



CROWLEY

# Crowley Sustainability

2016

**CROWLEY**<sup>®</sup>  
People Who Know<sup>®</sup>



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# Introduction

This is Crowley's inaugural annual report on its Sustainability Program. It provides an overview of Crowley's Management System and our commitment to health and safety, security, quality service and environmental and sustainability stewardship.

In addition, the report shares our success with Live Well and Crowley Cares programs benefiting employees, their families, and our communities.

The updated Code of Conduct continues to demonstrate our commitment to living our values and operational excellence.



# A Message from Tom Crowley, Chairman and CEO

We are very proud to be celebrating 125 years of Crowley service to our customers. It is all about sustainability and living our values of safety, integrity, and high performance.

**SAFETY:** Crowley is on a continuous journey to zero injuries, zero spills, and zero damage to equipment. Our people live safety on and off the job, we build layers of defense to guard against incidents, and we provide our employees with the ability to speak up and protect each other.



**INTEGRITY:** For Crowley, this means that great companies want to do business with other great companies. Our reputation is central to everything we do. The Crowley family name is proudly displayed on our equipment, and we always strive to do the right thing, even when no one is looking.

We deal ethically in all transactions, because our lasting and most beneficial relationships are built on trust.

**HIGH PERFORMANCE:** Crowley people provide extraordinary service. Our knowledge, passion, talent, ingenuity, and helpfulness drive business for the company and create

customer loyalty. Together as One Crowley, One Team we are stronger than a collection of individuals. Our team approach requires everyone to contribute and to be accountable to one self and to each other. Learning and continuous improvement is an expectation of our work.

**SUSTAINABILITY:** The importance of corporate sustainability is clear on several fronts. Current business literature highlights how a strategic focus on environmental, social, and governance (ESG) issues has become a key to continued business success. At Crowley, Sustainability is a powerful tool for establishing and improving employee engagement.

In this first annual report of Crowley's Sustainability Program we share our 2016 accomplishments with pride in our Crowley team.

Sincerely,

A handwritten signature in black ink that reads "Tom".

Tom Crowley

# Safety Culture and Leadership

The start of any voyage or trip begins with knowing where you are. In 2016 Crowley undertook developing a program to support a deeper understanding of quantifying the strength of its safety culture. Through work with Dr. Mark Fleming, CN Professor of Safety Culture - St. Mary University, Halifax, NS we were able to identify a tool to measure our Safety Culture strength. The facilitated self-assessment tool was administered across Crowley Maritime Corporation and took measure of our safety culture with business unit's management teams. The tool measured safety culture numerically on a scale developed from 12 safety management behaviors for each level of the Safety Culture Maturity Ladder.

## Safety Culture Maturity Stages

### GENERATIVE

Safety is ingrained in our culture; it pervades the way we think and work every hour of every day.

### PROACTIVE

Safety Leadership and Value are what drives continuous improvement.

### CALCULATIVE

We have systems in place to manage all known hazards.

### SAFETY IS IMPORTANT

We talk about it a lot after there's an accident.

### PATHOLOGICAL

Who cares as long as we're not caught.

*Increasing Trust and Accountability*

*Increasingly Informed*

2017 Goal

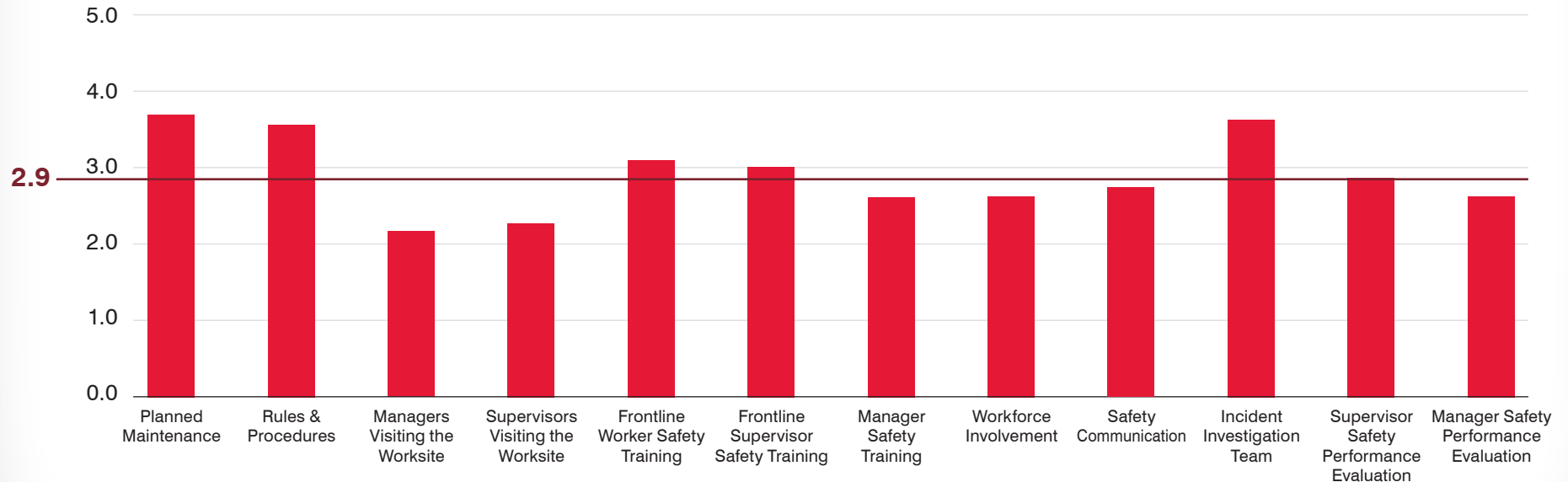
2016 Results

## Safety Culture and Leadership

The goal of the safety culture maturity initiative is to not only measure our safety culture, it is to give all of the company business unit management teams clear maturity strength plans and actions. Each of the companies' management teams evaluated 12 leading indicators of their safety management systems that have high correlation with high performance and

low injury incident rate companies. The cumulative results showed that we could make the most impact overall by working on: Managers and Supervisors conducting worksite safety visits, promoting workforce engagement and implementing a Safety Leadership Training Program for Managers.

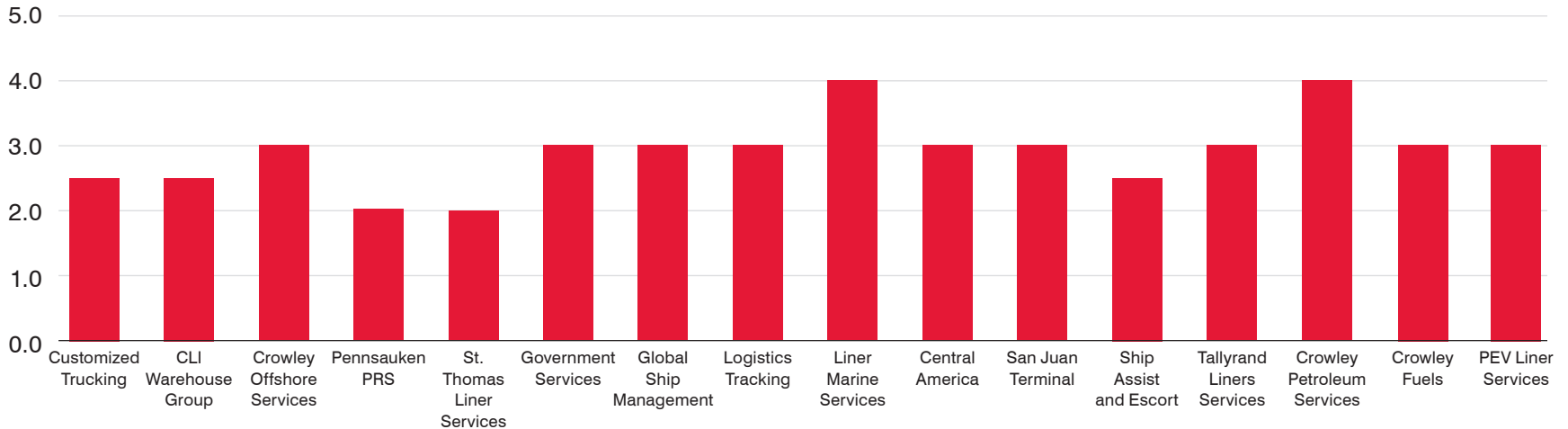
### 2016 Safety Culture Maturity Self-Assessment = 2.9



## Safety Culture and Leadership

The overall goal of continually improving our safety culture is to help us live our Safety Value in a way that is demonstrable and measurable. Each Crowley business will focus on promoting efforts to improve the strength of their safety culture and, through that effort, improve the strength of our overall Safety Culture Strength.

### Safety Culture Assessment Business Mean



Our Crowley 2016 Safety Culture Strength was an overall 2.9 on the 0.0 to 5.0 safety culture maturity stages. This is a high level on the calculative stage of maturity. Programs being implemented in 2017 to support the businesses are “Leading with Safety – Site visits for managers and supervisors” and a Near Miss Reporting campaign. We look forward to a continual strengthening of our safety culture year over year through regular Safety Culture Maturity Assessments to help us focus our efforts and evaluate performance.

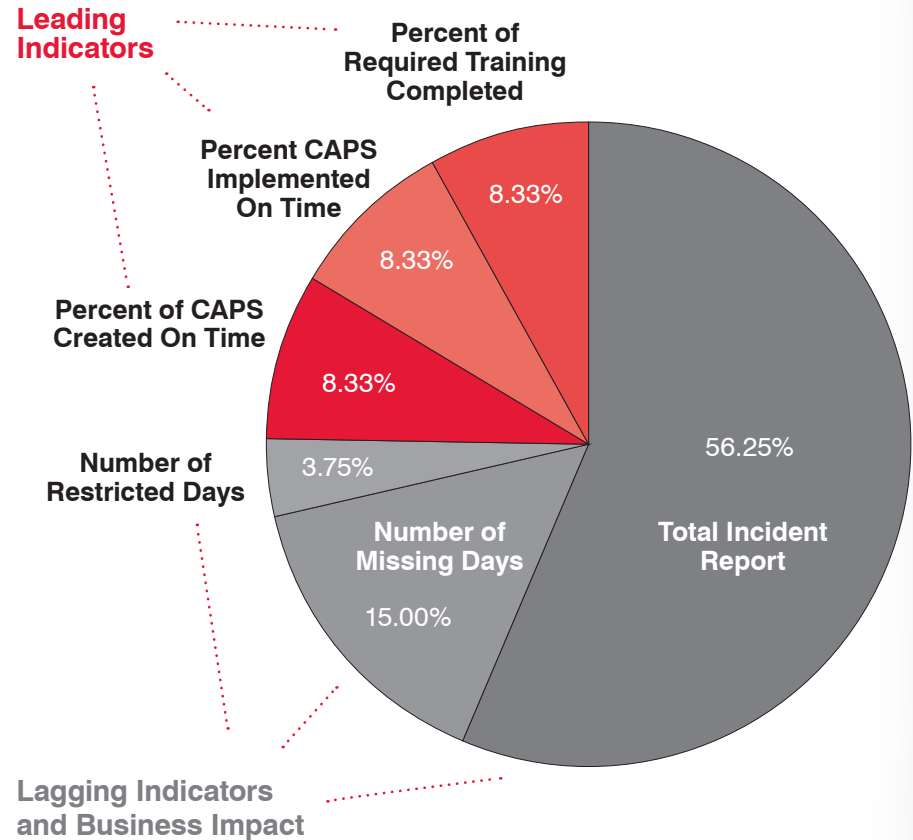


# Lagging to Leading Indicators

Prior to 2016, Crowley primarily utilized lagging indicators to measure safety performance. This use of lagging indicators had the effect of trying to drive a car while looking in the rearview mirror. In 2016, a safety index was created to foster the journey from lagging indicators to leading indicators with a plan to move from 100% lagging indicators in 2015 (principally the lost time injury rate) to a mix of 80% leading indicators to 20% lagging indicators in 2022. The 2016 index was weighted with 75% based on lagging indicators and 25% on leading indicators.

The index was then tested against known performance from 2015 and a performance goal was set for an index of 35% out of 100%. This first year of using an index to assess and reward safety performance helped businesses look towards managing leading indicators. In 2016, Crowley did not achieve its goal in attaining a safety index of 35 of 100, this was primarily due to sagging performance in not making injury rate reductions and increases in days away from work associated with the recordable injury incidents.

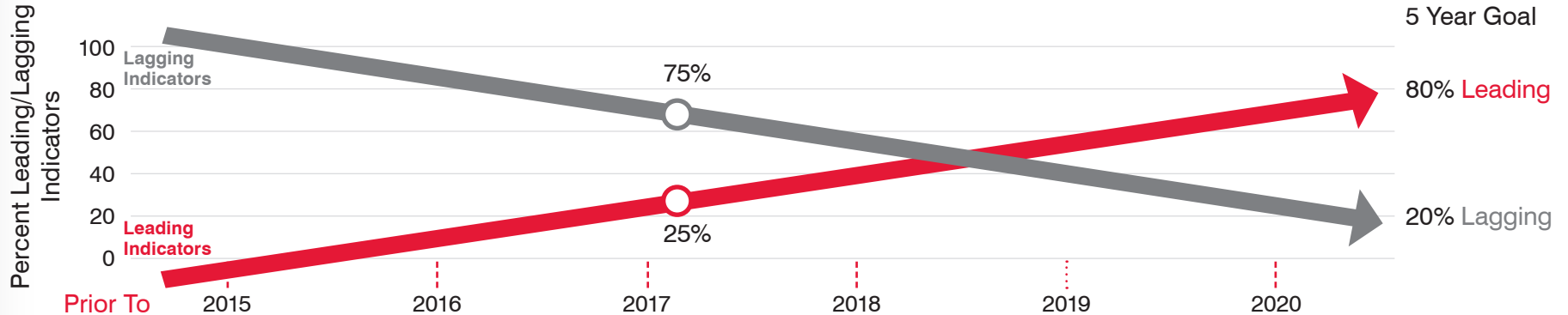
## 2016 Safety Index Weights - Pie Chart View



## Lagging to Leading Indicators

Crowley will continue to move towards increasing weighting on leading indicators in future years.

### Safety Performance Improvement Plan



### Progressing Safety Leadership and Workforce Engagement

- Safety Rules and Procedures Developed
- Embedding Safety as a Core Value
- Crowley Management System Manual Fully Revised
- Control of Work & Job Safety Analysis
- Manager and Supervisor Safety Conversations
- Foster Near Miss (Open) Reporting Culture
- Commence Safety Leadership Training
- Learning Organization (Investigations and Audits)
- Hazard Recognition and Management
- Peer to Peer Safety Observations
- Leader-Driven Safety Communications
- Structured Sr. Management, Managers, and Supervisors Workplace Safety Visits
- Employee-Designed Safety Rules
- Manager/Supervisor Safety Performance Evaluation
- Completed Safety Leadership Training

# Safety Performance and Injury Prevention

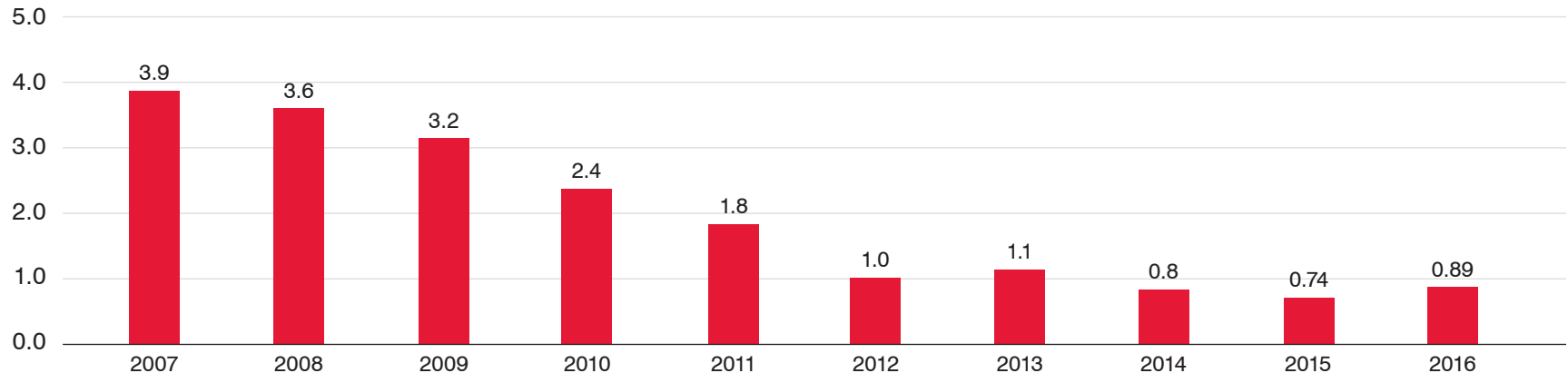
Crowley has experienced continued reductions in the number of recordable injuries from 2007, but the last five years has seen relatively flat safety performance.

Most resultant injuries were soft tissue injuries with common causes identified as inadequate hazard identification, improper body position or loss of attention or awareness.

Intervention plans were developed during the last quarter of 2016 for implementation throughout 2017. These interventions are focused on putting into place programs to improve hazard identification skills and programs specifically targeted at improving workers' awareness and skills regarding how to better engage their bodies with work and remain aware and engaged with the work.

We are confident that, with our initiative focusing on safety culture strength, we will see growth in high performance and continuing reductions in workplace injuries.

## Lost Time Incident Rates



# Wellness

Crowley's Live Well program offers tools and resources to employees and their families to help keep health and well-being a priority.

The Live Well goal is to promote health and wellness by creating a work environment that nurtures all dimensions of wellness while increasing engagement, reinforcing healthy behaviors, increasing performance, and controlling health care spending.

## **Crowley's Live Well program focuses on 5 dimensions of well-being:**

- Purpose
- Community
- Social
- Physical
- Financial

Crowley's optional Live Well Incentive Program allows covered employees and their spouses/domestic partners to participate in healthy activities to earn discounts on health insurance premiums. Individuals can participate in healthy online challenges and get access to professional health coaching on topics like: nutrition, diabetes prevention and control, managing cholesterol and high blood pressure, personalized fitness, and stress management.



In 2016, 84% of employees and spouses participated in the Live Well program. We believe everyone should have the tools and resources to lead happy and healthy lives. By participating in the Live Well program, our employees and families not only benefit from a healthier lifestyle, but we all benefit from managing our health care costs.

### Crowley was awarded in 2016:

- The First Coast Worksite Wellness Council's Healthiest Companies Platinum Level Award, which recognizes organizations that promote employee health and well-being.
- Interactive Health's (IH) Healthiest Companies Award, which recognizes organizations that have embraced the mission of life changing access to preventive health care in the workplace, and for achieving quantifiable results as part of the Interactive Health wellness program.

- The American Heart Association's Fit-Friendly Platinum Award, which recognizes worksites for making the health and wellness of their employees a priority. Platinum is the highest level of recognition.
- The National Association for Business Resources Best and Brightest Award, which recognizes workplace health programs based on the quality and excellence of their health awareness and programs.



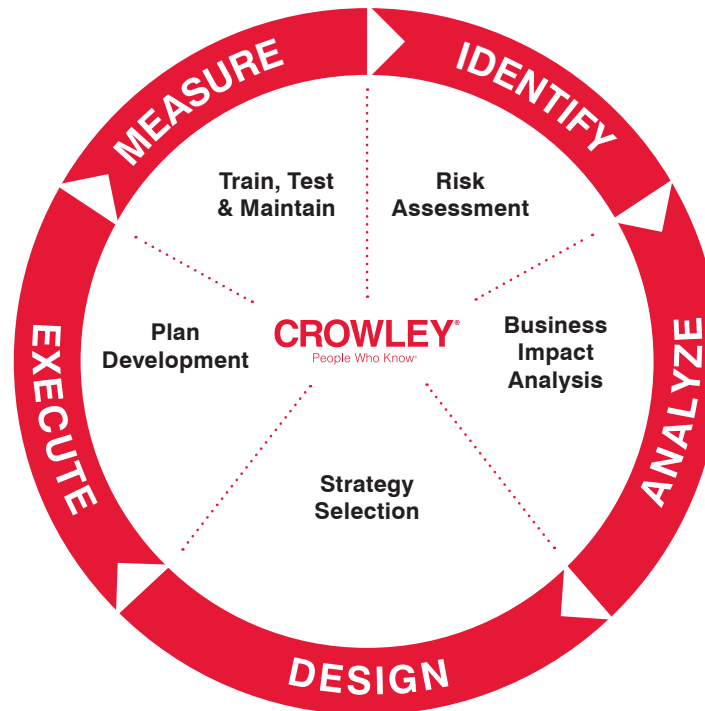


# Business Continuity Program

Our Business Continuity Program's focus is to build organizational resilience with the capability of effective incident response that safeguards the interest of our stakeholders, reputation, and brand. The Business Continuity program cycle is an ongoing process that periodically assesses the potential effects of disruptions and builds strategies and plans to mitigate impacts and protect our assets.

## 2016 Achievements:

- Completed Business Impact Analysis (BIA) for Shared Services located in El Salvador.
- Completed Business Impact Analysis (BIA) for departments housed in Jacksonville, FL.
- Defined Business Continuity Strategy for 2017 and beyond.



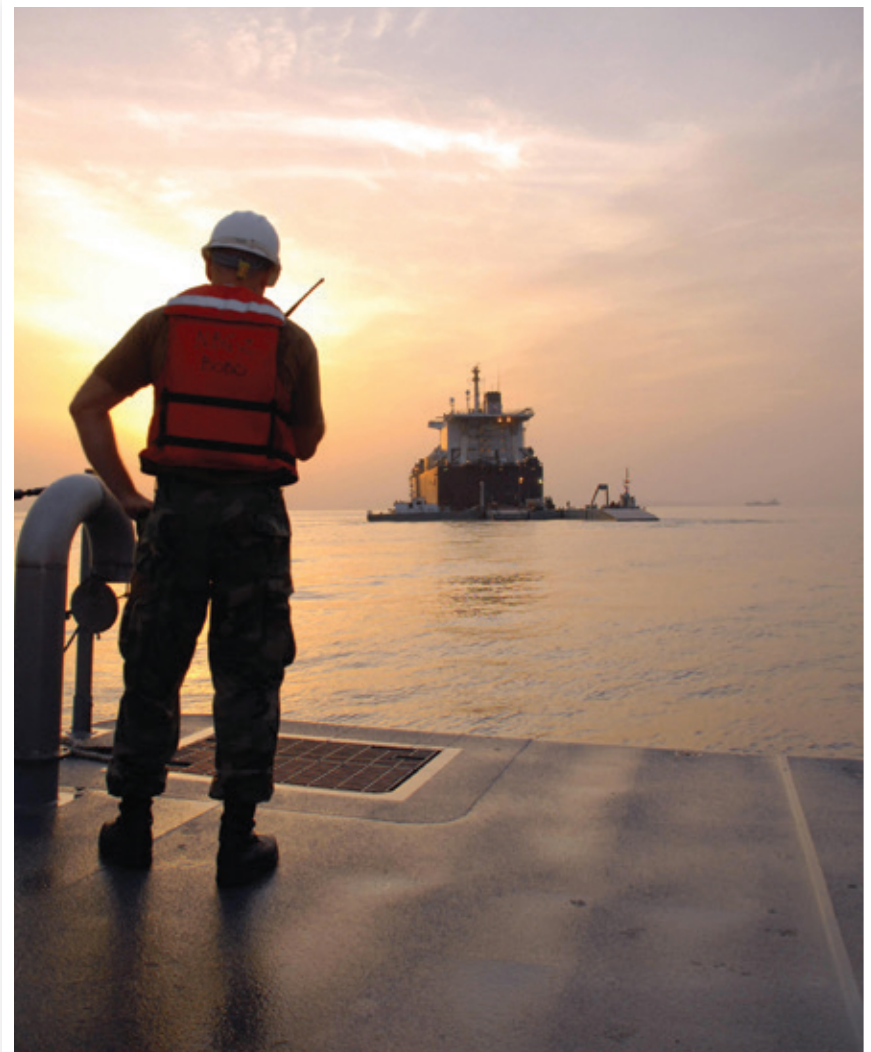
# Emergency Management

The Corporate Emergency Management Team (CEMT) participated in regular exercises based around incident response and preparedness.

The second quarter exercise focused on a Corporate Crisis-level event. Over the span of three days, Corporate Emergency Management Team members and operating unit incident management team members learned about crisis communications and response in the context of a major incident that could impact several operating units and the Crowley brand in its entirety.

During the third quarter, the Senior Leadership Team participated in a workshop that exercised management's role and response during the same simulated crisis-level event.

The Safety, Security, Quality, and Environmental Department also developed an Emergency Management exercise plan for 2017 based around current risk environment and response capabilities.



# Secure Access Program

In 2015, we identified a security risk due to the multiple security access systems at the Crowley businesses. To address this problem, Crowley Corporate Security partnered with Crowley Facilities Management to plan and initiate a corporate-wide program to standardize a building security access control system and upgrade our surveillance cameras.

In 2016, we began a centralized secure access program positioning us to safeguard against security risks. The project aligns with our organizational goals of Zero Harm to People, Property, and the Environment.

The system adds a layer of security and safety for our employees and facilities. The secure access system ties together all Crowley facilities through an offsite secured server. Appointed Crowley personnel are granted remote database access, giving them the ability to lock-down a facility and/or disable key card access.

In addition to the secure access system, we are upgrading our surveillance cameras. The project requires one primary piece of hardware and equipment supplier, while utilizing a global network of qualified camera and access control system installers. This strategy will not only reduce overall costs to Crowley on the



initial installation of the security systems, but it will reduce long range costs by utilizing local vendors to maintain the systems throughout their life-cycles. The off the shelf system is designed for expansion to accommodate business growth.

This project will eventually touch all administrative, warehouse, terminal and trucking properties that are owned or operated by Crowley or its subsidiaries. As of yearend 2016, ten of our facilities are tied together through the remote access system.

# Audit and Continual Improvement

Our integrated audit program provides Crowley with the assurance that our vessels, terminals, and facilities are operating at the highest level of accountability. As part of our continual improvement process, we perform annual internal audits of our management systems on 100% of our fleet. The audit program is designed to meet Crowley's diverse structure and fluctuating business environment.

The continual improvement process is embedded into our audit program and is an integral part of our management system. We continue to learn and share best safety, security, quality, and environmental practices through our Operations Integrity team focus group. The participants exchange information leveraging their combined knowledge in Maritime safety, Technical Management experience, Terminal Operations, and Logistical support. Various Corporate Service representatives join the meetings to share their role in the organization and how they interface with operations.

In 2016 our businesses certified by the International Organization for Standardization (ISO) began the process of transitioning from ISO 9001:2008 standard for Quality and ISO 14001:2004 standard for Environmental to the revised ISO 2015 standards.



Also in 2016 Crowley Government Services certified to Crowley's first Information Security Management Systems ISO 27001:2013. Five of the Crowley business lines hold varying levels of ISO, and as our customer base grows our businesses respond by expanding their management systems to meet the customer requirements.

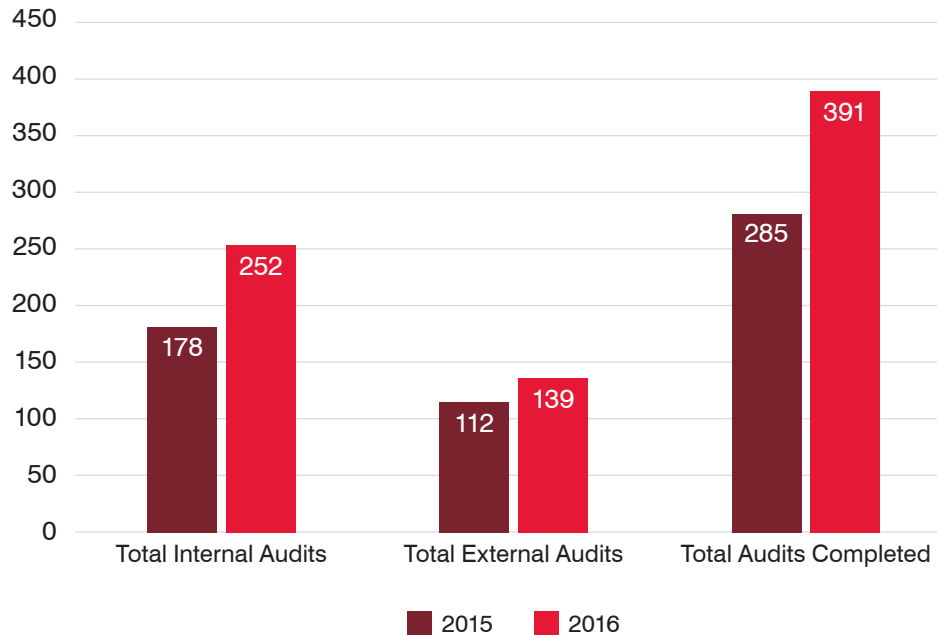
The transition process involves Operations Integrity teams' full attention as they assess current policies and procedures for relevancy to operations, ensure that regulatory, customer and company requirements are met, and that the ISO requirements are integrated into their system. A full transition is expected by fall of 2018.

# Quality Service

## 2016 Safety, Security, Quality, Environmental Stewardship Audit Program

In 2016 with the addition of new vessels and audit types, we managed 391 audits, a 37% increase from 2015.

### 2015 vs. 2016 Audits



AUDIT TYPE	NUMBER OF AUDITS COMPLETED
<b>INTERNAL</b>	
Vessel Safety, Quality, and/or Environmental	133
Vessel Security	103
Office / Facility Safety, Quality, and/or Environmental	16
<b>TOTAL</b>	<b>252</b>
<b>EXTERNAL THIRD PARTY</b>	
Vessel Safety, Quality, and/or Environmental	78
Office / Facility Safety, Quality, and/or Environmental	25
Vessel Maritime Labour Convention	35
Facility Maritime Labour Convention	1
<b>TOTAL</b>	<b>139</b>
<b>TOTAL AUDITS COMPLETED</b>	<b>391</b>

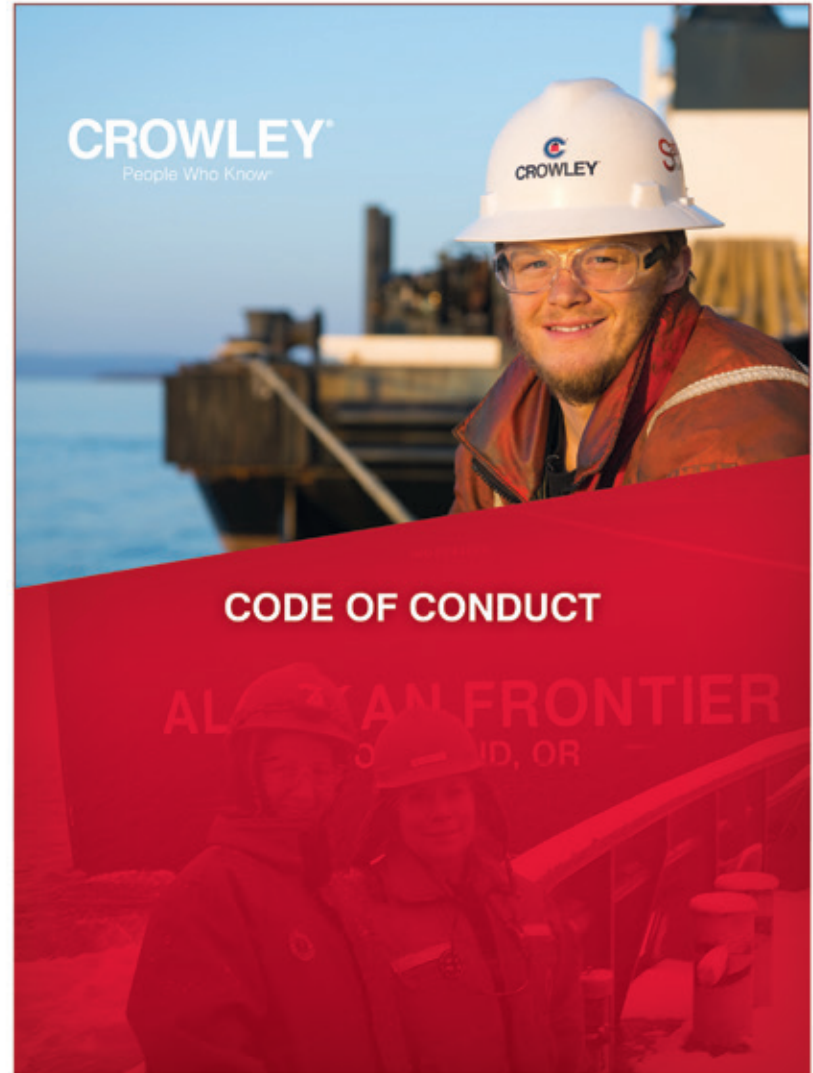


# Ethics and Compliance

## Integrity Means Doing the Right Thing

At Crowley, we are committed to achieving and maintaining the highest standards of professional and ethical conduct. Our senior management team sets the vision and expectations for our company by establishing our Purpose, Mission, and Core Values.

The Code of Conduct (Code) is an important channel for communicating these principles. In 2016, we updated our Code, and as reinforcement of our commitment to our principles began a campaign to communicate the Code throughout the Organization.



Leadership is committed to our Code, that requires every employee to use sound judgement, maintain high ethical standards and demonstrate honesty in all business dealings. As part of our ethics program, we assign fraud and corruption training to our employees. We monitor and track reported grievances and our ethics hotline allows for anonymous reporting of potential ethics violations. All reports are investigated and actions taken to address concerns.



### A Message from Our CEO

*One of our Company's core values is INTEGRITY. By that we mean that honesty and fairness is expected in dealing with internal and external constituencies - employees, customers, and business partners. One of the Company's most valuable assets is a reputation for integrity.*

*The integrity of our Company is the sum of the personal integrity of all the men and women who work here. I believe that operating honestly and ethically and the feeling of trust that results is the basis for a successful business. We will conduct our business honestly and ethically wherever we operate in the world. Our tradition of integrity has been earned by generations of Crowley employees and I place the highest value on this tradition and intend on maintaining it now and in the future.*

*Sincerely,*



Tom Crowley

# Vessel Emissions and Energy Efficiency

During 2016, both Crowley's domestic and international liner shipping operations continued to work to improve their environmental performance around vessel emissions. The Corporation also sustained its commitment to enforcement of sulfur emissions regulations and became more transparent with customers about its approach to climate change.

## International Liner Shipping-Clean Cargo Working Group

Crowley joined the Clean Cargo Working Group (CCWG), a global, business-to-business initiative dedicated to improving the environmental performance of marine container transport. Over the past 12 years, CCWG tools and protocols have become industry standards for measuring and reporting ocean container carriers' environmental performance.

Crowley's membership in CCWG will provide the company an opportunity to track and benchmark its ocean container transportation environmental performance, and to easily report on this performance to customers in a standardized, well established format. Membership will also provide Crowley the opportunity to contribute to the further development



of consistent, practicable, value-added metrics and methodologies for measuring environmental performance in ocean transportation.

## Domestic Liner Shipping-USEPA Smartway Partnership

Crowley's Puerto Rico Liner Services group joined the SmartWay Transport Partnership. SmartWay is an innovative collaboration between U.S. Environmental Protection Agency (EPA) and industry that provides a framework to assess the environmental and energy efficiency of moving goods through supply chains.

## Vessel Emissions and Energy Efficiency

As a SmartWay Partner, Crowley can use SmartWay-proven tools and methodologies to track, benchmark, and report on the energy efficiency performance of Crowley barges and tugs providing service to Puerto Rico.

Crowley's Puerto Rico Liner Services group joins the company's logistics and trucking groups as participants in the SmartWay partnership.

Crowley's participation in the SmartWay partnership will help contribute to the partnership's savings of 170.3 million barrels of oil, \$24.9 billion in fuel costs, 72.8 MMT of carbon dioxide, 1.5 million tons of nitrogen oxides, and 59,000 tons of particulate matter. This is equivalent to eliminating annual energy use in more than 6 million homes.

### Sulfur Emissions

Crowley continued the company's commitment to robust enforcement of existing fuel sulfur restrictions by remaining engaged in the Trident Alliance. The Trident Alliance is a coalition of shipping owners and operators who share an interest in robust enforcement of maritime sulfur regulations and who are willing to collaborate to help bring about this enforcement.

### Climate Change Disclosure-CDP

Crowley customers have requested increased transparency from the company regarding its approach to climate change. In 2016, Crowley responded to those requests by participating in the CDP disclosure process. Specifically, Crowley used the CDP platform to describe the company's framework for identifying risks and opportunities associated with climate change, and to outline Crowley's climate change management practices.

CDP – formerly the Carbon Disclosure Project – is a not-for-profit that runs a global disclosure system that enables companies, cities, states, and regions to measure and manage their environmental impacts. CDP has built one of the most comprehensive collections of self-reported environmental data in the world. The CDP network of investors and purchasers, representing over \$100 trillion, along with policy makers around the globe, use CDP data and insights to make better-informed decisions.



# Beginning to Formalize our Approach to Sustainability

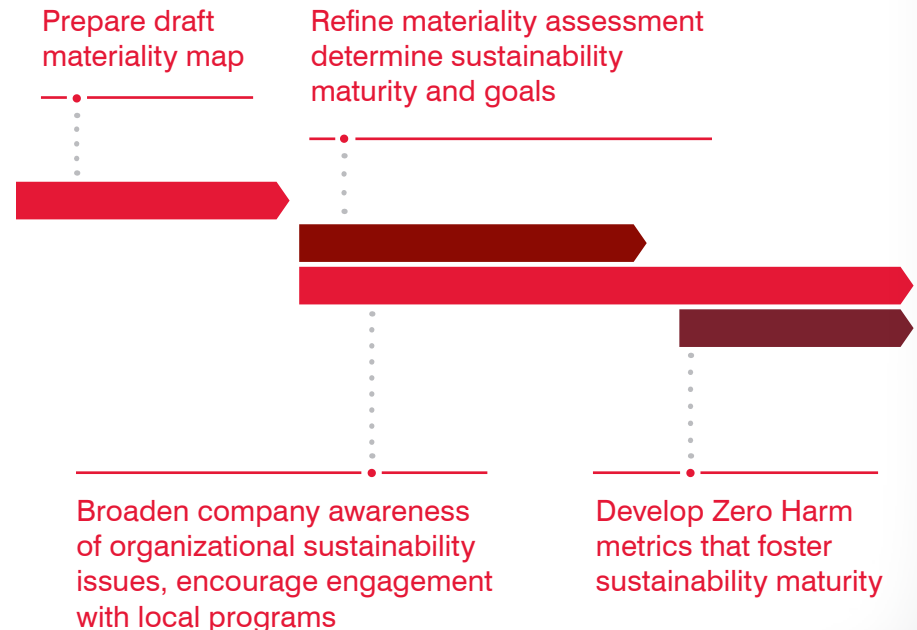
All of these vessel emissions and energy efficiency activities are part of a broader strategy around formalizing Crowley's approach to environmental sustainability. Specifically, the Safety, Security, Quality and Environmental Stewardship department is working with operating unit personnel to help focus sustainability efforts on what matters and to build on existing industry best practice.

While the official results of a Crowley environmental sustainability materiality assessment will not be compiled until 2017 (see graphic), customer and regulatory requirements all indicate that climate and emissions will be material issues for the company. For this reason, Crowley is concentrating effort on climate and emissions.

Crowley is still early on its sustainability journey and can learn from work already completed in other industry sectors as well as by other companies in the maritime industry. Rather than creating new programs, Crowley can build on existing industry best practice to begin addressing material environmental issues. For this reason, Crowley has concentrated its efforts on the well-established CCWG, SmartWay, and CDP frameworks and processes.

## Moving into 2017, Crowley will increase its engagement in existing best practice programs.

Crowley's 2017 plan also includes better defining what matters and developing metrics around those issues. The figure below outlines the planned Crowley 2017 materiality assessment and metrics development process.





# Crowley Cares Program

The Crowley Cares program consists of: the Crowley Cares Foundation, Thomas B. Crowley Sr. Memorial Scholarship Program and the Crowley Cares Committee.

The Crowley Cares Foundation is a non-profit organization designed to match and grow employee charitable contributions. The program focuses and aligns employee and corporate charitable outreach in communities where Crowley employees live and work. Employees can donate time, talent, and money.

## In 2016:

- Over 200 employees participated in the donation matching program.
- Over \$204,000 was donated to employee-selected non-profits through the foundation.
- Employees gave to 180 different types of charities across the country through the foundation.
- \$52,000 in scholarships were donated to students for further education as part of the Thomas B. Crowley Sr. Memorial Scholarship Program.

Crowley was awarded Jacksonville 904 Magazine's "Companies with Heart" award in 2016. This award recognizes companies within the community with advanced corporate social responsibility programs.



Through the Crowley Cares Program, the company is now able to make more impact and positive changes where they matter most-in the communities Crowley calls home.





CROWLEY

50% MATCH

Over 200 employees are now participating in the match program.



OVER 180  
NON-PROFITS

Employees are giving to 180 different types of charities through the match program across the country.



Administrative Employees across the country are participating, including Puerto Rico and U.S. Virgin Islands.



DONATED OVER  
**\$200,000**

Over \$200,000 were donated to employee's selected non-profits in our Crowley communities in 2016.

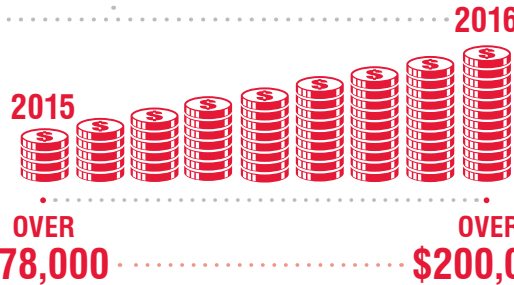
Examples of non-profit causes chosen by employees:



Animals  
Healthcare



Environmental  
Educational



2015 vs 2016

Increase of over \$122,000 (156%) compared to 2015

“ I feel fortunate to work for a company that cares enough to have a match program like the Crowley Cares Foundation. ”

- Martha Mizell, Crowley employee, Jacksonville

“ Your donations help provide psychiatry, psychology, individual and experiential therapies, food, shelter, and more so that every child, teen , and family that comes through our doors has a safe place to heal, grow, and realize a better life. ”

- Ryther Center, Seattle

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