RISKS IN THE SUPPLY CHAIN

(How to lose the bet with your assured)

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### Risk Management Model

<table>
<thead>
<tr>
<th>Impact</th>
<th>Probability</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severe/Critical</td>
<td>Low</td>
<td>Substantial management required</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>Must monitor and manage risks</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Extensive management crucial</td>
</tr>
<tr>
<td>Moderate</td>
<td>Low</td>
<td>May accept risks but monitor them</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>Management effort useful</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Management effort required</td>
</tr>
<tr>
<td>Limited/Minor</td>
<td>Low</td>
<td>Accept risks</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>Accept risks but monitor them</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Monitor and manage risks</td>
</tr>
</tbody>
</table>

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Threats = Perils
Cause of the loss

Risk = Opportunity
It could happen to you

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Categories

- Mother Nature
- Mad Men
- Morons

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THREATS TO THE SUPPLY CHAIN

MOTHER NATURE

• Severe Weather/Hurricanes
• Heat/Drought
• Disease

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New Season Starts?

Early Season – Caribbean

Mid-Season Lull

Late Season Trans-Atlantic
Severe Storms
Hurricanes
2013 Season
15 Named Storms
4 Severe

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SUPPLY CHAIN RISKS

SEVERE STORM OUTLOOK 2013

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THREATS TO THE SUPPLY CHAIN

Flooding
- Too much water moving too fast
- Increased collisions
- Tows breakup Runaway Barges

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Waterfront Facilities

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THREATS TO THE SUPPLY CHAIN

Flooding

U.S. Spring Flood Risk
March 21, 2013

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Drought

U.S. Seasonal Drought Outlook
Drought Tendency During the Valid Period
Valid for April 18 - July 31, 2013
Released April 18, 2013

KEY:
- Drought to persist or intensify
- Drought ongoing, some improvement
- Drought likely to improve, impacts ease
- Drought development likely

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events such as individual storms cannot be accurately forecast more than a few days in advance. Use caution for applications such as crops that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

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Drought
Low river and canal levels
Increased Groundings
More Barges with Less Cargo
Crop Price vs Crop Supply
THREATS TO THE SUPPLY CHAIN

Disease/Infestation
Invasive Species

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MAD MEN
Terrorists
Thieves
Malcontents

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THREATS TO THE SUPPLY CHAIN

Terrorists
Bombers
Hackers

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Thieves

Hijack Truck Loads

High Value Metals
THREATS TO THE SUPPLY CHAIN

2011 Cargo Theft Value by Commodity

- Electronics 47%
- Apparel 11%
- Machinery 5%
- Plastics & Rubber 3%
- Personal Care & Beauty 5%
- Pharmaceuticals 2%
- Furniture 1%
- Other 6%
- Base Metals 6%

Source: CargoNet

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THREATS TO THE SUPPLY CHAIN

Phones Stolen

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THREATS TO THE SUPPLY CHAIN

Malcontents
Careless Laborers
Government Employees

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Export Customs Inspection
Poorly Loaded and Secured
THREATS TO THE SUPPLY CHAIN

MORONS
Mathematically Challenged
Physics Does Not Apply to Me

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Safest Place to Keep It

It’s Not that Rough

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I know what I’m doing  Turn Here?

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Shipping Risks

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Total Cycle Support

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Intelligent intervention in the risk cycle can mitigate threats, reduce risks and reduce claims. A holistic approach to the claims management process helps clients to:

- Reduce the communication chain and significantly reduce the typical timeframe of the problem solving cycle
- Create the opportunity to indentify threats before they arise, thereby reducing risks and minimizing the exposure
- Achieve earlier identification of trends and tendencies and create the potential to act positively to reduce risk
- Reduce the number of repeat components of losses
- Build a client specific knowledge bank of known issues and resolutions
- Initiate, protect and actively pursue recoveries against responsible third parties immediately,
<table>
<thead>
<tr>
<th></th>
<th><strong>NEW YORK</strong></th>
<th><strong>HOUSTON</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CSL North America</td>
<td>CSL North America</td>
</tr>
<tr>
<td></td>
<td>5 Hanover Square</td>
<td>8866 Gulf Freeway</td>
</tr>
<tr>
<td></td>
<td>21st Floor</td>
<td>Suite 540</td>
</tr>
<tr>
<td></td>
<td>New York</td>
<td>Houston</td>
</tr>
<tr>
<td></td>
<td>NY 10004-9998</td>
<td>TX 77017-6533</td>
</tr>
<tr>
<td>Telephone</td>
<td>(718) 477-1800</td>
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<tr>
<td>Facsimile</td>
<td>(718) 477-0811</td>
<td>Facsimile: (713) 941-2725</td>
</tr>
<tr>
<td>Contact</td>
<td>Jim Ruggiero</td>
<td>Contact: David Hawes</td>
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<tr>
<td>E-Mail</td>
<td><a href="mailto:j.rugiero@cslglobal.com">j.rugiero@cslglobal.com</a></td>
<td>E-Mail: <a href="mailto:d.hawes@cslglobal.com">d.hawes@cslglobal.com</a></td>
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