



INNOVATION AT WORK





Annual Corporate Summary
2015–2016



The St. Lawrence
Seaway Management
Corporation

Corporation de Gestion
de la Voie Maritime
du Saint-Laurent

THE GREAT LAKES/SEAWAY SYSTEM

-  The Great Lakes/Seaway System extends 3,700 kilometres from the Atlantic Ocean to the head of Lake Superior.
-  Administered by The St. Lawrence Seaway Management Corporation
-  Administered by the Saint Lawrence Seaway Development Corporation
-  Major Ports



The Great Lakes/Seaway System is a 3,700 km “marine highway” that extends from the Atlantic Ocean to the Great Lakes. Over 160 million tonnes of cargo travel on the waterway on an annual basis.

CARGO MOVING ON THE GREAT LAKES/ST. LAWRENCE SEAWAY SUPPORTS:



\$35 BILLION
in Economic Activity



227,000
Jobs



\$14.6 BILLION
in Wages

Source: The Economic Impacts of the Great Lakes-St. Lawrence Seaway System (Martin Associates, October 2011)

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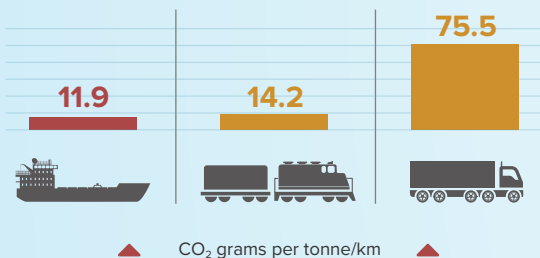
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BENEFITS OF SHIPPING CARGO ON THE GREAT LAKES/SEAWAY SYSTEM

Ships = Smallest Carbon Footprint



Shifting Cargo from Land to Water



lowers congestion
on our highways
and railways

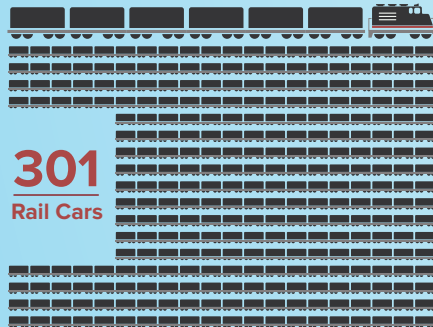
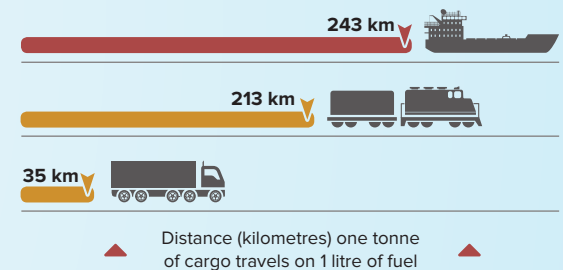


raises our
overall fuel
efficiency

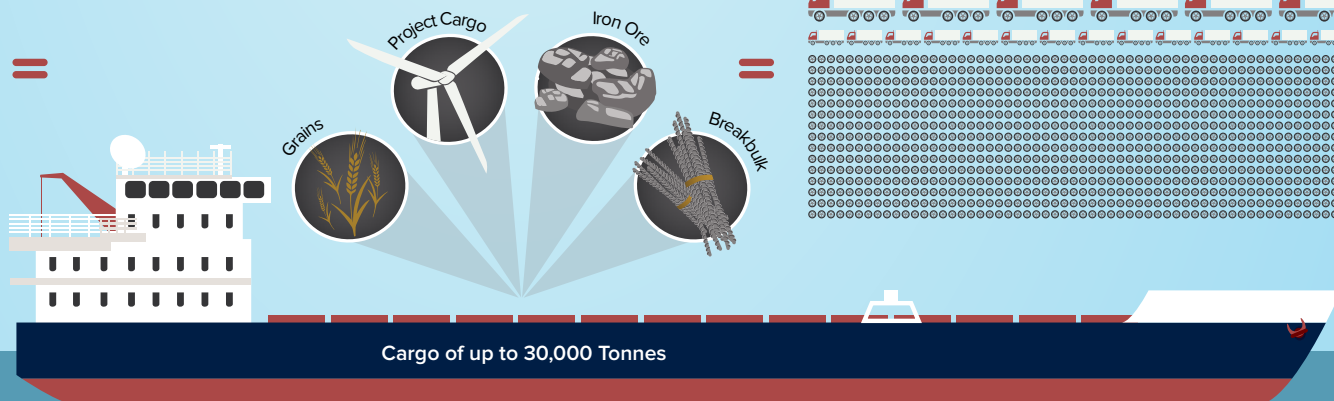


lowers total
greenhouse
gas emissions

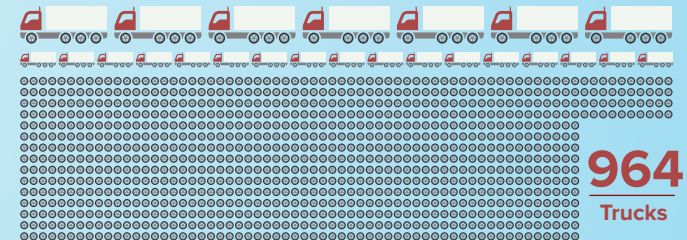
Ships = Best Fuel Efficiency



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Environmental and Social Impacts of Marine Transport in the Great Lakes-St. Lawrence Seaway Region (Research and Traffic Group, January 2013)

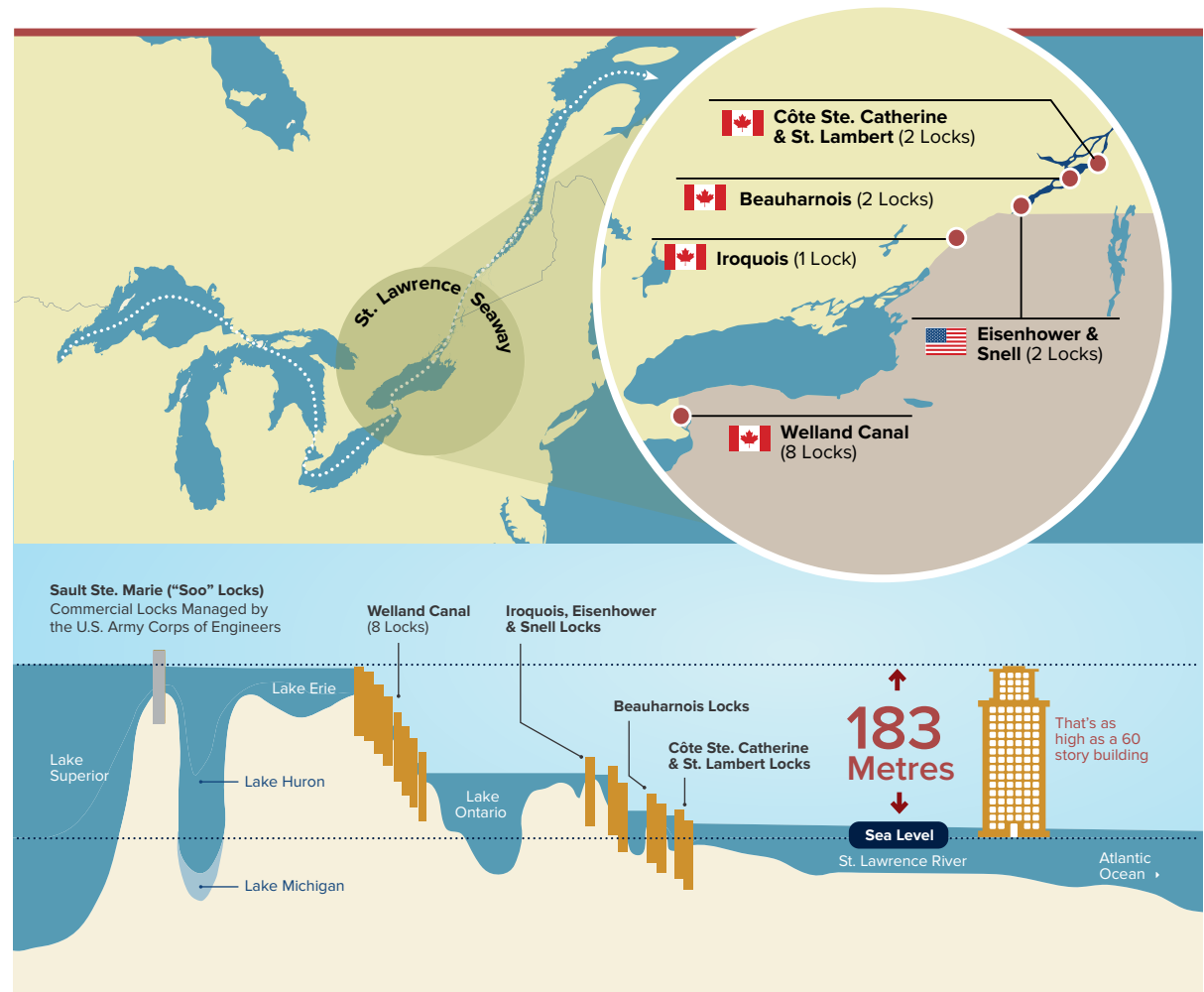
THE ST. LAWRENCE SEAWAY

The binational St. Lawrence

Seaway serves as the linchpin within the Great Lakes/Seaway System, connecting the lower St. Lawrence River to the Great Lakes. Beginning in Montreal and extending to points west, the Seaway's 15 locks (13 Canadian and 2 American) enable ships to climb a total of 168 metres from “sea level” up to Lake Erie.

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 Canadian assets of the St. Lawrence Seaway, which remain the property of the Government of Canada, under a long-term agreement with Transport Canada.

The “Soo” Locks, managed by the U.S. Army Corps of Engineers, enable ships to reach Lake Superior (183 metres above sea level).



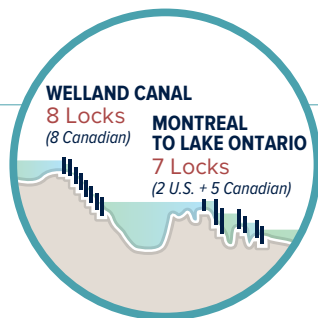
ABOUT THE ST. LAWRENCE SEAWAY



SEAWAY FACTS AND FIGURES

1959 Opened to deep draft navigation

The Great Lakes
St. Lawrence Seaway System
is the world's longest deep
draft commercial waterway



LOCK DIMENSIONS

LENGTH
233.5 m (766 ft.)
WIDTH
24.4 m (80 ft.)
WATER DEPTH
9.1 m (30 ft.)



MAXIMUM BEAM
23.77 m (78 ft.)


MAXIMUM AIR DRAFT
35.5 m (116 ft., 6 in.)

MAXIMUM DRAFT
8.08 m (26 ft., 6 in.) *

MAXIMUM LENGTH
225.5 m (740 ft.)

CAPACITY
Carries up to
30,000 MT
per voyage

* Commercial vessels equipped with Draft Information System (DIS) technology are allowed to load to a maximum draft of 8.15 m (26 ft., 9 in.)

 **DULUTH, MINNESOTA**
on Lake Superior

Sailing Time = 8.5 sailing days

Distance = 2,038 nautical miles (2,342 statute miles or 3,700 kilometres)

Includes approximately 245,750 square kilometres (95,000 square miles) of navigable waters

ATLANTIC OCEAN

PRINCIPAL SEAWAY CARGOES



GRAIN

Wheat, corn, soybeans, barley, canola, and oats are among the top commodities shipped.

IRON ORE

Iron ore is the principal ingredient in steel, an essential building block in hundreds of manufacturing industries.



GENERAL CARGO

General cargo includes a wide range of products such as iron and steel slabs, machinery, and wind energy turbines.



DRY BULK

Dry bulk cargoes are unpackaged commodities, such as stone/gravel, sand, salt, cement, potash, and gypsum.

LIQUID BULK

Liquid bulk products shipped include refined petroleum products (gasoline, diesel, kerosene, jet fuel) and alternate fuels (ethanol, biodiesel).





VISION

The SLSMC and its partners... an essential and responsive transportation system connecting the heartland of North America to the world.

CORPORATE GOALS AND DESIRED OUTCOMES

BUSINESS GROWTH

Increase the benefits — economic, social and environmental — provided by marine transportation, by making optimal use of the Seaway's locks and channels

OPERATIONAL EXCELLENCE

Ensure that all Seaway users enjoy safe and reliable service, enabling them to efficiently perform their transportation activity

HIGH PERFORMANCE WORKFORCE

Create an environment leading to a skilled, engaged, and versatile workforce that is accountable for personal success and business results

STAKEHOLDER ENGAGEMENT

As stewards of a shared resource, align all stakeholder views as to how the Seaway can effectively support economic, social, and environmental interests

FINANCIAL SUSTAINABILITY

Manage resources for optimal use, while minimizing costs to the users and owners of the system

VALUES



RESPECT



COLLABORATION



SAFETY



INNOVATION



INTEGRITY

MISSION

We serve our customers by passing ships through a safe, secure and reliable waterway system in a cost effective, efficient, environmentally and socially responsible manner to deliver value to the North American economy.



PRESIDENT'S MESSAGE



The theme *Innovation at Work*

aptly characterizes the fiscal year that ended on March 31, 2016. We made significant inroads on our main objective of modernizing the system. The Hands-Free Mooring (HFM) project was recognized at home and abroad, receiving innovation awards from the Professional Engineers of Ontario and the OECD's International Transportation Forum.

Terence Bowles speaking at the "Stratégie Maritime" conference in Montreal on October 20, 2015

Photo credit – Geneviève Giguère

We finished the 2015 navigation season with a little over 36 million tonnes of cargo, reflecting the difficult economic conditions experienced worldwide during 2015. With grain volumes well above the five-year average, the Seaway once again proved to be a vital waterway, enabling farmers to ship crops to markets at home and overseas. It must also be said that coal experienced a sharp decline, accounting for most of the decrease in tonnage.

Even though Seaway tonnage decreased, revenues covered operating costs thanks to stringent cost controls. We ended the 2015/16 fiscal year with revenues of \$70.2 million, comprised of \$66.4 million in toll revenues, and “other” revenues of \$3.9 million. Revenues exceeded manageable costs by \$7.1 million.

Over the last ten years, the Seaway has been under considerable pressure due to sweeping changes in the iron ore and steel industries, coupled with a general move away from coal. This ongoing pressure underscores the need to find efficiencies in how we process ship transits and lower our costs. The Corporation’s modernization program, which is now well on its way to completion, will satisfy this need.

Over the past winter, HFM slots were cut in the east side of Locks 4, 5 and 6 at the Welland Canal. Once these locks become operational in 2016, the remaining task will be to install HFM on the west side of the twinned locks in 2017. Changes to the workforce related to the modernization program are being achieved through attrition.



HFM pads standing ready to moor a ship at Lock 3 (Welland Canal)

So far, at locks equipped with HFM equipment, we are seeing over 85% of transits processed without tie-up lines. These rates will improve even further, as barge operators modify their vessels to make them compatible with the HFM vacuum pads.

On the safety front, we conducted over 3,100 safety interventions and witnessed significant improvements compared with the previous year. Lost time injuries decreased from nine to five, and health care injuries from ten to eight.

Work also continues to strengthen security measures, and we are now well into completing a two-year \$15 million project. This investment will bring about improvements in monitoring and intrusion detection, perimeter and access control, and virtual security.

Now, turning to the Strategic Review the Corporation completed in 2015. We consulted a variety of groups, including shippers, carriers, industry associations, and government. These groups recognize that the Highway H₂O initiative is a leading catalyst to bring about closer cooperation between members of the marine industry.

The Highway H₂O team, composed of the Canadian and U.S. Seaway Corporations, ports, terminal operators, and many other members of the logistics community, is working to attract new cargoes to the St. Lawrence Seaway. In fact, 2016 marks the introduction of a new Gateway Incentive, which is designed to attract cargoes that have been moving inland via other marine gateways such as ports on the Gulf of Mexico or the East Coast.

We have also launched a revised Highway H₂O website, which centres on the theme of “Shipping Simplified”. The website spells out why the waterway is a good fit for many logistical needs, and serves to connect shippers to members of the Highway H₂O team.

What will 2016 hold for the marine industry? We certainly continue to witness a great deal of volatility in the world’s financial markets. The fall of the Canadian dollar over the past 12 months may spur more manufacturing activity in Canada. The combination of a rebound in Canadian manufacturing activity, a solid U.S. economy, and the prospect of more trade with Europe could lead to a boost in Seaway tonnage. While we cannot control the factors that drive demand for our services, we are putting in place changes to make the Corporation’s business model more able to adapt and respond to volatile business conditions.

As noted above, innovation is “at work” at the Seaway. Along with hands-free mooring technology, we are now converting our locks to remote control operation. Likewise, Seaway carriers continue to invest in new vessels, employing leading edge technology, underscoring their faith in the future of the waterway.

The stage is being set for a St. Lawrence Seaway that will effectively serve its stakeholders for decades to come, with strong advancements in efficiency, safety, and flexibility to respond to varying market conditions.



From left to right: Jose Viegas, Secretary-General, International Transport Forum (ITF) presenting the 2015 Promising Transport Innovation Award to The St. Lawrence Seaway Management Corporation represented by its President and Chief Executive Officer, Terence Bowles, in the presence of Louis Levesque, Deputy Minister of Transport, Infrastructure and Communities, Canada, at the Award Ceremony during the International Transport Forum’s 2015 Summit on “Transport, Trade and Tourism” in Leipzig, Germany on May 28, 2015.

BUSINESS GROWTH



The results for 2015/16 cover the navigation season which extended from April 2, 2015, to December 31, 2015.

The Corporation continues to actively pursue Seaway tonnage growth via cargo and market diversification, principally through Highway H₂O marketing initiatives.

Strong movements of grain, which despite a year-over-year decrease remained well above the five-year average, reinforced the key role that the St. Lawrence Seaway plays in meeting the bulk cargo sector's demand for transportation services, which can shift radically from year-to-year with little advance warning.

View of self-unloader positioning itself to discharge cargo at the Port of Johnstown

TRAFFIC RESULTS

Seaway traffic in 2015 totalled 36.3 million tonnes, a decrease of 9% or 3.6 million tonnes compared to 2014. While grain exports and steel imports remained above their respective five-year averages, they trailed the banner results of 2014. The decrease in tonnage was accompanied by a 4.0% decrease in vessel traffic.

2015 NEW BUSINESS RESULTS

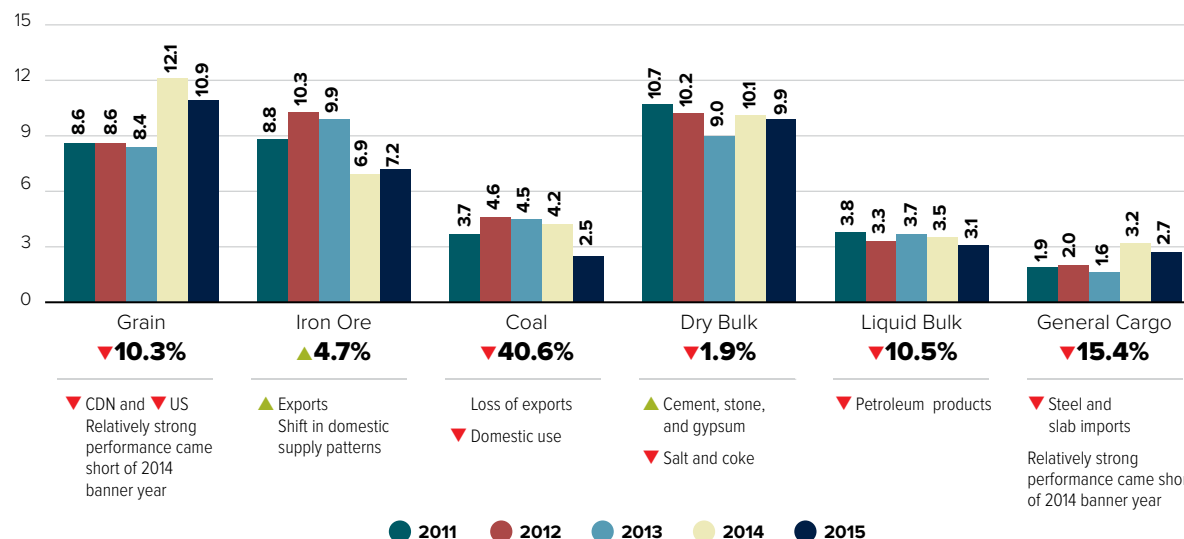
The New Business Incentive program, which offers rebates for eligible “new” cargo movements, attracted 288 applications in 2015 of which 266 were approved.

A total of 538 movements of new business were recorded in 2015, for a total volume of 1.8 million tonnes, led primarily by movements of imported steel and exported grain. Revenues attributed to the New Business Incentive program amounted to \$3.3 million in 2015.

TRAFFIC RESULTS

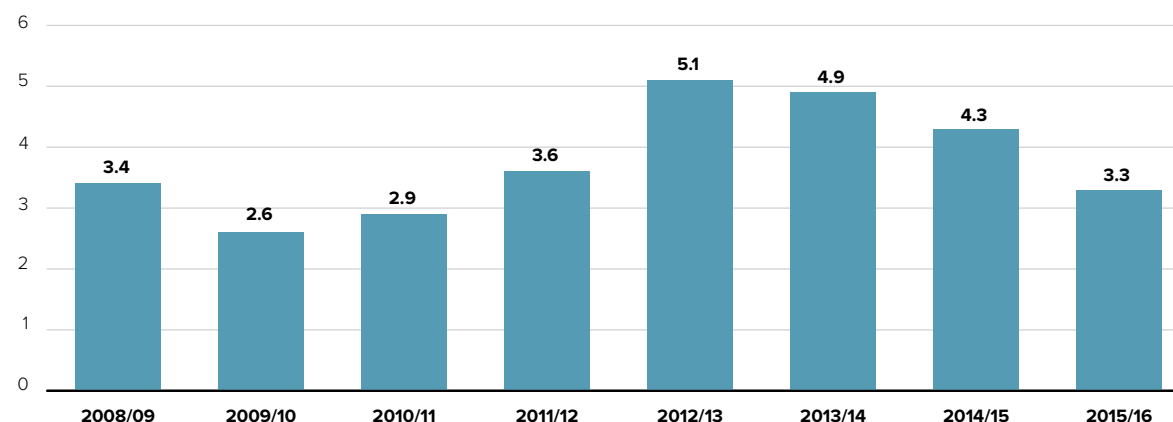
(total cargo in millions of tonnes)

Total tonnage 36.3 MT ▼9.1%
Vessel traffic 3,781 ▼4.0%



NEW BUSINESS REVENUE

(in millions of dollars)





SWITCH AND SAVE

With our new Gateway Incentive, there has never been a better time to start shipping on the Great Lakes with HWY H₂O.

For more information call us at:
1-905-641-0309



HWYH2O.COM

Highway H₂O Gateway Incentive Advertisement

SEAWAY TOLLS

Tolls increased by 2% for the 2015 navigation season, and likewise, tolls will increase by 2% in the 2016 navigation season.

SEAWAY TOLL INCENTIVES

The Corporation's various toll incentive programs will remain in place for the 2016 navigation season. These programs currently consist of the New Business Incentive, the Volume Incentive, the Service Incentive, and the new Gateway Incentive.

The New Business Incentive and Service Incentive programs continue to generate interest from current and potential customers. The new Gateway Incentive offers shippers a negotiated percentage reduction in cargo toll rates, in order to attract shipments to the Seaway that are currently using a competing gateway.

BI-NATIONAL JOINT MARKETING PLAN

Market Development Teams from The St. Lawrence Seaway Management Corporation and the U.S. Saint Lawrence Seaway Development Corporation continue to work together to create and implement joint strategic initiatives. These initiatives are anchored by the Highway H₂O program, and include the sponsorship of various marketing campaigns, participation in trade shows, hosting workshops, and hosting the annual Highway H₂O Conference.



View of a self-unloader supplying crushed stone to Montreal's new Pont Champlain construction site

Photo credit – Mario Faubert



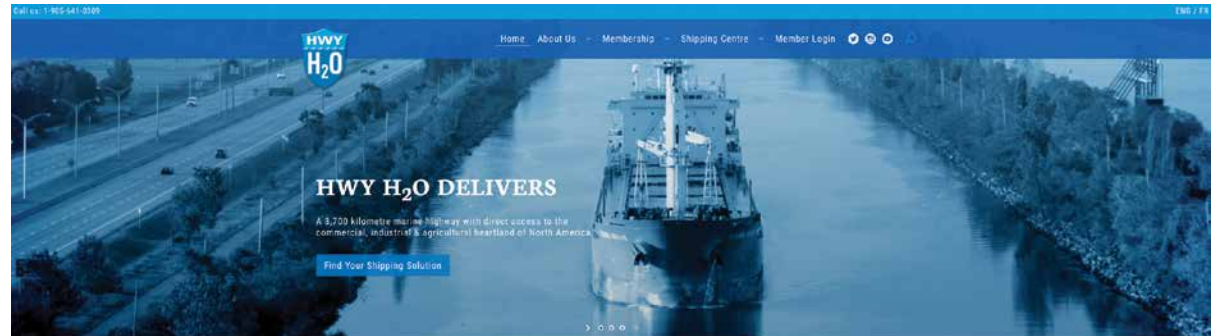
2015 Highway H₂O Conference

From left to right: Ernie Perry, PhD., University of Wisconsin – Madison; Bruce Hodgson, Director, Market Development, St. Lawrence Seaway Management Corporation; Marc-André Roy, Vice President (North America), CPCS

HIGHWAY H₂O WEBSITE

The Highway H₂O website was revised in 2015 to reflect the rising number of users who access the site via smartphones and tablets. The more streamlined navigation is producing the desired

gains in the size of the site's audience and repeat visits. The refreshed branding on the website reflects the marketing campaign's central theme of "Shipping Simplified".



SHIPPING SIMPLIFIED



PROXIMITY

PLAN YOUR ROUTE TODAY

Hwy H₂O consists of the 5 Great Lakes and the St. Lawrence Seaway. We deliver direct access to North America.



DELIVERY

FIND OUT HOW TO SHIP WITH US & SAVE

Trading in over 50 global markets from over 40 ports including Europe, Africa and South America, our marine highway delivers seamless routing options.



CARGO

CALCULATE YOUR SHIPPING COSTS

Great Lakes St. Lawrence Seaway shipping moves 164 million tonnes of essential raw materials and finished products annually.



NETWORK

CALL TODAY FOR YOUR SHIPPING SOLUTION

Via a reliably consistent supply chain and a connected network, we provide reduced transit times. Ship with us to save time & money.

Revised home page appearing on www.hwyh2o.com

OPERATIONAL EXCELLENCE



The Corporation and its employees

are transforming the nature of Seaway ship transits and lock operations through the installation of Hands-Free Mooring (HFM) and the transition to remote control operation of the locks. In conjunction with the continuing renewal of the Seaway's assets, these investments will bring gains in operating efficiency, reliability and safety, and will ensure that the St. Lawrence Seaway can effectively serve its stakeholders for decades to come.

Ship being processed with HFM (no tie-up lines required)

NAVIGATION SEASON

In 2015, the St. Lawrence Seaway opened its 57th navigation season on April 2nd. Although both sections were originally scheduled to open March 27th, there was a delay due to ice conditions. The Montreal/Lake Ontario (MLO) Section remained open for 273 days, while the Niagara Section remained open for 274 days. The last transit of the MLO Section occurred on December 30th, while the last one through the Niagara Section occurred on December 31st.

In terms of transit time performance, the average delay per transit for the Niagara Section was 30 minutes, and 32 minutes for the MLO Section. Both of these results exceeded the targeted maximum of 20 minutes. Challenging ice conditions during the initial weeks following the 2015 opening were a major contributing factor to transit delays. While less significant in scope, delays due to congestion at peak traffic periods also impacted the performance results. During the 2016 navigation season, the Corporation will focus on improving its transit time performance.

DRAFT INFORMATION SYSTEM

Introduced in 2012, adoption of the Draft Information System (DIS) by ship operators has steadily increased. In the inaugural year, 18 vessels were equipped with DIS and a total of 36 transits took advantage of the extra 3 inches of draft allowed for ships with DIS equipment onboard. The results jumped to 43 vessels and 680 transits in 2015, a notable increase when compared to 2014.

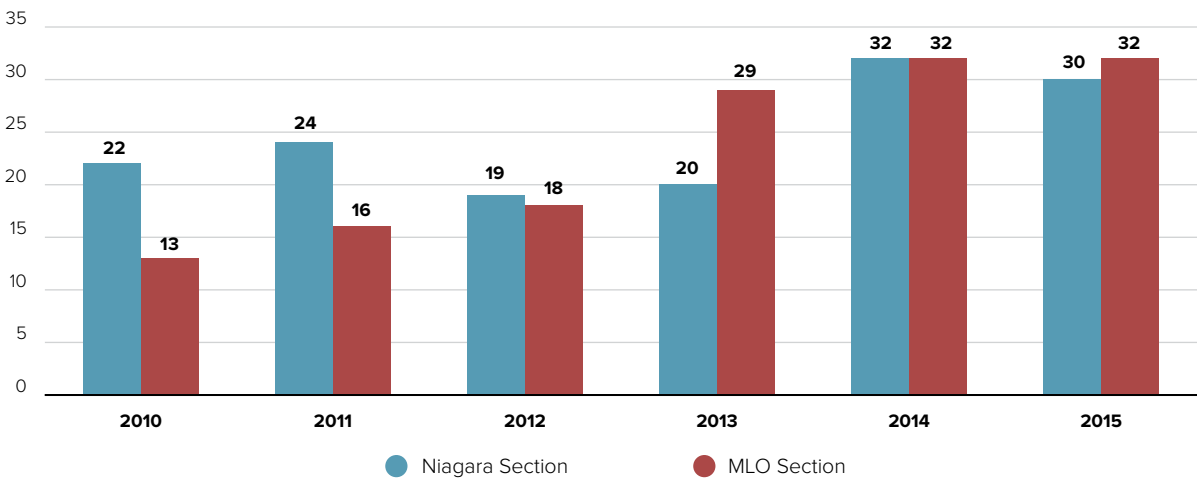
EMERGENCY PREPAREDNESS

The Corporation held exercises throughout the 2015 navigation season to test its emergency response plan, train personnel, and improve communications and coordination capabilities with external agencies.

In November, the MLO Section conducted a simulated firefighting exercise onboard a ship moored at a wharf. Through this exercise, all participants including SLSMC personnel, local firefighters and the vessel's crew gained knowledge and insight, enhancing their ability to respond to this type of event.

SEAWAY DELAYS PER TRANSIT

Target: Less than 20 minutes per transit



# OF DIS TRANSITS	2014	2015
MLO Section	251	320
Niagara Section	308	360
Total	559	680
# of vessels with DIS	39	43



Example of an oil boom anchor installed within the Welland Canal

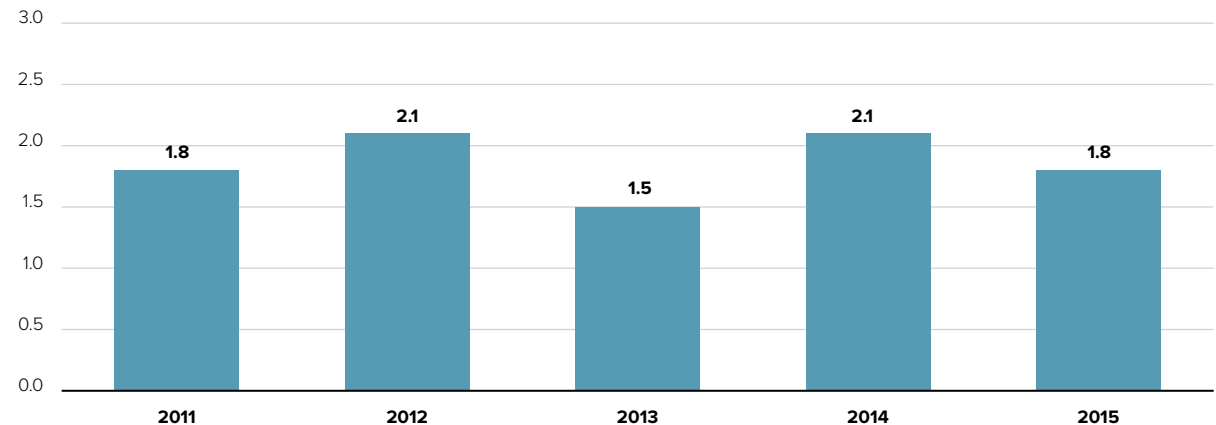
The Niagara Section completed the installation of oil boom anchors within the Welland Canal in the Port Colborne area. The implementation of these anchoring systems will enable responders to accelerate their response to any spill that occurs within the Canal. Anchors will also be installed at the Port Weller Piers and in the general area of Bridge 11 in Allanburg, Ontario.

MARINE SAFETY

During the 2015 navigation season, there were 10 incidents in which damage to a vessel occurred. Among these, three incidents accounted for over 90% of the total estimated vessel damage costs. The 10 incidents, which included a vessel grounding and a vessel making contact with Seaway infrastructure, translate to a rate of 1.8 incidents per 1,000 vessel transits. The marine mode of transportation continues to be the safest and most reliable means of moving cargo.

VESSEL INCIDENT RATE

(Number of Incidents per 1000 Transits)



BALLAST WATER MANAGEMENT

In 2015, 100% of vessels bound for the Great Lakes Seaway originating from outside the Exclusive Economic Zone (EEZ) received ballast management exams. In total, 8,361 ballast tanks were assessed during the 455 vessel transits. In addition, 100% of ballast water reporting forms were screened to assess ballast water history, compliance, voyage information and proposed discharge location.

Verification efforts indicated that there was no non-compliant ballast water discharged in the Great Lakes Seaway system. Vessels that did not exchange their ballast water or flush their ballast tanks were required to either retain the ballast water and residuals on board, treat the ballast water in an environmentally sound and approved manner, or return to sea to conduct a ballast water exchange.



Seaway Inspector Robert Elliott verifying the salinity of a ballast water sample

The Great Lakes Seaway Ballast Water Working Group (BWWG), comprised of representatives from the United States Coast Guard (USCG), the U.S. Saint Lawrence Seaway Development Corporation (SLSDC), Transport Canada – Marine Safety and Security (TCMSS), and The St. Lawrence Seaway Management Corporation (SLSMC), compiled the 2015 Summary of Great Lakes Seaway Ballast Management report. The group's mandate is to develop, enhance, and coordinate binational compliance and enforcement efforts to reduce the introduction of aquatic invasive species via ballast water and residuals.

Since 2006, ballast water management requirements in the Great Lakes and the St. Lawrence Seaway system have been the most stringent in the world. USCG, TCMSS, and Seaway ballast regulations that include saltwater flushing, detailed documentation requirements, increased inspections, and civil penalties provide a comprehensive regulatory enforcement regime to protect the Great Lakes Seaway System. Independent research by Fisheries and Oceans Canada (Science) indicates that the risk of a ballast water mediated introduction of aquatic invasive species into the Great Lakes is extremely low.

MODERNIZATION PROJECT

The Corporation's modernization program focuses on implementing technology to enhance the efficiency and safety of lock operations. This project is principally centred on introducing the world's first vacuum mooring system, known as Hands-Free Mooring (HFM), for use at high-lift locks.



Close-up view of HFM unit with its dual vacuum pads

The development of HFM technology received worldwide attention in 2015. In May, the Corporation received the Promising Innovation in Transport Award by the International Transport Forum at the OECD, during the 2015 Summit of Transport Ministers held in Leipzig, Germany. The HFM project was also honoured as the Project of the Year by the Ontario Society of Professional Engineers at its awards banquet held on November 21, 2015.

By the end of the 2015 navigation season, eight of the Seaway's high-lift locks had been equipped with this technology to process vessel transits, eliminating the need for mooring wires. Work is already underway to convert the final series of



Benoit Nolet, Manager, Corporate Operational Services, representing the Corporation at the Professional Engineers of Ontario's awards banquet on November 21, 2015 (receiving the Project of the Year Award for the development of Hands-Free Mooring).

locks in the Welland Canal, known as the flight locks, to HFM. This work will be completed by the end of the 2017 navigation season.

As part of the Corporation's continuous improvement program and to optimize the performance of the HFM units, new seals for the pads that attach to the vessel's hull were developed. The material used in these new seals will improve performance of the units when operating in colder temperatures.

In addition to HFM, the modernization program also includes the transition of the Seaway's locks to remote control operation. Controllers will be based in two world-class operating control centers located in St. Lambert, Quebec, and in St. Catharines, Ontario. Work on this initiative is well underway with the transition to take place over the next two years, culminating in 2018.

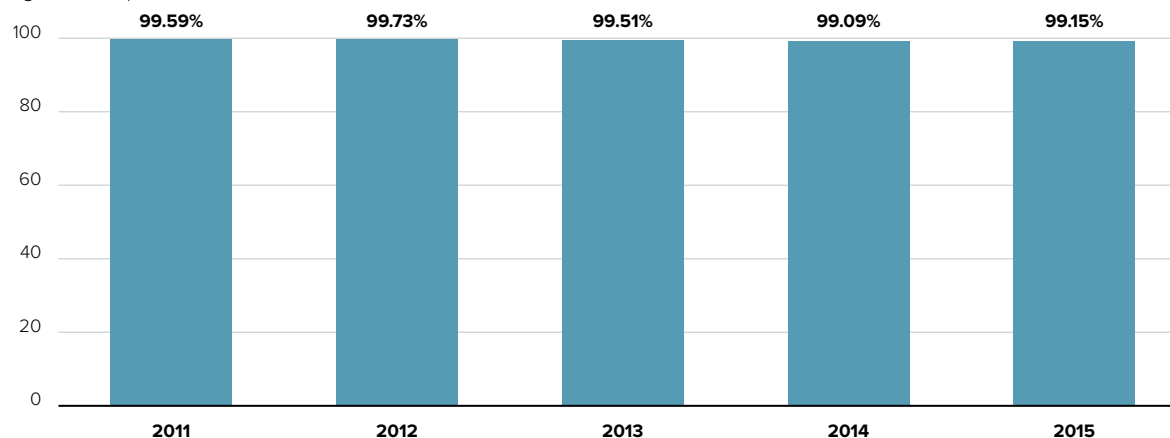
Throughout these efforts, the Corporation maintains its focus on its users' needs, regularly interacting with carriers, ship captains, and pilots. This input allows for the compilation of performance reports and the gaining of new insights as to how various technologies can be further enhanced.

RELIABLE INFRASTRUCTURE AND ASSET RENEWAL

Maintaining a safe, reliable and cost-effective transportation system is vital to the Seaway's competitive position. Over the course of the 2015 navigation season, the system availability rate, which incorporates system reliability, as well as delays due to factors such as railway activity and navigational aids, was 99.15%.

SYSTEM AVAILABILITY

(Target 99.50%)



Vessel transiting the Welland Canal

To ensure a consistently high level of system availability, the Corporation continues to invest in asset renewal and proactive system maintenance. Asset renewal is managed via the Asset Management System (AMS) which, over the past 20 years, has provided a systematic and rigorous approach to support the allocation of funding for the rehabilitation and ongoing maintenance of Seaway assets. One of the outputs of the AMS is an annual project portfolio, which for the 2015/16 fiscal year amounted to \$75 million of asset renewal and major maintenance activities (which did not include funding of the modernization program).

The biggest single asset renewal project is the replacement of 1.88 kilometers of approach walls/ tie-up walls in the Welland Canal. Approached as a single Design-Bid-Build contract valued at \$95 million, the project replaces timber pile walls which were originally built over forty years ago at Upper Lock 1, Upper Lock 2, Lower Lock 3 and Upper Lock 3. During the 2015/16 fiscal year, phase three of the project, replacing the approach wall at Upper Lock 3, was completed at a cost of \$23 million. In 2016/17, the entire project will wrap-up with the replacement of the wall at Lower Lock 3.

Another significant Asset Renewal project started in 2015/16 is the Marine Security Program. This two-year project, estimated to cost \$15 million, will bring about improvements in monitoring and intrusion detection, perimeter and access control, and virtual security.



View of Upper Lock 3 Approach Wall (under construction - Winter 2016)

SOME OF THE OTHER MAJOR PROJECTS EXECUTED OVER THE COURSE OF THE 2015/16 FISCAL YEAR INCLUDE:

MONTREAL/LAKE ONTARIO SECTION

ST. LAMBERT BRIDGE 3: Steel Repairs



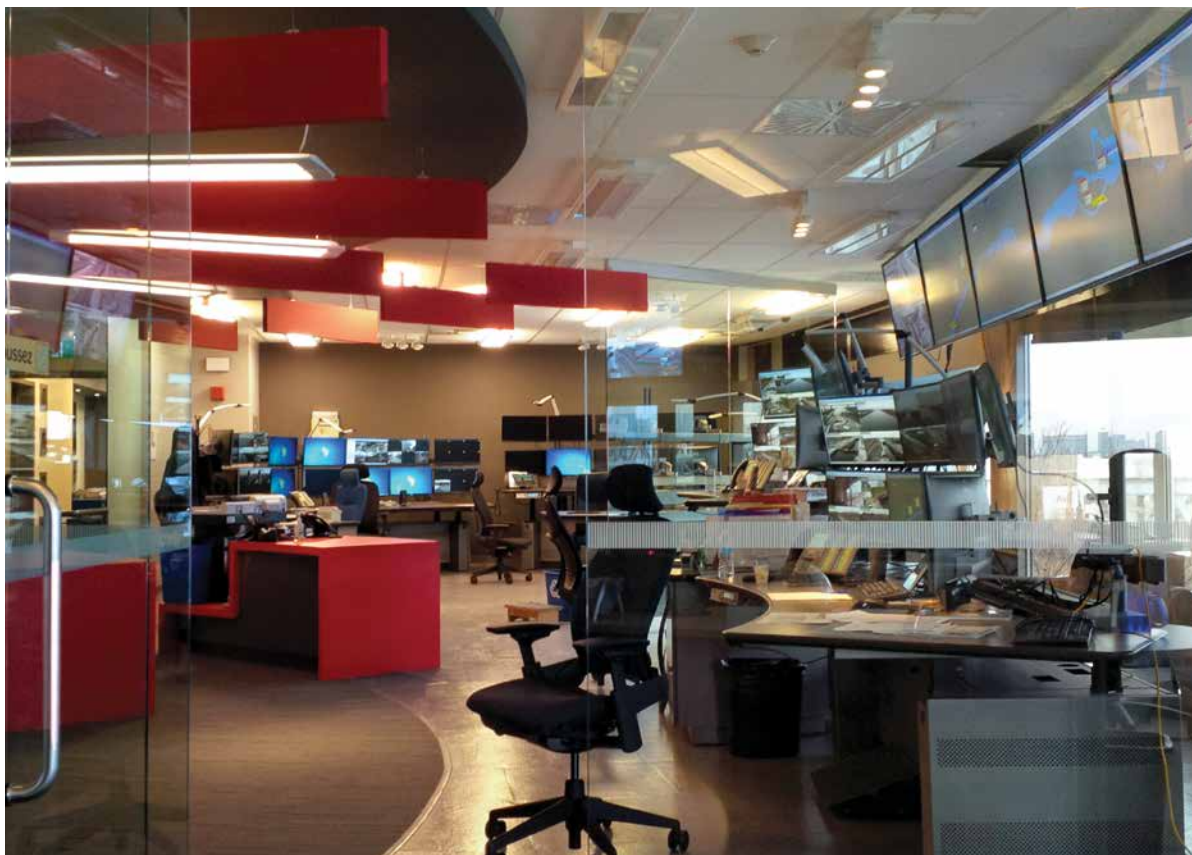
View of steel repairs underway at Bridge 3

VALLEYFIELD BRIDGE: Painting of the vertical lift bridge towers



View of Valleyfield Bridge towers

ST. LAMBERT: Modernisation of Operations Control Centre



New St. Lambert Operations Control Centre

NIAGARA SECTION (WELLAND CANAL)

WEIR 1: Repairs to discharge channel



Weir 1 – View of repairs underway (east side of raceway)

LOCK 2: Rehabilitation of gates 1 and 2



View of gates 1 and 2 at Lock 2 in the Welland Canal

LOCK 7 AND WEIR 1: Rehabilitation of valves



Installation of rehabilitated valve into the valve pit

CYBER SECURITY

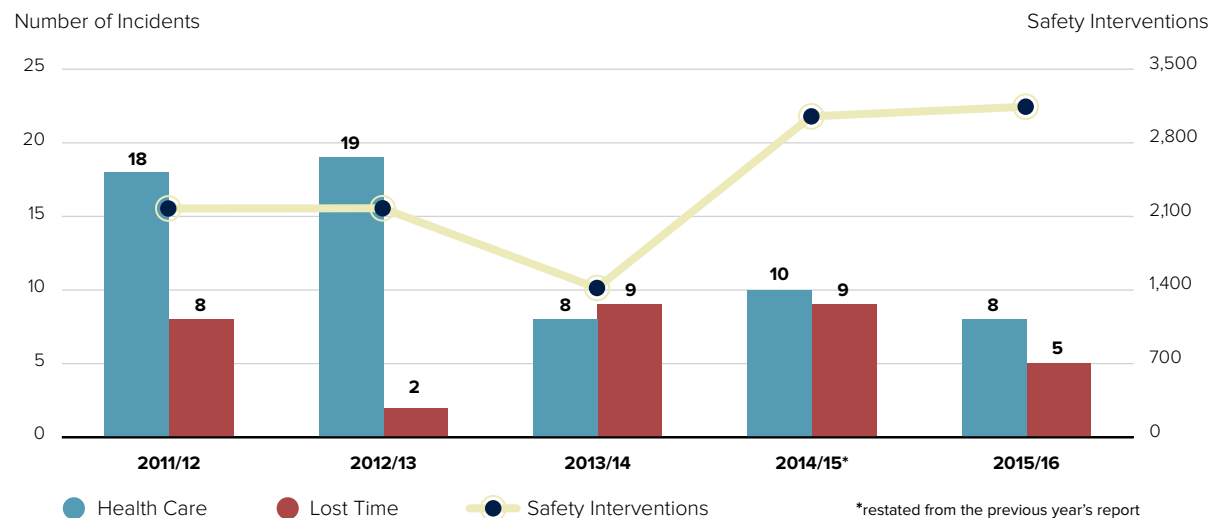
The Corporation employs a Cyber Security team that protects corporate assets and electronic information from cyber threats. The use of state-of-the-art intrusion prevention technology serves to pro-actively neutralize threats, and complements a host of other measures.

HEALTH AND SAFETY

From April 1, 2015 to March 31, 2016, the Corporation reported five lost time injuries, an improvement from the nine reported the previous year, but still exceeding the goal of zero harm. There were also eight health care injuries, which again represents an improvement from the ten reported the previous year.

Over the year, more than 3,100 safety interventions were carried out. These interventions included “toolbox meetings”, safety inspections of structures/equipment, and observations focused on employee work habits.

HEALTH AND SAFETY



Staff walking across lock gate at Lock 7 (Welland Canal)



President's Safety Award Plaques (presented to each member of the winning team)

SAFETY INITIATIVES

The Corporation hosted a series of events to mark North American Occupational Safety and Health (NAOSH) week, and encourage employees to “*Make safety a habit*”. Various activities were conducted throughout the Corporation during the week of May 3, 2015, including:

- an official campaign launch, complete with flag raising and employee breakfast
- audits of safety equipment
- safety equipment deployment exercises
- local school presentations featuring the SLSMC's *Dangerous Waters* DVD
- children's safety poster contest
- wellness walk for employees

Over the year, implementation of the “My Lifeline” risk assessment and accident prevention tool continued. The tool enables employees to review a “checklist” of key safety principles, to ensure that potential hazards have been accounted for and dealt with prior to starting a task.

In August, 2015, the Corporation's lead abatement work was completed in all lock cable galleries. The residual levels of lead-impacted dust were found to be compliant with the exposure threshold.

PRESIDENT'S SAFETY AWARD

The 2015/16 President's Safety Award was presented to the Maisonneuve Regional Engineering Team. The team was recognized for their various initiatives centred on making safety a priority and for their strong performance, including a record of zero lost time and zero health care incidents.



President's Safety Award presented to the Maisonneuve Regional Engineering Team

HIGH PERFORMANCE WORKFORCE



The Corporation's vision

for its people is driven by leaders at all levels, who actively develop and maintain a skilled, versatile, engaged and accountable workforce.

President Terence Bowles and Vice-President Guy Yelle
serving lunch to staff during an orientation session



Shawn Filliol accepting the Bob Swenor Award from Terence Bowles

RECOGNIZING EMPLOYEE ENGAGEMENT

The annual Bob Swenor Living the Values Award is given to a Seaway employee who lives the corporate values, demonstrates continuous personal development, shows commitment to the Corporation and the community, and holds a strong belief that people make a difference. In 2015, the recipient was Shawn Filliol, the Corporation's SAP Administrator. Shawn has been with the Seaway for more than ten years, working with the Information Technology Department and progressively learning new skills to advance in his career.

REINFORCING PERFORMANCE MANAGEMENT AND LEVERAGING TECHNOLOGY

The Corporation introduced "Connexions", powered by Success Factors, in 2014. This software application is designed to help streamline human resource processes, enable the integration of workflows, eliminate many manual processes, and enhance access to employee data.

Within Connexions, performance and team objectives are cascaded to individuals, allowing employees to monitor key performance indicators and their contribution to the Corporation's objectives. In 2015, the Corporation completed its first full-year performance cycle using Connexions. The end result was the achievement of a new all-time high in the completion rate for performance reviews.



Some of the many team members who benefit from the Connexions software

SUPPORTING EMPLOYMENT EQUITY

As required by the Employment Equity Act, a review and audit of the Corporation's previous three-year action plan was completed for 2015/16. This review identified the Corporation's progress, successes, and areas for improvement. In addition, the review evaluated the level of representation for each designated group by category of job and compared them to the availability of personnel in the local Canadian labour market.

Based on this analysis, gaps for each designated group were identified and incorporated into the Corporation's three-year plan, which covers the period of 2014 to 2017. To date, the Corporation's efforts have resulted in 33% of 1,794 applicants voluntarily self-identifying at the time of application. The Corporation has also added Aboriginal Link to its career network, in order to increase its exposure to this designated group.

Looking forward, the Corporation's Human Resources team will continue to work on raising awareness on diversity and eliminating potential barriers, and shape its succession planning process to include development plans for members of designated groups.

SUPPORTING EMPLOYEE WELLNESS

Throughout the year, the Corporation continued to encourage employee participation in fitness programs by offering a Physical Fitness Reimbursement Program. As well, during Corporate Wellness Month, the Corporate Wellness Committee launched the Fit for

Fall Team challenge. A total of 27 Seaway employees took part in the challenge, and together walked 5,640 km!

In recognition of its wellness efforts, the Cornwall Head Office received, for the ninth consecutive year, the Gold Level Workplace Health Award from the Eastern Ontario Health Unit. This award recognizes workplaces that encourage healthy lifestyles for their employees.



MLO Section employees express their support for mental health by participating in Pink Shirt Day

STAKEHOLDER ENGAGEMENT



As steward of the St. Lawrence
Seaway, the Corporation recognizes that the task of managing the waterway must take into account the interests of a wide range of stakeholders, including business and industry, local communities, and recreational users.

Visitors at the St. Catharines Museum observing a ship transit on the Welland Canal

GREEN MARINE

The Corporation is an active member and proponent of Green Marine, a joint Canada-U.S. initiative. Green Marine is a world leading environmental performance measurement program for the marine industry, which is subject to independent audit. The program's goal is to encourage ports, terminals and carriers across North America to adopt best practices in terms of managing their environmental footprint. Participants have their respective performance measured via a series of criteria, including management of aquatic invasive species, emissions of greenhouse gases and air pollutants, prevention of environmental impacts within waterways and lands, stewardship of community issues, and environmental leadership.

In 2013, a decision was taken to align the Corporation's scores with those of its U.S. counterpart, the Saint Lawrence Seaway Development Corporation (SLSDC), and provide joint results. The joint Green Marine assessment for 2015 revealed that the Seaway entities made notable improvements on a number of fronts, including the enhancement of measures to prevent environmental impacts to waterways and lands. Overall, for 2015, the Seaway entities achieved a score of 4.3 out of a maximum of 5.

In preparation for Green Marine's new "Waste Management" performance indicator which will be applicable in 2016, the Corporation conducted its first baseline waste audit in the MLO and Niagara Sections. Available data indicates that the Corporation generated at least 339 tonnes of disposed and recycled waste in 2015. The estimated 77% of waste being diverted from landfill is a testimony to the efficiency of the

Corporation's commitment to recycling, placing it among the highest performers within its industry.

GREENHOUSE GAS EMISSIONS

In 2015, the Corporation's greenhouse gas (GHG) emissions were the equivalent of 1,641 tonnes of CO₂, a 28% reduction when compared to the 2,266 tonnes of CO₂ generated in 2014. This improved performance is principally due to the unusually warm weather conditions which prevailed during the closing of the 2014 season. Consequently, equipment designed to prevent the formation of ice in locks did not need to operate, resulting in less energy being consumed.

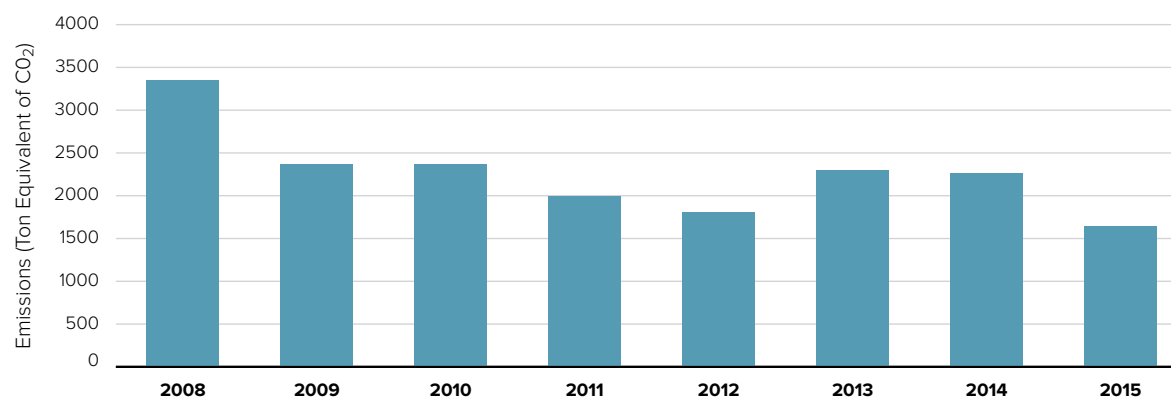
Over the last three years, the Corporation achieved a 34% reduction in its overall level of

GHG emissions, when measured against levels for the 2003–2005 baseline period. Even though the Corporation's 1,641 tonnes of emissions make up a miniscule portion of the Canadian transportation sector's total of 171,000,000 tonnes, the Corporation remains committed to continuing to lower its emissions.

ENVIRONMENTAL MANAGEMENT SYSTEM

As part of its continuous improvement process, the Corporation completed a review of its Environmental Management System (EMS) to align the existing system with the ISO 14001 standard. Implementation of the ISO 14001 standard began in 2015, with the objective of implementing 50% of the requirements of the standard by 2017.

SLSMC GREENHOUSE GAS EMISSIONS



SUPPORTING OUR COMMUNITIES

In 2015, employees raised over \$140,000 for various United Way campaigns (when including the matching funds contributed by the Corporation).

During the summer of 2015, Niagara Section employees once again participated in Port Colborne's annual Canal Days festival, welcoming visitors to the Corporation's tent, where staff handed out Seaway literature and answered questions.

Niagara Section employees were also active in a number of other events, including:

- spearheading a safety campaign focusing on bridge and water safety, with presentations made at various schools
- participating in the Rankin Cancer Run fundraising event
- supporting the 6th annual Wainfleet Safety Awareness Day/Bicycle Rodeo
- hosting a "Take Our Kids to Work Day"
- supporting the YWCA's "Light the Night Against Violence" event



Staff at the Cornwall office marking their contribution to the United Way campaign

Within the MLO Section, the Corporation continued to maintain its interactions with stakeholders living in the communities that border the Seaway, as well as with pleasure craft operators. The "flagship event" once again was participation in Montreal's annual "Salon nautique" held in January, 2016, at which employees staffed a kiosk and interacted with thousands of pleasure craft operators. This event provides an excellent opportunity to educate boaters on Seaway navigation and safety topics, and to answer a myriad of questions about issues such as lockage schedules.



Seaway tent at Port Colborne's "Canal Days" festival



Seaway kiosk at Montreal's "Salon nautique" event

The Corporation continued its support for the Canadian Coast Guard Auxiliary's activities in the MLO Section's South Shore Canal. They focus on educating boaters on safe boating practices and providing search and rescue services. A contribution was also made toward the publication and distribution of the Canadian Hydrographic Society's information booklet for pleasure craft users. This booklet provides key data and charts enabling boaters to safely navigate the waterway.

An "open house" hosted by the City of St. Lambert enabled representatives of the Corporation to join with representatives from Hydro Quebec, Transport Canada, and local first responders to show their support for public safety, and explain how an appropriate response would be mounted should an incident occur within the confines of the waterway.

Further efforts to reach out to communities will be undertaken in the future, including the potential for local government officials to visit Seaway locks located nearby their communities.

SERVING AS AMBASSADOR FOR THE MARINE MODE

Within its mandate to foster strong relations with external stakeholders, the Corporation continually seeks opportunities to support various community functions and initiatives.

The Corporation once again served as a sponsor of the St. Lawrence River Institute's Annual Conference, held in Cornwall, Ontario. At the conference, a wide range of issues are examined, pertaining to the St. Lawrence River and its ecosystem. In addition, the Corporation financially supported the Comité ZIP du Haut St-Laurent's 10th annual summer campaign, which aims to

reinforce awareness of the value and ecological importance of the St. Lawrence River, and various rehabilitation efforts.

In the spring of 2016, the Aquarium opened along the St. Lawrence River's waterfront in Brockville, Ontario. Among many attractions, the "Power of Water" exhibit illustrates the value of the river as a marine highway. A video and an information kiosk provide an excellent overview of marine transportation's role in supporting North America's economy and quality of life. The Corporation supported the creation of this exhibit by assisting the centre's staff in the compilation of background materials and various facts and figures, and by contributing to the overall cost of the exhibit.



Power of Water Video Exhibit at the Aquarium (Brockville, Ontario)

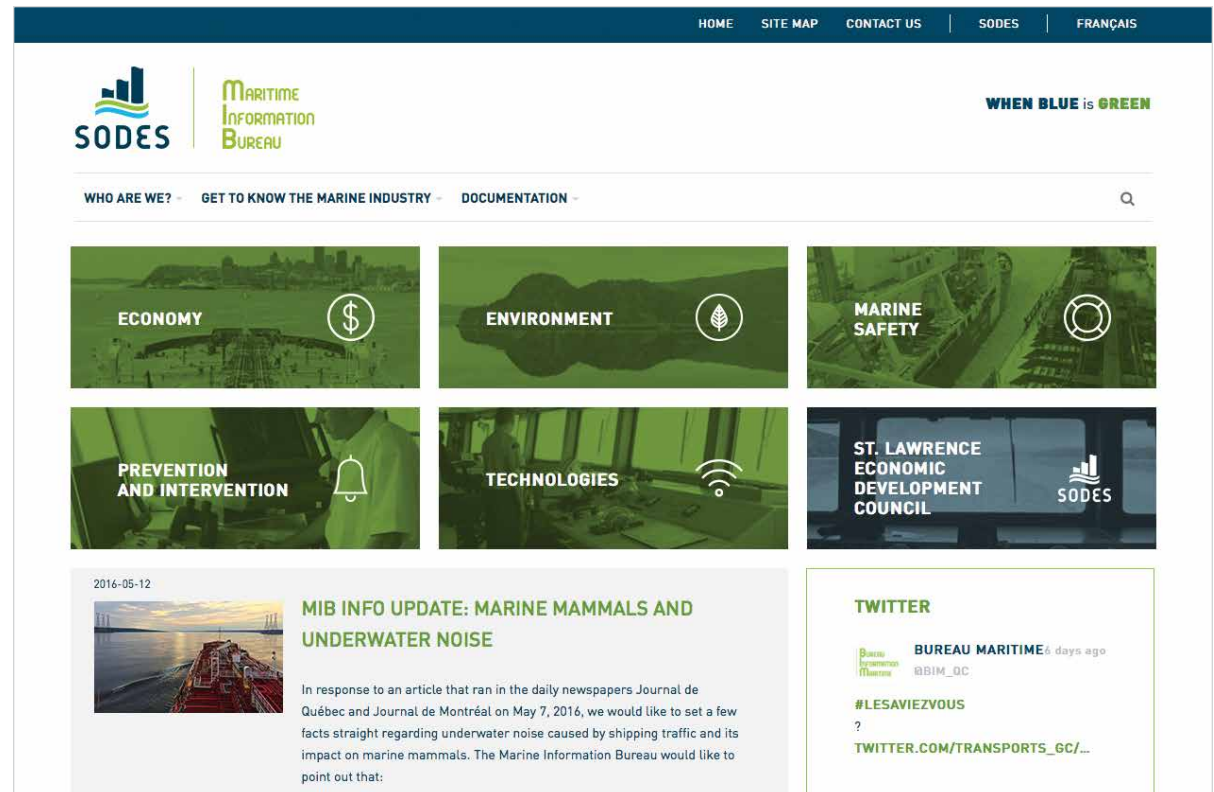
The Corporation also provided information to support the creation of the Maritime Information Bureau, sponsored by the Quebec City based SODES (St. Lawrence Economic Development Council). The Maritime Information Bureau is an excellent website resource that shares information covering a wide range of issues with the public.

CORPORATE SUSTAINABILITY

The Materiality Matrix provides a visual representation of a range of issues that the Corporation believes are the most significant to its sustainability. Based on a “Risk and Opportunity” assessment approach, the matrix graphically organizes the reported issues according to three criteria:

- the issue’s current and potential impact on the Corporation’s sustainability (scaled on the horizontal axis)
- the issue’s degree of concern to stakeholders (scaled on the vertical axis)
- and the relative level of influence the Corporation has over the issue.

Where appropriate, an action plan is developed to mitigate any associated risks and to optimize any positive impacts and benefits.



Screenshot from the SODES Website's Maritime Information Bureau

MATERIALITY MATRIX

		Impact on the Corporation's Sustainability		
Degree of Concern to Stakeholders		LOW	MEDIUM	HIGH
	HIGH	<ul style="list-style-type: none"> Industry Carbon Cap & Trade 	<ul style="list-style-type: none"> Transportation Policies (CTA Review) New Cargoes Draft Information System Ballast Water Treatment System Air Emissions from Ships Relations with First Nations Conflict of Use Bridge Remote Operations Surrounding Communities Pleasure Craft Traffic Ship Water Pollution (Grey / Black) Awareness Campaigns 	<ul style="list-style-type: none"> Public Safety Workplace Safety Site & Cyber Security Season Optimization Globalization & Health of Economy Seaway System Competitiveness Seaway System Accessibility Fleet Globalization Water Level Regulation Asset Renewal Plan Bridge(s) Replacement Strategy Climate Change Impact Coordination with SLSDC
	MEDIUM	<ul style="list-style-type: none"> Endangered Species Protected Habitat Bureaucratic Process Human Rights (Maritime Industry) 	<ul style="list-style-type: none"> Shoreline Erosion Land Traffic Delays Dredging 	<ul style="list-style-type: none"> Aging Infrastructure Land Transportation Competitiveness Intermodal Infrastructure Pilotage Economic Impact Ice Breaker Resources Aquatic Invasive Species Inspection New Technology Seaway Modernization
	LOW		<ul style="list-style-type: none"> Waste Management Seaway GHG 	<ul style="list-style-type: none"> Corporate Structure

Level of SLSMC's control over the issues ● Low ● Medium ● High

FINANCIAL SUSTAINABILITY



The results for 2015/16 cover the period from April 1, 2015, to March 31, 2016. The comparative numbers reflect the same time span for the preceding fiscal years.

Ocean vessel transiting Lock 4 (Beauharnois)

FINANCIAL HIGHLIGHTS

	2015/2016	2014/2015	2013/2014
FULL-TIME EQUIVALENTS (FTE)	564	583	584
	(‘000s)		
TONNAGE	36,711	39,887	37,055
REVENUE			
Tolls	\$ 66,377	\$ 71,489	\$ 63,252
Other	3,868	4,746	3,507
Total revenue	70,245	76,235	66,759
MANAGEABLE EXPENSES			
Salaries and benefits*	73,208	73,111	74,181
Other	13,216	12,772	12,509
Employee Future Benefits (Non-cash)	(23,324)	(20,082)	(16,202)
Total manageable expenses	63,100	65,801	70,488
EXCESS (DEFICIENCY) OF REVENUE OVER MANAGEABLE EXPENSES	\$ 7,145	\$ 10,434	\$ (3,729)
ASSET RENEWAL EXPENSES			
Regular maintenance	\$ 8,681	\$ 6,293	\$ 5,683
Major maintenance	105,888	95,901	82,847
Capital acquisitions	2,092	2,372	1,721
Total asset renewal expenses	\$ 116,661	\$ 104,566	\$ 90,251

* Includes pension solvency deficit payments of \$15,665 (15/16), \$16,358 (14/15), and \$17,611 (13/14).

CORPORATE GOVERNANCE

(AS OF MARCH 31, 2016)



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 the Corporation's President and CEO, 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 Québec and Ontario. Individual Board Committees oversee governance, human resources, audit and asset renewal.

View of Iroquois Lock

CORPORATE GOVERNANCE

OFFICERS

Terence F. Bowles

President and Chief Executive Officer

Karen Dumoulin

Chief Financial Officer

Mark MacKeigan

Chief Legal Officer and Corporate Secretary

BOARD OF DIRECTORS

Robert J. Armstrong

Ontario Provincial Government

Jonathan Bamberger

Other Members

Terence F. Bowles

President and Chief Executive Officer

Gerald Carter

Québec Provincial Government

Wayne Devlin

Grain

Tim Dool (Chair)

Domestic Carriers

David Muir

Federal Government

Georges Robichon

International Carriers

James Wilson

Steel and Iron Ore



Seated, left to right: Tim Dool, Jonathan Bamberger, Terence F. Bowles, Wayne Devlin
Standing, left to right: James Wilson, Georges Robichon, Gerald Carter, Robert J. Armstrong, David Muir

INDUSTRY MEMBERS 2015/16

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

McAsphalt Marine Transportation Ltd.

Toronto, Ontario

McKeil Marine Limited

Hamilton, Ontario

St Marys Cement Co.

Toronto, Ontario

GRAIN

ADM Agri-Industries Company

Windsor, Ontario

G3 Canada Limited

Winnipeg, Manitoba

Cargill Limited

Winnipeg, Manitoba

Louis Dreyfus Commodities Canada ULC

Calgary, Alberta

Richardson International Limited

Winnipeg, Manitoba

Viterra Inc.

Regina, Saskatchewan

INTERNATIONAL CARRIERS

Colley Motorships Ltd.

Montréal, Québec

Fednav International Ltd.

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 East Inc.

Laval, Québec

Robert Reford,

A Division of MRRM (Canada) Inc.

Montréal, Québec

Protos Shipping Limited

Montréal, Québec

OTHER MEMBERS

Columbia Grain, Inc.

Minneapolis, Minnesota

Essroc Italcementi Group

Orillia, Ontario

K & S Windsor Salt Ltd.

Pointe-Claire, Québec

Lafarge Canada Inc.

Concord, Ontario

Redpath Sugar Ltd.

Toronto, Ontario

Suncor Energy

Mississauga, Ontario

STEEL AND IRON ORE

ArcelorMittal Dofasco Inc.

Hamilton, Ontario

Iron Ore Company of Canada

Montréal, Québec

U.S. Steel Canada Inc.

Hamilton, Ontario