

ENVIRONMENTAL REPORT 2010



The **CSL** Group Inc.

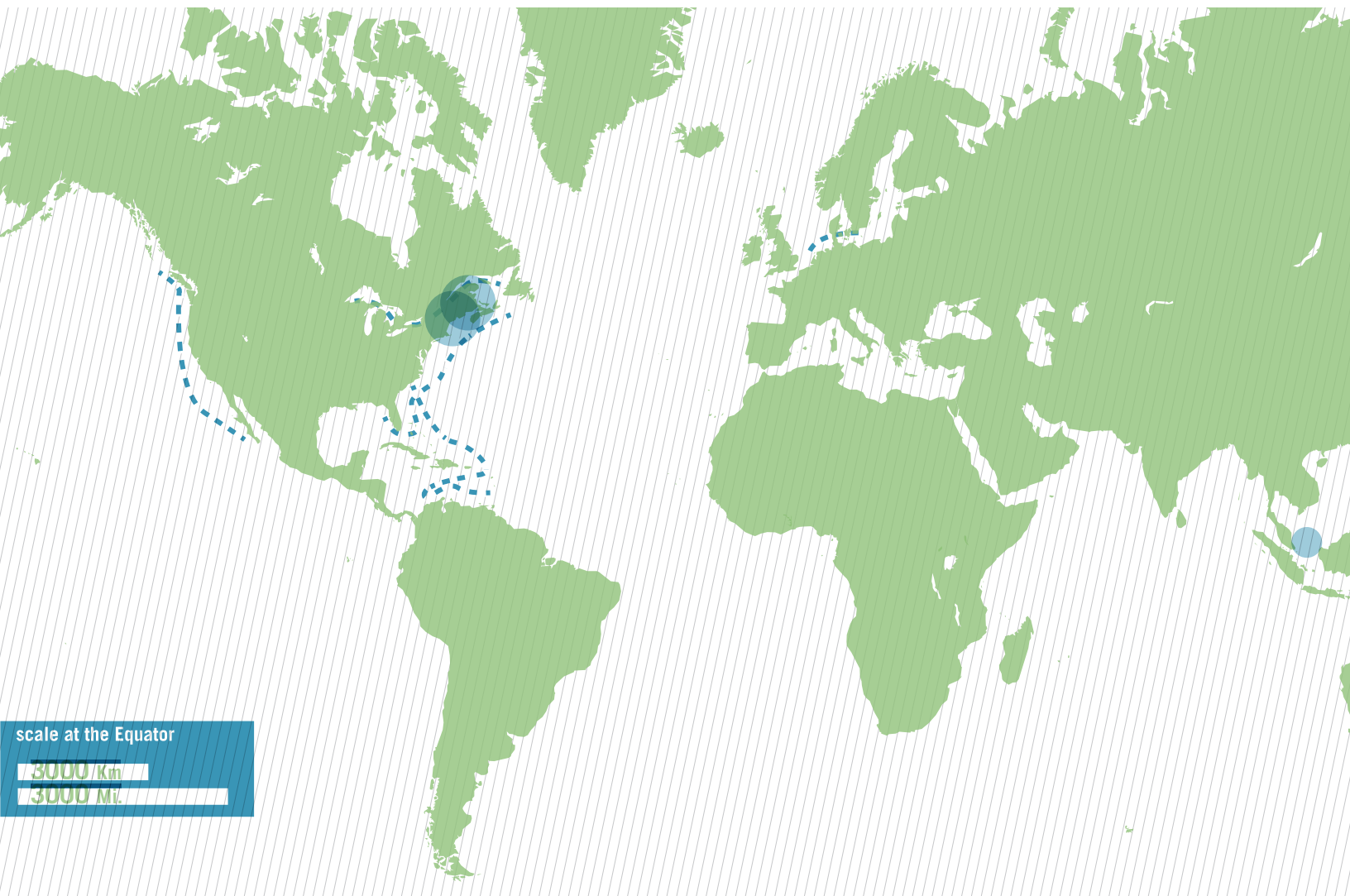


CORPORATE OVERVIEW

DIVISION MAPPING

Canada Steamship Lines had its origin as a small riverboat company operating on the St. Lawrence River more than 160 years ago. By the early 1900s, the company had established itself as a leader in automated unloading equipment. It introduced its first dry bulk self-unloader in 1924 and since then the company has continued to be at the forefront of research and development of cargo-handling technology and in the use of technologies to reduce its impact on the environment.

Today, the Canadian-based CSL Group manages a diversified fleet of ships, including the largest fleet of self-unloading vessels in the world, and handles bulk cargo movements of more than 75 million tonnes annually. The group employs more than 1,000 people around the globe.



CSL Group is made up of two distinct entities: Canada Steamship Lines, or CSL Domestic, based in Montreal, and CSL International, based in Beverly, Massachusetts, with offices in Vancouver, Sydney, Australia and Singapore.

CSL's domestic and international ships are managed by V.Ships, a company specializing in technical ship management, crew training and innovative ship management methods. CSL Australia's ships are managed by Inco Ship Management. CSL's management contracts with these companies reflect its deep commitment to safety, security, and the environment today and for the future.



Nature of Markets Served

Steel/Manufacturing

coal, coke breeze, iron ore, metallurgical coal, metallurgical stone, millscale, oxide blends, uncalcined coke

Construction

aggregate, cement, clinker, gypsum, limestone, sand, slag, stone

Electricity/Utilities

uncalcined coke, thermal coal

Agriculture (food products)

corn, grain, soybeans, sugar

Other

alumina, fly ash, ilmenite ore, mineral sands, potash, salt, calcite

CSL Domestic Fleet

- 10 Handy Self-Unloaders (Lakers)
- 8 Handy standard bulk carriers (Lakers)

CSL International Fleet

- 7 Panamax Self-Unloaders
- 4 Handymax Self-Unloaders
- 1 Handy hybrid Self-Unloader

CSL Australia Fleet

- 1 Supramax Self-Unloader
- 2 Supramax geared bulk carriers
- 1 Handymax Self-Unloader
- 2 Handy Self-Unloaders
- 1 Handy Hybrid Self-Unloader
- 1 Pneumatic powder Self-Unloader
- 1 Transshipper

CSL Asia Fleet

- 2 Transshippers



CHAIRMAN'S MESSAGE



DAVID MARTIN
CHAIRMAN OF THE CORPORATE ENVIRONMENT
SUSTAINABILITY COMMITTEE

The CSL Group's history of success has been built upon the foundations of partnership and long-term decisionmaking. These principles guide our dealings with customers as well as with governments and regulatory bodies. We earn our customers' business and trust by providing them with reliable, innovative and cost-efficient transportation of their cargoes. We seek governments' respect by being transparent and co-operative. If we were to lose sight of these principles, then we would break our bond of trust with our customers and create an adversarial relationship with regulators. The consequences of not abiding by these principles are clear: we lose contracts and we risk being "regulated" to death. Either way, we are out of business.

To some, environmental issues might seem to be short-term problems simply to "deal with." To them, minimal compliance is the corporate goal. I am proud of the team at CSL, though, for seeing environmental leadership as central to our strategic and operational decision making. We build ships to last a minimum of 25 years, and we seek to tie ourselves very closely to our customers' long-term plans. We never forget that we operate close to shore and within waterways shared by millions. If we fail to incorporate solutions to issues like ballast water, carbon and other air pollutants, for example, into our designs and into our operations, or if we just seek minimal compliance with today's regulations – regulations that will only get tougher in the future – we will find ourselves not being able to serve our customers nor work with regulators to shape practical, science-based policies.

It isn't easy. After all, CSL is a company with a global scope. We operate in fresh and salt waters, both of which are regulated differently and require different technologies. We are subject to IMO and various national governments' domestic environmental regimes, as well as countless state, provincial and territorial demands, many of which conflict with each other and with their national requirements. Moreover, governments have a tendency to treat different environmental challenges independently of one another (sulphur and greenhouse gases, for example) rather than holistically.

This Environmental Report, now in its fourth year of publication, is the embodiment of a company that prides itself on being a leader. It is comprehensive and it is transparent. Our goals are laid out clearly and our progress is monitored openly. Although some of our goals are still works in progress, and we still do need to improve, our successes are worth highlighting. We are ISO 14001 certified and we have the highest Green Marine ranking among self-unloader operators. We have been able to reduce our emissions on a per-tonne-mile basis by 20 percent from 1990, which in turn has led to significant operational efficiencies. Furthermore, we have been open to entrepreneurs who have ideas and technologies that can meet or solve marine-related environmental challenges (ranging from ballast water to sulphur and greenhouse gases) by providing them with funding and operational and engineering feedback. Our pioneering work with Ecospec is a perfect example of this desire to reduce our emissions: we will not shy away from ideas and technologies that will enhance our relevancy.

Our relationship with the World Wildlife Fund (WWF), a major environmental NGO whose views are science-based, continues to guide us.

We made the decision to work with the WWF in order to see the world through someone else's eyes and not be limited by our own blinders. An NGO like the WWF would not enter into such a relationship if it did not see CSL as an agent of change.

These partnerships with our customers and governments, though, cannot be just one-sided.

With regard to our customers, we are essential players within their supply chains and we provide them with a more environmentally friendly modal choice. At some point, though, certainly within the life of a vessel, environmental regulations will begin to significantly shape their decision making. Indeed, in Australia, the introduction of a carbon tax will likely have this effect. As our customers deal with their carbon and environmental footprints, marine transportation can provide them with part of the solution. Furthermore, CSL self-unloaders can provide an even bigger part of the solution for two key reasons. First, it takes our Panamax self-unloaders, which do not need shore-side unloading infrastructure and all the energy this requires, 12-18 hours to unload versus three to five days for a standard gearless Panamax. All in, our vessels have an energy footprint in port that is 75 percent better than that of a standard bulk carrier. Second, our own operational practices, which separate us from our competitors, can help our customers further manage their footprints.

With regard to governments and regulatory bodies which must develop policies both for their national economic strategies and their carbon emission reduction targets, marine transportation provides a significant part of the solution. In the case of short sea shipping, we begin with the fact that moving a tonne of dry bulk by ship is cheaper (due to less fuel consumed and greater volumes being transported) and more environmentally friendly than by rail and truck. Rail emissions from moving one tonne of cargo are 260 percent greater than if it were moved by one of our vessels. Trucking has an even worse impact as moving one tonne of cargo by truck emits 620 percent more emissions than if it were moved by one of our vessels. These facts should motivate governments around the world to use robust marine transportation policies to more economically move goods within their borders or to export them. These policies will also help them meet their carbon emission reduction targets.

If we drill down even deeper and focus on the self-unloader, governments need to realize that our vessels don't just transport cargo, they reduce energy use significantly within ports by reducing the shore-side infrastructure. Last year CSL moved 80 million tonnes of cargo, more than 90 percent of which moved on self-unloaders or via our transshipment operations. The resulting energy savings and environmental benefits of doing so are not being recognized or valued right now.

In conclusion, I want to congratulate all those who played a role in putting this report together. It shows that CSL doesn't view the environmental challenges that face us, both as a company and an industry, as problems to "deal with," but rather as opportunities to further our partnerships with our customers and work with governments and regulatory bodies to further the importance and relevancy of marine transportation, and in particular, while recognizing the value of our great Canadian innovation, the self-unloader.

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ABOUT THIS REPORT

Reporting

Since 2008, CSL has been committed to releasing an annual environmental report covering all its activities for the calendar year. Working in accordance with the Global Reporting Initiative, an international standard for corporate and organizational sustainability reporting, the company strives to improve and regulate the contents of this document on a yearly basis. Because we only report on environmental performance, this document is not in itself a sustainability report. Please consult page 27 for the Global Reporting Initiative Index. Also, please note that no significant changes have been made from the previous report published in January 2010.

For more information, please visit www.globalreporting.org.

Boundary

Unless otherwise indicated, this report covers The CSL Group's activities for the period starting January 1, 2010 to December 31, 2010. CSL Divisions in Montreal (Canada), Beverly (United States), Sydney (Australia) and Singapore (Asia) will be analyzed and presented. For the purposes of consistency, the same methodologies have been used to calculate the environmental performance of each division within the CSL Group.



We want to hear your thoughts on this report and any other matters relating to the environment. Please use the following contacts:

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The electronic version of the report is available on our website: www.csllcan.ca/environment.html

STAKEHOLDERS' ENGAGEMENT

Acting responsibly toward the environment requires, first and foremost, taking into account our stakeholders' expectations. At CSL, we take this important step every day through a dynamic interaction with our stakeholders on these issues that matter most to us all.

To ensure the quality of the information contained in this report and to better determine its contents going forward, CSL engages in a consultation process with our main stakeholders. This process gives us the opportunity to better understand the impact of our activities on the environment and meet stakeholder expectations on a transparent, trusting and mutually respectful basis. The scope of this environmental report was broadened to include the main themes identified during our stakeholder consultation process.

Who are CSL's stakeholders? Our stakeholders are those groups that have the largest influence on CSL, and those we most influence through our activities. Recognizing the diversity of those we include in this group, we have consulted and interviewed more than 40 of them in writing for this report. They all fall into one of the four categories shown in the graph below.

To evaluate stakeholders' interests on a continuous basis, CSL maintains a permanent dialog with them at the local, regional and international level. This dialog allows for quick identification of changes and emerging challenges and contributes to more effective risk management and identification of future opportunities.

CSL's Stakeholders

The topics covered in this edition of CSL's environmental report have not changed substantially from the previous version. The areas of major concern that emerged during consultations have remained largely the same and include aquatic invasive species, greenhouse gas and sulphur oxide emissions.

CSL's Stakeholders



OVERALL ENVIRONMENTAL PERFORMANCE

CSL has undertaken many initiatives to reduce its footprint on the environment. We continue to monitor our progress as we strive to attain all of our targets. The following table shows our results against declared targets for calendar year 2010.

2010 TARGETS	RESULT	COMMENTS
CANADA STEAMSHIP LINES		
Reduce CO ₂ emissions by 0.5% (in grams per tonne-mile) between 2009 and 2010	No	Increase of 2% between 2009 and 2010, due mainly to shorter voyages realized at a slightly higher average speed combined with a decrease in the volume of cargo transported per voyage. These factors are attributable to draught restrictions in the waterway and other ports. Our emissions are 20% less than they were in 1990
Reduce sulphur content by 2% between 2009 and 2010	Yes	Sulphur content of 1.35% in 2010 compared to 1.46% in 2009
Reduce NO _x by 0.5% between 2009 and 2010	No	Increase of 5.3% (in grams per tonne-mile) between 2009 and 2010 due to the integration of new vessels with slow speed engines. Engines of this type produce more NO _x emissions than medium speed engines
Reduce the risk of aquatic invasive species transfer	Yes	Invasive species propagation risk evaluation program in place
Chemicals replacement research	Yes	Alternative products tested onboard vessels
Better estimate dry cargo residue production	Yes	Cargo residue reference guide in place
Reduce sludge production by 2% per operational day as compared with 2009	No	Increase in sludge production per operational day mainly due to integration of new ships into the fleet
Implementation of an environmental management system by 2011	Yes	Environmental management system in place, internal audit realized onboard all vessels as well as at the office and external audit completed onboard five vessels. Certification based on ISO 14001 Standard should be achieved in 2011
CSL INTERNATIONAL		
Reduce CO ₂ emissions by 0.15% (in grams per tonne-mile) between 2009 and 2010	Yes	Goal was achieved by spending less time in ballast, therefore carrying more cargo
No major oil spills in 2010	Yes	Zero major oils spills recorded in 2010
Reduce cargo residue by 20%	No	Although tracking of tunnel washing reduced dry cargo residue on most vessels, the residue was still significantly higher on vessels that often switched trades, since they changed the type of cargo and needed to be cleaned between each trip
Conduct asbestos audits onboard two vessels	Yes	Audits have been conducted on <i>CSL Sams</i> and <i>CSL Cabo</i>
CSL AUSTRALIA		
Reduce noise	Yes	Reduce conveyor speeds and regular noise testing
Reduce dust production	Yes	Installed and upgraded dust suppression units at shore facilities
Improve data reporting	Yes	Data reporting system in place
Reduce garbage production	No	Increased by about 12%, mainly due to the integration of new ships and better reporting
Environmental management	Yes	Employed Safety & Environmental Manager
CSL ASIA		
Develop footprint (measure CO ₂ emissions, sulphur content, bilge, garbage and dry cargo residue)	No	Will commence reporting in January 2011, due to changes in our personnel

DOCUMENTATION AND ENVIRONMENTAL SYSTEM

CSL management reviewed, revised and modified the company's environmental policy in June 2009 to better reflect the company's vision regarding the environment.

Environmental Policy

As a leader in marine transportation, CSL is committed to fulfilling the raw materials transportation needs of both the industry and the community in an economical manner and in harmony with the environment.

With "100 years plus" strong history, it is CSL's policy to comply with and, where possible, surpass environmental legislation and to fully support, if not lead, the marine industry's sustainable development initiatives. This is achieved by implementing strict internal environmental standards that at least equal or surpass generally accepted practices of the shipping industry, an industry which is already recognized not only as a cost-effective transportation mode, but as one that is second to none in commercial transportation with regard to environmental performance. CSL will continue to take active measures to reduce its impact on the environment as well as its consumption of energy and natural resources per unit transported.

The protection of the environment is a fundamental corporate objective, inseparable from CSL's long-term economic growth. CSL is committed to carrying out its activities, directly and through fleet managers, in such a manner as to:

- Comply with and, where possible, surpass environmental legislation and applicable regulations, as well as ensure continual adoption, if not introduction, of industry best practices;
- Continue to develop, implement and update within CSL an Environmental Management System in collaboration with CSL's fleet managers;
- Increase environmental awareness and educate and encourage CSL's employees to preserve the environment. Provide training to all CSL's crews concerning the rules, procedures and principles contained in the Environmental Management System and ensure that it is adhered to;
- Conduct regular internal and external audits to verify compliance with CSL's Environmental Management System;
- Evaluate and determine the most significant environmental impacts arising from CSL's operations in an effort to control and reduce our environmental footprint, prevent any negative impact on the environment, and preserve the ecosystems;
- Regularly monitor, measure and analyze the environmental performance of CSL's vessels and of CSL's other activities in order to voluntarily establish objectives and measurable targets towards the establishment of a continuous improvement process;
- Integrate environmental norms in operational practices in an effort to reduce wastage 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; and
- Communicate to our suppliers and service providers CSL's commitment to the environment and encourage suppliers and service providers to have a similar environmental awareness.

(This policy applies to The CSL Group Inc. and its subsidiaries. References in this policy to "CSL" mean The CSL Group Inc. and its subsidiaries.)

Environmental Management System

An Environmental Management System is a method of organizing a company's environmental programs in a comprehensive, carefully planned and well-documented manner. It is a critical piece of any company's overall environmental policy, ensuring that specific goals are met and that performance is reviewed regularly to drive continuous improvement in all areas of activity.

At CSL, each individual division is equipped with its own Environmental Management System through their ship management company. In an effort to improve readiness in this very important area, CSL Domestic has been in the process of developing its own system using ISO 14001 criteria. This is slated for completion in 2011. Once it is in place, it will serve as a model for other CSL divisions going forward.

Audit and Self-assessment

Environmental auditing is an essential element of CSL's commitment to reduction of our footprint. Our ship managers (V.Ships and Inco) annually examine all of CSL's environmental accidents/incidents and emergency, safety and training procedures along with our performance against industry and government requirements.

During the audit process, findings are registered on the non-conformity report form. Here we detail the root cause of the non-conformity and the proposed corrective/preventive action and time scale. The auditor enters a brief summary on the audit report form once the audit has been completed. This summary shows the number of major non-conformities, near misses and other general observations.

Details of corrective/preventive action taken by the Master or Chief Engineer are forwarded to the Marine Safety & Quality Superintendents, who are responsible for rectifying any non-conformity. On receipt of the corrective action, and subject to it being satisfactory, the Marine Safety & Quality Superintendent closes out the findings and notifies the vessel accordingly.

In addition to our internal audits, CSL also has an external audit every two and a half years to ensure that we have managed our environmental performance properly.

All legal and audit checklists are updated upon receipt of new legal requirements from various notifications. The implementation processes for new environmental legislation are discussed internally before instructions are sent to the vessels via fleet letters.

Monitoring Our Performance

CSL has developed a set of environmental performance indicators to aid in the process of setting measurable goals and targets. These environmental indicators include accurate annual measurements of all environmental processes and emissions (CO₂, SO_x, bilge water, spills, garbage, ballast water, etc.). These results, along with results from internal audits and training programs, inform all our environmental goals for a given time period.

CSL's Environmental Management System helps us to comply with and often exceed legal requirements for environmental performance.

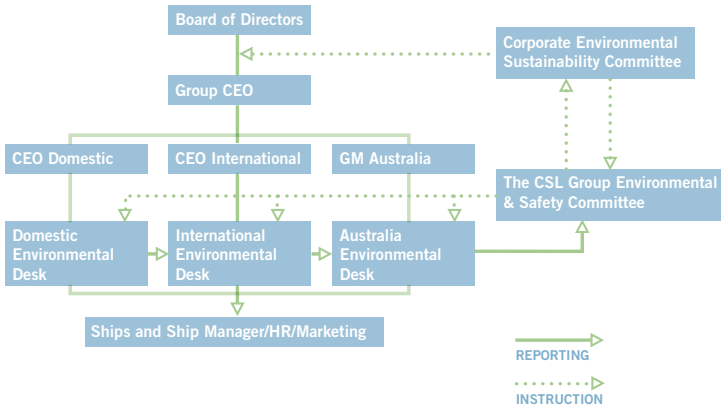
DOCUMENTATION AND ENVIRONMENTAL SYSTEM

Corporate Environmental Governance and Decision-making Structure

CSL meets regularly to exchange information about our current environmental projects, objectives and regulatory compliance as well as our engagement with stakeholders.

In addition, the CSL Group Environmental and Safety Committee tables recommendations twice a year to the Corporate Environmental Sustainability Committee which in turn validates the recommendations and reports to the Board of Directors.

The organizational chart (at left) depicts the decision-making structure and the various levels of monitoring.



Training and Environmental Awareness

CSL's fleet management companies (V.Ships and Inco) train crews prior to joining a vessel and once onboard. The training modules are computer based and include Vessel General Permit instructions, environmental awareness, oily water separator operations and garbage best management practices. Crews are also drilled on oil spill containment procedures during emergency situations.

Our international and domestic fleets have introduced an annual review for crew members to keep them up to date with the latest environmental issues onboard and inform them about changes to local and international regulations.

All CSL offices have also set targets aimed at reducing our footprint. Recycling programs and a reduction in paper consumption across all operations are two areas of focus. Filters installed at our offices in Montreal, Beverly and Sydney allow employees to use water direct from the tap in most cases. We also attempt to recycle all batteries, cans and bottles.

Sea Tech performing oil spill training onboard the *CSL Metis*.



A LEADERSHIP ROLE

In recent years, CSL has taken a number of steps to promote greener practices within the company and throughout the shipping industry as a whole.

Internally, CSL has created the position of Director, Government and Industry Affairs to consult with and advise customers, government agencies, lobbyists and environmental activists on sustainable solutions to the marine industry's primary environmental issues, including air emissions, greenhouse gas reductions and aquatic invasive species. CSL has also created a Board Committee for Sustainability to provide a means for CSL managers to advise divisional presidents and members of the Board of Directors on environmental solutions, problems and successes.

On an industry level, CSL plays an important role in a number of initiatives, including serving as chair and co-chair respectively on the Air Emissions Working Group and the Ballast Water Working Group of the Canadian Shipowners Association. Through these efforts and through its partnership with the World Wildlife Fund, CSL continues to work diligently to promote sustainable practices and increased transparency throughout the shipping industry. CSL is also committed to raising public awareness about the significant environmental benefits of the marine mode of transport over trucking and rail.

Beyond these initiatives, CSL produces regular customer advisories on environmental issues and is an active member of a number of Great Lakes shipping industry associations where environmental issues are studied and addressed. These include the St. Lawrence Economic Development Council, the Canadian Shipowners Association, the Chamber of Marine Commerce, the Great Ships Initiative Advisory Committee and the International Chamber of Shipping (as North American representative). CSL also represents the Canadian maritime industry at the International Maritime Organization.



KIRK JONES
DIRECTOR, GOVERNMENT AND INDUSTRY AFFAIRS

CSL is committed to promoting sustainable practices both within the company and throughout the marine industry.

Examples of sustainability successes at CSL include the SeawayMax-class of vessels, such as the *CSL Laurentien*, and the widened *CSL Tadoussac*, both designed to bring more efficiency to the fleet.



REDUCING CSL'S ENVIRONMENTAL IMPACT

Marine is the most environmentally sustainable mode of commercial transportation, outperforming both road and rail in terms of atmospheric and greenhouse gas emissions (per tonne-mile of cargo carried). Marine also creates less noise pollution and provides for a reduction in highway congestion due to trucking. Despite these benefits, the marine mode of transport does create environmental challenges and CSL is constantly seeking to reduce this impact.

SULPHUR OXIDES (SO_x)

CSL and the Canadian Shipowners Association are currently proposing a fleet-averaging approach that would achieve better environmental performance in the area of sulphur oxide emissions in the Great Lakes and St. Lawrence Seaway. As it stands, each of CSL's divisions is well below the regulated limit of 4.5 percent fuel sulphur. CSL Domestic stands at 1.38 percent while CSL International and CSL Australia are at 2.16 percent and 2.37 percent respectively (see page 20).

TARGETS

Beginning in 2011, CSL Domestic will limit the initial sulphur content in fuel to 1.6%, gradually reducing it to 0.1% by 2020. In addition, CSL has signed a Letter of Intent with Ecospec Marine Technology to work together to develop and test new scrubber technology on a CSL ship in 2011-12.

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GREENHOUSE GAS

CSL provides expertise to Transport and Environment Canada on the creation of sustainable greenhouse gas policies and is a government advisor to the delegation at the Marine Environment Protection Committee of the International Maritime Organization.

TARGETS

CSL has set an annual CO₂ reduction target of 1 percent (in intensity) for CSL Domestic and 0.5 percent for CSL International in 2011. Working in partnership with World Wildlife Fund Canada, CSL will extend this commitment to cover the entire CSL Group. All divisions are also currently analyzing additional emission reduction projects for future implementation (see page 16).

CSL Emission Reduction Measures

1. Installation of an air emission treatment unit
2. Substitution of present light bulbs with energy-saving light bulbs
3. Installation of fuel management systems
4. Determination of environmental footprint of ozone-depleting substances
5. Hull cleaning program
6. Premium motor and Variable-Frequency Drives on cooling pumps

GARBAGE

All waste-related procedures, including the collection, sorting, recycling, storage and disposal of waste, are governed by CSL's waste management system. CSL Domestic has a zero-tolerance policy for overboard garbage discharges. CSL has also replaced cardboard cups with reusable cups and requested of all of our suppliers to use the minimum amount of packaging required and, where possible, to use recycled packaging.

TARGETS

CSL Domestic will determine alternate solutions to garbage removal from its ships. CSL Domestic also hopes to reduce waste generation through the development of a new garbage management system in collaboration with VShips Canada and increased recycling.

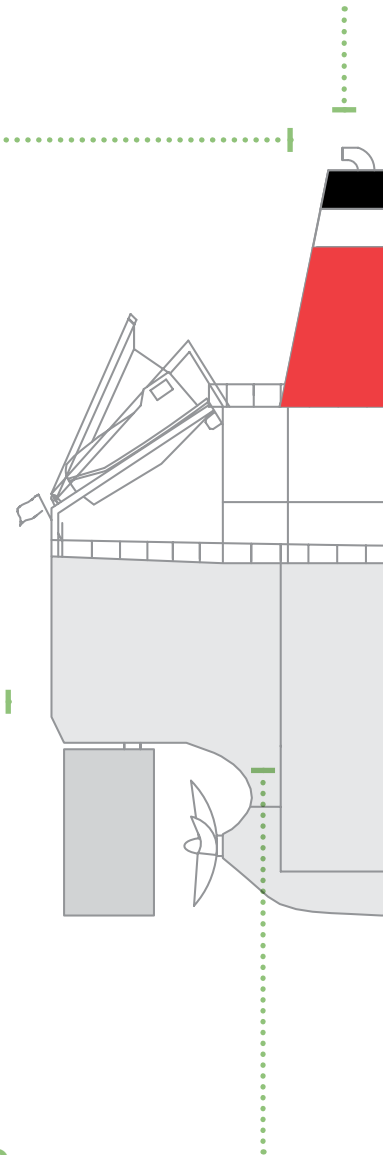
OZONE-DEPLETING SUBSTANCES

Halon is an ozone-depleting gas used primarily in fire protection systems onboard ships. As a result of recent efforts, the CSL fleet fire protection systems are currently halon-free with the exception of two CSL International vessels.

CSL also reports biannually or each quarter to governmental agencies documenting all other refrigerants released into the environment. We strive for a continual reduction in this area.

TARGET

To determine the environmental footprint of ozone-depleting substances aboard ships and create a reduction target.



OIL SPILLS

All CSL ships' crews are trained in operational and emergency oil spill containment. Training is kept current with regular drills in both types of spill. All CSL ships have a Ship Oil Pollution Emergency Plan onboard and proper equipment to manage a spill until help can arrive on the scene.

Despite our best efforts to prevent incidents, one CSL ship discharged four tonnes of bunker oil overboard in 2010 (see page 23).

TARGET

Implement fuel spill exposure reduction plan. Conversion of three additional vessels with stern tube bio oil lubrication. Change hydraulic hoses and reduction of lube oil usage.

NOISE

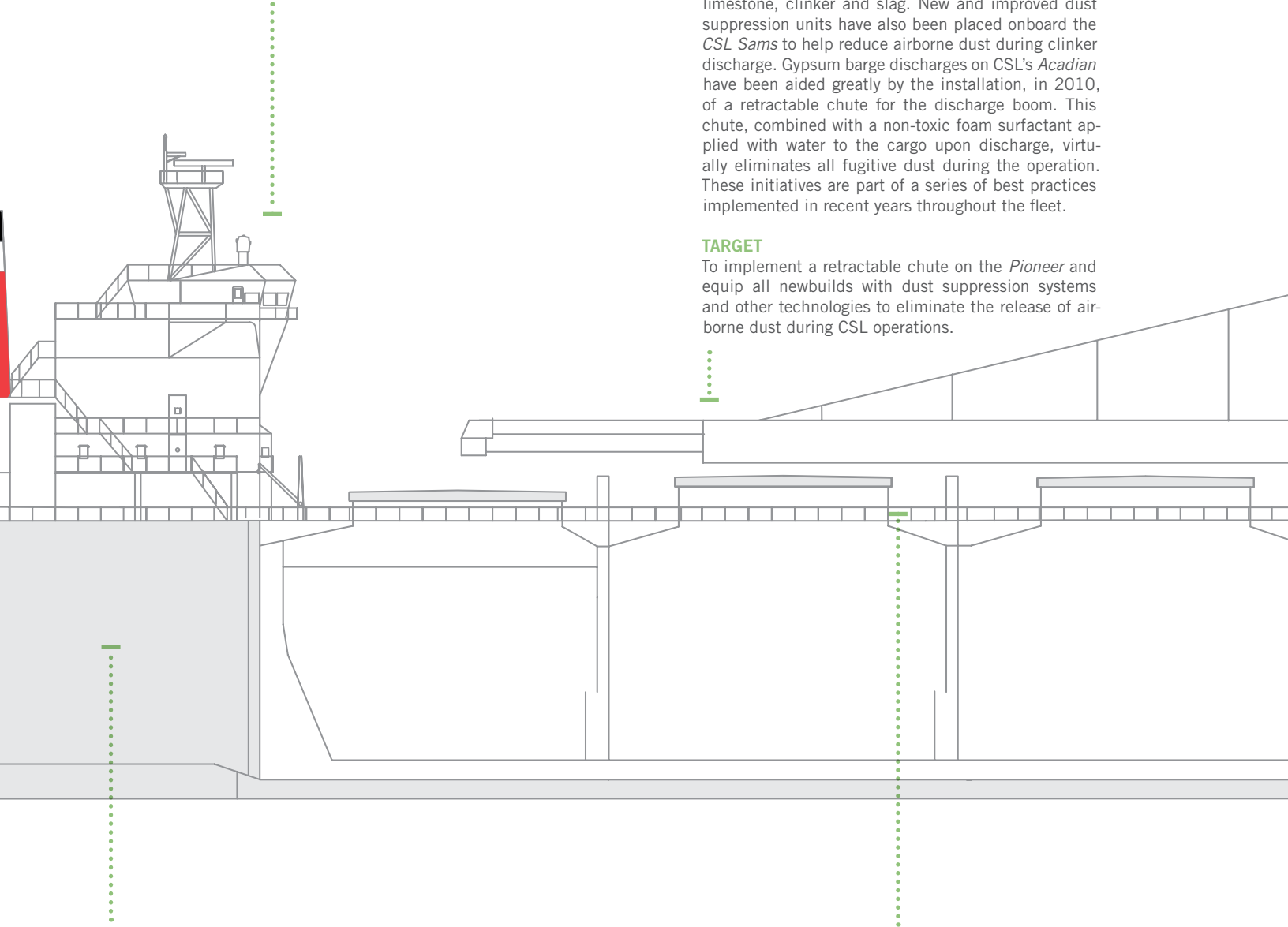
Communities living nearby could be exposed to noise and this creates concerns for both CSL and our customers. Noise testing can provide possible solutions. CSL Australia regularly engaged an environmental engineering firm to conduct noise testing to determine the noise levels being emitted and the source of the noise. Through this exercise, CSL was able to install heavy-duty acoustic curtains where necessary to keep noise contained or modify the discharge to keep noise lower.

DUST

Dust remains an important environmental concern for CSL. Through the use of boom spill trays, boom enclosures and conveyor skirting on most CSL ships, we are able to prevent a large percentage of dust from escaping into the environment. Additional measures have been recently brought in to improve our performance even further. CSL Australia has installed dust suppression units on the wharf at its largest cement discharge plant in Melbourne. A new enclosed hopper has been put in place at Bulwer Island, near Brisbane, to reduce dust generated by unloading operations for limestone, clinker and slag. New and improved dust suppression units have also been placed onboard the *CSL Sams* to help reduce airborne dust during clinker discharge. Gypsum barge discharges on CSL's *Acadian* have been aided greatly by the installation, in 2010, of a retractable chute for the discharge boom. This chute, combined with a non-toxic foam surfactant applied with water to the cargo upon discharge, virtually eliminates all fugitive dust during the operation. These initiatives are part of a series of best practices implemented in recent years throughout the fleet.

TARGET

To implement a retractable chute on the *Pioneer* and equip all newbuilds with dust suppression systems and other technologies to eliminate the release of airborne dust during CSL operations.



BILGE WATER AND SLUDGE

CSL currently uses oily water separators to reduce the oil content of bilge water to acceptable levels before pumping it overboard – 5 ppm for domestic operations and 15 ppm for international trades. In order to monitor the quantity of bilge and sludge produced annually by the fleet, some CSL ships have been equipped with measuring instruments.

TARGETS

CSL will reduce sludge production by 4 percent for CSL Domestic and 1.5 percent for CSLI through the installation on all newbuilds of an integrated oily water treatment system as defined in the International Marine Organization's revised guidelines. CSL will also carry out more frequent bilge water assessments to chart our progress and make necessary adjustments.

DRY CARGO RESIDUE

Cargo residues discharged overboard are classified as non-marine pollutants. Through discussions with customers and careful monitoring of its dry cargo residue, CSL has created a matrix by customer in order to reduce cleaning between similar cargo loads. In addition, CSL has developed and implemented a reference guide to help the crews estimate, calculate and report more precisely cargo residue volumes.



SHIP RECYCLING

In 2009, CSL adopted guidelines to ensure that ships at the end of their useful life are recycled in a safe and environmentally friendly manner. Beyond just dismantling operations, these guidelines cover all aspects of operation, from design and operation of new ships to the preparation of ships prior to sale or recycling (see page 22).

TARGETS

To dismantle and recycle the *Halifax* in accordance with CSL guidelines. CSL will also take necessary measures to certify two more of its ships with green passports.

WASTE WATER

CSL filters all black water through a marine sanitation device to ensure it meets effluent standards.

Grey water discharge on the Great Lakes is considered to be sewage under the U.S. Clean Water Act. CSL Domestic does not discharge grey water in this zone. In addition, Canada Steamship Lines carries out waste water effluents tests twice a year to evaluate the efficiency of onboard treatment systems and ensure that all ship discharges are in compliance with legal requirements.

TARGET

Equip new ships with marine sanitation devices designed to handle both black and grey water and use eco-friendly products to reduce chemicals entering the environment through grey water discharges.

BALLAST WATER

CSL is an active member of the Ballast Water Collaborative and the Canadian Shipowners Association Ballast Water Working Group. We are committed to taking the actions necessary to reduce the risk of aquatic invasive species in all the waterways where we operate with a specific focus on the Great Lakes. All CSL divisions have adopted a number of best practices, including deep water ballast exchange and keeping minimal ballast water onboard vessels, to reduce the risk of species transfer (see page 18).

TARGETS

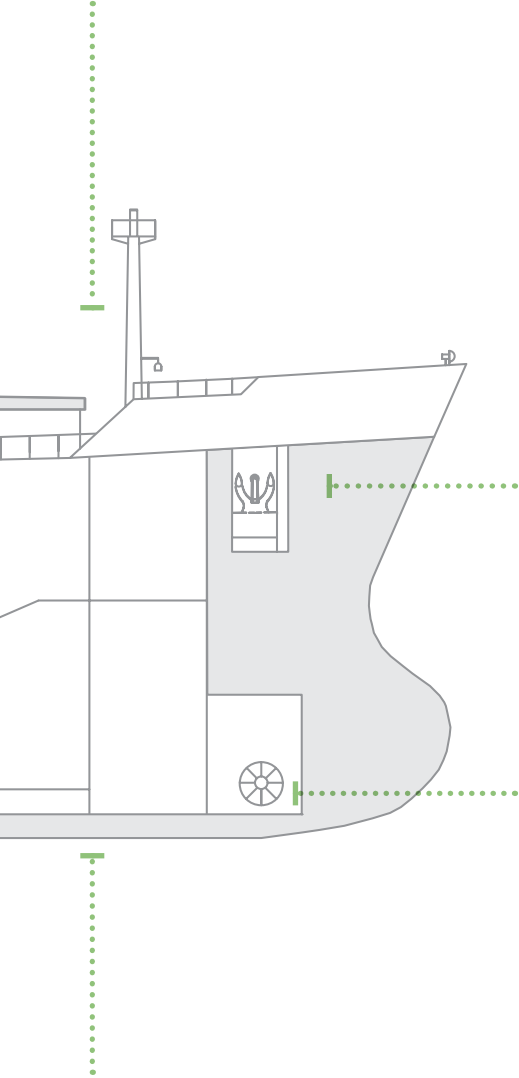
CSL will develop a system for evaluating risks of propagation of invasive species introduced by our ships during ballast water transfer. CSL also plans to work with the Great Ships Initiative to install shipboard ballast water sampling systems and perform research on potential ballast water treatment suppliers. We will test one system onboard a CSL ship by 2012.

CHEMICALS

Working with V.Ships., CSL has been in the process of identifying and listing the types and quantity of all chemical products used by its fleet (not including CSL Australia). These are primarily used in the cleaning of the deck, galley and engine departments. After trying products from a number of different suppliers, CSL is now in the process of determining the best strategy for reducing the use of harmful chemicals and improving the environmental sustainability of our onboard cleaning activities.

TARGET

Create a household chemicals replacement plan.



ANTIFOULING PAINT

Following the International Convention on the Control of Harmful Anti-fouling Systems, since 2008 all organotin compounds on ships must either be removed or sealed. As of now, antifouling paint has been applied to 65 percent of the CSL fleet. These ships have had all organotin compounds removed or sealed and have an antifouling certificate in place onboard. Epoxy paint is in place on the remaining 35 percent of ships in the fleet. All newbuilds will be painted with tributyltin-free antifouling coatings.

SPEED

CSL has voluntarily reduced speeds to prevent river bank erosion in identified sensitive areas along the St. Lawrence Seaway. Also, in recognition of CSL's 100 percent compliance with their voluntary speed reduction program aimed at reducing pollution, the Port of Long Beach awarded us a 2010 Green Flag Environmental Achievement Award.

MERCURY AND ASBESTOS

Through an internal program, CSL has performed an asbestos survey on most vessels to determine the condition of any onboard asbestos and whether there is any need for encapsulation or removal. As a health precaution, CSL regularly performs tests to ensure any airborne concentrations of asbestos are below regulatory levels. Visual surveys are used to determine whether any mercury is present onboard. All CSL vessels are provided with a mercury spill kit.

TARGET

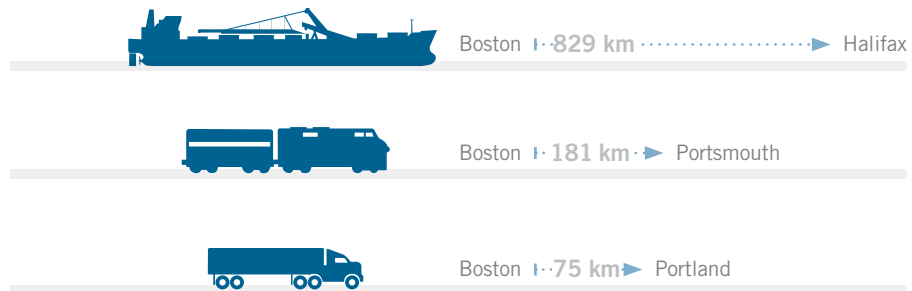
Certify all CSL newbuilds as asbestos-free.

CSL EFFORTS TO PREVENT CLIMATE CHANGE

CSL has taken a multi-pronged approach to combatting climate change. First and foremost, at the operational level, we have taken the commitments detailed in the Kyoto Protocol very seriously and benchmarked our greenhouse gas performance pre- and post-convention. Through the implementation of a number of improvements in trip planning, energy efficient schedule matching and other operating procedures as well as taking into consideration tides, traffic and weather changes, we have seen a 20 percent reduction in Canada Steamship Lines' greenhouse gas (in grams per tonne-mile) since 1990. CSL has also remained committed to reducing speeds in port zones and sensitive areas.

Our improvements have also come through investment in the CSL fleet to allow larger, deeper transits in the waterways where we operate. CSL continues to lobby the St. Lawrence Seaway to use every available safe inch of the Seaway water column and has voluntarily completed a full investment in 3-D navigation technology to ensure safety while increasing drafts in the Seaway. Through our efforts, CSL has achieved nine inches of additional draft in the Seaway while using the same amount of fuel. This translates into additional seaway cargo capacity of 1,125 tonnes for every voyage.

A ton of cargo carried aboard a CSL ship along the Great Lakes inland trade corridor can travel up to 465 km on a single litre of fuel and 829 km for a CSLI Ocean Going Vessel.



The same ton would travel just 181 km by rail and only 75 km by truck, and cause 1.6 or 3 times the amount of greenhouse gas emissions, respectively.

CSL has also been active at the corporate level, working hard in support of a number of initiatives aimed at improving the shipping industry's performance in the battle against climate change.

Currently, CSL serves as chair of the Canadian Air Emissions Working Group of the Canadian Shipowners Association and works as an advisor to the International Maritime Organization delegation at the Marine Environment Protection Committee. CSL has also worked in support of the emerging Energy Efficiency Indexes of the International Maritime Organization and continues to provide expertise for sustainable solutions to Transport and Environment Canada on the creation of the Energy Efficiency Design Index, the Energy Efficiency Operational Indicators and the Ship Energy Efficiency Management Plan. These initiatives will help gauge the effectiveness of improvements slated for inclusion in the eventual market-based measure that the International Maritime Organization will issue in its next few sessions.

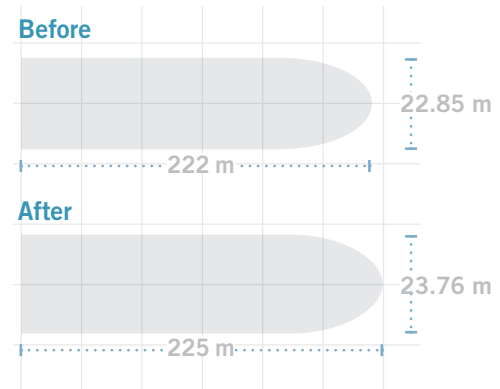
Continuing Improvements

Over the past number of years, CSL has developed an environmental performance database to aid in the monitoring and analysis of our fleet's fuel efficiency and greenhouse gas emissions. We are currently in the process of evaluating various technologies that would further reduce GHGs and other emissions.

Since entering into a partnership with the World Wildlife Fund Canada in November, 2009, CSL has had access to the organization's environmental expertise, a great help as CSL goes through the implementation of technologies aimed at reducing our footprint. The partnership work plan between CSL and the World Wildlife Fund outlines the wide scope of the agreement and includes establishing ambitious emission reduction targets for CSL in the areas of carbon dioxide (CO₂), sulphur oxides (SO_x) and nitrous oxides (NO_x).

CSL has set an annual intensity reduction target of 1 percent for CSL Domestic and 0.5 percent for CSLI between 2010 and 2011. Extensive work has been conducted to analyze potential emission reduction projects. The brainstorming has resulted in 115 greenhouse gas reduction ideas that fall under three major areas: operation, basic technical solutions and new technologies. The implementation plan will be completed in 2010-11.

New Forebodies

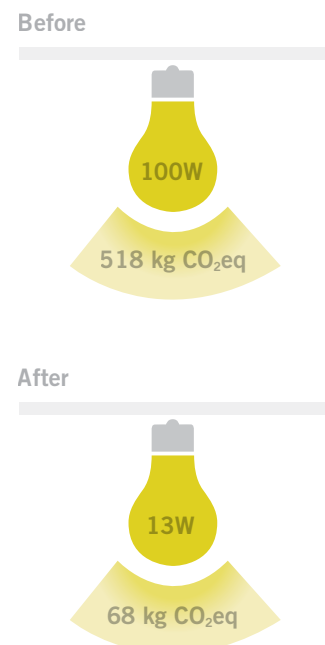


ENERGY EFFICIENT PROJECT LIGHT SWITCH

As part of its greenhouse gas reduction efforts, Canada Steamship Lines made a decision to replace existing lighting in the accommodations and machinery spaces on several ships with more efficient lighting options. The result? Brighter light, cheaper energy bills.

The Efficient Lights Project (Phase 1) consists of changing the existing magnetic T-12 fluorescent units (tubes, ballast, sockets) with new T-8 electronic systems, and incandescent light bulbs with fluocompact bulbs. The return on investment is expected to be 35 percent savings on the fluorescent tubes and 80 percent on the light bulbs, with greater luminosity in each case (electricity cost onboard ship is typically three times higher than ashore). The project was chosen because it helps reduce CO₂ as well as cost. On a typical ship, each 100kW of power produces an average of 518 kg CO₂ equivalent a season. By changing a single incandescent 100W light bulb for a 13W fluocompact light, greenhouse gas is reduced by 450 kg CO₂ equivalent, or \$120 of fuel in a season.

Phase 1 of the project rolls out on the: *Atlantic Huron*, *Atlantic Erie*, *Birchglen*, *Spruceglen* and *Cedarglen* during the winter lay-up period 2010-2011. Phase 2 will continue aboard other CSL vessels during the navigation season 2011.

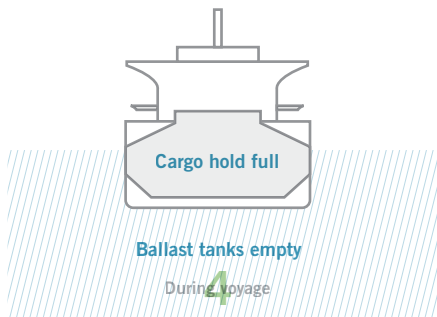
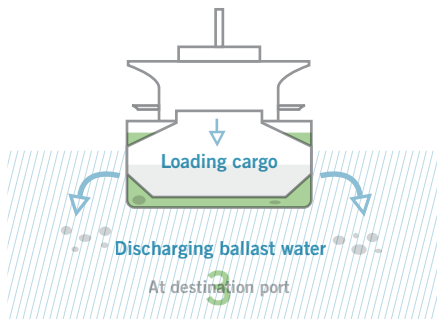
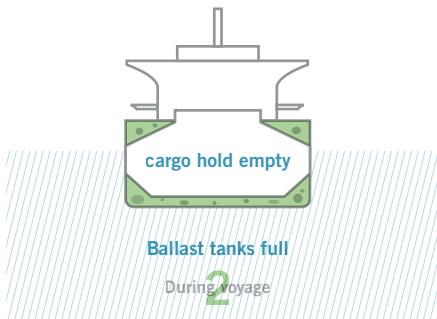
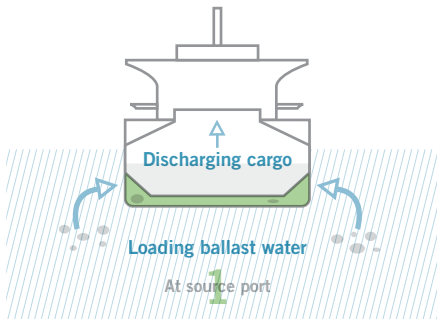


CSL STRATEGY AGAINST AQUATIC INVASIVE SPECIES

Since they first began to be documented during the 19th century, there have been roughly 183 non-native aquatic invasive species introduced into the Great Lakes through a variety of means. These so-called “nuisance species” have the potential to disrupt native eco-systems and affect the use of the lakes by both the public and industry. Recent industry initiatives have yielded extremely encouraging results in the battle against aquatic invasive species. Since the industry-wide adoption of new ballast water flushing and rinsing practices in 2006, for example, there have been no new species introduced into the Great Lakes. But the risk of transfer in internal waters, i.e., from one Great Lakes port to another, remains a serious threat.

As a member of the Canadian Shipowners Association Ballast Water Working Group and the industry Ballast Water Collaborative, CSL assumes a leadership role in ongoing efforts to prevent any further disruption due to invasive species. Launched in 2009, the Ballast Water Collaborative brings representatives from industry, government, Environmental Non-Governmental Organizations and academia together to share knowledge on reducing the risk of introduction and spread of invasive species. In addition to these efforts, CSL President Gerry Carter also serves on the Board of Advisors of the Great Ships Initiative, the only freshwater ballast treatment technology test centre in North America.

To collect relevant data on the potential risk of internal invasive species transfer within the Great Lakes, CSL Domestic has undertaken its own vessel transit study with three primary goals: to determine how much ballast water is moved between domestic ports, to identify which species are potentially being transported and to determine the potential risk of transporting these species.



Ballast water ensures an even mass distribution to meet safety and stability criteria after cargo is unloaded. The amount of ballast water to meet these criteria at any given point depends directly on the total weight of the cargo being carried by the ship

During ballast water exchange operations, particles of matter and living organisms may be introduced into the ballast tanks, including bacteria, phytoplankton, shellfish, fish, zooplankton and even viruses.

In the study, CSL used data supplied by the National Oceanic and Atmospheric Administration and the Ontario Federation of Anglers and Hunters to compile a list of current invasive species and what ports contain them. It then looked at all of CSL's ballast water movement between Great Lakes ports. CSL concluded that there was potential to transfer 34 different invasive species around the Great Lakes through CSL vessels but that the likelihood of such transfer was very low as similar trades have been in place for almost 30 years and no colonization has yet taken place.

CSL's vessel transit study was adopted by the Ballast Water Collaborative as "Working Group #4." The project is being used by the industry to identify appropriate and effective measures to counter the identified threats. It is CSL's hope that the study may contribute to the development of a successful Great Lakes invasive species transfer strategy using best practices and/or filtration technology. CSL will continue discussions with ballast water technology providers and test a new system on one of our ships by 2012.

CSL is also working with the Great Ships Initiative to identify effective methods of sampling ballast discharge for routine monitoring.

Ballast Water movements by CSL Domestic fleet in 2010

Top Receiver Ports



Top Donor Ports



CSL EFFORTS TO REDUCE AIR EMISSIONS

CSL is committed to the reduction of air emissions from all of our ships. In an effort to establish norms by which to measure our progress in this area, CSL Domestic began tracking data in 2007 with CSL International joining in 2008 and CSL Australia in 2009. In total, CSL emitted 3,969 tonnes of SO_x in 2010.

CSL's fuel sulphur content is significantly below the regulated limit of 4.5 percent.

Emissions Control Area (ECA) – A Challenge for CSL

As an industry leader when it comes to environmental issues, CSL would normally applaud any measure with the stated goal of improving the air that we breathe. While the U.S. Environmental Protection Agency's Emissions Control Area for the Great Lakes has this as its stated goal, CSL, and the Canadian marine industry as a whole, are taking issue with the belief it will actually do the opposite and have an adverse effect on the environment.

First, to be clear, an ECA is a designated area in which ship emissions, namely nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter, are controlled with the intention of improving air quality. Around the world, there are many ECAs with a variety of specific regulations. The most prominent one in our operating zone at this time is the recently established North American ECA, a 200-nautical-mile zone surrounding most of North America expected to come into force on August 1, 2012. Under this ECA, the International Maritime Organization will mandate that ocean ships limit their fuel sulphur content to 1 percent by 2012 and 0.1 percent by 2015 when entering the designated area. This compares to global standards of 3.5 percent by 2012 and 0.5 percent by 2020. Both Canada and the U.S. have signalled their intention to adopt this ECA.

And this will not be without strain on CSL. CSL International, in particular, due to its coastal trades, will be operating within the 200-mile zone most of the time.

The Great Lakes ECA being considered by the U.S. Environmental Protection Agency sets similar fuel sulphur level objectives, but due to the significant differences in how ships must operate in the two zones, the effect could in fact be devastating to the environment. Consider that an ocean-going ship entering the North American ECA would incur additional fuel fees (for more expensive lower sulphur fuel) for an equivalent of 10 percent of its voyage. Vessels operating in the Great Lakes would face huge fuel cost increases for the entirety of every voyage they make. The cost increase will force a modal shift from marine to truck and rail for what we estimate will be nearly 15 million tonnes of cargo. Given that marine is by far the most environmentally friendly method of cargo transport, the potential effect of such a modal shift will create a significant rise in air emissions. It will also bring about increased truck traffic, causing damage to infrastructure and greater congestion.



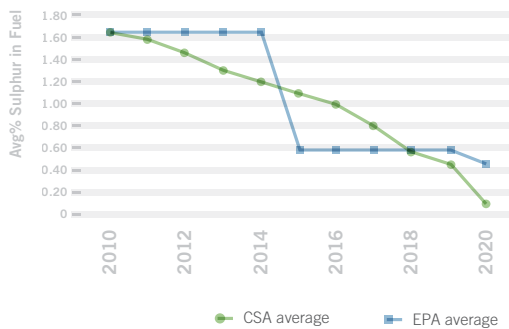
A More Effective Approach

Working as part of the Canadian Shipowners Association, CSL has supported a proposal to use a fleet averaging approach, allowing companies to meet sulphur content levels as a percentage across an entire Great Lakes fleet and not on a vessel-by-vessel basis. This approach would give shipowners time to implement key initiatives and replace or update older vessels through fleet renewal and through investment in emissions-reducing technology. Under the proposal, which has been submitted to the Environmental Protection Agency, Transport Canada and Environment Canada, sulphur content would be set at 1.6 percent beginning in 2011 (a year ahead of the Environmental Protection Agency regulation) and steadily improve to 0.1 percent by 2020.

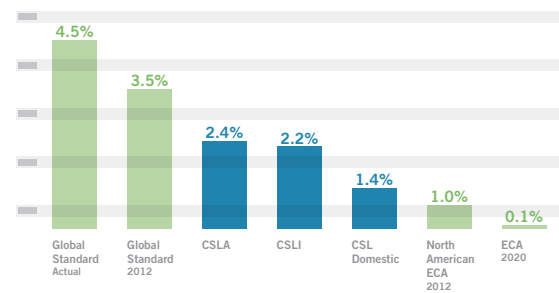
Results show that average sulphur oxide (SO_x) emissions would be about 8 percent lower under the Canadian Shipowners Association proposed fleet averaging scenario as compared to the Environmental Protection Agency rule scenario.

Environ Canada Inc.

CSA's Total Sulphur Emissions Against EPA Scenario



Percentage Sulphur in Fuel



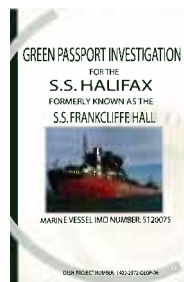
Technology can provide some solutions to this challenge. Ecospec CSNO_x[™], for example, provides the world's first commercially viable method of reducing the levels of harmful pollutants like sulphur dioxide (SO₂), nitrogen oxides (NO_x), particulate matter (PM), and carbon dioxide (CO₂) from the emissions of large ocean trading vessels. On June 2, 2010, CSL signed a Letter of Intent with Ecospec to work together to develop and install a CSNO_x technology within the CSL fleet.

The CSNO_x[™] system will be installed on a CSL Great Lakes vessel in 2011-12. This is a step on the way to validating the performance and efficiency of the system in a freshwater environment.

AIR EMISSIONS MEASURING WITH ENVIRONMENT CANADA

CSL recently volunteered three ships to take part in an emissions testing project with Environment Canada. The vessels were put through standard tests for various emission types including NO_x, SO_x, CO₂, CH₄, and N₂O. The goal of the project was to evaluate the accuracy of the various sampling and testing methodologies used to measure the exhaust emissions from large marine vessel engines. Once they are available, these test results will assist regulators in establishing a sensible emissions testing process for the industry.

OTHER ENVIRONMENTAL EFFORTS



Ship Recycling – Sustainable Ship Breaking

During the past 25 years, a great deal of ship dismantling, or breaking, has been carried out at facilities in developing nations such as India, Bangladesh and Pakistan. Recently, media coverage and documentary film have shed light on a number of serious concerns around these operations, primarily in the areas of environment, safety, health and social justice. While the ship's steel was recycled, many potentially harmful substances such as asbestos, mercury, lead, refrigerants, electrical equipment, fuel and chemical products were often handled and disposed of in an unsafe manner creating negative impacts on the environment and workers.

The International Maritime Organization and the International Labour Organization have been working together to create new regulations to cover dismantling activities. As these were being developed, CSL went ahead and implemented, in 2009, its own series of guidelines covering ship dismantling. These are specifically designed to ensure that ships that have reached the end of their useful life will be recycled and dismantled in an environmentally friendly manner that is also safe for workers.

CSL's guidelines require that a Green Passport be produced for any ship slated for dismantling. The Green Passport represents an inventory of all hazardous materials, which can be removed prior to ship recycling. As part of this initiative, CSL has also committed to designing and bringing on line ships that will reduce the use of hazardous materials and facilitate safe recycling. Finally, CSL has taken the decision to only use dismantling facilities that implement regulations to protect the environment and the health and safety of their employees. CSL is looking forward to testing its new policy when the *Halifax* is dismantled in 2011.

Improvements on New CSL Vessels

When it was announced in July 2010, CSL's new shipbuilding program with Chengxi Shipyard Co. Ltd. heralded a new age of smarter, more environmentally friendly CSL ships. With features that will reduce fuel consumption and greenhouse gas emissions, the new design, created in collaboration with Deltamarin, will reduce our footprint and further demonstrate our commitment to constantly improving our environmental performance.

In addition to high efficiency main engines, the vessels will feature waste heat recovery systems, optimized hull forms as well as space for future installation of exhaust scrubbers. Other cutting-edge technologies include water lubricated stern tubes, integrated bilge water treatment systems as well as dust collection and suppression systems. There will be space left for installation of technology currently in development, including ballast water treatment systems.

ENVIRONMENTAL INCIDENTS

Despite our best efforts to prevent incidents that negatively impact the environment, CSL did experience a spill in 2010. On July 12 of that year, the *Richelieu* grounded in the St. Lawrence Seaway at Côte Ste. Catherine, a few kilometres southwest of Montreal.

Prior to the spill, the *Richelieu* had experienced propulsion problems while outbound on the Seaway near Ste. Catherine. Following standard emergency procedures, the ship dropped anchor in an effort to regain control. During this effort, a sudden squall caused the ship to drift and strike one of the anchors, resulting in the puncture of one of its fuel tanks. This caused a water ingress which pressurized the tank and caused fuel to be vented onto the main deck. Due to the high winds and rain at the time, the spill could not be contained.

Shoreside management and the crew immediately implemented the vessel's emergency response plan and notified all relevant authorities. When the remaining fuel was pumped from the damaged tank, crew were able to determine that no more than four tonnes of fuel had leaked onto the main deck before being washed overboard.

CSL contracted Eastern Canada Response Corporation to lead cleanup operations. Within 16 days, Eastern Canada Response Corporation was able to remove all traces of spilled fuel from the shore and waters of the affected area. Environment Canada, the Canadian Coast Guard, the St. Lawrence Seaway and the Ministère du Développement durable, de l'Environnement et des Parcs were all involved in the cleanup operations. In the end, six birds were cleaned and rehabilitated to be returned to their habitats while five others unfortunately died as a result of the incident.

CSL takes these very rare occurrences extremely seriously. As part of our ship management system, a proper analysis is carried out on every spill to determine its root cause and ensure that corrective actions are taken to prevent any possible recurrence. CSL will continue to re-evaluate our management system on a regular basis.

Our ship management system requires all CSL crews to be trained in oil spill containment. Every ship in our fleet holds regular drills to ensure crews are up to speed on correct procedures for oil spills response. CSL ships are also equipped with Ship Oil Pollution Emergency Plan plans and proper equipment to manage spills until appropriate assistance can arrive on the scene.

The area of the St. Lawrence Seaway affected by the *Richelieu* oil spill.



INITIATIVES AND AWARDS



Green Marine

Green Marine is a voluntary environmental program initiated by the St. Lawrence – Great Lakes marine industry. Through this program, participants commit to making specific improvements in their environmental performance based on predetermined criteria.

Based on external verification testing carried out by Lloyd's Register Quality Assurance in May 2010, CSL had achieved a Level 3, 4 or 5 out of 5 in all of the significant environmental areas of the program (with Level 1 indicating compliance with applicable regulations and adherence to Green Marine guiding principles and Level 5 representing excellence and leadership).

www.green-marine.org/home.

Green Flag Program at Port of Long Beach



The Green Flag Incentive Program was launched by the Port of Long Beach to recognize companies that take steps to voluntarily reduce speed in the Long Beach area. Lower speeds bring about a reduction in emissions in the area, and a safer, cleaner environment for local residents. Vessel speeds are measured and recorded by the Marine Exchange of Southern California. The program annually prevents more than 1,000 tonnes of air pollution.

Through the program, ships are asked to reduce their speed to 12 knots within a 40-nautical-mile zone around the port. CSL International is proud to have attained compliance for the past four years and to have been awarded the much coveted Green Flag Environmental Achievement Award for 2010.

www.polb.com/environment/air/vessels/green_flag.asp

Défi Climat

Défi Climat is Quebec's largest mobilization campaign against climate changes. In April 2010, CSL joined forces with almost 1,200 other Montreal businesses in adopting 31 suggested best practices that would cumulatively reduce greenhouse gas emissions by more than 64,000 kg per year. Just CSL's reductions as part of this effort would represent the equivalent of taking approximately 52 cars off the road each year. If we consider the efforts of all participating businesses, the reduction rises to equal that of removing 19,769 cars from the road.

www.deficlimat.qc.ca/deficlimat2011/en/home



Coastal Cleanup

Ocean health is a serious concern for CSL. In 2010, staff from CSLI's office in Beverly, MA, and from CSL Domestic in Montreal took part in coastal cleanup activities in their respective areas as part of the Ocean Conservancy's annual global initiative aimed at cleaning shorelines around the world. The Ocean Conservancy has carried out this work for the past 25 years. The one-day annual event has become the largest volunteer effort for ocean health. By recording the items found during the cleanup, the Ocean Conservancy is able to get a clearer picture of the state of the world's waterways and make informed decisions about trash prevention and cleanup strategies for the future.

www.oceanconservancy.org/site/PageServer?pagename=icc_home



Earth Hour

CSL was a proud supporter of Earth Hour on March 27, 2010. Through the initiative, more than 128 countries and territories around the world switched off lights for one hour to save energy and demonstrate their commitment to fighting climate change.

www.earthhour.org/Homepage.aspx



IMPROVING OUR ENVIRONMENTAL PERFORMANCE

CSL is committed to the continuous improvement of our environmental performance.

To meet this vision, the company has prepared an issue-based agenda that will influence many of the company's decisions moving forward and help us to revamp procedures as necessary to increase sustainability. Our goals are the following: to increase safeguards against human error; to ensure the highest standards of safety and environmental performance; to reduce our utilization of natural resources and our impact on biodiversity.

Fleet renewal forms an important part of our current agenda. CSL is currently in the process of researching cutting-edge technologies and ship designs for a new class of environmentally smart ships that will contribute to significant improvement in many of our activities. The ships are slated to be built in the coming years. We will also use the technologies and design modifications for those ships to improve the efficiency and environmental performance of CSL's existing fleet.

PRINCIPAL GOALS AND PROGRAMS FOR EACH BUSINESS UNIT – JANUARY 1 TO DECEMBER 31, 2011	
GOALS	PROGRAMS TO MEET GOALS
NO MAJOR OIL SPILLS FOR ALL CSL DIVISIONS	
CSL DOMESTIC	
Reduce CO ₂ emissions by 1% (in grams per tonne-mile) between 2010 and 2011	<ul style="list-style-type: none"> · Air emissions treatment apparatus installation onboard · Replacement of current light bulbs by more energy efficient ones · Fuel control system installation · Establishment of ozone-depleting substances footprint (R-22) · Waste heat recovery system installation
Maintain the average sulphur content under 1.62% in 2011, under 1% in 2016 and under 0.1% in 2020	<ul style="list-style-type: none"> · Use fuel with an average sulphur content under 1.62% · Install air emissions treatment apparatus onboard
Reduce the risk of aquatic invasive species transfer	<ul style="list-style-type: none"> · Update CSL best management practices in order to lessen the risk of transferring aquatic invasive species into the Seaway · Install a shipboard sampling system to test ballast water discharge (in collaboration with the Great Ships Initiative) · Conduct research on potential suppliers of ballast water treatment systems and test one of these systems on one CSL vessel by 2012
Chemicals replacement	<ul style="list-style-type: none"> · Replace chemical products with more ecological alternatives
Reduce sludge production per operational day by 4% compared with 2010	<ul style="list-style-type: none"> · Install an oily water integrated treatment system on all newbuilds in 2012, in accordance with International Maritime Organization revised guidelines · Perform additional evaluations of bilge water
Ship recycling	<ul style="list-style-type: none"> · Prepare two additional green passports for CSL ships · Recycle the Halifax in accordance with CSL guidelines
Environmental Management System Certification based on ISO 14001 Standard	<ul style="list-style-type: none"> · Undergo a third party audit of Environmental Management System
CSL INTERNATIONAL	
Reduce CO ₂ emissions by 0.5% (in grams per tonne-mile) between 2010 and 2011	<ul style="list-style-type: none"> · Installation of Kyma System on four vessels · Hull cleaning of <i>CSL Metis</i> · Premium motor and Variable-Frequency Drives on fresh and salt water cooling pumps · Vessel lighting upgrade
Reduction of lube oil usage by 3%	<ul style="list-style-type: none"> · 50% reduction of cylinder oil consumed onboard <i>CSL Spirit</i>
Reduction/elimination of water pollution from stern tube	<ul style="list-style-type: none"> · Stern tube bio oil lubrication on three vessels
Reduction of sludge by 1.5% fleetwide	<ul style="list-style-type: none"> · Reduction of sludge by 80% on one vessel due to installation of fuel homogenizer
CSL AUSTRALIA	
Reduce Near Miss Oil Spills	<ul style="list-style-type: none"> · Change out hydraulic hoses from <i>Stadacona</i>, <i>CSL Pacific</i> and <i>CSL Atlantic</i>
Sludge Reduction and Disposal	<ul style="list-style-type: none"> · Investigate minimizing water content and recycling onboard
Port State Control Deficiencies - decreased by 20%	<ul style="list-style-type: none"> · Regular inspections from external surveyor
CSL ASIA	
Establish footprint	<ul style="list-style-type: none"> · Implement footprint process

KEY ENVIRONMENTAL PERFORMANCE 2010

ACTIVITIES AT SEA (VESSELS)			
	DOMESTIC	INTERNATIONAL	AUSTRALIA
ENERGY CONSUMPTION			
Fuel Oil	64,852 tonnes	79,033 tonnes	40,680 tonnes
Diesel	16,015 tonnes	6,848 tonnes	3,883 tonnes
Lube Oil	1,302,665 litres	1,049,610 litres	452,368 litres
AIR EMISSIONS			
CO ₂ e - gross (includes voyages in ballast)	19.63 g/tonne-mile	14.93 g/tonne-mile	n/a
CO ₂ e - net (does not include voyages in ballast)	12.28 g/tonne-mile	8.61 g/tonne-mile	n/a
CO ₂ e (total)	266,347 tonnes	309,935 tonnes	131,049 tonnes
SO _x	1,014 tonnes	1,899 tonnes	1,056 tonnes
Fuel Sulphur Content	1.38%	2.16%	2.37%
HFC's Leaks	893 kg	n/a	0
WASTE PRODUCTION			
Discharge Cargo Residue	453 m ³	574.5 m ³	835.89 m ³
Garbage	5,013 m ³	677 m ³	1,384 m ³
Sludge	3,905 tonnes	1,028 tonnes	788.12 tonnes
WATER CONSUMPTION			
Ballast Water Transfer	9,579,521 mt	n/a	n/a
Significant Oil Spills	4 tonnes	0	0

ACTIVITIES ON LAND (OFFICES)			
	DOMESTIC	INTERNATIONAL	AUSTRALIA
ENERGY CONSUMPTION			
Electricity (office)	628,621 kWh	306,965 kWh	73,036 kWh
Natural Gas	0	4,153 therms	0
PAPER			
Paper Consumption	858,970 sheets	n/a	676.127 kg
Recycled Paper	36,200 sheets	5,497 lb	608 kg

GLOBAL REPORTING INITIATIVE INDEX

ENVIRONMENTAL PERFORMANCE INDICATORS IN REFERENCE TO GRI		
INDICATORS	DESCRIPTION	REFERENCE IN THIS REPORT
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1.2	Description of key impacts, risks and opportunities	Chairman's message (p. 1)
2	Organizational Profile	
2.1	Name of the organization	Corporate overview (pp. ii, iii)
2.2	Primary brands, products and/or services	Corporate overview (pp. ii, iii)
2.3	Operational structure of the organization	Corporate overview (pp. ii, iii)
2.4	Location of organization's headquarters	Corporate overview (pp. ii, iii)
2.5	Number of countries where the organization operates	Corporate overview (pp. ii, iii)
2.7	Markets served	Corporate overview (pp. ii, iii)
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2.10	Awards received during the reporting period	Initiatives and Awards (p. 24)
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3.2	Date of most recent previous report	About this report (p. 3)
3.3	Reporting cycle	About this report (p. 3)
3.4	Contact point for questions regarding the report or its contents	About this report (p. 3)
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3.7	State any specific limitations on the scope or boundary of the report	About this report (p. 3)
3.9	Data measurement techniques and the bases of calculations	Climate change (p. 16), Air emissions (p. 20)
3.11	Significant changes from previous reporting periods	About this report (p. 3)
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4	Governance, Commitments and Engagement Governance	
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4.12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organization subscribes or endorses	Climate change (p. 16)
4.13	Memberships in associations and/or advocacy organizations in which the organization has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic	A leadership role (p. 9)
4.14	List of stakeholder groups engaged by the organization	Stakeholders' engagement (p. 4)
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholders' engagement (p. 4)
4.16	Approaches to stakeholder engagement including frequency of engagement by type and by stakeholder group	Stakeholders' engagement (p. 4)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Stakeholders' engagement (p. 4)
5	Management Approach and Performance Indicators	
EN	Environmental Performance Indicators	Mainly from page 5 to 26



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