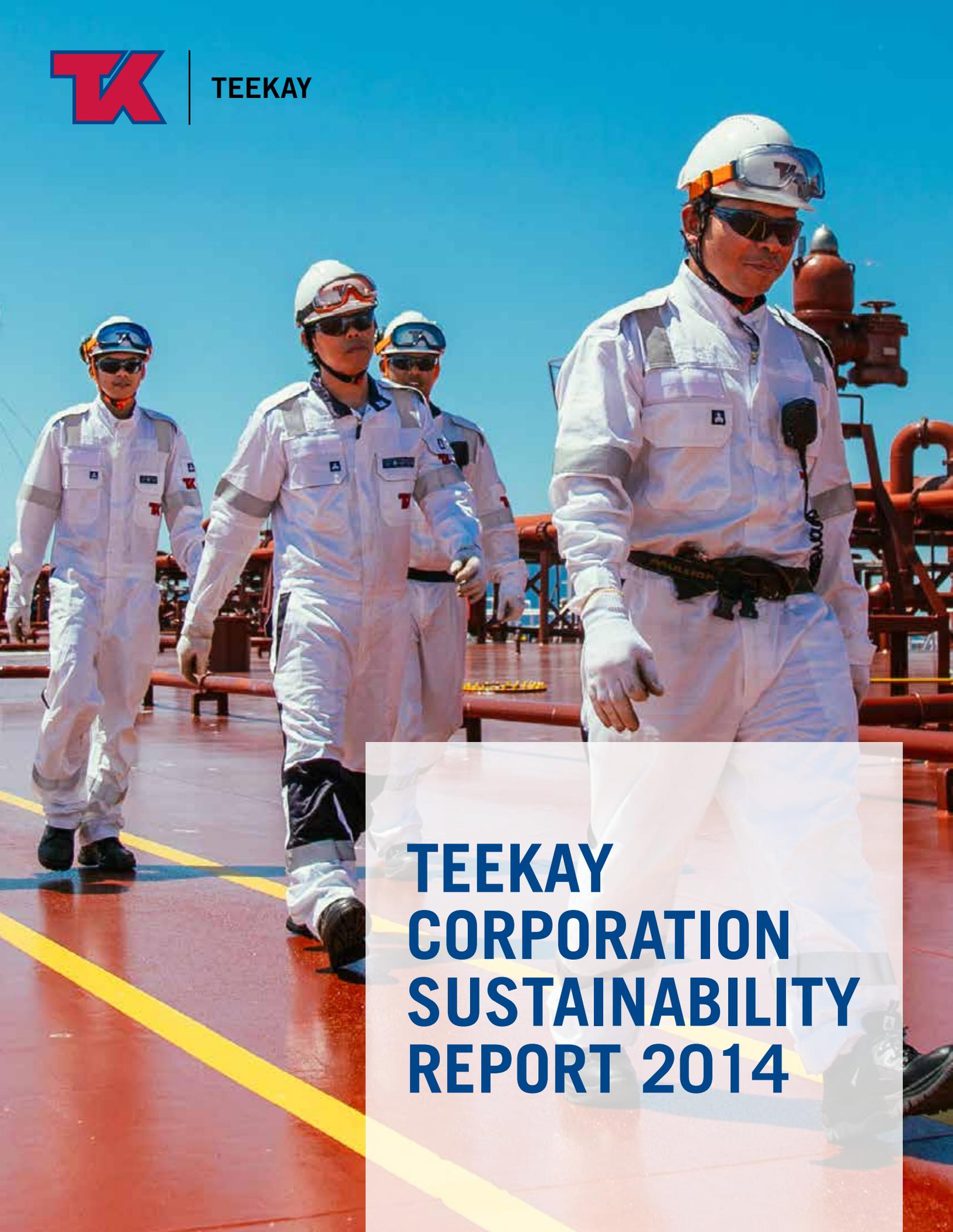
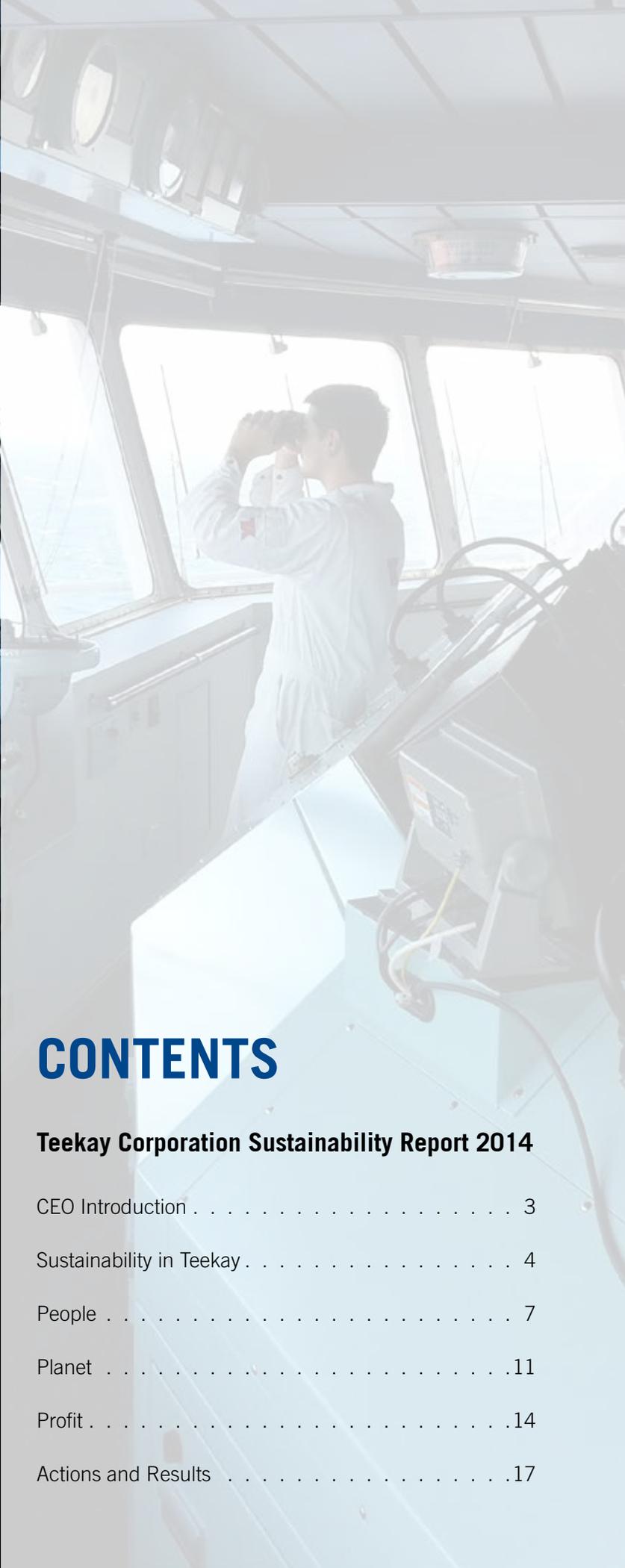




TEEKAY



TEEKAY CORPORATION SUSTAINABILITY REPORT 2014



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CEO INTRODUCTION



Sustainability is a core value for Teekay. Alongside Safety, it forms the “S” in our SPIRIT values. **Safety and Sustainability** are areas of focus that endure. They are our bedrock.

This is how we describe those values:

“ We put safety first. No compromises. We look after each other and make sure everyone gets home safely. We consider people, planet and profit in all of our decisions and actions. We contribute to a sustainable business, environment and community.

I spend a lot of my time meeting with our many stakeholders – customers, investors, banks, various marine authorities and industry bodies – and an increasingly common topic of conversation is Teekay’s commitment to sustainable business practices. I am always happy when that topic arises, so I can share the many great stories we find inside Teekay, as well as reporting on our operational performance.

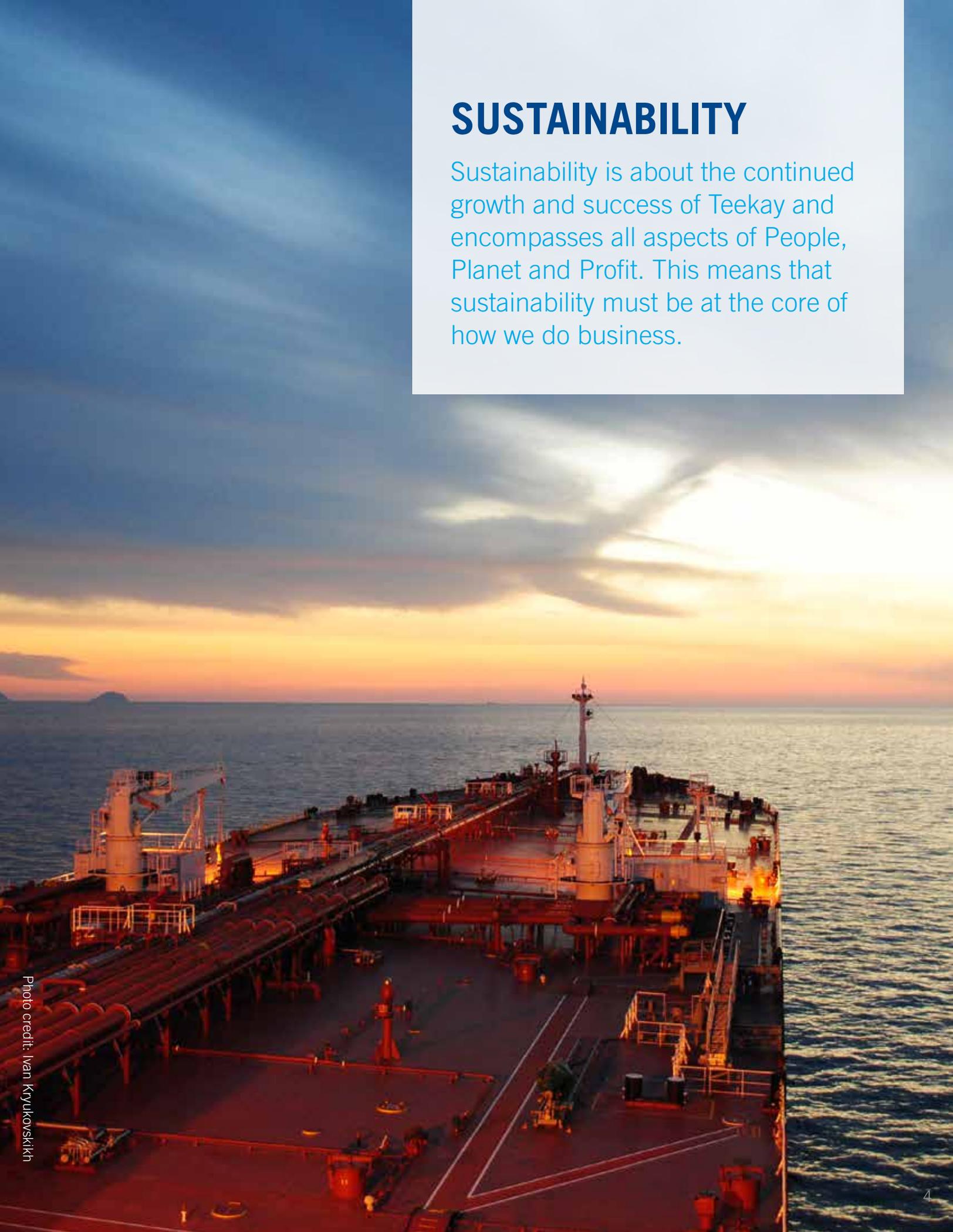
This Sustainability Report includes some of that data and great stories. At Teekay we are proud of the performance of our people around the world, and we share them regularly on our website and social media channels. I recommend you follow Teekay throughout the year to keep up to date on what we are doing – whether it is raising money for charity, keeping fit, delivering projects on time and on budget, exceeding our goals on emissions, or addressing and delivering on safety standards.

I believe the Teekay brand stands as a symbol of quality and as a protector of the environment. Please enjoy reading in the following pages how we deliver on that brand promise.

— Peter Evensen, President and Chief Executive Officer

SUSTAINABILITY

Sustainability is about the continued growth and success of Teekay and encompasses all aspects of People, Planet and Profit. This means that sustainability must be at the core of how we do business.



Sustainability in Teekay

Sustainability is a widely used term in relation to the global challenges and opportunities we are facing today. For Teekay, sustainability translates to the long-term growth and success of our company by the responsible management of People, Planet and Profit. Teekay will promote ethical behavior, transparency and accountability in order to create trust and support a fair business environment. We will strive to operate with high energy efficiency and find new ways to improve our environmental footprint.

Our focus on People, Planet and Profit ensures the long-term health and success of our colleagues, our business and the surroundings we work in. It involves a commitment to responsible safety and environmental practices, as well as the development of projects.

This report covers Teekay activities in 2014, both onshore and offshore, not including information on our FPSO fleet which can be found in Teekay Petrojarl's separate 2014 Sustainability Report available at <http://teekay.com/sustainability/>. In this report you will find many examples on how the company works with sustainability as a guideline throughout the entire organization. We hope, whether you are a current or future employee, existing or potential business partner, shareholder, regulator, or simply someone with a keen interest in what we do, that the stories can help to understand how Teekay Corporation considers People, Planet and Profit in all of our decisions and actions to ensure our long-term growth and profitability.

This report focuses on the sustainability issues that

significantly affect business performance and matter most to our key stakeholders. Our prioritization of the topics reflects potential impact on people, planet, profit and reputation. These include profitability, regularity, HSE, competence, greenhouse gas emissions, workforce participation, supply chain management and transparency with respect to corruption and ethics.

Reporting Basis

This report contains disclosures from the Global Reporting Initiative (GRI) G4 'Core' guideline. The GRI guidelines are highly recognized and the most commonly used guidelines for sustainability reporting.

Contact Us

We appreciate your comments, feedback or queries on this report. Please get in touch at _TSQSingapore@teekay.com. Remember to mark the email "Sustainability Report 2014". You can visit our website and learn more about us at www.teekay.com.

SUSTAINABILITY

SUSTAINABILITY



Strategy

Teekay 2020

Growth is in our DNA at Teekay. Our Founder, Torben Karshoej, grew the company with an entrepreneurial mindset. Over 20 years after his death, Teekay leaders across the globe continue to honor Torben's attitude to business.

In 2014 we launched the Teekay 2020 Strategy. It has three complementary foundations, the first of which is **Growth**. In all of our industry verticals – LNG, Offshore, and Tankers – we plan to significantly grow our fleets and service offerings.

How will we do it? By driving a **Partnership** mentality – our second strategic foundation. We will look for projects that can best leverage the skillsets of our functional teams – across technical, operational, financial and management functions. We will work with customers and suppliers in a collegiate way. We believe a Partnership first approach delivers long-term sustainable outcomes.

Last, but definitely not least, we will continue to focus on our **Teekay SPIRIT** values and practices. Our people – their commitment, skills, passion and smarts – are the ones that make all the successes happen. They are responsible for over 40 years of industry success, and our long-term sustainable future.

Examples of Growth Initiatives in 2014

- Secured approximately \$5 billion of profitable growth projects in our offshore, gas and tanker businesses.
- Created Tanker Investments Ltd., which took delivery of eight Suezmax and Aframax tankers.
- The site office for four LNG newbuildings at Hudong Zhonghua, Shanghai opened in December. Steel cutting for first vessel commenced in April 2015.
- The development of Teekay Bulker Management Services (TBMS) ramped up with the announcement that technical management of the cape size bulk carrier RS Iron Range will be transferred to Teekay Australia (effective mid-January 2015).
- Sailaway of the Petrojarl Knarr FPSO from South Korea to Norway.

Teekay
SPIRIT
Values



Safety & Sustainability



Passion



Integrity



Reliability



Innovation



Teamwork

OUR PEOPLE

The people of Teekay are our most important asset. Their safety, good health, competence and motivation are crucial elements in the current and future success of our company. Health, Safety and Environment are always our top priorities.





In this section of our report you can read more about how we work to ensure the well-being, safety and security of our employees, the integrity of our assets and how we give back to the communities in which we operate.

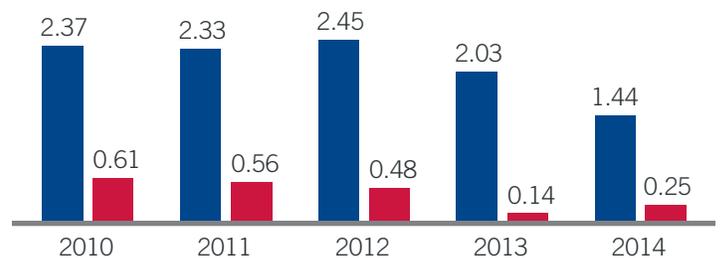
Training and Competence

Maintaining and developing the competence of our seafaring staff is key to ensure safety, efficiency and sustainability in our fleet. The official opening of Glasgow's new state-of-the-art navigation and cargo operations simulator training centre took place on Friday 9 May 2014. The new simulator centre will see hundreds of Teekay seafarers a year come to Glasgow to attend intensive courses in ship handling; navigation; bridge teamwork; ship-to-ship interactions; cargo operations, heavy traffic situations and harsh weather conditions.



All Fleet LTIF/TRCF

■ TRCF = Total Recordable Case Frequency
 ■ LTIF = Lost Time Injury Frequency



Occupational Health and Safety

Teekay has always focused on continuous improvement in health and safety of our seafarers and staff across the company. Our goal is to have zero injuries to personnel. To reduce the risk of injury to personnel, we have extensive industry leading policies and practices in place regarding safety and emergency response in our safety management system.

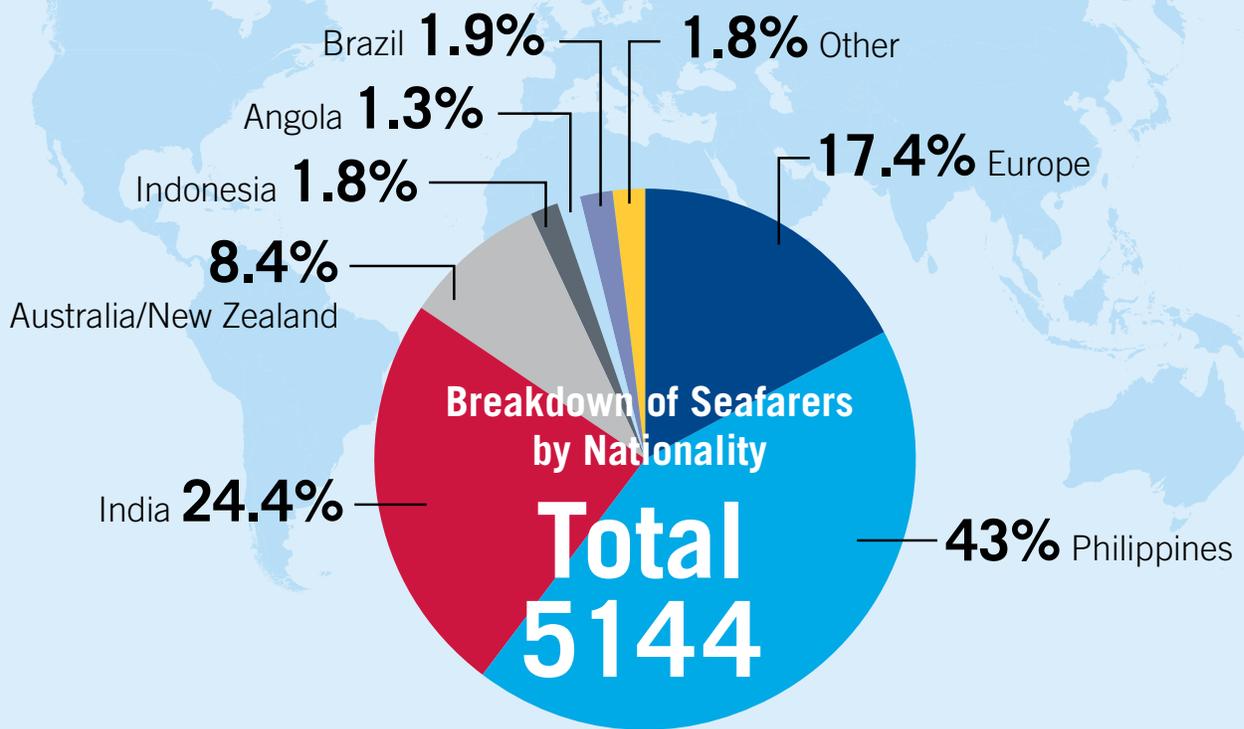
Teekay significantly reduced total recordable case frequencies (TRCF) in last couple of years. It was 1.44 in 2014 as compared to 2.03 in 2013. However, there was an increase in number of Lost Time Injuries (LTI) to 6 from 3 in last year.

Recruitment and Growth

Teekay is continuously looking for new people as we expand our business internationally. With the Glasgow Graduate Recruitment Program, Teekay Glasgow offers excellent opportunities for graduate engineers who studied MEng in Naval Architecture and Marine Engineering at Strathclyde University. Our graduate recruitment program has been running since 2011 and has been a resounding success

so far, with us attracting some of the top candidates from one of the most reputable Universities in Scotland.

The graduate recruitment process usually commences in the October every year for marine engineering and naval architecture students.



Teekay Safety Commitments



PEOPLE

Corporate Social Responsibility

Teekay does not exist in isolation. Our customers, employees, partners, the environment and local communities are all affected by our operations and activities. We believe that the hallmark of a truly sustainable company is the way it interacts with its stakeholders and the community in which it operates

Providing Aid to People Impacted By Typhoon Yolanda

On April 9th, five months after Super Typhoon Haiyan-Yolanda hit the Philippines, a team from Teekay Manila traveled to the Tacloban region to provide further donations to those impacted by the typhoon.

The impact of the typhoon was evident everywhere – damaged buildings, missing roofs, no walls, rubble piles and refugee tent cities and aid tents around the airport area.

Our team participated in different events in the area. The first ceremony was at a small Catholic school, Caritas Manila, in Burauen, Leyte where Teekay donated 150 desk/chairs to the young students. The second ceremony was in a fishing community to present a donation of 20 motorized fishing boats and supplies.

It was a moving day but also very inspiring. We're very proud to support these communities and help them rebuild their lives.

WE DAY Vancouver

On October 22, 20,000 youth, educators and guests gathered at Rogers Arena to celebrate the positive actions they have made, and will make in the future in their local and global communities at We Day Vancouver. The energy in that place was electric and inspiring! Each student in that Arena earned their way to We Day and this was a time to thank the students for their hard work throughout the year and to continue to inspire them to take action! A group of 9 volunteered at We Day in various capacities including Transportation & Safety, Honoured Guest & Youth Seating, and Me to We merchandise sales.



Teesta Spirit Rescue

On July 28, the Teesta Spirit, en route to Turkey from Libya, received a distress rescue call from the Italian coastguard. They were asked to assist a small rubber boat adrift in the Mediterranean with 114 people aboard!

The vessel diverted to take on all travelers and offered them the care aboard.

The onboard team undertook health checks on their guests, which included several pregnant women. Five people required medical assistance, with breathing difficulties, skin conditions and exhaustion among the ailments. The vessel was in regular contact with Italian authorities to discuss the medical situation and arrange a doctor's visit and medical evacuation.

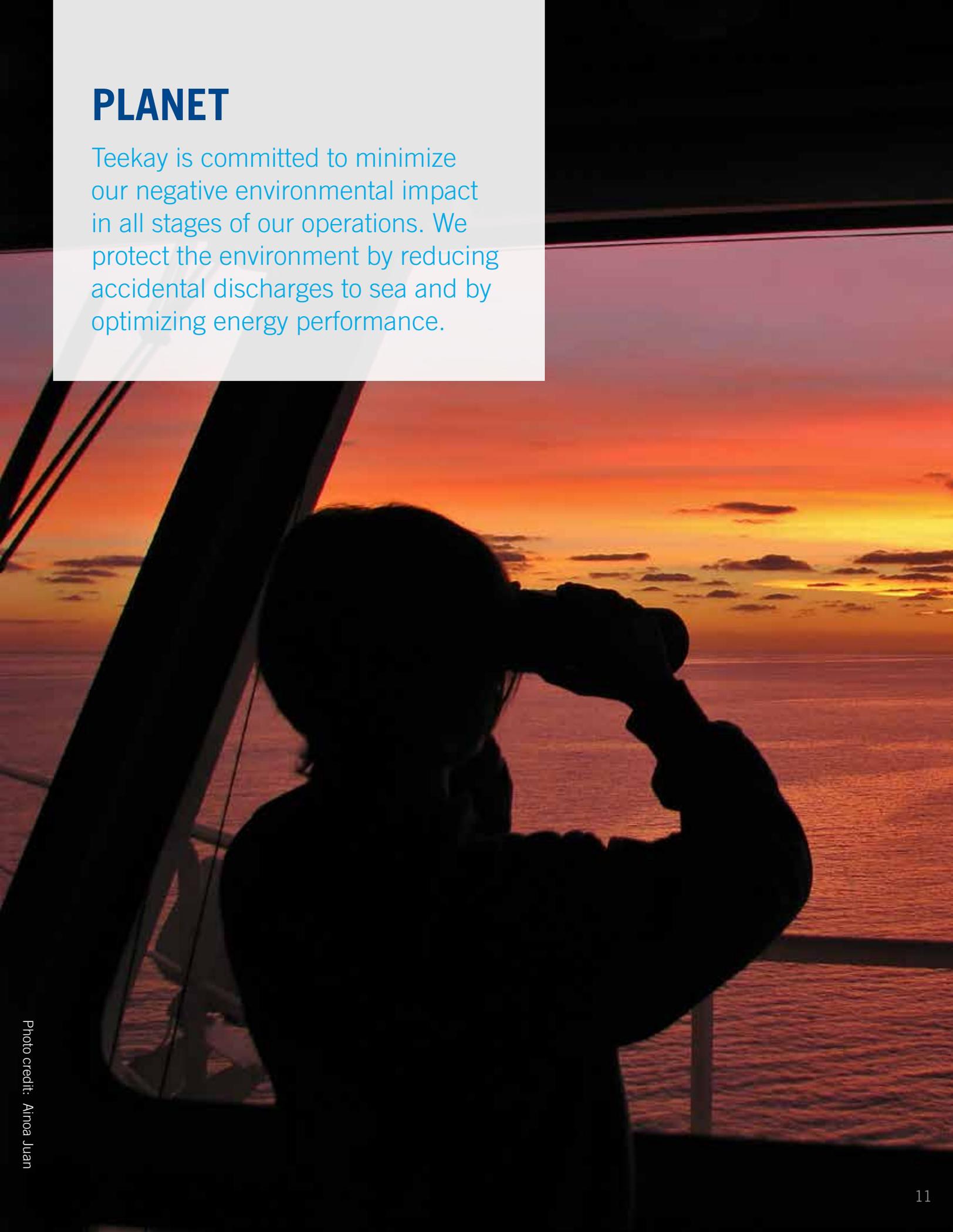
Online Community Outreach

With our colleagues spread all around the planet, and our seafarers often away from family and friends for long stretches of time, it is important to stay connected with colleagues and families. At Teekay we use many social media channels to share stories, news and examples of #TeekaySPIRIT.

If you search for Teekay Corp on [Facebook](#), [Twitter](#), [LinkedIn](#), and [Instagram](#) you will see hundreds of stories about the good work of our global team. You will also see the thousands of Likes and Shares from colleagues, their friends and families, our customers and suppliers, and other community stakeholders too. We maintain excellent, industry-leading rates of engagement online with these stakeholders. Many of the photos and stories in this report can be found on our channels, with www.teekay.com our content hub.

PLANET

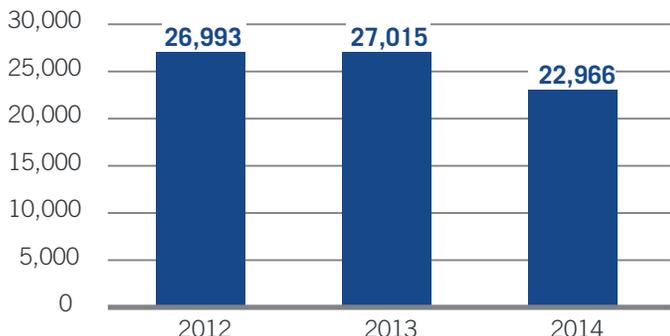
Teekay is committed to minimize our negative environmental impact in all stages of our operations. We protect the environment by reducing accidental discharges to sea and by optimizing energy performance.



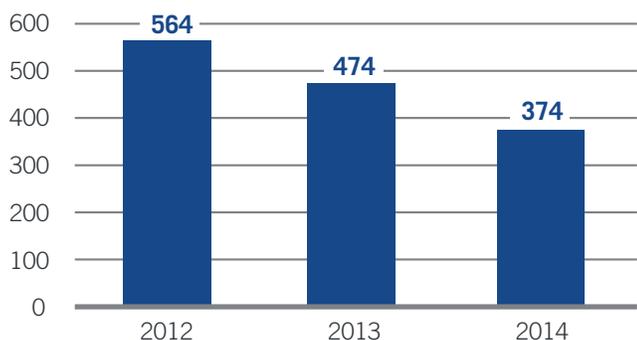
Environmental Impact

Greenhouse Gas Management

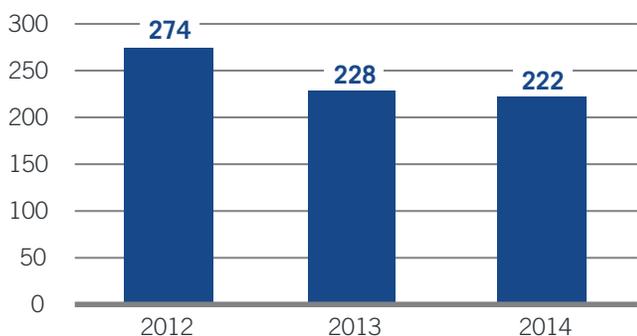
Greenhouse Gases (metric tonnes CO₂ - eq.) Average Per Vessel



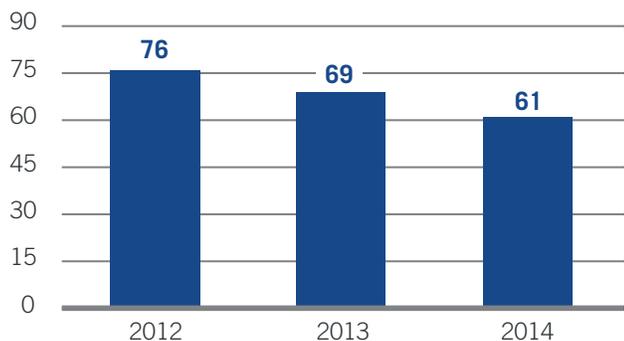
Nitrogen Oxides NO_x & Nitrous Oxides N₂O (metric tonnes) Average Per Vessel



Sulphur Oxides (metric tonnes) Average Per Vessel



Total Vessel Waste Generated (m³) Average Per Vessel



Innovation

Teekay is continuing to invest in high performance hull coatings that offer significant savings in fuel consumption and removes the need for expensive regular in-service hull cleans. This results in reducing the impact on the environment.

The coatings used are the latest development in tin-free, high performance, ultra-low friction self-polishing antifouling, based on the latest development in hydrolysing silylmethacrylate copolymers. The coatings combine outstanding lifetime performance with excellent application properties.

During the 5-year period in between dry-dockings, hull efficiency will drop off. However, with the new coatings, a 75% improvement is gained. This leads to significant savings in fuel consumption and reduction of emissions. Teekay has been applying the new coatings to their existing LNG carrier fleet during dry-docks; some of Teekay's newbuild fleet will also be delivered with the high performance coatings already applied.

PLANET



PLANET

Energy

We have committed to environmental sustainability by implementing environmentally sound initiatives in our offices, having staff everywhere pledge to use environmentally friendly practices and using technology to continually lessen our vessels' impact on the environment.

All our vessels are operated under our Safety Management System, in compliance with the International Safety Management Code, the International Standards Organization's 9001 for Quality Assurance, ISO 14001 for Environment Management Systems, Occupational Health and Safety Advisory Services 18001 and new Maritime Labour Convention 2006. Teekay is ISO14001 certified and focuses on using best practices and technologies to avoid spills, reduce emissions, conserve energy and minimize waste.

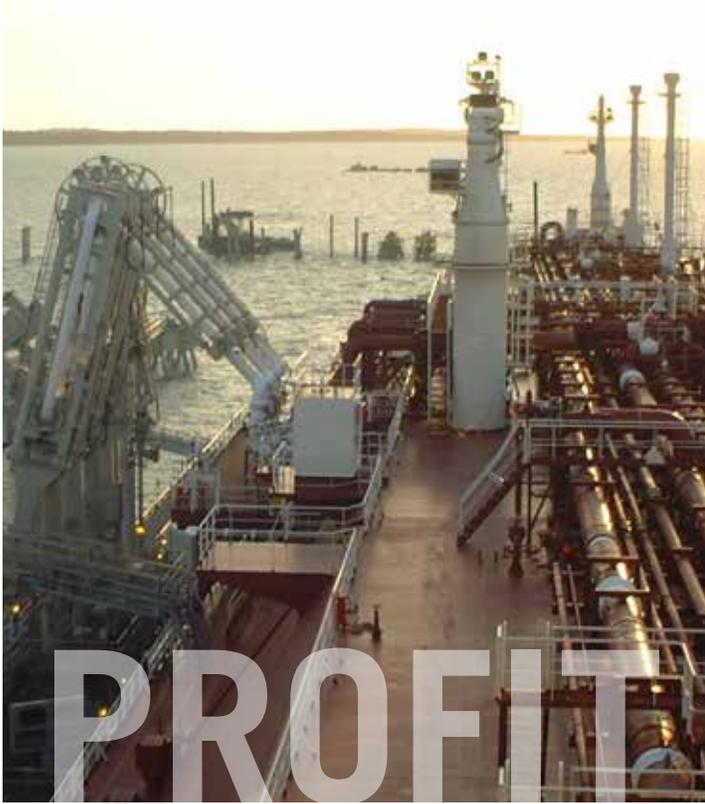
Teekay Green Spirit

Teekay Green Spirit is a Teekay office environmental program. It consists of 11 actions that all Teekay offices are encouraged to adopt. It lets each office challenge themselves and also document the good work they're doing. For years, Teekay's Environmental Leadership Program has defined our strategy for reducing the environmental impact of our operations. To encourage continuous improvement, 'Teekay Green Spirit' has evolved from the 'Green 15' program which listed action items each Teekay office undertakes as part of Teekay's commitment towards reducing their environmental impact. The goal under the Environmental Leadership Program is to implement 80% of items from 'Teekay Green Spirit' checklist.



PROFIT

Delivering a profit is one of the most important steps towards sustainability, which is why Teekay maintains a strong focus on value creation. Teekay's cash flows remain stable and growing supported by a large and diversified portfolio of long-term contracts comprised of over \$20 billion of forward revenues, cost reduction initiatives and fleet efficiencies.



In 2014, Teekay Corporation reported consolidated adjusted net income (before non-controlling interests) of \$220.6 million, compared to \$69.1 million for 2013. This was our first full-year profit since 2008. With Teekay Corporation at a positive inflection point in its operational performance, we expect to build on this result in future years as a result of more profitable growth projects starting up and higher utilization on our existing FPSO units.

Despite the recent headwinds in the global energy markets, Teekay Corporation's unrivaled portfolio of over \$20 billion of consolidated forward fee-based contracts with strong counterparties in our gas and offshore businesses continue to generate stable and predictable cash flows. Our offshore businesses, primarily owned by Teekay Offshore Partners, are almost exclusively focused on the stable, production-related elements of the offshore oil supply chain and our assets are considered to be critical to our customers' ability to generate revenue. While we expect the recent volatility in global oil prices may result in delays of certain of our customers' new offshore projects, the long-term fundamentals in the deep water offshore energy sector remain strong. Furthermore, despite delays to marginal projects and higher-cost greenfield natural gas projects, the long-term fundamentals for LNG shipping remain strong with a high level of demand for new LNG carriers through to 2020, which will benefit Teekay LNG Partners. Lastly, the lower oil price environment and tight supply and demand balance has helped to further strengthen the conventional tanker market, benefitting our tanker franchise owned by Teekay Tankers Ltd.

Teekay LNG had one of the most successful years since its inception over 10 years ago securing approximately \$2.4 billion of new profitable growth projects, including five fuel-efficient LNG carrier newbuildings to be chartered to Royal Dutch Shell commencing in the second half of 2017 into 2018; a 50 percent interest in six icebreaker LNG carrier newbuildings for the Yamal LNG project, sponsored by Novatek OAO, Total SA and China National Petroleum Corporation which, in the first quarter of 2018 through the first quarter of 2020, will commence charter contracts through to December 2045; and the acquisition of a net 25 percent interest in four LNG carrier newbuildings from BG Group, which will commence 20-year charter contracts in September 2017 through January 2019. In summary, Teekay LNG Partners has approximately \$3.4 billion of committed capital projects delivering between now and 2020 and the partnership continues to bid on new long-term, fixed rate LNG shipping and floating regasification contracts.

Diverse, Fee-Based and Contracted Revenues From Strong Customer Group

Average Remaining Contract Length by Segment¹

Gas

13 years

FPSO

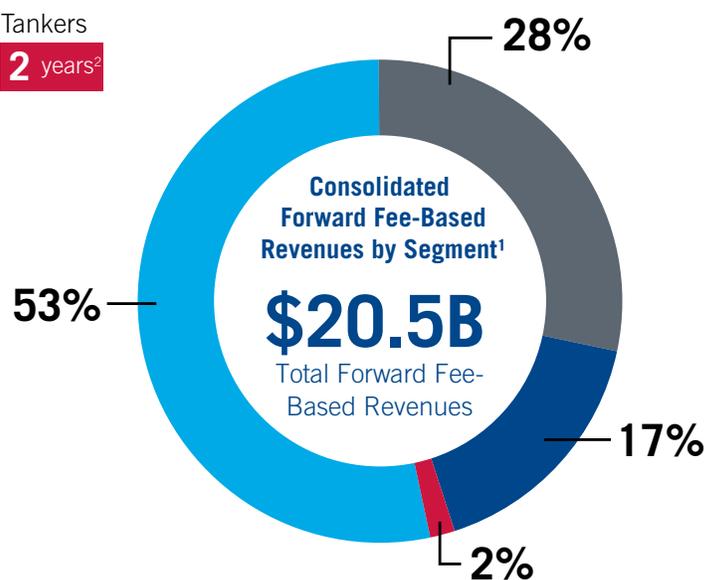
5 years

Offshore Logistics

5 years

Tankers

2 years²



Note: Forward fee-based revenues and average remaining contract life excludes extension options and is based on our fixed-rate charters and contract of affreightment

¹ As of October 1, 2015

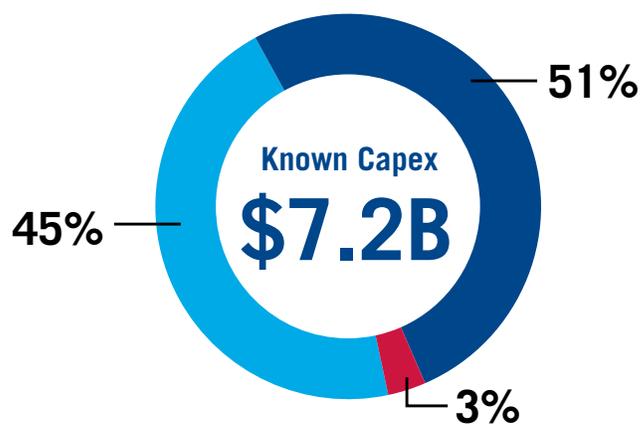
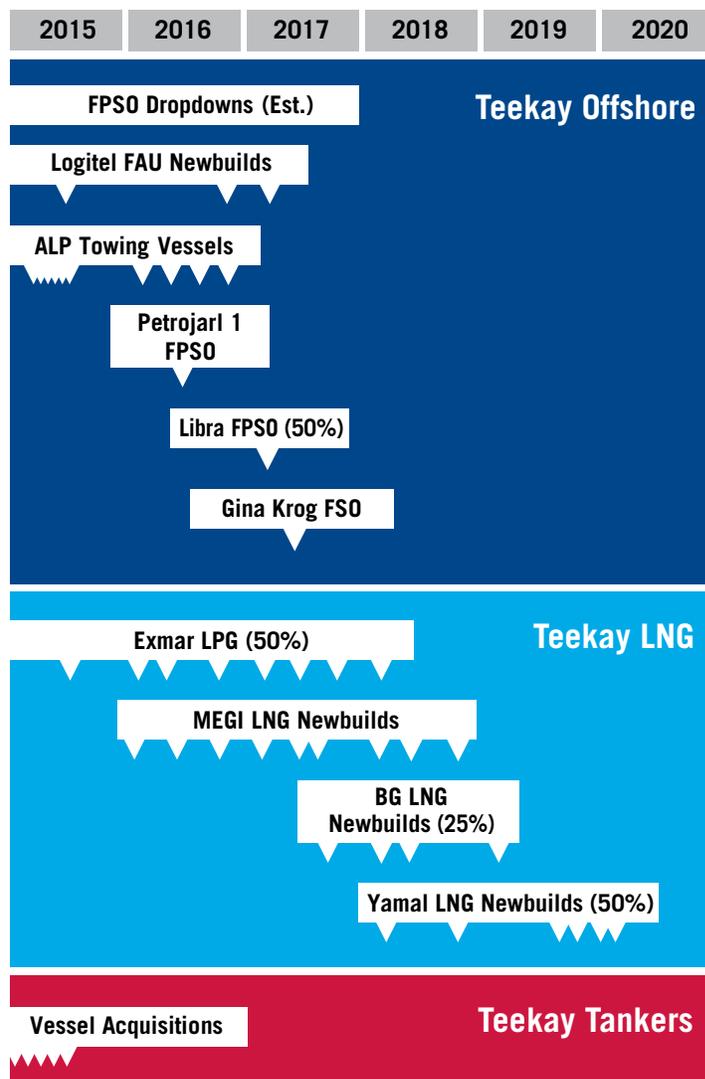
² ~35% of the conventional fleet is on fixed-rate contracts

In our offshore production business, Teekay Offshore secured over \$0.7 billion of new profitable growth projects, including a 50 percent interest in the Libra floating production, storage and offloading (FPSO) unit conversion project, which will commence a 12-year charter contract with Petrobras in Brazil in early-2017, and the Petrojarl I FPSO upgrade project, which will commence a 5-year charter contract with Queiroz Galvão Exploração e Produção SA (QGEP) in Brazil in mid-2016. In our offshore logistics business, Teekay Offshore successfully secured over \$1.4 billion of new profitable growth projects and acquisitions, including the East Coast Canada newbuilding shuttle tanker project, which involves three newbuildings plus an option for a fourth vessel that will operate under a 15-year charter contract with a consortium of high quality customers in the fourth quarter of 2017 through the first half of 2018, and expanding into two new adjacent business areas through the acquisition of ALP Maritime Services and Logitel Offshore, which specialize in long-haul ocean towage and offshore installation vessels and units for maintenance and safety, respectively. Teekay Offshore has approximately \$3.7 billion of committed capital projects delivering between now and 2018 and we continue to pursue new offshore projects and on-the-water acquisitions.

Over the past 18 months, the conventional tanker market has continued to improve with spot tanker rates reaching the highest levels for Aframax and Suezmax tankers since 2008. Over the past year, Teekay Tankers has continued to execute on its strategy of increasing exposure to the improving spot tanker market through expanding its in-charter portfolio to 12 vessels and by acquiring five, high quality, modern secondhand tankers bringing its spot trading exposure up to 85 percent at an attractive point in the tanker cycle. With strong operating leverage and a low cash break-even rate, we believe Teekay Tankers is well-positioned to benefit from the fundamental strength in the global tanker market.

Looking ahead, with a pipeline of approximately \$7.3 billion in new growth projects across the Teekay Group, primarily in our gas and offshore businesses, delivering through to 2020, we are expecting further fixed-rate cash flow growth and earnings over the next several years. In addition, we remain focused on migrating our assets from the parent company (Teekay Parent) to our publicly-traded daughter entities, Teekay LNG, Teekay Offshore and Teekay Tankers, creating value for Teekay Parent by increasing the cash flows generated by our publicly-traded daughter subsidiaries and improving our financial strength and flexibility.

Visible Pipeline of Profitable Growth – Currently Over \$7 Billion of Known Accretive Growth



PROFIT

Supply Chain Management

Teekay's ship teams have a large number of suppliers for chemicals, lube oil, spare parts etc. Suppliers and service providers located around the world provide services to our fleet operations and projects worldwide. Consequently, Teekay can influence social and environmental impacts through our supply chain. Teekay aims for continuous improvement and constant efforts are made by management to improve the system.

Ethical Business Conduct

Maintaining a high standard of business ethics and anti-corruption is expected throughout the organization. We acknowledge the detrimental effect corruption has on corporations and societies. Our business decisions and actions must be ethical and in full compliance with international and local legal requirements. The Standard of Business Conduct (SBC) reflects our continued commitment to ethical business practices and regulatory compliance. Acknowledgement of the SBC policy is required annually from all directors and up and for all new employees.

In addition, all Teekay employees can submit confidential concerns regarding accounting, fraud or financial auditing matters through the Business Conduct Reporting Tool, or by contacting an external operated toll-free hotline: +1 877 507 8685.

PROFIT



ACTIONS AND RESULTS



KPIS	2014 TARGET	ACTUAL 2014
Minimise Total Recordable Case Frequency (TCRF)	< 2.4	1.44
Minimise Lost Time Injury Frequency (LTIF)	< 0.20	0.25
Minimise Health Repatriation Case Frequency (HRCF)	< 3.0	3.08
Achieve zero overboard oil spills*	0	0
Achieve zero major operational incidents	0	3
Achieve zero fatalities	0	0
Increase fleet availability	> 99.70%	99.67
Reduce port state control deficiencies	< 0.40	0.34
Achieve zero port state detentions	0	0

* Oil spills over 1 Barrel



Spotlight 2014 – Key Figures

PEOPLE	2012	2013	2014
Total Staff*	Sea Staff – 5,600 Shore Staff – 900	Sea Staff – 5,700 Shore Staff – 900	Sea Staff – 5,900 Shore Staff – 900
Total Recordable Case Frequency	2.45	2.03	1.44
Total Recordable Injury Frequency	0.48	0.14	0.25
Fatalities	1	0	0
Lost Time Injuries	15	3	6
PLANET			
Greenhouse Gas Emission (Metric Tonnes)	3,671,030	4,349,450	4,501,311
Sulphur Oxides Emissions (Metric Tonnes)	43,230	20,831	43,434
Nitrogen Oxides (NOx) and Nitrous Oxide (N ₂ O) Emissions (Metric Tonnes)	66,361	76,379	73,274
Spill Volume (Litres)	1,791	412	1,547
Total Vessel Waste Generated (Cubic Meters)	12,758	11,266	11,910
- Disposed to shore facilities	5,300	9,402	8,029
- Incinerated onboard	3,723	3,441	3,297
- Disposed at sea	894	502	463
PROFIT (USD Thousands)			
Assets	11,002,025	11,555,701	11,864,212
Revenues	1,980,771	1,830,085	1,993,920
Cash Flow from Vessel Operations	821,449	819,307	1,049,202
Adjusted Net Income**	74,536	69,139	220,599
Total Equity	3,191,474	3,203,050	3,388,633
Net Debt (net of cash and restricted cash)	5,023,978	5,590,407	5,873,793
NUMBER OF VESSELS			
7 Teekay Parent***	40 Teekay Tankers	64 Teekay Offshore	85 Teekay LNG
] 196 vessels			

* Sea Staff of Teekay, including all permanent, active offshore crew and seafarers of TOP, not including contractors or riding crew.

** Adjusted net income before non-controlling interests

*** Excludes two LNG carriers chartered from Teekay LNG, and two shuttle tankers, three FSO units, and four Aframax tankers chartered from Teekay Offshore.

RESULTS

BRINGING ENERGY TO THE WORLD WITH TEEKAY SPIRIT