLING

CSL recycled four ships in 2014 in compliance with international rules and regulations and CSL's rigorous Ship Recycling Policy. They are *CSL Shannon*, *CSL Pioneer*, *CSL Trailblazer* and *CSL Pacific*. Among the procedures and practices set out in the Policy, an inventory of hazardous materials must be produced for all ships scheduled for dismantling, the use of hazardous materials must be minimized, and ships must be designed to facilitate the recycling and removal of hazardous materials. Moreover, selected ship dismantling facilities must meet or exceed international environmental convention standards and have procedures in place to protect the environment and the health and safety of workers.

SMARTER PRINTING FOR GREENER OFFICES

In April 2014, employees in CSL's Montreal headquarters set their computer default settings to double-sided and black-and-white printing. As a result of this simple change, paper consumption dropped by more than 33% and employees used 55% less toner over the same nine-month period in 2013. It is estimated that this initiative saved more than 30 trees.



CSL Elbe sailing to Rafnes, Norway.

INNOVATING FOR CLEANER OPERATIONS



CSL Australia developed and engineered a unique solar-powered hydraulic deflector plate to minimize cargo spillage during loading operations onboard *CSL Thevenard*.

22,890 
GALLONS
OF WATER SAVED

REPRESENTING ENOUGH
WATER TO MEET THE DAILY

FRESH WATER
NEEDS OF 253 PEOPLE

CSL'S MONTREAL
HEADQUARTERS

SAVED AN ESTIMATED
30 TREES 

BY SWITCHING
COMPUTER PREFERENCES
TO DOUBLE-SIDED PRINTING

MOVING FORWARD

CSL Canada and CSL Americas equipped ships with recycling bins and trained staff on the waste management hierarchy (reduce, reuse, recycle, recover and dispose).

Emerging waste treatment systems were assessed for possible adoption.

The latest-generation incinerator units installed on Trillium Class ships have significantly improved the efficiency of waste treatment.

Schedule regular environmental emergency response drills in all CSL divisions.

Obtain an inventory of hazardous materials for the entire fleet.

Develop a global garbage management strategy that defines targets, tools and measures for reducing garbage and discharge at sea, and increasing recycling.

Continue to educate crews and employees on the responsible treatment of waste and garbage.

Conduct a complete waste lifecycle analysis on vessels.

Continue exploring, testing and implementing systems and methods to minimize waste production and increase recycling.

“CSL Australia is proud to be the first international company to join the Green Marine program. Green Marine provides clear direction and indicators to improve our environmental performance and will help CSL Australia develop stronger environmental goals and targets.”

RHIANNAH CARVER

Environmental Programs Coordinator,
CSL Australia



NEW ENVIRONMENTAL MANAGEMENT GUIDE DRAWS ON CSL EXPERTISE



Recognized for its leadership and expertise in sustainable shipping, CSL was invited to contribute to “The Guide to Environmental and Efficiency Management” published by the Baltic and International Maritime Council (BIMCO) and maritime efficiency specialists Fathom.

The comprehensive publication serves as a practical resource that guides shipowners and operators through the various stages of creating and implementing an environmental and efficiency management system. CSL contributed two case studies, one on advancements in dust suppression technologies and another on the design and implementation of waste heat recovery systems.

ENVIRONMENTAL MANAGEMENT SYSTEMS

The effective management of CSL’s environmental programs requires the right tools to measure, monitor, audit and document the Company’s regional and group performance. To this end, CSL is establishing ISO 14001-compliant environmental management systems in each division and standardizing performance measurement under the rigorous Green Marine program. Three CSL divisions – Canada Steamship Lines, CSL Americas, and CSL Australia – are now members of the Green Marine program, and CSL Europe is expected to join by 2015.

ISO 14001

Accreditation to ISO 14001 means an organization has in place an effective environmental management system (EMS) tailored to the nature of its activities. The EMS must conform to ISO’s strict set of requirements and demonstrate measurable commitments to:

- Preventing pollution;
- Meeting applicable legal and other requirements;
- Continually enhancing the EMS to achieve improvements in overall environmental performance.

Canada Steamship Lines received its ISO 14001 certification in 2011 and has maintained it every year since. CSL Americas completed ISO’s Stage 1 and 2 audits in 2014 and is on track, along with CSL Australia and CSL Europe, for ISO 14001 certification by 2016.

DIVISIONAL COMMITTEES CONTRIBUTE TO COMMON GOALS

In 2014, three divisions – CSL Americas, CSL Europe and CSL Australia – established Internal Divisional Environmental Committees (IDEC) tasked with developing strategies to reduce the environmental impact of CSL’s operations. The first IDEC was established at Canada Steamship Lines in 2009. The committees bring together key personnel at least twice a year to review, develop and implement environmental policies and programs for their respective divisions. Initiatives include the implementation of ISO 14001 environmental management system standards, the Green Marine program and GHG reduction projects.

Information gathered and best practices shared by the Committees will help to harmonize and unify CSL’s objectives and actions on the environment. While each IDEC will continue to monitor and manage local footprints and issues, global challenges will be addressed based on a clear, common vision and strategy.

CSL AND GREEN MARINE: CHARTING THE COURSE FOR ENVIRONMENTAL LEADERSHIP

Footprint reduction targets for CSL’s divisions are based on those set out under the Green Marine program. Green Marine establishes a voluntary, comprehensive and transparent framework of performance indicators for its membership, which includes more than 90 domestic and international shipowners, ports, terminals and shipyards. Each member completes Green Marine’s rigorous annual self-evaluation and is ranked on a scale of 1 to 5 for the indicators that apply to its activities, with 1 representing regulatory monitoring and 5 reflecting excellence and leadership. These self-evaluation reports are made public and their findings are independently verified every two years.

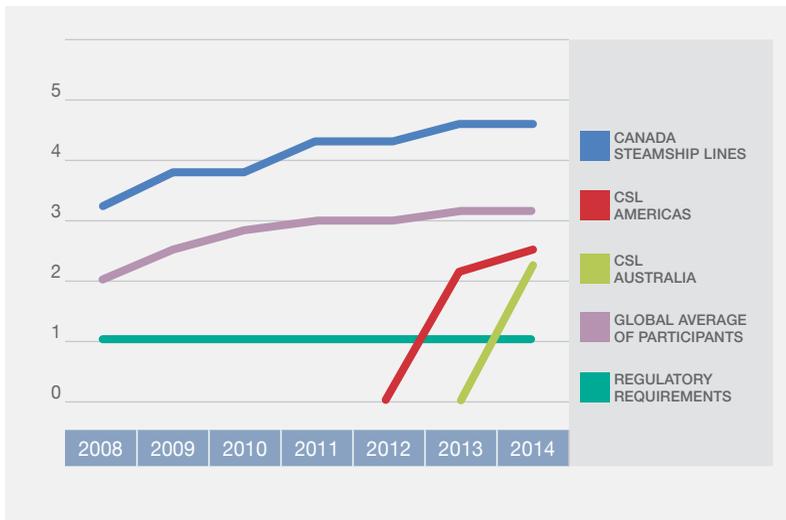
Canada Steamship Lines emerged as one of the top Green Marine performers in 2014. While the overall average for Green Marine participants was 3.1 out of a possible 5, Canada Steamship Lines achieved an overall average of 4.57, the same result as 2013. CSL’s Canadian division obtained a Level 5 ranking in four of the seven indicators that apply to its activities.

CSL Americas showed a significant improvement of almost half a point from 2.12 to 2.5 overall. The division attained Level 3 in the three performance indicators related to air emissions and in the Aquatic Invasive Species category. To obtain a Level 3 performance, a participant must measurably document environmental impacts and integrate appropriate best practices into day-to-day operations.

CSL Australia, which joined Green Marine in 2014 as the program's first member outside North America, carried out its first assessment with an overall rating of 2.16. This year's results will serve as the benchmark for future self-evaluations under the program.

Overall Green Marine results for the marine shipping industry showed progress. The 2014 global average of participants continued an upward shift, rising to 3.1.

GREEN MARINE RESULTS



GREEN FLAG AWARD



In 2014, CSL Americas repeated its 2013 achievement and attained an extraordinary 100% voluntary compliance with the Port of Long Beach's Green Flag Program and earned the Green Flag Environmental Achievement Award for its efforts.

Verified by the Marine Exchange of Southern California, the Green Flag Program promotes vessel speed reduction in order to reduce emissions of smog-forming nitrogen oxides, diesel particulate matter and greenhouse gases.

By encouraging ships to reduce their speed to 12 knots within 40 nm of Point Fermin, the program reduces air pollution in the Long Beach area by more than 1,000 tonnes per year.

OUR COMMITMENT

Put in place processes and practices that enable CSL to reduce its environmental impact and increase its operational efficiency.

Control environmental risks via a comprehensive environmental management system that complies with the ISO 14001 standard.

Harmonize environmental data reporting throughout CSL.

PROGRESS IN 2014

CSL's Environmental Sustainability Strategy was adopted and is being implemented across all divisions.

Canada Steamship Lines renewed its ISO 14001 certification.

CSL Americas successfully completed the Stage 1 and 2 audits of the ISO 14001 certification process.

An Environmental Manager joined the CSL Australia team to lead environmental stewardship and compliance at the division.

Following the lead of Canada Steamship Lines and CSL Americas, CSL Australia became the third CSL division to join the Green Marine program.

MOVING FORWARD

Review progress and continue implementing CSL's Environmental Sustainability Strategy.

Implement an environmental management system (EMS) in each division that complies with the ISO 14001 standard.

Implement the Green Marine program in all divisions by 2015.

ELIMINATING CORRUPTION GLOBALLY



MACN
Maritime Anti-Corruption Network

MACN and CSL recognize that collective action is an important step in the fight against corruption.

In 2014, MACN engaged in collective action projects in Nigeria, Argentina, Indonesia and other countries.

2014 WHISTLEBLOWING REPORTS AND ACTIONS TAKEN

Nature of Complaint	C.	B. D.	C. A. T.
Accounting and Auditing	1	0	0
Bribery	0	0	0
Conflict of Interest	1	0	0
Discrimination/ Harassment	1	0	0
Embezzlement	0	0	0
Falsification	0	0	0
Misconduct	6	3	3
Sabotage/ Vandalism	0	0	0
Substance Abuse	0	0	0
Theft	1	0	0
Unsafe Working Conditions	2	1	1
Violation of Policy	3	2	2
Violence or Threat	0	0	0
Other	1	0	0

C. = Complaint
B. D. = Breaches Detected
C. A. T. = Corrective Actions Taken

CORPORATE ETHICS

Integrity is a fundamental CSL value. It is also required of every crew member and onshore employee. The people who work for CSL are expected to conduct themselves with honesty, decency and trustworthiness at all times, and there can be absolutely no compromise when it comes to ethical conduct.

CSL promotes and upholds high ethical values and prides itself on doing the right thing. The Company recognizes its responsibilities to the communities and global ecosystems in which it operates and understands that fulfilling these responsibilities requires its full dedication and commitment.

CSL'S CODE OF CORPORATE RESPONSIBILITY

Underpinning CSL's ethical commitment and practices is a Code of Corporate Responsibility. The Code sets forth CSL's ethical responsibilities, and provides clear rules on appropriate conduct towards customers and business partners, the respect and fair treatment of employees, compliance with law, the protection of the environment, and zero tolerance of any form of corruption. The Code is part of CSL's 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 accordance 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, even if these are higher or more stringent than local standards.

THE U.N. 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. CSL also recently joined the Ebola Private Sector Mobilisation Group in its efforts to fight the spread of Ebola in West Africa, as well as the Maritime Anti-Corruption Network collective action group in its campaign against port corruption in Indonesia.

FIGHTING CORRUPTION

Since the introduction of its Anti-Corruption Program, CSL has been at the forefront of the drive to end bribery, extortion and corruption in the shipping industry. The Program's objective is to ensure CSL's business operations are corruption-free, which it achieves through four components: a strict policy against any form of corruption; due diligence and verification on persons representing CSL in any dealings with government officials; training of employees on corruption avoidance and best practices; and a detailed system of checks and verifications to prevent corruption. Now in its third year, the Program has seen the successful completion of implementation and training, and the incorporation of regular due diligence in daily operations. The response of employees and partners to the Program has been overwhelmingly favourable, reflecting a strong desire to do the right thing.

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

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.

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. Submitting an anonymous and confidential report through EthicsPoint can be done online or via telephone.

In 2014, 16 alleged breaches to CSL policies and commitments were reported through the whistleblowing system. On the opposite page is a summary of the complaints received and actions taken.

ETHICSPPOINT HOTLINE

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

Submit a report online at www.cslships.com/ethicspoint or

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

Consult the website if calling from elsewhere.



"Whenever I speak to CSL colleagues about ethics and corporate compliance, I always get everyone's full attention. That is because everyone understands that integrity is a core value in everything we do.

I take pride in working for a company that puts ethics and respect for our customers and the communities we serve first, and that this is what it takes to be a CSLer."

JOHN SYPNOWICH

Chief Legal and Compliance Officer, CSL Group



ANTI-CORRUPTION MANUAL



Adopted in 2012, the CSL Anti-Corruption Manual outlines the policies and procedures that make up the CSL Anti-Corruption Program, 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.

OUR COMMITMENT

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.

PROGRESS IN 2014

Joined the leadership of the Maritime Anti-Corruption Network.

Completed the validation of CSL suppliers in accordance with the CSL Anti-Corruption Program.

Investigated reports filed through anonymous whistleblowing, took appropriate action and reported to the Audit Committee of the Board of Directors.

MOVING FORWARD

Review CSL operations to further promote the UN Global Compact's ten principles.

Widen the reach of the CSL Anti-Corruption Program to include commercial bribery.

Provide education and training on ethical conduct and legal compliance to new employees.

POSITIVE WORKPLACE

Marine transport companies are not immune to the effects of globalization, the rapid pace of technological change and market instability, all of which can lead to significant workforce challenges. Increasing pressures to be more competitive, agile and immediately responsive to customers are redefining how shipping companies are able to foster healthy and productive ship and shore environments in which employees can thrive.

CSL believes in fostering a workplace that promotes employee engagement and growth through training and development, performance management, individual and team recognition, and comprehensive benefits. In 2014, CSL undertook a variety of initiatives to deepen engagement and entrench a caring, values-based workplace culture that puts people, integrity, innovation and excellence first.

PERFORMING FOR SUCCESS

Performance management is the foundation of many of CSL's core people programs and a key driver in achieving the Company's business strategy. Compensation, succession planning, employee development and mobility all rely on a clear and consistent approach to performance management that fosters employee engagement, job satisfaction, efficiency and innovation.

CSL's new Performance Management Program is defined by three pillars:

1. **'SMART' objectives**, meaning Specific, Measurable, Achievable, Realistic and Timely, drive employee engagement by clearly linking individual performance with the broader goals of the Company.
2. **Ongoing feedback** that recognizes achievements, reinforces positive behaviours and realigns objectives constructively to help employees stay on the right career track.
3. **Ongoing coaching** based on CSL's core values and behaviours facilitates skills development and competencies.

RECOGNIZING THE CONTRIBUTION OF EMPLOYEES

CSL believes that a successful company is one that fosters a culture of merit and performance, and recognizes the achievements of its people. CSL's new incentive program launched in 2014 takes into consideration three fundamental factors in the calculation of annual bonuses: CSL's overall financial performance, divisional results, and individual employee performance. The stronger alignment between the contribution to CSL's success and bonus payout provides employees with greater ownership of their careers and progression.

Also in 2014, CSL undertook a detailed review of benefits plans and conducted a global benchmarking exercise to ensure alignment of its programs with local market best practices. Key to the review process was the imperative that CSL employees have access to comprehensive and competitive coverage that fully meets their needs and reflects the realities and conditions of their country of employment.

EXPANDING STAFF EXPERTISE

With the objective to foster in-house talent and promote from within the Company, CSL set in motion a three-phased Talent Management and Succession Planning Program (TMSP) to address current and projected human resources challenges. Phase 1 of the program provided a talent snapshot of CSL's workforce in terms of skills, knowledge, potential and performance. In Phase 2, the emphasis was placed on employee development and empowerment through

CORPORATE VALUES



Photo credit: Dave Roels



CSL's core values – Integrity, Caring, People First, Innovation and Excellence – were unveiled in January 2014 following a company-

wide consultative process during which CSL employees identified the key values that drive how they make decisions, do business and conduct themselves. The five corporate values to emerge from this global exercise formed the centerpiece of the ongoing "I am CSL" campaign that educates and guides employees on how to apply and live the shared principles.

ANCHOR YOUR CAREER AT CSL



Attracting young talent is vital to the future success and growth of CSL and of the marine transport industry. Young seafarers today want to be challenged by the most cutting-edge technologies and expect their employer to be forward-thinking and modern. These qualities resonated with CSL's recruiting teams who participated in job fairs at academic institutions in Canada, the United States and Australia.

the “Connect-Share-Learn” strategy, which recognizes that people learn more easily by combining on-the-job training, coaching and mentoring, and instructor-led tutorials. Ensuring the TMSP strategies bring the expected results for CSL and employees is the focus of Phase 3.

ENGAGING THROUGH DIALOGUE

CSL places great value on employee satisfaction and fulfilment, and understands that higher levels of engagement are linked to better performance and productivity. In November 2014, CSL appointed independent survey contractor Aon Hewitt to take the pulse of its workforce by conducting the first CSL Employee Engagement Survey. An impressive 77% of employees from all divisions completed the confidential online questionnaire – a strong showing for an inaugural survey and a statistically accurate participation rate. A comprehensive communications plan to share the survey results and develop action plans to address the findings will be deployed in 2015.

CONSOLIDATING SHIP AND SHORE OPERATIONS

On November 10, 2014, Canada Steamship Lines announced its decision to consolidate ship and shore operations under the CSL banner. Effective January 1, 2015, ship management activities previously provided by VShips Canada were integrated into CSL’s organizational structure to streamline operations and customer service, and create a more robust alignment of its employees, corporate values and business approach. The consolidation resulted in the transfer of 45 staff to CSL.

EMPLOYEE REFERRAL PROGRAM



When it comes to hiring new staff, CSL recognizes that one of the best ways to find new people is through its own employees who are familiar with the Company and the business culture. This approach is supported by industry data that show referrals produce high quality candidates that are five times more likely to stay once hired. CSL’s worldwide Employee Referral Program, launched in December 2014, capitalizes on this fact by providing financial rewards to employees who assist in recruiting new staff.

OUR COMMITMENT	PROGRESS IN 2014	MOVING FORWARD
<p>Create a safe, caring and inspiring working environment that promotes diversity and agility.</p> <p>Attract, select, develop and retain people with the right skills and “fit.”</p> <p>Foster employee satisfaction to enhance productivity and customer experience.</p> <p>Enhance development and growth opportunities for employees and empower them to take ownership of their career progression.</p> <p>Improve employee communications and engagement.</p>	<p>The “I am CSL” corporate values campaign was launched.</p> <p>A new, performance-driven annual bonus program was introduced.</p> <p>A global review of CSL’s compensation and benefits programs was completed.</p> <p>The Talent Management and Succession Planning Program was deployed.</p> <p>77% of employees responded to the Employee Engagement Survey.</p> <p>SMART objectives were introduced.</p> <p>A new referral program was launched.</p> <p>Ship and shore operations were integrated in Canada.</p>	<p>Deploy global and local action plans to address feedback from the engagement survey.</p> <p>Measure engagement through pulse surveys.</p> <p>Provide training and support to managers to help them engage and motivate.</p> <p>Foster the development of individuals identified as part of the Talent Management and Succession Planning Program.</p> <p>Improve the Long Service Award Program.</p> <p>Promote CSL values and recognize exceptional behaviours.</p> <p>Improve communications on the career path, compensation and benefits programs to increase buy-in.</p>

EMPLOYEE AND COMMUNITY ENGAGEMENT

CYCLING FOR CANCER RESEARCH



In honour of Alain Laroque, a V.Ships Canada Fleet Superintendent who lost his battle with cancer in 2013, 24 employees from CSL and V.Ships Canada cycled from Montreal to Quebec City as part of the Enbridge Ride to Conquer Cancer event and raised \$78,776 for cancer research.

SHIP EFFICIENCY AND POLAR BEARS



In November 2014, winners of CSL's Ship Efficiency Challenge took part in a WWF-Canada organized trip to Churchill, Manitoba, to witness polar bears in their natural habitat. The visit

provided a deeper understanding of arctic conservation, the impact of climate change, and the importance of GHG reduction projects like those submitted as part of the Challenge.

ACTIVE APRIL



Canada Steamship Lines employees raised more than \$8,000 for environmental conservation by participating in the Active April campaign, which promotes physical activity for a good cause. For every kilometre staff walked or biked to work, CSL donated \$3 to WWF, and for every flight of stairs climbed, the contribution was \$1.

For CSL, being a good neighbour and corporate citizen means taking responsibility for the social and environmental impacts of its business, and committing time and resources to improving the health and well-being of the communities and environments in which it operates. CSL's corporate philanthropy program reflects the Company's five core values of Integrity, Caring, People First, Excellence and Innovation, and engages employees around initiatives and causes that make a positive difference to communities in a meaningful and sustainable way.

Every year, CSL donates approximately 1% of its net profit before extraordinary items to charitable causes and disaster relief, and many employees go beyond this by volunteering countless hours to local not-for-profit organizations. Community engagement and corporate giving efforts focus on three distinct pillars: education, the environment and social affairs, which include arts and culture, community outreach, and health and human services.

INVESTING IN OUR NEXT GENERATION

To encourage and support the next generation of seafarers, CSL awards bursaries and scholarships to select students at maritime academies and colleges throughout 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.

ENVIRONMENTAL STEWARDSHIP

CSL's commitment to minimize its footprint and safeguard the environment extends to its environmental philanthropy program that supports research and education to protect marine wildlife and habitats, and promotes the active participation of employees in conservation efforts.

The Ship Efficiency Challenge organized in Canada is a noteworthy example whereby seafarers were invited to submit energy savings ideas to reduce the environmental footprint of the fleet. The initiative engaged employees by tapping into their innovative spirit and unique expertise, and raised awareness about the importance of reducing emissions for a cleaner future.

In collaboration with long-time partner the World Wildlife Fund (WWF), CSL has committed to contributing \$100,000 over three years to support research on the endangered St. Lawrence River beluga population. CSL also supports other initiatives and organizations worldwide including Georgian Bay Forever, the Salem Sound Coastwatch, the United Kingdom-based Marine Conservation Society and WWF-Norway's efforts to protect threatened species on the Norwegian Red List.

In September, CSL employees in Montreal and Boston participated in the Ocean Conservancy's annual International Coastal Cleanup Day. More than 16 million pounds / 7.26 million kilograms of trash were collected by 560,000 volunteers in 91 countries during this worldwide initiative.

COMMITTED TO COMMUNITIES

Through charitable giving and employee volunteerism, CSL seeks to make a positive and long-lasting contribution to the health and vitality of the communities in which it operates. CSL supports a wide range of grassroots causes including food banks, shelters, hospitals, cultural organizations and the arts, and provides support to victims of natural disasters such as Ebola in West Africa.

Among the many charitable organizations with which CSL is actively involved are the Mission to Seafarers, the Red Cross, Montreal's Old Brewery Mission, Beverly Bootstraps, The Open Door, Berkshire Community Foundation in the UK and Kirkens Bymisjon in Bergen, Norway. CSL's contributions to these and many other organizations in 2014 included financial support, fundraising and volunteerism.

1,000 CLICKS FOR CHARITY

For every click on CSL's holiday e-card, the Company donated \$10 to selected children's charities. More than 1,000 people clicked, resulting in a total of \$10,000 that was distributed to the following organizations: Cradles to Crayons (CSL Americas); BBC Children in Need (CSL Europe); Orphanages in Indonesia and Africa (CSL Asia); The Starlight Foundation (CSL Australia); The Breakfast Club (Canada Steamship Lines).

PROMOTING ENGAGEMENT

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

MAKING A DIFFERENCE IN INDONESIA AND SIERRA LEONE



As part of the Keep On Steamini fundraising campaign, a significant donation was made to Plan Canada in 2014 to support local projects in Indonesia and Sierra Leone. The contribution helped to provide goats to families in 198 Indonesian villages, benefitting 15,085 people.

The livestock provides a new income and food source, and helps families become more independent and self-sufficient. In Sierra Leone, CSL's donation supported a school feeding program delivered by Plan and the United Nations World Food Program that has delivered over 1,300 metric tonnes of food to date.

REACHING OUT IN BEVERLY



CSL Americas committed \$100,000 over five years to support the purchase and renovation of a new space for long-time community partner Beverly Bootstraps, a local charity that provides food and other critical services to clients in need. In recognition of CSL's active support over the years, a new section of the space will be named in honour of CSL Americas.

OUR COMMITMENT

Seek, identify and support causes that enrich lives, improve our environment and create opportunities for communities to thrive.

Donate approximately 1% of net profit before extraordinary items to charitable organizations.

PROGRESS IN 2014

CSL donated over the targeted goal of 1% of net profit before extraordinary items.

Through charitable giving and volunteerism, CSL and its employees contributed to the health and vitality of communities worldwide.

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.

VALUE FOR CUSTOMERS

A “WIN-WIN” HOPPER SOLUTION AT GERALDTON PORT IN WESTERN AUSTRALIA



Heavy swells are common at the exposed port of Geraldton in Western Australia, due to long Indian Ocean swells that impact the coastline. CSL vessels docked there are regularly forced to vacate berths and proceed to anchor when the surge becomes excessive, causing delays for the customer and lost ship time for CSL Australia.

CSL recognized that one particular berth at Geraldton was better protected from surge activity than the others and devised a plan to develop this berth into its primary discharging point. Since overhead conveyor systems made it impossible to relocate the stevedore’s discharge hopper to this berth, CSL retrofitted and permanently installed a second hopper in April 2014.

Known as the “CSL Hopper,” the solution has brought significant improvements to the benefit of both the customer and CSL, including expedited discharge operations and a reduction in lost ship time.

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

The past 20 years have witnessed significant changes in the needs and expectations of customers. By pushing the boundaries of technology, CSL has built its business to respond, adapt and anticipate emerging needs, and position its customers for profitable growth.

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

EXCELLENCE THROUGH INNOVATION

Working with frontline vessel crews, client representatives and safety and environment experts, CSL’s operational, technical and fleet efficiency teams made great progress in 2014 to develop and implement sustainable technologies to meet the evolving needs of customers and comply with tomorrow’s regulatory environment.

Built using the most advanced vessel technologies, CSL’s seven new Trillium Class self-unloaders and two new bulkers were delivered between 2012 and 2014 to provide exceptional performance to customers and minimize the environmental footprint of CSL’s fleet. Among many other initiatives to reduce the environmental impact of CSL’s operations were the design and application of advanced dust-suppression measures for gypsum discharge operations, and a series of emissions-reducing measures throughout CSL’s worldwide fleets.

CUSTOM TRANSHIPMENT

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

OUR COMMITMENT

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.

PROGRESS IN 2014

All nine Trillium Class vessels were delivered, offering exceptional performance with a reduced overall environmental impact.

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.

MOVING FORWARD

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.



CSL Whyalla performing a transshipment operation on Australia's South Coast.

2014 GREEN MARINE RESULTS

CANADA STEAMSHIP LINES

INDICATOR	LEVEL	ACTIONS UNDERTAKEN TO ACHIEVE THE LEVEL
Aquatic Invasive Species	5	CSL partnered with the Great Ships Initiative to develop a filtration system testing program to address the risk of aquatic invasive species in the Great Lakes and also tested a ballast water treatment system in 2012.
Pollutant Air Emissions SO _x and Particulate Matter	5	On average, CSL uses fuel that contains 0.83% sulphur.
Pollutant Air Emissions NO _x	4	CSL completed samplings and NO _x inventory and repowered two vessels with Tier II engines.
Greenhouse Gases (GHG)	5	CSL achieved an annual reduction of 1.5% of GHG emissions per tonne-mile between 2000 and 2014.
Cargo Residues	4	CSL continues to implement fleet-wide practices and a training plan to improve the accuracy of its cargo residue inventory. Trillium Class ships are equipped with a wash-water apparatus that is adapted to their configuration.
Oily Water	4	Trillium Class ships are equipped with an integrated bilge treatment system such as defined in the IMO's revised guidelines.
Garbage Management	5	CSL adopted a "zero discharge" policy, has reduced its waste production per operational day by 30% since 2010, and has increased recycling by 35% since 2011.

CSL AMERICAS

INDICATOR	LEVEL	ACTIONS UNDERTAKEN TO ACHIEVE THE LEVEL
Aquatic Invasive Species	3	CSL installed a ballast water treatment system on <i>Sheila Ann</i> .
Pollutant Air Emissions SO _x and Particulate Matter	3	All vessels in the fleet complied with the requirement to burn fuel with a 0.5% sulphur content when in port.
Pollutant Air Emissions NO _x	3	Completed an NO _x emissions inventory.
Greenhouse Gases (GHG)	2	CSL completed its annual GHG emissions inventory.
Cargo Residues	N/A	N/A
Oily Water	2	CSL implemented Green Marine's best practices listed for Level 2 compliance.
Garbage Management	2	CSL equipped all ships with recycling bins and staff received training on established user procedures and the waste management hierarchy (reduce, reuse, recycle, recover, dispose).

CSL AUSTRALIA

INDICATOR	LEVEL	ACTIONS UNDERTAKEN TO ACHIEVE THE LEVEL
Aquatic Invasive Species	2	Formally incorporated the best practices listed at Level 2 in CSL Australia's Vessel Management System.
Pollutant Air Emissions SO _x and Particulate Matter	3	The Whyalla Transshipment operation uses marine diesel oil with a sulphur content of less than 0.5%. Completed a new sulphur emissions inventory using bunker notes.
Pollutant Air Emissions NO _x	3	Completed a new NO _x emissions inventory.
Greenhouse Gases (GHG)	2	CSL Australia completed its annual GHG emissions inventory and is working towards the attainment of Level 3 compliance in 2015 through the reduction of GHG on a tonne-mile basis.
Cargo Residues	N/A	N/A
Oily Water	2	CSL Australia implemented six of the nine best practice criteria for oily water through existing ship management procedures.
Garbage Management	1	CSL Australia complies with existing regulatory requirements.

2014 ENVIRONMENTAL PERFORMANCE

REDUCE AIR POLLUTION

DIVISIONS	2014 TARGETS	RESULTS
CSL CANADA	Reduce GHG by 6% (in grams per tonne-mile) compared to GHG emissions in 2013	Not achieved (2% reduction achieved)
	Reduce sulphur content in fuel to an average of 0.9% across the fleet (fleet averaging)	Achieved (0.83%)
CSL AMERICAS	Reduce GHG by 2% (in grams per tonne-mile) compared to GHG emissions in 2013	Achieved
	Convert 100% of ships' Freon 22 refrigeration systems to environmentally friendly refrigerants	Achieved
	Engineer and plan for the installation of a scrubber on one CSL Americas vessel in 2015	Not achieved (Postponed)
CSL EUROPE	Reduce GHG by 0.5% in grams per tonne-mile compared to 2013	Not achieved (No measure due to change in methodology)
	Reduce fuel consumption by 1% compared to 2013	Achieved (9% reduction)
CSL AUSTRALIA	Reduce GHG by 0.5% compared to 2013	Achieved (0.82% reduction)
	Reduce fuel consumption by 1% compared to 2013	Partially achieved (0.8% reduction) Comparison excludes <i>CSL Atlantic</i> which was decommissioned in 2013
	Complete shipboard energy audit training of a senior Chief Engineer	Achieved
	Complete three shipboard energy audits	Achieved (<i>CSL Melbourne</i> , <i>CSL Brisbane</i> and <i>Iron Chieftain</i>)
CSL ASIA	Reduce GHG by 1.5%	Not achieved due to waiting time during transshipment operation
	Clean fuel storage and service tanks	Achieved
	Add filters in transfer system to improve quality of fuel and have better impact of carbon footprint	Achieved
	Continue energy management system. Install LED fixtures to reduce electrical power consumption	Not achieved (Project cancelled)

REDUCE OUR IMPACT ON BIODIVERSITY

DIVISIONS	2014 TARGETS	RESULTS
CSL CANADA	Continue investigating technologies and solutions to address the risk of transfer of invasive species via ballast water	Achieved
	Establish an environmental employee involvement action plan	Achieved
CSL AMERICAS	Install one ballast water treatment system onboard <i>Sheila Ann</i> during the next docking due end of 2014	Achieved
CSL EUROPE	Install one ballast water treatment system onboard <i>CSL Clyde</i> during the next docking due in 2015	Not achieved due to change in timing for installation requirements

REDUCE MARINE POLLUTION

DIVISIONS	2014 TARGETS	RESULTS
ALL	Achieve zero oil spills (greater than 100 litres)	Not achieved
CSL CANADA	Replace engine chemicals with greener products in 25% of the fleet	Achieved
	Design a strategy to reduce dry cargo residue production and reduce cleaning frequency based on monthly monitoring and KPI verification	Achieved
CSL AMERICAS	Reduce lube oil usage by 0.5% with addition of Alpha Lube System onboard <i>Sheila Ann</i>	Achieved (20% reduction)
CSL EUROPE	Continue crew emphasis on fuel transfer procedures and risk assessments	Achieved
	Reduce oily water processed by 5% through the installation of oil belt skimmers for bilges	No longer relevant (Pumped to shore)
CSL AUSTRALIA	Develop plan to reduce cargo residue	Not achieved (Lack of resources)
CSL ASIA	Carry out oil spill response drill	Achieved
	Plan a strategy to reduce cargo residue and plan cleaning in a way so as to avoid spillage overboard	Achieved

REDUCE WASTE PRODUCTION

DIVISIONS	2014 TARGETS	RESULTS
CSL CANADA	Reduce ship-generated waste by 2% per operational day and increase recycling by 5%	Partially achieved (1.5% waste reduction; Recycling decreased by 35%)
	Reduce sludge production by 10% compared to 2013	Mostly achieved (8.3% reduction)
CSL EUROPE	Reduce cubic meters of garbage needing disposal by 5% through the installation of compactor on one ship as trial	Achieved (62% reduction)
CSL AUSTRALIA	Reduce sludge production by 2.5% against 2013 levels utilizing Condition Based Maintenance (CBM) principles to extend sump oil usage	Achieved (10% reduction)
CSL ASIA	Implement and enhance newly developed garbage disposal plan	Achieved

ENVIRONMENTAL MANAGEMENT SYSTEM

DIVISIONS	2014 TARGETS	RESULTS
CSL CANADA	Maintain a leading position in the Green Marine program for all indicators	Achieved
CSL AMERICAS	Obtain ISO 14001 certification by end of 2014	Not achieved (In progress)
	Reach Level 2 in the Green Marine environmental program for at least two performance indicators and complete external audit	Achieved
CSL EUROPE	Initiate pre-planning to apply Green Marine practices by 2016	Achieved
	Initiate pre-planning to apply ISO 14001 implementation by 2016	Achieved
CSL AUSTRALIA	Establish an Environmental Manager position within the division	Achieved
	Initiate pre-planning to apply Green Marine practices by 2016	Achieved
	Initiate pre-planning to apply ISO 14001 implementation by 2016	Achieved
CSL ASIA	Initiate pre-planning to apply Green Marine practices by 2016	Not achieved (On hold until future applicability is determined)
	Initiate pre-planning to apply ISO 14001 implementation by 2016	

2015 ENVIRONMENTAL GOALS

REDUCE AIR POLLUTION

DIVISIONS	2015 TARGETS
CSL CANADA	Reduce GHG by 6% in gr/tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast) and by 10% between 2012 and 2020
	Achieve 0.88% sulphur in fuel content in 2015 (while the fleet averaging requirement is to achieve 1.1% sulphur content in 2015)
	Sample air emissions (PM, NO _x) for all of the fleet's main engine types to validate inventory emissions factors
CSL AMERICAS	Reduce GHG by 0.2% in gr/tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast)
	Reduce lube oil by 0.5% fleet wide
	Use a fuel with a sulphur content equal to or less than 0.5% while at port
CSL EUROPE	GHG reduction of 0.5% in gr/tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast)
	Sample PM emissions for all of the fleet's main engine types to validate inventory emissions factors
	Sample NO _x emissions onboard vessels installed with NO _x abatement technology
	Implement a systematic control policy for documenting fuel
CSL AUSTRALIA	Reduce GHG by 0.5 % in gr/tonne-mile by 2015 as compared to 2014 (excluding voyages in ballast)
	Complete an annual GHG emissions inventory (totals and per tonne-mile)
	Develop and adopt of an energy performance plan
	Complete energy audits for the entire fleet for identification of GHG reduction projects
CSL ASIA	Sample PM and NO _x for one ship in the fleet
	Conduct exhaust emission test and carry out survey to monitor exhaust gas and vibration on regular annual basis

REDUCE OUR IMPACT ON BIODIVERSITY

DIVISIONS	2015 TARGETS
CSL CANADA	Reduce risk of whale impact by developing new procedures for ships
	Develop new procedures to reduce impact on shore erosion
CSL AMERICAS	Formally incorporate in the ballast water management plan the best practices required by Green Marine at Level 2
	Support scientific research and ballast water analysis sampling
CSL EUROPE	Conduct annual inspection and scheduled cleaning of ballast tanks. All sediments are disposed of ashore or in deep waters
	Minimize the possible uptake of ballast water in certain specified conditions and remove bio fouling
CSL AUSTRALIA	Adopt a ballast water exchange reporting template as part of the ballast water management plan
	Adopt a bio fouling management plan and Green Marine best practice ballast water management plan

REDUCE MARINE POLLUTION

DIVISIONS	2015 TARGETS
ALL	Achieve zero oil spill incidents in 2015 (Greater than 100 litres)
CSL CANADA	Conduct more training to improve the Dry Cargo Residue (DCR) inventory's accuracy
	Set short- and long-term cargo residue reduction targets
	Reduce sludge production by 2% compared to 2014
	Use environmentally friendly chemicals onboard the entire fleet
	Implement lubricants replacement plan with environmentally friendly lubricants
CSL EUROPE	Improve marine sanitation device effluent quality
	Implement six of the nine best practices listed by the Green Marine program to minimize the risk of bilge water discharges
CSL AUSTRALIA	Review chemicals used onboard and investigate suitable environmentally friendly chemicals available for supply within UK, Norway, and Europe
	Implement fleet wide practices and training plan for cargo residue reporting
CSL AUSTRALIA	Adopt a modernization policy for Oily Water Separator (OWS) and best practice management plan

REDUCE WASTE PRODUCTION

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

ENVIRONMENTAL MANAGEMENT SYSTEM

DIVISIONS	2015 TARGETS
CSL AMERICAS	Conduct full Implementation of ISO 14001
CSL EUROPE	Implement ISO 14001 (Phase 1)
	Become a formal member of the Green Marine program
CSL AUSTRALIA	Implement ISO 14001 (Phase 1)
	Become a formal member of the Green Marine program

2014 ENVIRONMENTAL FOOTPRINTS

ACTIVITIES AT SEA (VESSELS)

CSL	CANADA	AMERICAS	ASIA	AUSTRALIA	EUROPE
ENERGY					
Fuel Oil (tonnes)	68,559	32,045	0	36,276	11,623
Diesel (tonnes)	14,807	5,672	904	4,560	4,007
AIR					
CO ₂ e – Gross (includes ballast voyages g/tonne-mile)	20.01	13.6	N/A for transshipment activities	120,095 tonnes of CO ₂ e*	29.4
CO ₂ e – Net (does not include ballast voyages gr/tonne-mile)	11.80	7.99	N/A for transshipment activities	Not calculated	16.1
Fuel Sulphur Average (%)	0.83	1.43	<0.01	1.9	0.59**
HCFC (kg)	604	483	19	625	92
WASTE					
Cargo Residue (m ³)	1,213	310	0	519	96
Garbage (m ³)	4,191	787	33.08	1,249	463.4
Sludge (m ³)	2,751	452	0	711	357.28
WATER					
Significant Oil Spills (>100 l)	2	0	0	0	0

* Total CO₂e value; tonne-mile method not applied

** Majority of vessel operations within EU ECA; in ports marine gas oil (MGO) containing a maximum of 0.1% sulphur content must be used.

N/A = Not Applicable

HCFC = Hydrochlorofluorocarbon

ACTIVITIES ON LAND (OFFICES)

CSL	CANADA	AMERICAS	ASIA	AUSTRALIA	EUROPE
ENERGY					
Electricity (kWh)	943,846	182,281	10,200	50,073	41,614
PAPER					
Paper Consumption (kg)	3,759	1,723	50	1,504	306
Recycled Paper (kg)	17,254	2009	10	902	280

CSL *Goliath* participating in a marine defense exercise conducted by the Royal Australian Navy.



