RESPONSIBLE CARE® Verification Report

Procor Limited

August 29 - 30, 2018



Chemistry Industry Association of Canada



Responsible Care[®] Our commitment to sustainability.

Disclaimer

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EXECUTIVE SUMMARY

This report documents the observations and conclusions of the independent verification team tasked with conducting a Responsible Care Verification of Procor Limited. The verification was undertaken on August 14 at the company head office in Oakville ON and included a team visit to the Sarnia Service Center on August 15 and split verification team visits to the Montreal field services office on August 29 and to the Lambton ON (Sarnia) field services office on August 30, 2018. The verification team also conducted interviews with other company personnel at the Edmonton Service Center and with the manager of the Alberta Field services. This was their fifth RC verification. The last verification was completed on October 7-8, 2015.

While considering all aspects of the Responsible Care Commitments during this verification the team placed an emphasis on conducting an in-depth examination of company aspects related to:

- Changes to the organization (USA and Canada) since the last RC verification in 2015.
- The Procor management system for the Service Centers and Field Services activities.
- Procor Limited RC cross reference document of the RC applicable code elements with Procor standards/procedures as a CIAC RC partner.
- Management links with Union Tank Car personnel.
- Their wastes management activities and compliance with the RC related code elements.
- Their overall communication dialogue activities and procedures to be in compliance with the related code elements.
- Overall HSE performance and scrutiny of their leading indicators (KPI).
- Risk assessments and management of risk/emergency response for all locations.
- Compliance of the Field Services personnel with the Procor standards and Responsible Care.
- Review of the corrective action plan for the noted Find Requiring Action (FRA), Work in Progress (WIP) and suggested Opportunity for Improvement (O.I.) mentioned in the 2015 RC verification report.
- Etc.

As a result of the examination conducted, the verification team is of the opinion that the Responsible Care Ethic and Principles for Sustainability are guiding company decisions and actions, and that a self-healing management system is in place to drive continual improvement. The team believes that the company is capable of responding to the range of Findings Requiring Action identified during the verification summarized below and discussed in detail in the report. The verification is completed, and no further involvement is required by the verification team.

Signed: *Marcel Émond* CIAC Verification Team Leader

Date: September 21, 2018

For more information on this or a previous Responsible Care Verification Report, please contact your local company site or the company's overall Responsible Care coordinator:

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SUMMARY OF VERIFICATION TEAM OBSERVATIONS

Findings Requiring Action

1. Review the ongoing dialogue process for each location and assure compliance with the Accountability code elements 125 to 136 whenever it is applicable.

Works in Progress

None to report.

Improvement Opportunities

1. The verification team suggest implementing a clause in their customer contract to promote and enhance with their customers the awareness of the Responsible Care Ethic and the Guiding principles for Sustainability.

2. Procor should review their waste management contractor selection process and the ongoing EHS performance assessment to include the safe transportation portion along the safe handling to dispose of their wastes.

3. The verification team suggest utilizing the opportunity to promote Responsible Care during their annual Customer Day event. This opportunity would demonstrate the expectations of Procor's commitment to Responsible Care.

4. The verification team suggests adding Responsible Care signage to all Procor trucks and signage on the Lambton, ON office building to promote Responsible Care and any other Field Services building as deemed appropriate.

5. The verification team suggests that the Lambton, ON intranet site be updated to include the most current RC information.

Successful Practices

1. The Procor management approach to integrate the newly acquire GE West Regina plant by doing an intensive 1-wk indoctrination of the Procor management system and procedures, of Responsible Care and doing a second week to certify those employees on the Procor standards and operation procedures. The verification team considers this approach as a successful practice.

2. Procor Operations cultural approach to integrate the most stringent requirements in EHS when there are variations in provincial EHS regulations requirements in Canada (e.i.; air regulations, certification of H&S manager, etc.).

3. Their Near - Miss report management and follow up of corrective action plan with overall employee awareness.

4. The visual promotion of Responsible Care for the Sarnia Service center site.

1. INTRODUCTION

1.1 About Responsible Care Verification

As a member of the Chemistry Industry Association of Canada (CIAC), the most senior executive responsible for Procor Limited operations in Canada attests annually to CIAC and its peers that the company's operations conform to the expectations contained in the Responsible Care Commitments and are guided by *Responsible Care Ethic and Principles for Sustainability*.

The Responsible Care® Ethic and Principles for Sustainability

We are committed to do the right thing and be seen to do the right thing.

We dedicate ourselves, our technology and our business practices to sustainability - the betterment of society, the environment and the economy. The principles of Responsible Care® are key to our business success, and compel us to:

- work for the improvement of people's lives and the environment, while striving to do no harm;
- be accountable and responsive to the public, especially our local communities, who have the right to understand the risks and benefits of what we do;
- take preventative action to protect health and the environment;
- innovate for safer products and processes that conserve resources and provide enhanced value;
- engage with our business partners to ensure the stewardship and security of our products, services and raw materials throughout their life-cycles;
- understand and meet expectations for social responsibility;
- work with all stakeholders for public policy and standards that enhance sustainability, act to advance legal requirements and meet or exceed their letter and spirit;
- promote awareness of Responsible Care and inspire others to commit to these principles.

As an element of this commitment to Responsible Care, Procor Limited must, every three years, participate in an external verification intended to:

- 1. Provide the Executive Contact with an external perspective when assessing if the company is indeed meeting the intent of the Responsible Care Commitments, along with advice on areas that may require attention;
- 2. Identify opportunities for assisting the company when benchmarking its own practices and performance against those of its peers, thus supporting continual improvement;
- 3. Contribute to the credibility of Responsible Care amongst company personnel and stakeholders, as well as the stakeholders of the broader industry;
- 4. Identify successful company practices that can be promoted to peers in the CIAC membership; and
- 5. Support the identification of areas of common weakness so that collective tools and guidance can be developed to improve performance in those areas across the CIAC membership.

Verification is conducted according to a common protocol, developed by the association's members and others, including several critics of the chemical industry. The verification is conducted by a team consisting of:

- Knowledgeable industry experts with experience in Responsible Care;
- A representative of the public at large (usually with a public interest background and with experience in Responsible Care gained from serving on the CIAC's National Advisory Panel) and
- One or more representatives of the local communities where the company's facilities are located.

Once completed, the Verification Report is made publicly available through the CIAC website (<u>www.canadianchemsitry.ca</u>). Procor Limited is also is expected to share the report with interested persons in its communities and other stakeholders as part of its ongoing dialogue processes.

Additional information on Responsible Care and / or the verification process can be found at the CIAC website <u>www.canadianchemistry.ca</u>, or by contacting the Responsible Care staff at CIAC at <u>glaurin@canadianchemistry.ca</u> or (613) 237-6215 extension 233.

1.2 About Procor Limited

Procor Limited (PROX) is the Canadian affiliate of Union Tank Car Company (UTLX) which has its headquarters in Chicago Illinois. Procor Limited head office is located in Oakville, ON. Both companies are owned by the Marmon Group, a Berkshire Hathaway company. The Marmon Group is a global diversified investment company consisting of 13 diverse stand-alone business sectors and 185 independent manufacturing and service businesses.

Procor's main business consists of rail car leasing and repairs. In late 2015, UTLX and PROX acquired the GE rail car division (USA and Canada). Procor is a full- service leasing company managing the largest tank car fleet in Canada. Procor manages a fleet of more than 30000 conventional and special purpose tank car and freight cars (pressure and non-pressure). They operate a tank car repair network including 5 main service centers and 23 on-site Field Services/customer locations, all registered with the Association of American Railroads (AAR) and Transport Canada (TCC). The network provides a full range of services including; rebuilding damaged/wreck cars, routine preventive maintenance, recertification, emergency repairs, retrofit work and special conversion programs. Procor has direct access to their US affiliate (UTLX) facilities for the construction of new rail cars.

PROCOR and UTLX started to integrate in 2017 the management of their key common business activities (leasing and repairs) to improve their operations effectiveness and customer services. There has been several senior management position changes since the last RC verification in 2015. All Procor Limited business activities are guided by the Responsible Care principles.

Additional information is available on the Procor Limited web site; www.procor.com

1.3 About This Verification

The verification of Procor Limited was conducted on August 14 & 15 2018 and included team visits to the Sarnia main service center and split verification team visits to the Montreal field services office on August 29 and to the Lambton (Sarnia) field services office on August 30, 2018. The verification team also conducted interviews with the Edmonton Service Center plant Manager and the Field Services Operation Manager Mini Shops. During the course of the verification, the team had the opportunity to interact with a wide range of company personnel. Attachment 2 contains a list of those individuals interviewed and their affiliations.

This was the fifth verification exercise completed for Procor Limited. The last verification was completed on October 7-8, 2015.

Name	Affiliation	Representing
Marcel Émond	GMEE -consultant to CIAC	Team Leader
Kris Lee	Lee Environmental Education consultant to CIAC	Public-At-Large Verifier
Stan Ouellette	Member of Sarnia Transportation community advisory committee	Community representative

The verification team was comprised of the following individuals.

2. TEAM OBSERVATIONS CONCERNING THE RESPONSIBLE CARE COMMITMENTS (CODES AND BENCHMARK AND COLLECTIVE EXPECTATIONS)

During the verification of Procor Limited, the verification team looked for evidence that the company was addressing the expectations documented in the Responsible Care Commitments (152 code elements plus 28 benchmark and collective expectations). While considering all aspects of the Responsible Care Commitments during the verification, the team placed an emphasis on conducting a more in-depth examination of certain company aspects identified by the company or the team. These were related to:

- Changes to the organization (USA and Canada) since the last RC verification in October 2015.
- Their global management system and Service Centers/Field Services compliance of the Procor management system.
- Procor Limited cross reference document of the RC applicable code elements and the Procor standards/procedures as a CIAC RC partner.
- Management links with Union Tank Car.
- Their wastes management activities and compliance with the RC related code elements.
- Their overall communication dialogue activities and procedures to be in compliance with the related code elements.
- Overall HSE performance and scrutiny of their leading indicators (KPI).
- Risk assessments and management of risk/emergency response for all locations.
- Review of the corrective action plan for the noted Find Requiring Action (FRA), Work in Progress (WIP) and suggested Opportunity for Improvement (O.I.) mentioned in the 2015 RC verification report.

In communicating its observations, the verification team will make repeated reference to the following categories of observations:

1. Findings Requiring Action (FRA) document instances where the verification team observes specific company actions (or the absence of company actions) which are inconsistent with the detailed codes and benchmark and collective expectations contained in the Responsible Care Commitments. Where possible, the verification team will communicate, based on their experience and judgment, why it is inconsistent and how the observation relates back to a possible gap in the expected management system and / or the ethic and principles underpinning company actions. The team may also provide advice on how the situation might be responded to.

- 2. Works in Progress (WIP) document instances where the verification team has observed the company self-initiating actions in response to identified gaps and deficiency arising from other internal or external audit and review activities, or where the company has self-initiated important improvement opportunities.
- 3. **Successful Practices** document instances where the team believes the company has taken actions that strongly support sustained excellence in performance, and which should be communicated throughout the CIAC membership.
- 4. **Improvement opportunities** (O.I.) identify instances where the verification team has observed company actions and decision making as being largely consistent with the expectations detailed in the Responsible Care Commitments, but for which the team is of the opinion that the company could support further improvement by considering alternate or additional benchmarks when undertaking its planning and decision making.

The verification team's observations of how the company has addressed the Responsible Care Commitments are as follows:

The company has effectively address 3 of the 4 FRA. The team had a discussion with the company management about the issue of waste management (PSP-R-11) and clarified the RC expectation of the code elements OP-70, OP-75 (handling, treatment and disposal of wastes) and also OP-12 and OP-13 (safe transportation and distribution). An Opportunity for improvement was identified and noted in section 2.1.1.

The remaining FRA, WIP, O.I. were scrutinized by the verification team and the related corrective action plans for the FRA and WIP were found to be adequate and in compliance with the RC code elements.

2.1 Team Observations Concerning Operations Code

The Operations Code defines expectations for a company's actions in meeting the Responsible Care Ethic and Principles for Sustainability as they relate to all operational aspects of the company's business including but not limited to manufacturing, transportation, warehousing, laboratories and offices. Practice of this code is intended to result in:

- the protection of people, property and the environment through the responsible management of the company's operations;
- the assurance that the management systems necessary for responsible operations are in place and are functioning effectively.

Each company shall have controls which govern all operational aspects of its technology and business practices, with particular emphasis on those aspects that directly affect the safety, health and wellbeing of employees and others engaged in the company's operations.

2.1.1 Design and Construction of Facilities and Equipment

The team examined the management process for the construction of new tank cars, the repairs of damaged tank cars and the equipment retrofit activities. Procor has a qualified engineering group for the repairs and retrofit equipment of tank cars and UTLX has one for the design and construction of new cars. All mechanical changes and design of rail cars have to be approved by AAR and Transport Canada as they operate within a highly regulated sector.

2.1.2 **Operations Activities**

The scheduling of services for a leased tank car is accomplished with the software "Linknet" customer interface. The system allows for the identification of the work to be performed on the rail car and the type of residues contained in the car. The car is then routed to a Procor Service Center capable to perform the work. For minor repairs Procor can send a team to make the repairs at the customer site instead of sending the rail car at a Procor Service Center.

For larger customer, Procor provide on a permanent basis a Field Service team which performs the repairs and identified maintenance activities for tank car certification (regulations) on the customer site. Major repairs, specialized work, interior lining and painting is mainly done at the service centers.

Each tank car must be cleaned of residuals (HAZMAT and non-HAZMAT) and be confirmed safe for entry as per their confined space procedure and practice. All HAZMAT residues and contaminated wash water is disposed safely as hazardous wastes. The company has a process and procedures to select waste haulers and the waste is treated in registered wastes disposal sites. The verification team reviewed carefully their waste handling operations for compliance to the RC codes and highlighted an opportunity for improvement for their waste haulers selection and approval.

O.I. - Procor should review their waste management contractor selection process and their ongoing EHS performance assessment to include the safe transportation portion along the safe handling of their wastes at the disposal sites.

The scrutiny of the RC cross reference code elements document and several of the applicable Procor policies and procedures confirmed the compliance to the RC code elements.

The new management software "EHS Insight" in its final implementation will be used to follow and track all EHS changes. that is in the process of final implementation and will be globally used to follow and track all EHS activities.

Procor has leading indicators for all key activities including EHS and they are monitored monthly.

All the employees including the ones working for the Field Services are trained and qualified to accomplish safely their work as per the Procor "Skills Availability" standards and the employee training matrix for specific job requirements. The company has SOP's for all activities and the verification team has at random scrutinized some procedures either in the Main Services Centers or the Field Services centers to confirm the access to procedures and confirmed practices. The operational and safety procedures are reinforced by daily structured "toolbox" talks and monthly safety meetings.

After the acquisition of the GE North America rail car business in late 2015, the GE West Regina plant fell under the jurisdiction of Procor. In January 2016, Procor ceased plant operation for 2 weeks in order to train the former GE employees on the Procor standards and operation procedures, Responsible Care and the Procor culture (week # 1- on boarding process). During the second week, all GE former employees were gradually certified on the Procor standards and operations procedures.

The Procor management approach to integrate the newly acquire GE West Regina plant by doing an intensive 1-wk indoctrination of the Procor management system and procedures, of Responsible Care and doing a second week to certify those employees on the Procor standards and operation procedures. The verification team considers this approach as a successful practice. A documented management of change process (MOC) identifies any changes and its related risks to assure that a change in process, facility or equipment do not compromise the environment the health and safety of the employees and the security of their facilities.

2.1.3 Safety and Security

The verification team looked at how the chemical residue hazards were identified and managed along the risks for potential incidents throughout all company operations and sites.

Multiple standards and specific procedures handle all health, safety and security activities including hazard training, impact of emissions, employee short and long-term health. An industrial hygiene program and a process identifies, mitigates and controls chemical emissions dangerous for health. Each site has identified its specific risks depending on the type of chemical residues they have to handle. Each site has its specific "Emergency Response" plan and it is communicated whenever possible with the local Fire department.

The industrial hygiene program is monitored by a third-party consultant to identify and measure the risk of being exposed to harmful substances. Any change in the operation environment is noted and monitored. An ergonomic program for shop workers and a separate program for office work is in place.

A local Joint Safe & Health committees (JHSC) operates at all Main Service Centers including a National JHSC at the corporate office. The Field Service Centers through their supervisor participate in the National JHSC. Key information is readily available to all managers through the software "EHS Insight" or teleconference meetings as required. All accidents/incidents are reported and investigated for root cause and a corrective action plan is drafted as required and follow up to completion. Leading indicators are identified and followed monthly to confirm the company H&S overall continuous improvement. The local JHSC do monthly site safety inspections and noted deficiencies are addressed readily.

Supervisors use Task Observations (mandatory) to ensure that all employees are following the company procedures and safe work practices. A noted safety deficiency is immediately addressed and communicated as required through "Insight" for overall employee awareness.

A comprehensive accident/incident reporting system with root cause investigation, corrective action plan and follow up is incorporated in the software "EHS Insight". Accidents and incidents are reviewed at the National JHSC committee. The same approach with the use of a comprehensive template is used to manage Near-Misses. The Near-Misses investigation findings and related corrective action plans are communicated to all the employees for safety awareness.

Their Near - Miss report management and follow up of corrective action plan is considered a successful practice by the verification team.

A formal employee stretching program at the beginning of each shift and multiple ergonomic studies along the design/construction of specific equipment is used to reduce worker required strength and injuries.

All Service Centers are fenced, and gates are closed and remotely operated by the plant personnel. including motion detectors as required in offices and shops.

When Procor has a permanent team on a customer site they make sure to adhere to the customer applicable policies and procedures and in case of conflict with the Procor procedure they apply the most stringent one (e.i.; confined space entry).

2.1.4 Environmental Protection

All the Service Centers have a dedicated area to prepare the incoming tank cars for service. All the residues are either pump out or drained to a collecting drum and the hydrocarbons and chemical vapors burned in a flare. Each site has the required operation permits and complies with the Federal and Provincial regulations. All the chemical residues and waste water wash are sent to a registered waste disposal or treatment site. Procor has waste disposal standards and procedures to handle wastes. These procedures were scrutinized by the verification team and a opportunity for improvement (O.I.) was highlighted. Please refer to section 2.1.2.

Ground water monitoring and contaminant analyses are performed at their Service Centers even if the local regulations do not require it. Water base paints are used to reduce hydrocarbon emissions.

Procor Operations cultural approach to integrate the most stringent requirements in EHS when there are variations in provincial EHS regulations requirements in Canada (e.i.; air regulations, certification of H&S manager, etc.). The verification team considers this approach as a successful practice.

2.1.5 Resource Conservation

The team reviewed a written a standard for waste minimization. The vast majority of the wastes from maintenance activities are solid and Procor is active in trying to identify an alternate use for tank car used parts. The liquid wastes are generated by the tank car heel and customers are required to minimize the residue in each tank car before coming in for repairs. If the liquid heel is too high the rail car can be sent back to the customer. The new office and the shops have the latest technology equipment for energy conservation (e.i.; LED lighting, movement detectors to open light in an area). Wash waters are recycled whenever it is feasible to do so.

2.1.6 Promotion of Responsible Care by Name

The company shall promote awareness of Responsible Care, its identity, principles and goals, with its employees, contractors and others engaged in the company's operations, and inspire others to commit to the relevant features of the codes. The company shall promote Responsible Care by name in its communication processes that reach the general public.

Procor web site explains clearly the objective of adhering to the Responsible Care guiding principles and its ongoing commitment. Procor has an employee Responsible Care training module and all employees are trained. During the Sarnia site visit, at random discussions with shop floor employees confirmed their understanding of Responsible Care. Procor has a structured visual program for the promotion of Responsible Care for all its sites. In Sarnia, many posters explain the different aspects of Responsible Care activities and all employees on a voluntary basis signed their commitments to Responsible Care. Procor has an annual "Customer Day" to explain the Procor business but there was no clear evidence that the Procor approach to Responsible care and the benefits to adhere to the guiding principles was part of the "Customer Day". Procor also mentioned that they were reluctant to put a Responsible Care clause in their customer contract.

O.I. The verification team suggest implementing a clause in their customer contract to promote and enhance the awareness of the Responsible Care Ethic and the Guiding Principles for Sustainability.

O.I. The verification team suggest utilizing the opportunity to promote Responsible Care during their annual Customer Day event. This opportunity would demonstrate the expectations of Procor's commitment to Responsible Care.

The visual promotion of Responsible Care for the Sarnia Service center site is considered by the verification team a successful practice.

During the Field Services centers visits in Lambton ON and Montreal QC, the split teams noticed that in Lambton, the Responsible Care and the Ethic intranet information page referred to CCPA and the 6 codes of practice. A current attestation was posted on the bulletin board, but the intranet copy was outdated.

The sign for the office building and truck did not have Responsible Care. As the sign for the office building is in the process of being designed, it is an opportunity to promote RC. As well the mobile equipment (service truck) for both locations could promote RC.

O.I. The verification team suggests adding Responsible Care signage to all Procor trucks and signage on the Lambton office building to promote Responsible Care or any other Field Services centers as deemed applicable.

O.I. The verification team suggests that the Lambton intranet site be updated to include the most current RC information.

2.2 Team Observations Concerning Stewardship Code

The Stewardship Code defines expectations for a company's actions to meet the Responsible Care Ethic and Principles for Sustainability as they relate to stewardship of raw materials, products, processes, equipment, technologies, services and applications (hereafter referred to as "Raw materials, products, and services" or simply "products and services" when raw materials are not involved) throughout their lifecycles. "Products" includes "processes, equipment, technologies, and applications".

2.2.1 Expectations of Companies

Procor is operating in a highly regulated business and must adhere to the American Railroad Association (AAR) and Transport Canada rules and regulations.

Procor business is to lease rail cars with full services and the company has throughout Canada 5 main service centers and 23 customer field service locations to service their rail car fleet. In collaboration with their customers they ensure that the rail cars always road worthy. The software "Linknet" maintains a record of each rail cars scheduled maintenance and request for repairs. All operations activities are performed according to Procor guidelines and procedures.

Procor do not transport or handle chemicals. They only supply services related to the mechanical integrity of the rail cars to comply with government regulations or customer specific contract requirements.

Procor and Union Tank Car have an Engineering department to support their manufacturing and maintenance activities. All new operation standards, procedures have to be approved by AAR and Transport Canada.

2.2.2 Expectations with Respect to Other Parties

Ensure that other parties with whom the company does business are aware of and understand the expectations of Responsible Care and its Ethic and Principles for Sustainability, and the codes. Where practical, establish application of the codes as a contractual obligation.

Ensure that parties that provide a service (i.e. warehouse, terminal, toll manufacturer or packager,

contract R&D lab, carrier) to the company meet the same applicable expectations of Responsible Care as the company would if it was performing those activities itself.

Establish criteria for the selection and retention of other parties with whom the company does business as part of the value chain.

Assess other parties' performance against these criteria including their capability and performance with respect to the handling and use of company raw materials, products and services at planned intervals. Procor has several standards for its relations with third parties; a supplier selection standard, a vendor review, monitoring for offsite storage and warehouse. The verification team did not perform a scrutiny for these standards except for the waste management activities part of the chemical cleaning residues in each tank car coming in for repair, maintenance and recertification. That activity is discussed in section 1.2.

2.3 Team Observations Concerning Accountability Code

The Accountability Code defines expectations for a company's actions related to the principles of accountability and the public's right to understand applicable to stakeholders not otherwise covered by the Operations and Stewardship Codes.

Practice of this code, in combination with the Operations and Stewardship Codes, is intended to result in:

- the identification of all internal and external stakeholders;
- the effective flow of information to, and dialogue with, these stakeholders;
- maintenance of needed security and protection of intellectual property;
- the feeling of engagement by stakeholders from their opportunity to provide input and feedback on company decisions and actions
- the recognition by stakeholders of Responsible Care by name.

2.3.1 Operating Site Communities

The verification team has scrutinized the Procor community dialogue process for several locations. The present communication process is mainly oriented toward Emergency plan activities and in some instances do not take into account the effect of site peripheral risks of their industrial neighbors. There was no evidence that all stakeholders were identified in communication activities depending on location and that some remedial action plans were incomplete.

Procor has properly assessed the operational risks for all sites and confirmed that the identified circle of influence of these risks do not go beyond the site boundaries.

The Sarnia location has a multi-site Transportation Community Advisory panel and Procor is an active participant.

FRA - Review the ongoing dialogue process for each location and assure compliance with the Accountability code elements 125 to 136 whenever it is applicable.

2.3.2 Other Stakeholders

For each of the following stakeholders, the company is expected to identify and maintain understanding of those aspects of Responsible Care, including social responsibility, which are appropriate for the size, scope and risk profile of the company, and applicable to the company as a whole, and strive to meet them.

As well, the company is expected to have processes to stay abreast of broader public issues and concerns of relevance to the company and factor these into its decision-making processes.

The company has standards to communicate and do business with its service suppliers. Procor as a CIAC member participates in the CIAC Association TRANSCAER committee and several other associations committees such as; Chlorine Institute, Canadian Fertilizer Institute, Canadian Propane Institutes, AAR Tank Car committee (TCC), Non-Accident release Task Force reporting to the TCC. The participation to these committees is done under the Responsible Care umbrella.

3. TEAM OBSERVATIONS ON THE COMPANY MANAGEMENT SYSTEM

It is a requirement of Responsible Care that companies have a documented, self-healing management system or systems capable of identifying and responding to deficiencies and otherwise supporting continual improvement across all company business units, functions, and sites and as a framework for implementing the Responsible Care Commitments.

The verification team studied Procor Limited management system(s) and compared and contrasted the attributes of that system(s) to those of a self-healing overall management system as discussed in the CIAC Management System Guide. The verification team's related observations to the company management system(s) are as follows:

3.1 Observations on the PLAN Step

During the PLAN Step of the management system, the company decides what the goals of the company are and how they will be met. In determining those goals, it is expected the company will look inward, across its operations, but will also look outward, considering the expectations of: stakeholders; regulatory requirements; relevant CIAC Responsible Care Commitments and supporting tools; and other industry benchmarks. In considering the PLAN Step of Procor Limited management system, the verification team observed the following:

The Procor management system has been developed along the CIAC Management guidelines. They use a networking capacity through work in multiple associations and government working committees to identify and implement best practices. Their business steering committee identifies and sets company objectives and goals on an annual basis. The company has a documented series of Responsible Care related standards which are cross referenced with the code key elements linked to their type of business. All the EHSS activities are clearly identified and supported by SOP's and ongoing safe practice.

Management meetings are performed at the local and corporate levels for the short and long-term activities. Leading indicators are identified and monitored on a monthly basis both at the local and corporate level to support RC ethic and guidelines.

3.2 Observations on the DO Step

During the Do Step in the management system, the company converts the decisions of the PLAN Step into action and ensures awareness and understanding by all involved. It is expected that the company will implement an organizational structure, assign responsibilities to appropriate personnel, supply sufficient

training and resources to execute planned actions and develop and document standards, procedures and programs, as applicable.

In considering the DO Step of Procor Limited management system, the verification team observed the following:

All company operation activities are supported by a guideline or procedure including SOP's. All employees have a training matrix to assure their competency to perform their tasks. The Insight software tracks employees training activities and schedules. Regular site tool box meetings on key selected topics include EHS and non-standard activities. They have local site Joint Health Safety committees and a National Safety Committee (Corporate). The Field Centers supervisors participate in the National JHSC (quarterly). Accident/incident/Near-Miss are reported, investigated with root cause and a corrective action plan is drafted as required. The company has a specific software "Linknet" to manage tank car fleet maintenance and repair activities.

It is the responsibility of the corporate engineer to identify and implement sustainability projects (resource minimization/greenhouse gas, etc.).

It is the responsibility of management personnel to monitor and take corrective actions for specific leading indicators if the actual results do not meet the plan.

3.3 Observations on the CHECK Step

During the CHECK Step in the management system, actions carried out in the DO Step are assessed to determine if they are actually being carried out according to plan, and whether they are achieving the desired outcomes and delivering continual improvement. Here, the overall management system and components will be reviewed along with employee competences for assigned responsibilities, internal and external audits will be undertaken, incidents will be assessed to identify root causes, and performance measurement will be conducted and reviewed.

In considering the Check Step of Procor Limited management system, the verification team observed the following:

Procor has an extensive Responsible Care activities' reporting system. They have scheduled annual audits at each Service Centers (Main & Field) by Senior corporate management, monthly Main site EHS inspections with a set template by the JHSC members. All noted deficiencies are addressed with a corrective action plan. The leading indicators are reported and reviewed monthly at the Senior management level. It is a mandatory requirement that shop floor supervisors and senior management perform "at random" job task observations. Any identified EHS related deficiency is immediately addressed. The employee required training is tracked on a monthly basis and an employee cannot be assigned to a specific task if not properly trained (refresher or regulation training topic).

3.4 Observations on the ACT Step

During the ACT Step in the management system, the company translates the results of the CHECK Step into corrective actions for improvement. This includes revisiting the PLAN Step to decide whether changes are need to the company's stated goals or action plans, policies and procedures for achieving those goals. Considerations when examining the Act Step include whether and how: audit and review findings are responded to; performance is communicated internally and externally; employee and contractor performance is rewarded and corrected, etc.

In considering the Act Step of Procor Limited management system, the verification team observed the following:

All audits finding are followed by a corrective action plan and tracked for completion with the Insight software. All EHS committee action plans are tracked to completion.

The effectiveness of the corrective or preventive actions is reviewed as required during regular monthly Joint Health Safety committee meetings, tool box sessions, Leading indicator reporting and scrutiny. The company has a capital expenditure budget to address site improvements and is continuously looking to identify worker ergonomic improvement with specific and customized equipment tooling.

4. TEAM OBSERVATIONS ON THE RESPONSIBLE CARE ETHIC AND PRINCIPLES FOR SUSTAINABILITY

Each CIAC member company is formally committed to the ethic of "*Doing the right thing and being seen to do the right thing*." This ethic, along with the principles for sustainability are expected to guide the company's decision making and practices. In conducting the verification, the team is looking to understand how well the ethic is understood and adopted within the company, and the degree to which the principles inform the manner in which the company does its business.

The verification team carefully observed Procor Limited decision-making processes and actions and compared and contrasted the attributes of those with the attributes of a company guided by the Responsible Care Ethic and Principles For Sustainability as discussed in the Responsible Care Commitments (Appendix E). The verification team's related observations on the company's application of the *Responsible Care Ethic and Principles for Sustainability* are as follows:

- Procor has demonstrated a rigorous approach in implementing new working standards or procedures by selecting the most stringent requirement especially in relation to an EHS activity or practices when there is multiple choices.
- Their ongoing evaluation of their worker task and ergonomic and use of customized equipment to reduce the risk of an injury.
- The company has a wellness program available to its employees.
- Procor has a annual scholarship program for higher education for the children (6) of their employees were awarded scholarship in 2018.
- The company has miscellaneous indicator to support continuous improvement.
- They have annual customers get together to make them aware of their business activities and be aware of customer needs.
- The "Linknet" software is designed to route a customer car to a Service Center depending on the maintenance requirement and the capability of the identified Service Center capable of doing the work safely.
- The Near-Miss program is comprehensive, and all issues reported are followed up to completion of the corrective action plan.
- When feasible, recycle or re-use chemical wastes (e.i.; reuse of sulfuric acid heel from tank car).
- Procor is actively participating in several organizations committees and subcommittees that are addressing transportation/chemicals handling safety related issues for continuous improvement.
- In house extensive Promotion of Responsible Care (ethic and guiding principles).

5. VERIFICATION TEAM CONCLUSION

As a result of the examination conducted, and in consideration of the observations communicated within this report, the verification team is of the opinion that the Responsible Care Ethic and Principles for Sustainability are guiding company decisions and actions, and that a self-healing management system is in place to drive continual improvement. The team believes that the company is capable of responding to the range of Findings Requiring Action identified during the verification, as summarized in the Executive Summary and discussed in detail in the report. The verification is completed, and no further involvement is required by the verification team.

MARCEL ÉMOND CIAC Head Verifier September 21, 2018

COMPANY RESPONSE TO VERIFICATION TEAM REPORT

On behalf of Procor Limited, I have reviewed this verification report. The observations and conclusions contained in the report have been discussed with the verification team.

Procor is a proud partner in Responsible Care. While there have been some changes in our overall leadership at the executive level and the facility level the Responsible Care ethics and principles continue to be our sustainable foundation. Responsible Care blends well with our organizational goals and objective and is not just something we do. Responsible Care is part of our core of our values and something we believe in and respect. Procor is not a shipper or producer of chemicals and the verification team exceeded our expectations with understanding how Procor applies the Responsible Care Standards to our unique Responsible Care business model.

Procor will communicate the results of the verification exercise with its CIAC peers at their next meeting, and will discuss the verification results with our stakeholders, including those representing communities near our operating sites.

We will give consideration to the Improvement Opportunities identified by verification team and will assist the CIAC in communicating and sharing the identified Successful Practices to other CIAC members. Plans will be developed and implemented to respond to the Findings Requiring Action identified by the verification team. Our progress in implementing those plans will be discussed when preparing our Annual Statement of Re-Commitment to Responsible Care and communicated to the verification team at the time of our next verification.

Michael Milford National Manager of EHS & Responsible Care Procor Limited 2018-September-21st

INTERVIEW LISTS

A: Company Personnel Contacted During Verification Process

Name	Position	Location
Michael Milford	National Manager EHS & Responsible Care	Oakville ON
Craig Rioux	Business Unit Manager	Oakville, ON
Kevin Butler	Plant Manager, Sarnia Service Center	Sarnia, ON
Ron C. Christenson	Plant Manager, Edmonton Service Center	Edmonton, Alta
Hynne Melvin	Operations Manager, Mini Shops	Edmonton Alta
Mel Vanderwall	Mobile Unit Manager	Lambton (Sarnia) ON
Sylvain Forest	Mobile Unit Manager	Montreal, QC

B: External Stakeholders Contacted During Verification Process

Name	Company / Organization	Position	Location
None to report			

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