

ST. LAWRENCE SEAWAY MANAGEMENT CORPORATION



STRATEGIC PLAN 2007/08-2009/10

INDEX

Global picture:

- Our Mission, Our Vision for 2012, Our Values, Our CSR Charter
- The 2007 Planning process
- Our Objectives and Strategies for 2007/08
- Our Objectives and Strategies for 2008 and beyond

Global Picture

As we were preparing for the second 5 years of the Corporation's mandate, back in 2002, there was a shared feeling that we were at a crossroads. Serious challenges such as ageing infrastructures, declining traffic levels, a changing workforce, and an evolving competitive environment making use of innovative approaches and new technology, led our President to undertake a Visioning exercise and engage the entire organisation in setting a bold course towards a sustainable future. By the fall of 2003, a reconfirmed "mission" (which was adjusted in 2006 to emphasize our commitment to Corporate Social Responsibility), a new 10-year "vision" and reformulated "values" had been laid out as our foundation for sustainability.

Our mission is our purpose for existence. Our vision is our destination; it describes our view of the future we wish to create. Our values guide us on the way; they define us and influence everything we do. Our Corporate Social Responsibility Charter delineates our commitment towards executing our mission and fulfilling our vision in a socially responsible manner.

Our 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.

Our Vision for 2012

The SLSMC and its partners... the transportation system of choice.

Our Business: Based on its ship transit services, the Corporation has grown its business by diversifying into related marine services and by leveraging other business opportunities.

- Has developed new cargoes including container movements.
- Is working in partnership to provide door to door and year round services.
- Has leveraged alliances and mergers to provide a seamless system.
- Has a market driven pricing structure in place.
- Exploits available hydro resources and other, individually proven, real estate and tourism opportunities.
- Re-invests operation profits into the business.

Our Operations: Outstanding customer service is provided by highly skilled people, supported by state of the art technology enabling a seamless navigation system.

- Operating and equipment improvements have provided dependable service delivery at reduced transit cost over an extended season.
- Technology has allowed for the integration of traffic management and other navigation services for the overall system.
- Operating centers provide the base for remote control of certain structures and monitoring of infrastructure and equipment.
- Future system needs have been identified and planning is underway with the support of Government.

Our People: Within an efficient, responsive organization, our versatile and motivated employees are empowered to succeed in an environment of continuous improvement and development.

- All employees create, and share in, the success of the organization through their sense of belonging, full participation and accountability for results.
- Interesting, challenging jobs in a flexible environment have resulted from the application of technology to the workplace.
- Skilled leadership and management commitment together with our exemplary health and safety record have created and maintained a positive work climate.
- Recognition is integrated with good performance, results and achievements.
- Simplified processes and best practices have provided the necessary corporate agility and productivity to meet our challenges.

Our Values

INTEGRITY

- We stand for integrity, holding to the highest standard of ethical behavior and transparency in everything we do.
- We are performance driven and we deliver on time, using our dynamism, creativity, knowledge and experience to do the right thing at the right time.
- We spend wisely, getting the best value for every dollar.

RESPECT

- We value the contribution of everyone, fostering trust and mutual respect in all our relations as well as between the Corporation and its stakeholders.
- We focus on our customers and stakeholders, understanding their needs and being empowered to provide excellent service.
- We protect the environment, keeping our lands and waters clean and promoting sound environmental practices among our customers.

OPENNESS

- We foster open communication, exchanging ideas and feedback openly for the benefit of everyone, both inside and outside the organization.
- We promote wellness in a healthy organization, where safety is paramount, treatment is fair and workforce diversity is encouraged.
- We build partnerships, working together with customers and stakeholders in the best interests of all.

INNOVATION

- We encourage and support creativity, seeking out innovative and entrepreneurial ways to grow our business and generate revenue.
- We strive to improve our organization and ourselves, through ongoing learning, leadership and commitment.
- We seek continuous improvement, trying new ideas, developing new skills and applying new technology.

Our CSR Charter

As Steward of the Seaway system, the SLMSC demonstrates socially responsible leadership through its decision making and its influence in the marine industry.

Promoting partnerships, our policies, practices and business ethics consider the needs of customers, employees, suppliers, governments, the general public and the communities along the Seaway and demonstrate good corporate citizenship.

Through our values of respect, integrity, innovation and openness, we are building a strong foundation of corporate responsibility that will strengthen our vision of a sustainable Seaway.

Respect for and Openness with Employees

- We respect the rights of, and work together with, our employees to ensure a healthy and safe work environment that is free from discrimination and harassment.
- We foster a workplace of open communication and encourage employee autonomy and creativity.

Integrity and Innovation in our Operations

- We operate with integrity and ensure fair and equitable treatment of our customers, business partners and employees through our policies and business practices.
- We conduct our business in line with ethical standards set forth in our Code of Professional Conduct.
- We seek innovative approaches to proactively address environmental, operational and business issues in our work practices.

Respect for the Environment

- We monitor and strive to reduce our impacts on the environment.
- We maintain an environmental management system, address environmental issues and promote environmental responsibility within the marine community.

Working with Society

- We respect the interests of those who live, work and play around the waters of the Great Lakes/St. Lawrence river system.
- We work openly with stakeholders and seek to understand and incorporate their needs into the management of the Seaway system.

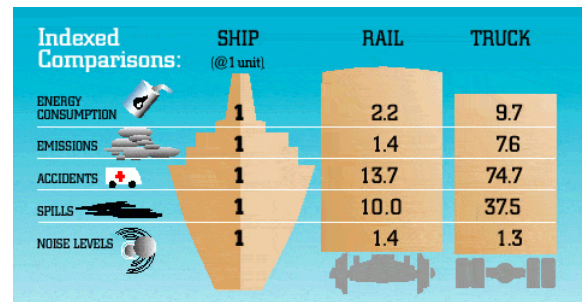
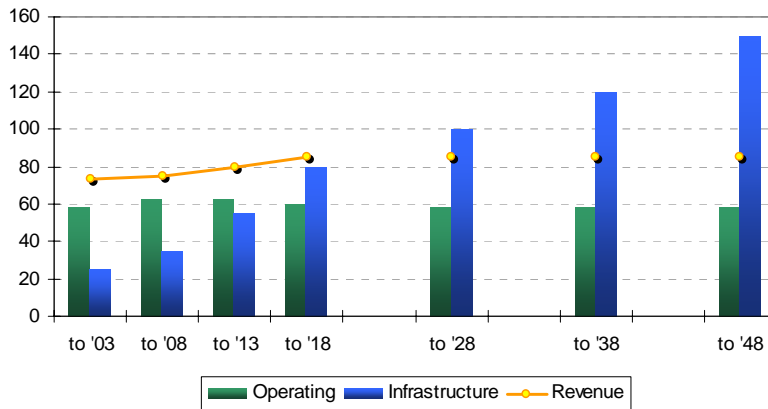
The 2007 Planning Process

There were no changes made to these fundamental elements of our Strategic Plan during the 2007 planning process. The challenges of 5 years ago are still pressing before us and our Vision for 2012 is still valid in today's external and internal context. This year's strategic thinking focused rather on clarifying what the Vision implies and how the strategies identified are interlinked with and interdependent to each other.

What became apparent was that our strategies to date had brought the SLSMC to a conundrum. Prior to commercialization, the Corporation focussed on reducing costs to match revenues. When Vision 2012 was developed, we had realized we had done most of what we

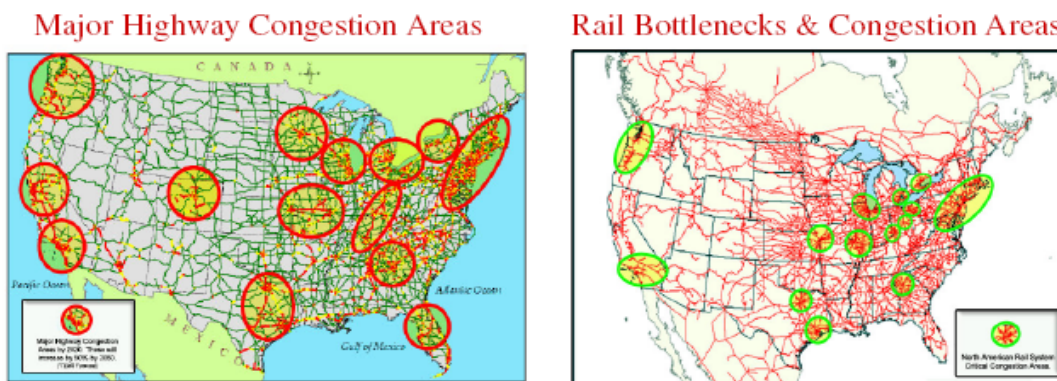
could to reduce costs and the focus moved to increasing revenues in order to cover costs as expressed through our “Grow the top line” strategic objective of the time.

Given today’s business context, and when we considered long term and valuable sustainability in all three main areas, environment, economy, equity, both approaches can only provide a short term solution. As can be seen from the graph below, costs to maintain the waterway are expected to increase significantly in the future, beyond our capacity to generate revenues. Our focus needs to evolve to resolve the conundrum.



Studies have shown that without the Seaway System, transportation costs would increase by \$1.5 billion and that using the marine mode generates significant benefits such as higher fuel efficiency and less green house emissions (see inset on the right above).

Furthermore, container traffic is predicted to more than double over the next 20 years, exacerbating the strains on the already congested transportation North American network. With its environmental benefits and available capacity, the Great Lakes St. Lawrence Seaway becomes a natural solution to the congestion issue.



- Net effect of continued economic growth and capacity limitations on the GLSLS region’s highways and railroads

We are therefore convinced that the overall benefits that come from moving cargo through the Seaway System, compared to moving this cargo by rail or truck, far outweigh the costs. Therefore, ensuring a sustainable future for the GL/SLS System must now become our overriding objective. Our strategic efforts as expressed on the fishbone through our corporate

objectives and their supporting strategies must therefore all aim at maintaining the long term and valuable sustainability of the waterway.

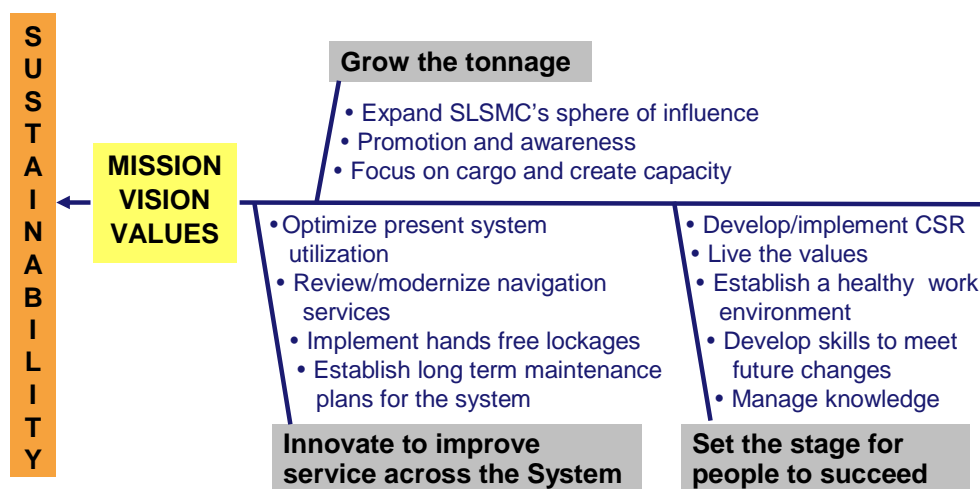
As we celebrate the 75th anniversary of the fourth Welland Canal, we are once again negotiating with the Government not only to set the next 5-year Business Plan but, more importantly, to establish the terms of the second 10-year portion of our 20-year governing Agreements. The process of refining the “strategic story” that link all of our strategies towards our overriding objective of sustainability has begun (see section – Ensuring Sustainability below) and is being reinforced with the Government during these negotiations. However, once these negotiations are completed and we know the parameter within which we must work with, the strategic direction (fishbone) will be reviewed and adjusted accordingly, particularly as it relates to the change in focus to tonnage from revenue for growing the business.

Our Corporate Objectives and Strategies for 2007/08

The fishbone diagram below depicts the three Strategic Objectives, one for each segment of our Vision, along with the strategies that pertain to it.

Compared to the previous year, the business objective was changed from “Grow the top line” to “Grow the tonnage” in order to reflect long term sustainability. The concept of “one-stop shopping” was integrated into the “focus on cargo” strategy for more targeted business development. The development of a flexible toll structure is essentially completed, and implementation will proceed this coming navigation season. The strategy was hence removed. The strategy “Develop power generation” has also been removed from the fishbone given the weir generation project is well underway as well as our change of focus. A new strategy, “Manage knowledge”, was added under “Set the stage for people to succeed” to address the pressing needs created by the changes to our workforce as a significant number of employees retire.

Figure 1.1 – Strategic Objectives and strategies for 2007



A global view of the strategies' timelines is provided in figure 1.2.

Figure 1.2 - Strategy Timelines

	2007/08												2008/09												2009/10											
	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M		
Grow the tonnage																																				
Expand SLSMC's sphere of influence	████████████████████												████████████████████																							
Promotion & awareness	████████████████████												████████████████████																							
Focus on cargo and create capacity	████████████████████												████████████████████																							
Innovate to improve service																																				
Optimize present system utilization	████████████████████												████████████████████																							
Review/modernize nav. services	████████████████████												████████████████████																							
Implement hands free lockages	████████████████████												████████████████████												████████████████████											
Establish long term maintenance plans	████████████████████												TBD based on Agreement with TC												████████████████████											
Set stage for employees to succeed																																				
Develop/implement CSR	████████████████████												████████████████████												████████████████████											
Live the values	████████████████████												████████████████████																							
Develop a healthy work environment	████████████████████												████████████████████																							
Develop skills to meet future changes	████████████████████												████████████████████												████████████████████											
Manage knowledge	████████████████████												████████████████████																							

Our Corporate Objectives and Strategies for 2008 and beyond: Ensuring Sustainability

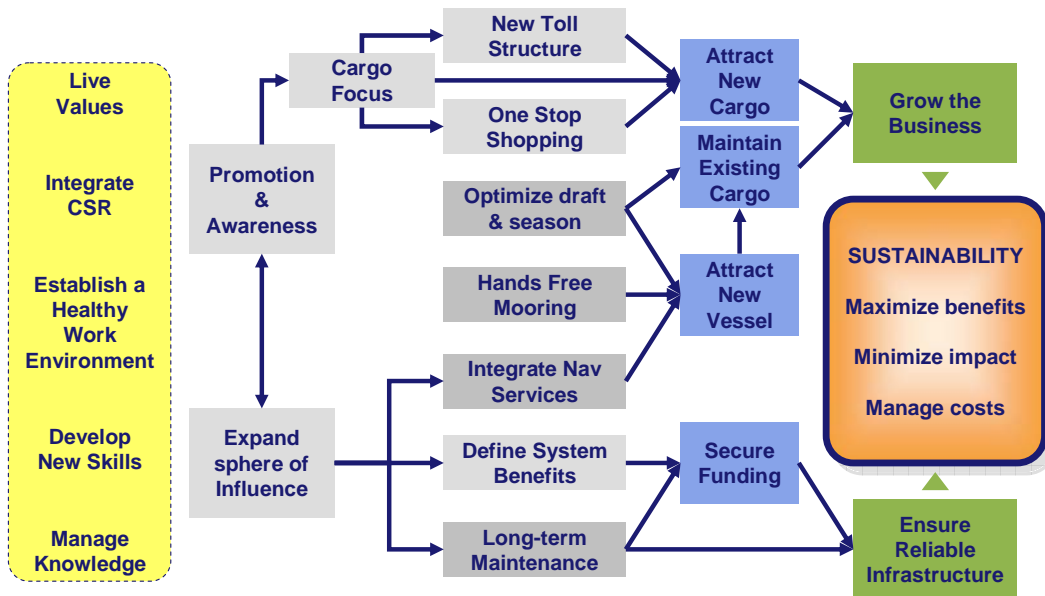
As indicated earlier, studies have shown that without the Seaway System, transportation costs would increase by \$1.5 billion and that using the marine mode generates significant benefits such as higher fuel efficiency and less green house emissions. In this context, growing the business makes sense as, by doing so, we increase the benefits to North America's heartland. Furthermore, ensuring a reliable infrastructure, today and over the long term, becomes an indispensable element of ensuring we are in a position to continue to generate these benefits.

So, for a 'sustainable and valuable future', we have to execute our Mission and achieve our Vision; we have to maintain our infrastructure at a level that supports the growth of our business; and we know that by growing the business, the overall benefits that come from using the Seaway System will far outweigh the costs.

Given our Corporate Social Responsibility and the economic, environmental and social impact we have on our stakeholders, we can define sustainability as:

- Maximizing benefits (e.g. lower green house gases emissions and lower energy consumption per tonne-mile);
- Minimizing impacts (e.g. invasive species, or bridge closures in the communities we cross)
- Managing costs (as any financially responsible corporation and to do our part towards improving competitiveness).

As can be seen in the “strategic map” below, sustainability is our ultimate overriding objective (orange bold line box) with “Growing the business” and “Ensuring a reliable infrastructure” as its two pillars (green boxes just above and below).



To fulfill these objectives, we must first create the culture that sets the stage for our people to drive this success (yellow dash line box). The key ingredients to do so are by ensuring we live our values, we integrate Corporate Social Responsibility into our daily business conduct, we establish a healthy work environment, we develop in our people the new skills required for the future and finally we manage wisely our knowledge base.

“Growing the business” for the Seaway means attracting new cargo while maintaining the existing cargo base, as well as attracting new vessels into the System.

“Ensuring a reliable infrastructure” can only be achieved if we are successful in securing the funding necessary for this sizable task and that we execute wisely the appropriate maintenance programs and infrastructure improvements.

All current Vision related strategies depicted on the 2007 fishbone (figure 1.1) can be linked to the above strategic map moving us closer to one of the two pillars (“grow the tonnage” strategies are dark grey, “innovate to improve service across the System” strategies are light grey and as indicated earlier, “set the stage for people to succeed” strategies are yellow).

As mentioned before, while the “story” depicted above is the Corporation’s direction for the next years, the 2007 fishbone in the current Strategic Plan is transitory and will be adjusted in 2008 once the negotiations with the Government have been completed.