



ANNUAL REPORT 2011-2012

DELIVERING ECONOMIC VALUE



The St. Lawrence
Seaway Management
Corporation

Corporation de Gestion
de la Voie Maritime
du Saint-Laurent

THE GREAT LAKES/ SEAWAY SYSTEM

QUICK FACTS¹

Marine shipping in Canada and the U.S. on the Great Lakes/Seaway System:

- Supports 227,000 jobs
- Supports \$34.6 billion in economic activity annually
- Generates \$14.5 billion in wages and salaries annually
- Contributes \$4.7 billion in federal, state/provincial and local taxes every year
- Moves 164 million metric tons of essential raw materials and finished products annually
- Saves cargo shippers \$3.6 billion in transportation costs every year

¹ The Economic Impacts of the Great Lakes–St. Lawrence Seaway System, Martin Associates (October, 2011).

MINNESOTA

WISCONSIN

Lake Superior

MICHIGAN

Lake Michigan

ILLINOIS

INDIANA



DELIVERING ECONOMIC VALUE

A Vital North American Trade Route

The Great Lakes/Seaway System is the longest inland deep-draft navigation system in the world, extending 3,700 kilometres from the Atlantic Ocean to the head of Lake Superior. An essential part of North America's transportation infrastructure, it enables raw materials and finished products to move between a vast network of inland ports and worldwide markets.

The St. Lawrence Seaway serves as the linchpin within this waterway, connecting the lower St. Lawrence River to the Great Lakes. Beginning in Montreal and extending west to the Welland Canal, the Seaway's locks enable ships to climb a total of 174 metres from "sea level" up to Lake Erie. Thirteen of the St. Lawrence Seaway's 15 locks are located in Canada and the remaining two are in the United States.

The five Great Lakes and the St. Lawrence Seaway combine to form an efficient, low-cost marine super-highway that supports North America's industrial heartland and serves a consumer market of more than 100 million people. More than 100 commercial ports serve as gateways for waterborne commerce moving within the region or between North America and overseas destinations.

Saving Shippers Money

For many shippers, marine transportation is the most economical mode of moving freight. A Seaway-sized vessel can carry 25,000 metric tons per voyage, which is the equivalent of 225 rail carloads or 870 semi-trailer truckloads. According to a U.S. Army Corps of Engineers study², Great Lakes marine shipping saves companies approximately \$3.6 billion per year in transportation costs compared to the least-costly, land-based alternative.

DELIVERING WEALTH TO GREAT LAKES COMMUNITIES

The most recent economic data³ reveals that cargo shipments on the Great Lakes/Seaway System support \$34.6 billion of economic activity and more than 227,000 direct, indirect and induced jobs within the two Canadian provinces⁴ and eight U.S. states that border the system.



² Great Lakes Navigation System: Economic Strength to the Nation, U.S. Army Corps of Engineers (January 2009).

³ The Economic Impacts of the Great Lakes–St. Lawrence Seaway System, Martin Associates (October, 2011). Full study at: www.greatlakes-seaway.com.

⁴ Quebec calculations include economic impacts related to cargo transiting the St. Lawrence Seaway only, and not the lower St. Lawrence River.



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VISION

The SLSMC and its partners... an essential transportation system for the 21st century.

MISSION

We pass ships through a safe and reliable waterway system in a cost-effective, efficient and environmentally responsible manner for the benefit of all our stakeholders today and into the future.

The St. Lawrence Seaway Management Corporation (the “SLSMC” or the “Corporation”), the successor to the St. Lawrence Seaway Authority, was established in 1998 as a not-for-profit corporation by the Government of Canada, Seaway users and other key stakeholders. In accordance with provisions of the *Canada Marine Act*, the Corporation manages and operates the assets of the St. Lawrence Seaway for the Federal Government under a long-term agreement with Transport Canada.

Corporate Goals and Desired Outcomes

BUSINESS GROWTH

Increase the benefits – economic, social and environmental – of the marine mode through the increase of tonnage in the system

OPERATIONAL EXCELLENCE

Consistently deliver a hasslefree passage to carriers and cost effective transportation alternative to shippers

HIGH PERFORMANCE WORK FORCE

Create a work environment for employees who are skilled, engaged, versatile and accountable for business results and personal success

STAKEHOLDER ENGAGEMENT

Align all stakeholder views to a common Seaway system vision and its long term contribution

FINANCIAL SUSTAINABILITY

Manage resources for optimal use and minimize cost to the users and owners of the system



OUR VALUES

Safety, Respect, Openness, Integrity and Innovation

The Corporation has:

1. an excellent safety record;
2. a dedicated professional workforce that prides itself on providing excellent customer service;
3. high-quality traffic management, using automatic vessel identification and real-time tracking;
4. a reliable operation, with system availability consistently above 99.0%;
5. the ability to handle large vessels measuring up to 225.5 metres in overall length, 23.8 metres in beam and 8.08 metres in draft;
6. ISO 9001:2008 certification for the operation and maintenance of the Canadian sectors of the St. Lawrence Seaway;
7. joint Canadian and U.S. government inspections at entry, thus eliminating duplication, including ballast water inspections which mitigate the spread of invasive species into the Great Lakes/St. Lawrence Seaway System and;
8. a bi-national **www.greatlakes-seaway.com** website, serving as the most comprehensive single source of Great Lakes/St. Lawrence Seaway information, with real-time navigation data, links to government and commercial marine transportation sites, pleasure craft resources, and a suite of e-business services.



PRESIDENT'S MESSAGE

The Great Lakes/Seaway System is a vital piece of national infrastructure. Our marine highway helps drive North American trade. It is an essential contributor to Canada's prosperity and our quality of life. The results of a comprehensive, year-long study, prepared by Martin Associates of Lancaster (PA), reveal that the marine industry supports 227,000 jobs and \$35 billion in business activity within the two provinces and eight states that border the Great Lakes and the Seaway. In concert with other industry executives, I presented the report's findings in October, 2011, at a media conference organized in Ottawa.

After completing my first full year as President and CEO of the St. Lawrence Seaway Management Corporation, I am pleased to report that we are making good progress in building our business volume. Combined traffic in 2011 totalled 37.5 million tonnes, an increase of 2.7% or 1.0 million tonnes over 2010, a good, solid performance given economic headwinds, especially in Europe. Total revenues increased to \$68.2 million, while operating expenses amounted to \$73.6 million. We have not covered our operating expenses since the "great recession" of 2009, which heavily impacted our iron ore and steel cargo volumes, but we are making good progress in rebuilding our business.

As we look forward to the 2012 season, we are forecasting a 3% increase in tonnage volumes,

which will bring us to a projected total of 38.6 million tonnes. I am optimistic that we will exceed this target, if the U.S. economy continues to improve. Moreover, as economic growth is rapidly shifting to emerging markets in China, India, South America, the Middle East and Africa, I firmly believe that the Seaway will play an important role in enabling Canadian businesses to further diversify their trading relationships.

We have the capacity to double our present cargo volumes within our existing locks and channels. To spur growth, we are continuing in 2012 to keep our tariff of tolls fixed at 2008 rates, marking the fifth year that toll rates have remained steady. We are also continuing to offer toll discounts for qualified cargo movements. Over the last

four years, these incentives have attracted more than 7.5 million tonnes of new cargo, and generated \$12.5 million in toll revenues. Many of these new users are becoming regular Seaway customers.

The Corporation's employees delivered solid results over the course of 2011. Thanks to their efforts, the Seaway achieved 99.6% system availability and 88.9% of vessel transits were completed within the targeted time standards. The Seaway opened for its 53rd season on March 22, 2011 and remained open for 284 days, exceeding by one day the previous record, which was set in 2006. The season concluded smoothly at the end of December, due in part to very favourable weather conditions. Annual maintenance and asset renewal projects totaling \$55.3 million were executed on time and on budget.

On the labour relations front, we reached a three-year agreement in the fall of 2011, without any significant disruption in service. The agreement contains our costs and ensures a sustainable future for the Corporation, our employees and our clients.

Employee safety remains a daily priority. The results of our efforts are encouraging, although the frequency and severity of incidents remain above our expectations. We will be relentless in the pursuit of safety in order to reach our ultimate goal of no workplace injuries.

The Corporation continues to invest in new technology to make our marine highway more efficient and cost-effective. In cooperation with vessel operators, we have developed the Draft Information System, which provides a graphical representation of the navigation channel lying ahead of a vessel. This innovation will enable shipowners to maximize vessel draft and carry as much as 400 tonnes of additional cargo every voyage on SeawayMax vessels. We anticipate that carriers will begin to utilize this technology in 2012.

Automated ship mooring technology is another promising innovation. It has the potential to reduce operating costs, raise productivity, improve safety, and attract new business. After upgrading the

hands-free mooring prototype units, and re-installing them at Lock 7, we noted significant improvements in the equipment's performance during tests carried out in the fall of 2011.

We also understand that environmental excellence is just as important as economic and operational performance. Our ballast water management program continues to ensure that 100% of ocean vessels entering our system are subject to inspection. It was introduced in 2006 and, since then, no new invasive species have become established in our waterway as a consequence of ocean vessels discharging ballast water.

Canadian and international ship operators have demonstrated their confidence in the future of our waterway. They have invested hundreds of millions of dollars in new vessels designed specifically for use in the Seaway. Investments in fleet renewal will strengthen marine transportation's competitive advantage and further marine's lead in energy efficiency and environmental performance.

This year's annual report, *Delivering Economic Value*, speaks to the Seaway's role as an essential transportation system for the 21st century. Our marine highway connects the Great Lakes to the lower St. Lawrence River and, ultimately, to the world at large. Thousands of North American employers depend upon the Seaway to gain access to markets, both within our own continent and overseas. The Martin economic impact study demonstrates the immense value that the Great Lakes/Seaway System delivers.

I trust that you will find our annual report to be both informative and compelling.



Terence F. Bowles

President and C.E.O.



BUSINESS GROWTH

Bulk cargoes—chiefly iron ore and grain—have always constituted over 95% of Seaway tonnage. Given the market trends affecting these core commodities, the Seaway must maximize user benefits, pursue growth in traditional cargo areas and attract new cargoes, new vessels and new services to the system to ensure its sustainability.

Traffic Results

Combined traffic in 2011 totalled 37.5 million tonnes, an increase of 2.7% or 1.0 million tonnes over 2010, while the total number of transits increased by 7.7%.

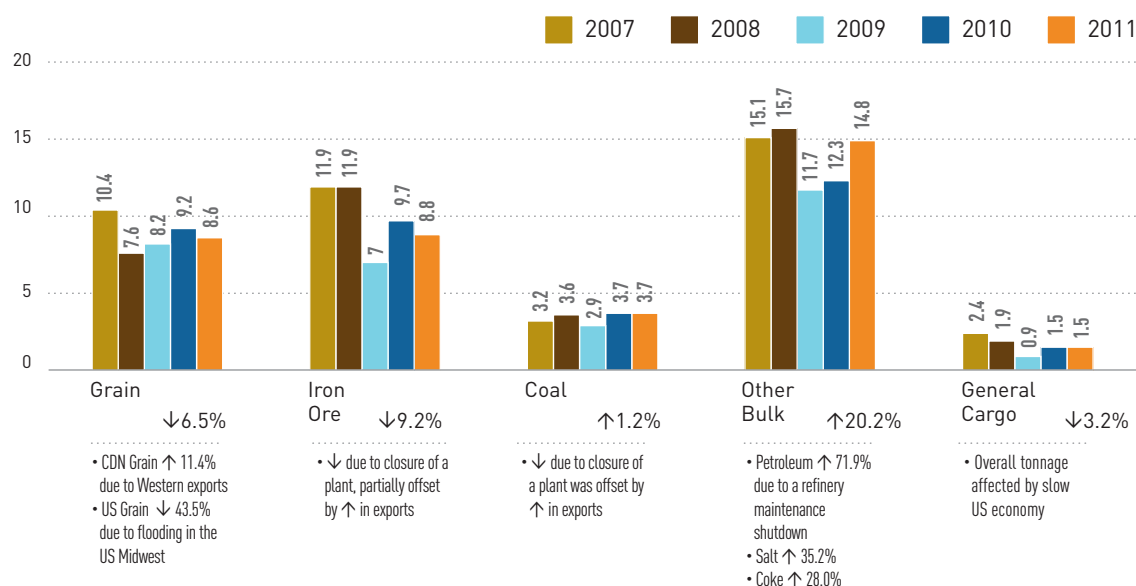
Seaway tonnage grew despite the slow pace of the economic recovery. The growth was due in part to new and emerging export markets for iron ore and coal and to an increase in movements of refined petroleum products due to a maintenance shutdown of a major refinery located in the Great Lakes.

Toll revenue in 2011 reached \$63.0 million, an increase of 3.8% or \$2.3 million over 2010, due partly to export movements of iron ore and coal that originated on the Great Lakes and transited both sections of the Seaway, thus generating toll revenue in the Welland Canal and the Montreal – Lake Ontario Section. In addition, the cargo mix shifted somewhat to commodities that are assessed a higher toll rate per tonne.

Traffic Results Combined

(total cargo in millions of tonnes)

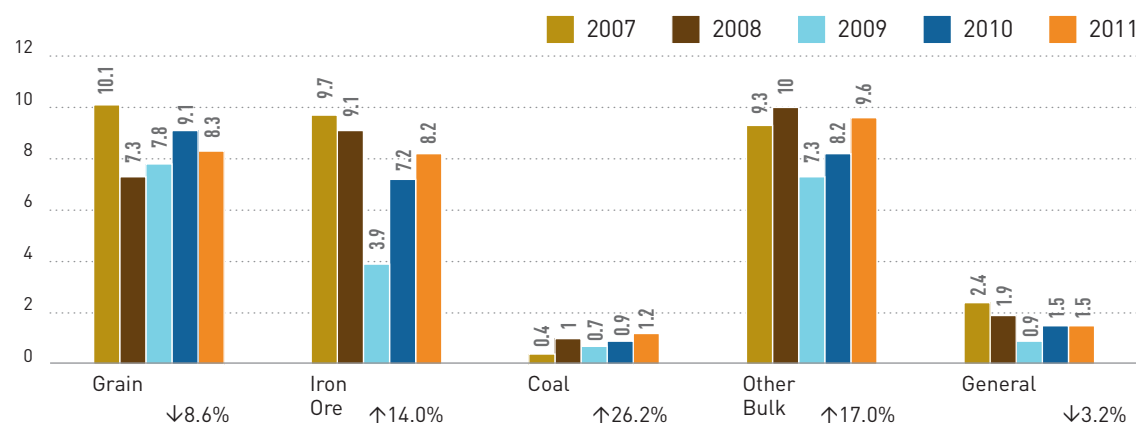
Total tonnage: 37.5 MT ↑2.7%
Vessel traffic: 4,227 ↑7.7%



Traffic Results MLO Section

(total cargo in millions of tonnes)

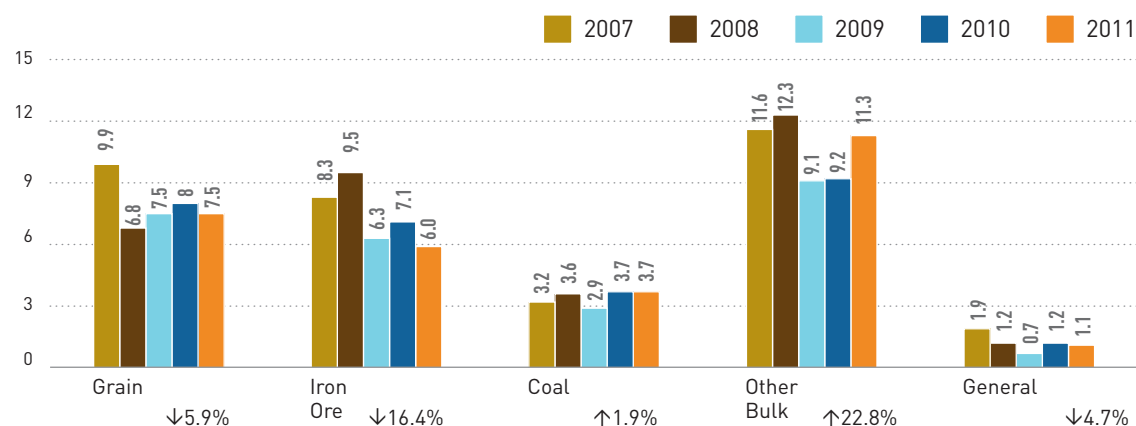
Total tonnage: 28.7 MT ↑6.7%
Vessel traffic: 3,000 ↑10.0%



Traffic Results Welland Section

(total cargo in millions of tonnes)

Total tonnage: 29.6 MT ↑1.6%
Vessel traffic: 3,296 ↑5.1%



2011 New Business Results

The New Business Incentive program, offering rebates for specific “new” cargo movements (defined generally as new origin/destination combinations for existing cargo, or cargo that had not been shipped via the Seaway over a specified time period) attracted 144 applications in 2011, of which 117 were approved.

The 2011 season concluded with 352 movements of new business for a total volume of 2.5 million tonnes of cargo.

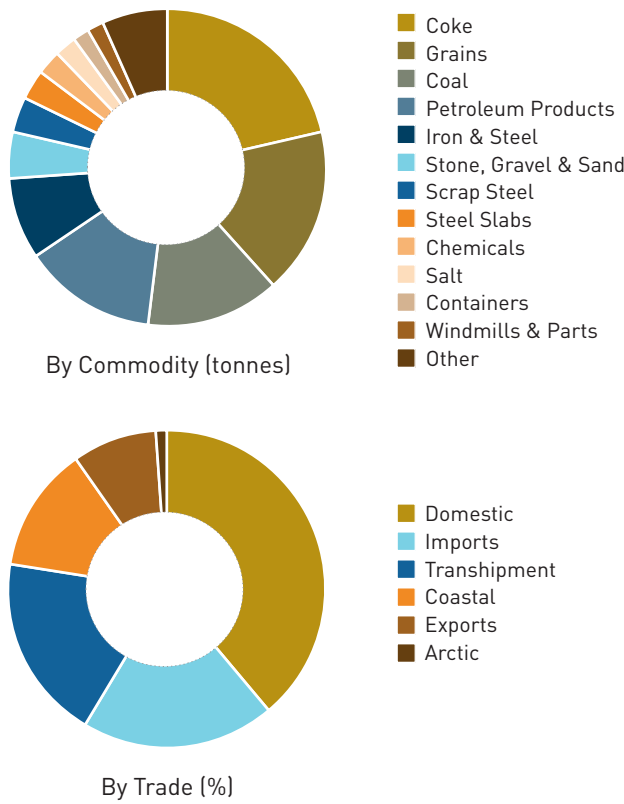
In 2011, the Corporation gained \$3.6 million in “new business” (167% of its business plan target). Over the last four years, the Corporation gained \$12.5 million in “new business” which represents 132% of its cumulative target.

SEAWAY TOLL INCENTIVES

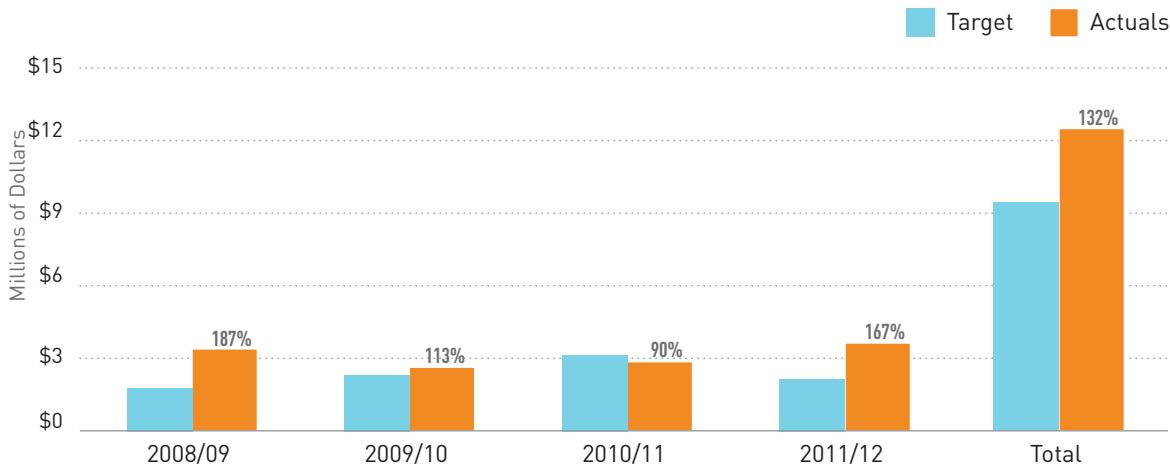
The Corporation announced in early 2012 that, for the fifth consecutive year, toll rates will not increase in order to retain current cargo movements and attract new cargo to the system. The New Business Incentive program as well as the Service Incentive program continue to generate interest from current and potential customers.

New Business Results

Total tonnage: 2.52 MT
Shipments: 352



New Business Revenue



HWY H₂O



The Corporation's advertising campaign continues to utilize the GO H₂O theme with sector specific ads targeting the bulk and general cargo markets. Ad placement is carefully calculated each year to ensure that the media outlets are in line with goals and objectives.

Over the last year, the Hwy H₂O Twitter account, @hwyh2o, has generated interest from the maritime and transportation industry. The Twitter account has proved to be an effective tool to reach potential customers, the general public and Hwy H₂O Members. Tweets direct followers to the Hwy H₂O website and to other relevant information pertaining to the System.

The 7th annual Highway H₂O Conference took place November 8–9, 2011, in Toronto, Ontario. The conference examined sustainability through the lens of five integrated perspectives; business growth, competitiveness, environmental issues, asset utilization and renewal. The 130 delegates heard presentations on new technology, renewal, dynamic traffic management, public outreach and business growth incentives that are spurring resurgence across many cargo sectors.



2011 Hwy H₂O Conference

Speakers' Panel addressing subject of "Hinterlands – system connectivity initiates opportunity". (Panelists, from left to right):

- Michael van Toledo, Senior Commercial Manager, Port of Amsterdam
- James Clements, AVP Strategy and Yield, CP Rail
- (Moderator), David J. Walker, Director, Project Cargo, Canadian Pacific
- Marc-André Roy, Vice President, CPCS

TRADE MISSION

Sponsored by the St. Lawrence Seaway Management Corporation and the U.S. Saint Lawrence Seaway Development Corporation, the 2011 trade mission visited Houston and New Orleans in October in order to gauge the Seaway's competitive position. This trade mission was the first of its kind for the Seaway, and included meetings and tours with the Port of Houston, the Port of New Orleans and Texas Terminals. Trade contacts were also developed during the annual Breakbulk Americas Trade Show and Exhibition.



2011 TRADE MISSION AT THE PORT OF HOUSTON

(Delegates, from left to right): Raynald Ouellet, Port of Sept-Îles; Suzanne Bleau-Myrand, Fednav; David Gutheil, Port of Cleveland; Jason Stenglein, Port of Milwaukee; Tim Heney, Port of Thunder Bay; Ron Johnson, Port of Duluth; Bruce Hodgson, SLSMC; Rebecca Spruill, SLSDC

JOINT MARKETING PLAN

The St. Lawrence Seaway Management Corporation and the U.S. Saint Lawrence Seaway Development Corporation worked together to create a strategic marketing plan. The plan will help streamline objectives and goals into a tactical plan for the next five years.

We can handle it...



Let your cargo flow on our 3,700km marine highway straight into the industrial heartland of North America. Strategically located, **Highway H₂O** provides shippers with easy access to a more direct route that delivers cargo nearer to its final destination. Make your over-dimensional worries a thing of the past.

Our System provides a safe and reliable transit for your heavy-lift and project-specific cargo. **Highway H₂O** provides the dependability you need to keep your products moving and your clients happy. A fresh clean approach to your transportation needs. For more information, please visit www.hwyh2o.com

Water way to go!

www.hwyH2O.com



The St. Lawrence
Seaway Management
Corporation

Corporation de Gestion
de la Voie Maritime
du Saint-Laurent





OPERATIONAL EXCELLENCE

The Seaway excels in passing ships through a safe and reliable waterway and leverages technology to maximize user benefits and to enhance its position as a cost effective, efficient and environmentally responsible system.

Length of Navigation Season

The St. Lawrence Seaway opened its 53rd navigation season on March 22, 2011. The system remained open for a record 284 days in the Montreal – Lake Ontario (MLO) section, and 284 days in the Welland Canal. The last vessel to transit the MLO section exited the Iroquois Lock on December 30th (the last vessel to transit the St. Lambert Lock did so on December 29th). The last vessel to transit the Welland Canal exited Lock 8 on December 30th.

Marine Safety and Security

Marine transportation is a safe and reliable means of moving cargo. During the 2011 navigation season, there were 11 incidents involving damage to vessels and minor delays, which translates to 1.8 incidents per 1000 transits.

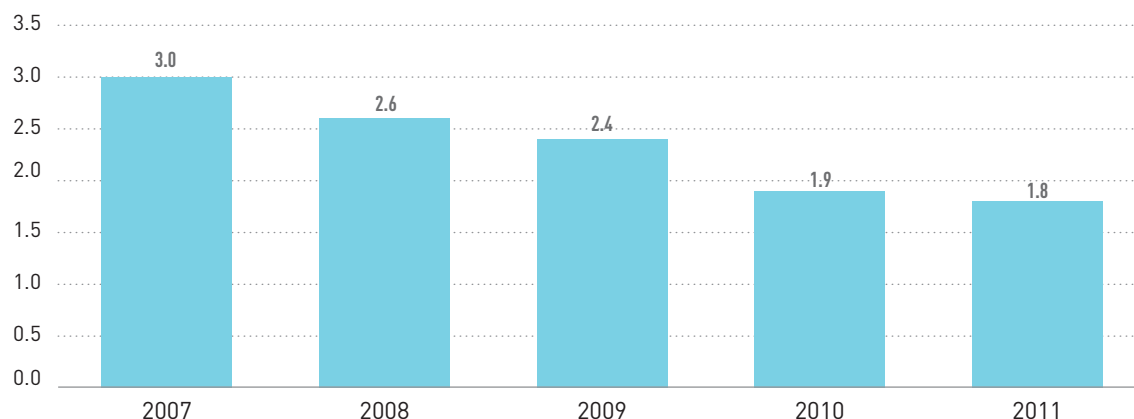
As the most fuel efficient mode of transportation, marine transport's environmental footprint compares favourably with other modes. Only one minor pollution incident occurred during 2011. On October 25th, an upbound domestic vessel reported spilling approximately 30–35 litres of steering pump oil into the St. Lawrence River near Prescott. The vessel was sent to the nearest anchorage location and the authorities were advised. A visual inspection of the pollution was carried out and the vessel was cleared for transit five hours later.

Workplace Health and Safety

The Corporation continues to focus on building a strong health and safety culture.

Vessel Incident Rate

(number of incidents per 1,000 transits)



During the period of April 1, 2011, to March 31, 2012, eight lost time accidents were reported, translating into a frequency of 1.7 accidents and 31 days of lost time per 100 person years. This outcome represents a slight improvement over the 2010 results of 1.9 accidents and 38 days of time lost per 100 person years.

Emergency Preparedness

The Corporation held various exercises throughout the 2011 navigation season in order to test its emergency response plan, train personnel, and improve communications and coordination with external agencies.

- On October 31st, the Niagara Region conducted a full-scale exercise involving multiple levels of government, supporting agencies, and marine stakeholders. The scenario was based on a simulated vessel and barge collision in the Welland Canal, and a spill which required a timely response to mitigate the environmental impact. A public security element was also included. The goal of the exercise was to manage the response to the incident as the lead agency.
- On October 25th, the MLO Region simulated a spill above the St. Lambert Lock. The objectives of the exercise were to practice

boom deployment and to focus on internal and external communication. Both ECRC (an emergency response services provider) and Environment Canada participated.

- As in the past few years, traffic control personnel from the MLO Region participated in emergency exercises prior to season opening. Various scenarios were presented, exposing the personnel to potential issues that could arise.

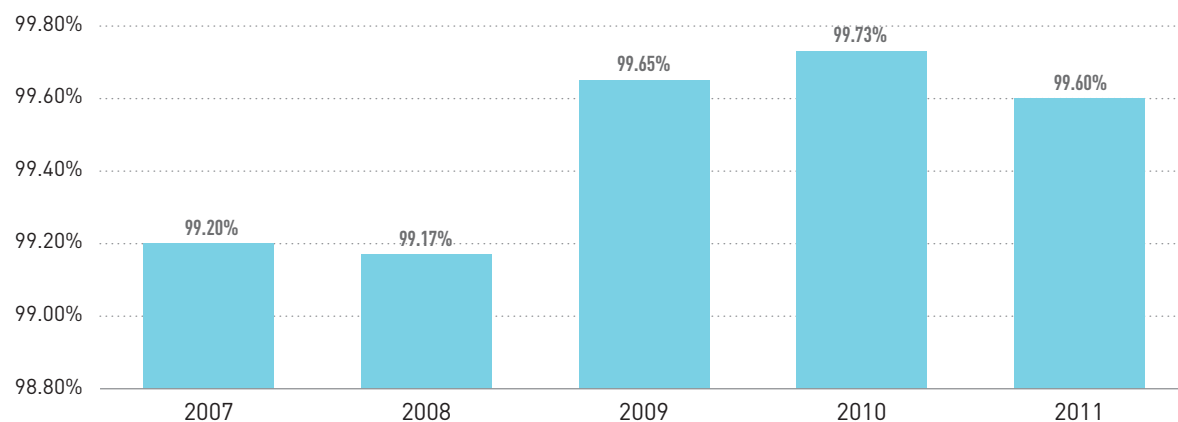
In January, 2012, KPMG reviewed the Corporation's Emergency Response Plan and concluded that the plan complies with industry standards and best practices.

Reliable Infrastructure

The Corporation continues to provide its customers with a safe, reliable and cost-effective transportation system. During the 2011 navigation season, system availability was 99.6% exceeding its target level of 99.0%, while system reliability was 99.71%, slightly below the target level of 99.75%. The Corporation kept the average delay, attributable to its own operations, at 16 minutes per transit in the MLO Region, which is well under the targeted 20 minutes. The Welland Canal came in at 24 minutes, which exceeds the 20 minute target.

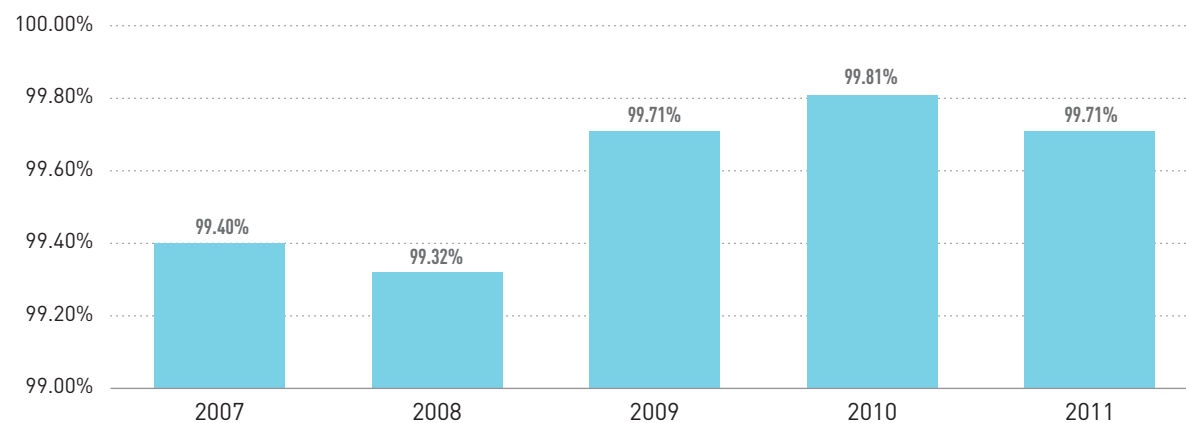
System Availability

(target 99.00%)



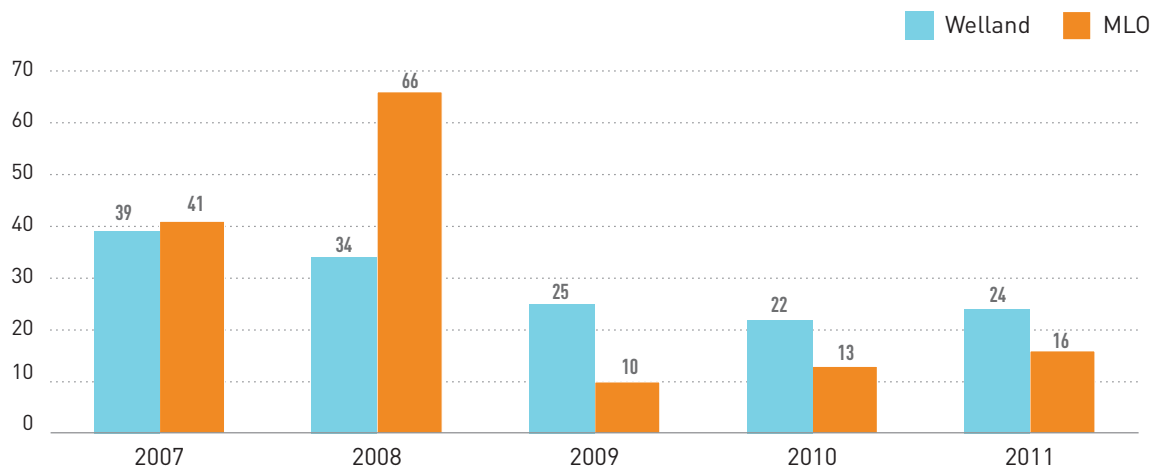
System Reliability

(target 99.75%)



Seaway Delays per Transit, per Section

(target since 2007: less than 20 minutes per transit)



In order to address the needs of its aging infrastructure, the Corporation completed asset renewal projects amounting to \$55.3 million over the last year, the fourth of its five-year Asset Renewal Plan (2008–2013). Major projects included:

MLO SECTION

- Repair of gate machinery covers at St. Lambert Lock
- Major rehabilitation of weir at St. Lambert Lock
- Replacement of heating system guard plate and concrete rehabilitation on downstream side at gate 6 at Côte St. Catherine Lock
- Work to ensure proper operation of gate 2, quoin side, at Côte St. Catherine Lock
- Refurbishing of valves 3 & 4 at Côte St. Catherine Lock, and valves 1 & 4 at Lower Beauharnois Lock
- Repair of upstream corner monolith at Baillargeon Wharf
- Rehabilitation of gates 1 & 2 and gates 7 & 8 mitre sill at Lower Beauharnois Lock
- Replacement of heating system for gates 1 & 2 at Lower Beauharnois Lock
- Replacement of gates 3 & 4 diagonals at Upper Beauharnois Lock
- Replacement of starters and main motors at Bridge 9
- Replacement of lifting machinery/derricks – fabrication of components

WELLAND CANAL

- Stabilization of bank at Weir 2
- Replacement of timber tie up walls at Lock 2 lower West side
- Rehabilitation of valves 5, 6, 7 & 8 side seals & trunnions at Lock 2

- Rehabilitation of gates 3 & 4 quoin, mitre and pintle at Lock 2
- Installation of bubbler system and air curtain at Lock 2
- Installation of a variable frequency drive and rehabilitation of motor at Bridge 3A
- Rehabilitation of monolith at Lock 4 East & Lock 5 East
- Replacement of valve 1 trunnion thrust washer at Lock 7
- Rehabilitation of mechanical drives at Weir 8
- Fabrication of stop logs at Weir 8
- Repair to cribs 1–4 at Guard Gate wall



Before: Removal of timber tie up wall at Lock 2 (Welland Canal)



After: Construction of new tie up wall at Lock 2 (Welland Canal)

Strategic Initiatives

DRAFT INFORMATION SYSTEM (DIS)

The St. Lawrence Seaway Management Corporation and the U.S. Saint Lawrence Seaway Development Corporation, in cooperation with the shipping industry, equipment suppliers, and the Canadian and U.S. federal governments, have worked on developing a Draft Information System (DIS) to increase the safety of navigation.

DIS is not a mandatory requirement for vessels transiting the Seaway; however, vessels equipped with a certified DIS are eligible for an extra 3 inches of draft beyond the published maximum draft. It is anticipated that mariners will begin to make use of this system in 2012.

HANDS FREE MOORING (HFM)

2011 was a successful year for the development of the Hands Free Mooring (HFM) system installed at Lock 7. The main improvements revolved around better waterproofing, reliability, and absorption of vessel movement. Over 230 successful transits proved that the development of the HFM prototypes is moving in the right direction. Some transits registered faster lockage times with HFM compared to transits employing traditional mooring wires. The foundation provided by the prototypes will allow the Corporation to focus on development of a new HFM system incorporating a series of enhancements, which will allow the equipment to adapt to most vessels.

VESSEL SELF SPOTTING (VSS)

The Seaway continues to enhance the accuracy and reliability of the Vessel Self Spotting (VSS) system. Testing of a new vessel pre-scan sequence has proven to be very effective in tracking the position of tug and barge combinations during a lockage. Plans are in place to deploy this enhanced level of functionality at all existing VSS lock installations.

INFORMATION SECURITY

The Information Technology Security Group continued over the course of 2011 to refine security. The Corporation's strategy to protect its infrastructure was reviewed, to ensure that best practices are applied on an ongoing basis. Active monitoring of assets, combined with state-of-the-art intrusion prevention technology, ensures the reliability of daily operations.

REFURBISHMENT OF OPERATIONS CONTROL CENTRE – NIAGARA REGION

During the 2011–2012 winter works, Niagara Region's Operations Control Centre (OCC) was refurbished based on key points set out in a 2011 study. Major upgrades include a new overview screen consisting of ten, 60-inch LED monitors, as well as refurbished operating consoles. A new expanded supervisor console, more centrally located within the OCC, allows for more active monitoring of structure operations and vessel dispatching.



Refurbished Niagara Operations Control Centre

BALLAST MANAGEMENT

For the third year in a row, 100% of vessels originating from outside the Exclusive Economic Zone (EEZ) and bound for the Great Lakes/Seaway System received ballast management exams on each Seaway transit. In 2011, a total of 7,203 ballast tanks were assessed during 396 vessel transits.

Of these, some 6,980 complied with ballast water regulations. Letters of retention were issued to address the remaining 223 tanks, from 60 vessel transits, ordering that the non-compliant ballast water be retained onboard the vessels. Those required to retain their ballast water received follow-up inspections prior to exiting the Seaway to ensure compliance.

Since enhanced ballast water management standards were adopted in 2006, no new invasive species attributable to ocean vessels have established themselves within the Great Lakes/Seaway System.

GREENHOUSE GAS (GHG) INVENTORY AND REDUCTION PLAN

In 2011, for the third consecutive year, the Corporation has emitted less Greenhouse Gases (GHG) than the yearly average compiled from 2003 to 2005 – which is used as the baseline for the

Corporation's GHG reduction plan. Emissions in 2011 were 1,933 tonnes of CO₂ equivalent compared to the baseline of 3,204 tonnes. This performance represents the lowest total for a single year since the Corporation started to calculate its GHG emissions in 2000.

GREEN MARINE

The Corporation is an active member and proponent of Green Marine, a joint Canada-U.S. initiative aimed at implementing a marine industry environmental program throughout North America.

In 2011, an external audit confirmed the Corporation's performance as measured by the indicators developed by Green Marine for the previous year. These indicators included aquatic invasive species, greenhouse gas emissions, conflicts of use and environmental leadership. The assessment for the 2011 year demonstrated an improvement for the indicators on greenhouse gases and environmental leadership, bringing the overall score for all indicators to 3.3 out of a maximum score of 5.



HIGH PERFORMANCE WORKFORCE

Creating value for society starts with a workforce performing at its peak, consistently delivering on customer service and infrastructure reliability in a socially responsible manner. In 2011, the Corporation achieved great strides in reinforcing its human resources programs towards that goal.

Reinforcing Performance Management

The Corporation implemented a consistent corporate-wide performance management program. The new process was introduced in 2010 and supported by extensive training throughout 2011. The program succeeded in bringing about ongoing feedback between employees and their supervisors regarding their respective contributions, results and future success.

Reinforcing Leadership Capacity

During the past year, the Corporation continued to strengthen its succession plan and invest in the development of future leaders via “on the job” training opportunities and employee development plans.

Matching Resources to Needs

In order to create value for society, the Corporation must continuously adjust its resources to meet the changing needs of various stakeholders. High retirement rates over the last few years have provided the Corporation with opportunities to adjust its workforce through attrition in order to meet new business realities.

A New Collective Agreement

The Corporation and its unionized employees successfully renewed the labour agreements which expired on March 31, 2011. The settlement was achieved with little disruption to navigation and provides a stable environment for the next three years.

Supporting Employee Wellness

In addition to regular wellness programs offered to its employees, the Corporation extended its corporate wellness day initiative into a month of activities to coincide with Canada's Healthy Workplace Month. The wide variety of activities sponsored during the month signifies the Corporation's commitment to a healthy workplace and the value that it places on its employees.

These efforts have not gone unnoticed. The Niagara Region was the recipient of the 2011 Healthy Living Niagara awards in the "Diamond" and "Platinum" categories. The awards program recognizes work environments that encourage, support and sustain healthy choices.

The Cornwall Head Office was also recognized in a similar fashion, receiving for the fifth consecutive year the Gold Level Workplace Health Award from the Eastern Ontario Health Unit, as a workplace that encourages healthy lifestyles for its employees.



Gold Level Workplace Health Award from the Eastern Ontario Health Unit

Recognizing Employee Engagement

Another way that the Corporation strives to create value for its employees is through the "Bob Swenor Memorial Award". Established in 2010 in honour of the Corporation's first Chairperson, the award recognizes a Seaway employee who demonstrates continuous personal development, commitment to the Corporation and community, and a belief that people can make a difference, all values embodied by Mr. Swenor during his lifetime. The recipient for 2011 was Josée St-Onge, Civil Engineer-Inspections, Maisonneuve Region. Josée started at the Seaway 17 years ago and, since then, has been actively involved in the Maisonneuve Region, the engineering profession and her community. The presentation was made in June, at which time Josée was recognized for her engagement, dedication and overall contributions to the Seaway, her co-workers and numerous engineering students.



CEO Terence Bowles presents Josée St-Onge with the Bob Swenor Memorial Award

Supporting Employment Equity

As a federally regulated employer, the Corporation is subject to the Employment Equity Act and must report how designated groups are represented within its workforce. The Corporation's performance is assessed and published yearly in the Minister of Labour's Annual Report on the Employment Equity Act. *In the 2010 Report, the Corporation was rated "A" (strong performance) for Aboriginal Peoples,*

"A" (strong performance) for Persons with Disabilities, "C" (average to less than average performance) for Women and "C" (average to less than average performance) for Visible Minorities. For the fourth year in a row, the Corporation was given a score of 5 out of 5 for reporting compliance. A workforce analysis was conducted in 2011, as a result, the Corporation established its new hiring and promotional goals as well as its new three year plan to promote future success.





STAKEHOLDER ENGAGEMENT

The Corporation recognizes that as stewards of the St. Lawrence Seaway, work must be accomplished in tandem with a wide range of stakeholders, including business and industry, local communities, and recreational users. The principle of sustainability brings about a “triple bottom line”, encompassing environmental, social and financial interests. These interests must be carefully balanced, with an eye to the diverse nature of the stakeholders impacted by the Seaway system.

Marine Delivers – Economic Impact Study Launched in October 2011

The Corporation is a key supporter of Marine Delivers, a binational industry collaboration created to demonstrate the economic and environmental benefits, safety, energy efficiency and sustainability of shipping on the Great Lakes/Seaway System. The primary mission of the Marine Delivers communication program is to provide responsible, timely, consistent and relevant information to create a positive image of the Great Lakes/St. Lawrence Seaway maritime industry.

On October 18, 2011, the marine industry released the results of a year-long study of the economic impacts of the entire Great Lakes/Seaway System. The Corporation’s CEO, Terence Bowles, accompanied by other industry executives, presented the study’s findings at a media conference organized in Ottawa. Coverage was immediate and wide-spread, with over 115 media outlets having covered the story since the launch.

The report, which is available on the Corporation’s www.greatlakes-seaway.com website, provides the navigation community, transportation planners, government policy makers and the general public with a realistic assessment of

the contributions made by the Great Lakes/Seaway System to federal, state/provincial and local economies. The study found that maritime commerce supports 227,000 jobs and \$34.6 billion in economic activity annually.

A broad swath of the North American economy, including farmers, steel producers, construction firms, food manufacturers, and power generators depend upon the 164 million metric tons of essential raw materials and finished products that are moved annually on the system. Additionally, marine shipping saves companies approximately \$3.6 billion per year in transportation costs compared to the next least-costly land-based alternative.

Seaway Week

A series of public speaking engagements was held in March, 2012 to coincide with the Seaway's official opening and to raise awareness of the Great Lakes/Seaway System's critical role within North America.



The Corporation's President and CEO, Terence Bowles, spoke on March 26th at a Canadian Club luncheon in Montreal attended by over 170 people. The following day, Mr. Bowles spoke to an audience of 78 at the Economic Club of Canada in Toronto. These two events represented a significant step in expanding the Corporation's profile as the vast majority of the people in attendance were senior business executives or political leaders who were not intimately familiar with the marine industry, and the key role played by the St. Lawrence Seaway.

Supporting Community Programs

In 2011, the Corporation and its employees demonstrated their commitment to the communities where they live and work by participating in events such as the Canal Days celebrations in Port Colborne, and the Beauvento celebration in Beauharnois.

The Corporation and its employees supported a number of charities last year including the annual United Way campaigns in each region, and the Salvation Army Christmas program. Donations were also made to local charitable organizations including Big Brothers and Big Sisters of Cornwall, La Croisée de Longueuil, the Alzheimer society, the Reach school in St. Lambert, and Community Care of St. Catharines and Thorold. In all of its philanthropic activities in 2011, the Corporation and its employees contributed more than \$100,000 to worthy causes.

CORPORATE GOVERNANCE

[AS OF MARCH 31, 2012]

The St. Lawrence Seaway Management Corporation is governed by a nine-member Board that is responsible for ensuring the long-term viability of the Seaway as an integral part of Canada's transportation infrastructure. The Board is composed of representatives from grain; iron ore and steel; other industry members; the domestic and international carriers, as well as one each from the Federal Government and the provincial governments of Quebec and Ontario. Individual Board Committees oversee governance, human resources, audit and asset renewal.



Seated, left to right: Jonathan Bamberger, Terence F. Bowles, Ian MacGregor, Paul A. Gourdeau Standing, left to right: James Wilson, Robert J. Armstrong, Ralph Mercier, Wayne Devlin, David Muir

BOARD OF DIRECTORS

Robert J. Armstrong

Ontario Provincial Government

Jonathan Bamberger

Other Members

Terence F. Bowles

President and Chief Executive Officer

Wayne Devlin

Grain

Paul A. Gourdeau

International Carriers

Ian MacGregor (Chair)

Domestic Carriers

Ralph Mercier

Québec Provincial Government

James Wilson

Steel and Iron Ore

David Muir

Federal Government

CORPORATE GOVERNANCE

OFFICERS

Terence F. Bowles

President and Chief Executive Officer

Jean Aubry-Morin

Vice-President, Corporate Sustainability
Corporate Environment Officer

Guy Yelle

Vice-President, Maisonneuve Region
Corporate Health and Safety Officer

Karen Dumoulin

Chief Financial Officer

Yvette Hoffman

Counsel and Secretary

INDUSTRY MEMBERS 2011/2012

DOMESTIC CARRIERS

Algoma Central Corporation

St. Catharines, Ontario

Canada Steamship Lines, A Division of The CSL Group Inc.

Montréal, Québec

Groupe Desgagnés Inc.

Québec, Québec

Lower Lakes Towing Ltd.

Port Dover, Ontario

McKeil Marine Limited

Hamilton, Ontario

St. Marys Cement Inc.

Toronto, Ontario

Upper Lakes Group Inc.

Toronto, Ontario

Vanguard Shipping (Great Lakes) Ltd.

St. Catharines, Ontario

GRAIN

ADM Agri-Industries Company

Windsor, Ontario

Alfred C. Toepfer (Canada) Ltd.

Winnipeg, Manitoba

Bunge du Canada Ltée

Québec, Québec

Cargill Limited

Winnipeg, Manitoba

Louis Dreyfus Canada Ltd.

Calgary, Alberta

Richardson International Limited

Winnipeg, Manitoba

The Canadian Wheat Board

Winnipeg, Manitoba

Viterra Inc.

Regina, Saskatchewan

INTERNATIONAL CARRIERS**Colley Motorships Ltd.**

Montréal, Québec

Fednav International Ltd.

Montréal, Québec

Gibson Canadian & Global Agency Inc.

Montréal, Québec

Gresco Ltée.

Montréal, Québec

Inchcape Shipping Services

Dorval, Québec

McLean Kennedy Inc.

Halifax, Nova Scotia

Montréal Marine Services Inc.

Longueuil, Québec

Navitrans Shipping Agencies Inc.

Laval, Québec

**Robert Reford A Division
of MRRM (Canada) Inc.**

Montréal, Québec

OTHER MEMBERS**Columbia Grain, Inc.**

Minneapolis, Minnesota

Essroc Italcementi Group

Mississauga, Ontario

Keystone Canada Inc.

Repentigny, Québec

Lafarge Canada Inc.

Concord, Ontario

Redpath Sugar Ltd.

Toronto, Ontario

Suncor Energy

Mississauga, Ontario

The Canadian Salt Company Ltd.

Pointe-Claire, Québec

The Mosaic Company

Colonsay, Saskatchewan

STEEL AND IRON ORE**ArcelorMittal Dofasco Inc.**

Hamilton, Ontario

Iron Ore Company of Canada

Montréal, Québec

U.S. Steel Canada

Hamilton, Ontario