



RESPONSIBLE CARE[®] Verification Report

H.L. Blachford Limited

November 27 - 29, 2013

Disclaimer

This report has been produced by a team, convened by the Chemistry Industry Association of Canada (CIAC), to provide advice to the member-company and assist it in meeting its Responsible Care[®] commitments. The material in this report reflects the team's best judgment in light of the information available to it at the time of preparation. It is the responsibility of the CIAC member-company that is the subject of this report to interpret and act on the report's findings and recommendations as it sees fit. Any use which a third party makes of this document, or any reliance on the document or decisions made based upon it, are the responsibility of such third parties. Although CIAC members are expected to share the results of this guidance document with interested parties, the Association, its member-companies, their employees, consultants and other participants involved in preparing the document accept no responsibility whatsoever for damages, if any, suffered by a third party as a result of decisions made or actions based on this report.

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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 H.L. Blachford Ltd. The verification was undertaken on November 27th, 28th and 29th 2013 and included a team visits to the Mississauga Head office and Canadian manufacturing facility. This was the seventh Responsible Care verification completed for H.L. Blachford Ltd. The last verification was completed on February 15th and 16th 2011.

This was the first verification for the company under the revised 2010 verification protocol which contained numerous code revisions and updates. In addition it was determined, with the support of the CIAC, that report findings from the 2008 and 2011 verifications that prevented finalization of the verification process in 2011 would be addressed during the 2013 verification. The emphasis of this verification was a review of how the Company addressed the previous verification findings, improvement opportunities and the revised Responsible Care® Codes.

It is evident from this verification process that the company has made progress by revitalizing the Responsible Care Steering Committee and utilizing that committee to develop an action plan to address the findings from the previous verifications. In response to a finding from the 2011 report a revised Community Dialogue Management System was in development but at the time of this current verification visit, the implementation of this management system was incomplete and not mature enough to have been subjected to a “checking” process to determine its effectiveness. The team also felt that a reevaluation of the effects of a smoke plume associated with the site worst case scenario is needed to ensure all those that could be potentially affected by such a plume are aware of any potential hazards.

As a result of the examination conducted, the verification team is not yet able to conclude that the company is presently capable of self-responding to the range of Findings Requiring Action identified during the verification. The verification team advises the company to inform its peers, seek assistance as necessary and invite the verification team to return within one year to conclude the verification process.

It is the team consensus that the verification will be complete when Findings Requiring Action #1 and #2, listed in the report summary, concerning the Community Dialogue and Risk Communication Management System and the worst case scenario, have been addressed and reviewed by the team.



Signed: _____
Verification Team Leader

Date: December 9, 2013

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. There is a finding requiring action to fully document and implement a complete management system (Plan, Do, Check and Act) for the codes related to accountability to the operating site community (AC 125-136) with the objective of creating an effective management system that is evaluated on a regularly-scheduled basis.
2. There is a finding requiring action to revisit the site worst case scenario, taking into account varying atmospheric conditions, a reassessment of the compounds of the smoke plume, and the effects these compounds might have on site neighbours outside the calculated worst case scenario impingement zone. Then revise the Risk Communication Management System as required.
3. There is a finding requiring action to revise Safety, Health, Environment and Emergency Response policy 30.2 (Waste Disposal) to:
 - i) Include the expectations of Stewardship Code element ST111 which requires the seeking out and maintaining records of where hazardous materials were disposed in the past, including at waste facilities that may no longer be in operation.
 - ii) Establish a process to record current hazardous waste disposal locations.
 - iii) Include the expectations of Operations Code element OP69 and Stewardship Code element ST116 which requires that third party service providers, including waste processing facilities, are evaluated on a periodic basis for their Responsible Care® performance. (Reference the CIAC Waste Contractor Management Guide 2008)
4. There is a finding requiring action in relation to the expectations of Operations Code element OP40.
 - i) The site Emergency Response plan has not been audited and updated annually.
 - ii) The site Emergency Response Plan has not been formally field tested with first responders. (See section 2.1.3)
5. There is a finding requiring action to ensure that the “Act” component of the management system utilizes the results of the internal checking process to establish future company objectives and plans.
6. There is a finding requiring action to ensure that each supporting document of the company management systems has a date, author, manager approval, if required, and a review date.
7. There is a finding requiring action to document the Social Responsibility management System and develop a Social Responsibility Statement as per Appendix “A” of the Responsible Care Commitments guide.
8. There is a Finding Requiring Action to develop and document an Industrial Hygiene Management system to reflect the expectations of OP#26 and OP# 27 including a link to employee personal health and fitness. (Finding #8 has been modified to reflect additional information provided by the company)
9. There is a finding requiring action to ensure that the Occupational Health and Safety Management System is effective in meeting all expectations of the Operations Code Elements OP#23 and OP#24. This should include management participation in workplace inspections, strengthening the “checking” process during daily operations and implementing an appropriate level of Behavior Based Safety Management. (Finding #9 has been added to high light areas previously included in finding #8)

Works in Progress

1. There is a work in progress by the site Joint Health and Safety Committee to review and revise, as necessary, the site Safety, Health, Environment and Emergency Response manual. (SHEER) This revision process should include a defined schedule for future manual revisions.
2. There is a work in progress, based on recommendations from the Environmental Committee to the Process Committee, to consider internal sampling and analysis of the site waste water.
3. There is a work in progress to develop and implement an internal “Checking” process for the company management systems including an overall audit protocol and internal audits of the code elements that will support the Responsible Care Commitments annual attestation process and the “Act” component of the management system.

Improvement Opportunities

1. There is an improvement opportunity to seriously consider implementing an Integrated Management System that could be based on the present ISO Quality Management System. An Integrated Management System would provide a reduction in duplication, create consistency, facilitate training and development, facilitate internal auditing and the annual attestation process and most importantly formalize undocumented management systems. Ref. www.thecqi.org
2. There is an improvement opportunity to revise SHEER policy 30.2 (waste disposal) to require a Certificate of Destruction for wastes disposed of by third party contractors.
3. There is an improvement opportunity to expand the Terms of Reference for the Environmental Committee to include a review of site emissions and resource conservation opportunities with the objective of recommending action plans for any reduction opportunities to the Process Committee. These opportunities should include reduction targets that are below legislated levels as described in appendix “F” section 13 “Emissions and Waste Metric” of the Responsible Care Commitments booklet. The team also recommends adding key water and air emissions data to the Responsible Care scorecard.
4. There is an improvement opportunity to include the waste disposal provider and the load brokering firm “Freight Forwarders” in the periodic motor carrier evaluation Management System.
5. There is an improvement opportunity to review the CIAC guidance document on the promotion of Responsible Care® by name and develop a management system to support this code expectation.
6. There is an improvement opportunity to review the CIAC 2012 revised Product Stewardship Guide to ensure Company Product Stewardship Management Systems address all CIAC expectations.
7. There is an improvement opportunity to revise the Company website to include contact Information for those members of the public that may have questions or concerns about the Company. For example: Email, telephone number and Company representative to contact.
8. There is an improvement opportunity to revise the Transportation Emergency Response Management System to require a periodic evaluation of the performance and capabilities of the third party transportation emergency response contractor. (OP 47)

9. There is an improvement opportunity to revise the “Terms of Reference” for the Responsible Care Steering Committee to include:
 - i. A quarterly review of the Consolidated Action Plan.
 - ii. An “Action Items” list or action item status “Dashboard” that includes the history, present status, future action time line and managerial responsibility for tracking each item on the list.

Successful Practices

1. H.L. Blachford has a company vehicle purchase policy that includes criteria for the purchase of environmentally friendly fuel efficient vehicles.
2. H.L. Blachford is very proactive in modifying their product offerings to remove potentially toxic raw materials and provide their customers with more sustainable products.
3. H.L. Blachford has joined the Credit Valley Conservation Authority “Greening Corporate Grounds Program.” The program offers a review of the site green spaces, water management and soil sampling. When the assessment is complete The Authority will prepare a concept plan for the company’s consideration and implementation.

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 H.L. Blachford Ltd. 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, H.L. Blachford Ltd. 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 (www.canadianchemistry.ca). H.L. Blachford Ltd. is also 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 www.canadianchemistry.ca, or by contacting CIAC Responsible Care Manager at glaurin@canadianchemistry.ca or (613) 227-6215 extension 233.

1.2 About H.L. Blachford Ltd.

H.L. Blachford Ltd. and Blachford Enterprises Inc. are owned by the Blachford family. H.L. Blachford Ltd. has one manufacturing facility in Canada located in Mississauga Ontario. H.L. Blachford is a member of the CIAC and is the only Blachford company included in this verification. Blachford Enterprises Inc. has three locations in the United States and is a separate entity within the Blachford family of companies. H.L. Blachford is a signatory to the United Nations Global Charter for Responsible Care. The Mississauga facility, which employs sixty six people, manufactures a variety of lubricants and chemical specialty products including:

- Metallic soaps – used as lubricants, release agents, heat stabilizers and process aids in plastics applications
- Anti-tack agents and process aids for the rubber industry
- Lubricants for processing powdered metals and for making steel wire
- Acoustical materials for large trucks, construction and farming equipment.

The H.L. Blachford chemical manufacturing processes are considered “batch” processes consisting of blending and mixing operations that do not involve controlled chemical reactions. The raw materials utilized in production are relatively low hazard and the resulting products are marketed as production aids and comprise a small percentage of the customer’s final product. Most products manufactured at the Mississauga location are classed as “non-hazardous”.

For more information on H.L. Blachford go to: www.blachford.ca

1.3 About This Verification

The verification of H.L. Blachford Ltd was conducted on November 27th, 28th and 29th 2013 at the Mississauga Ontario Headquarters and manufacturing facility. 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 is the seventh verification exercise completed for H.L. Blachford. The last verification was completed in February 2011. The verification team was comprised of the following individuals:

Name	Affiliation	Representing
Cameron Dillabough	CIAC	Team Leader
Dr. Philip Byer	CIAC	Public-At-Large Verifier
Andre Mansour	Mississauga resident	Community Representative

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

During the verification of H.L. Blachford, 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).

This was the first verification for the company under the revised 2010 verification protocol which contained numerous code revisions and updates. In addition, because of internal organizational and personnel issues it was determined, with the support of the CIAC, that report findings from the 2008 and 2011 verifications that prevented finalization of the verification process in 2011 would be addressed during the 2013 verification. The emphasis of this verification was a review of how the Company addressed the previous verification findings, improvement opportunities and the full set of revised Responsible Care® Codes.

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

1. Findings Requiring Action; 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 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; document instances where the 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; identify instances where the 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:

2.1 Team Observations Concerning Operations Code

2.1.1 Design and Construction of Facilities and Equipment

Based on the complexity and risk profile of H.L. Blachford operations in Mississauga there are sufficient management systems in place to comply with the expectations of this sub-section of the Operations Code. Engineering resources have been increased since the previous verification and certified third party engineering firms are utilized when project complexity warrants the use of these resources.

2.1.2 Operations Activities

The manufacturing operations at Mississauga are responsive to product formulation changes that are integral to the company's product stewardship business philosophy and thus are closely linked to research and development. Manufacturing work instructions contain the applicable safety and industrial hygiene requirements for each task. While there is not a systematic document review process in the company the work instructions are reviewed and revised on an "as required" basis. Employee training is current and is monitored by the site "Training Matrix" management system. The site Training Matrix management system is utilized for all site employees and includes the applicable Responsible Care® training. There is a management system in place to comply with Operations Code #13 which requires the periodic auditing and evaluation of motor carrier performance. The team has listed an improvement opportunity (#4) in this area to include waste carriers and the load brokerage firm of "Freight Forwarders" in the periodic evaluation process.

2.1.3 Safety and Security

There are management systems in place for both safety and security. The site Security management system is linked to the company C-TPAT certification and the site vulnerability assessment linked to that process. Continued C-TPAT certification is predicated on an audited robust security management systems as described in the C-TPAT protocol. Response to transportation emergencies is provided by a third party transportation emergency response company that was initially chosen based on their experience in the industry. The team has listed as an Improvement Opportunity (#8) a revision of the Transportation Emergency Response Management System to require a periodic evaluation of the performance and capabilities of the third party emergency response contractor. (OP#47)

There is a site Emergency Response Plan but it has not been recently audited or updated. The plan has not been formerly field tested with the local municipality but the company feels that the local responder's response to three false alarms on-site in 2012 and 2013 and the subsequent incident follow-up process constitutes a "field test". If actual incidents are to be utilized as a field test the incident review, critique and follow-up should be recorded and identified as a field test. It should be noted that the emergency plan covers more than a response to a fire alarm and a response to those additional Emergency Response Plan components should regularly be evaluated. The team has listed a finding requiring action (#4) related to this Operations Code requirement. The team has also listed a Finding Requiring Action (#2) pertaining to the potential effects of the site worst case scenario. Finding (#2) requires the Company to reassess the effect various products of combustion related to the worst case scenario might have on the surrounding community and revise the Risk Communication Management System as required. (OP#39) The Company has significantly reduced the worst case scenario impingement area by reducing the amount of a specific raw material related to the manufacturing of metal working lubricants. The Company has also begun a process of conducting process hazard reviews of each individual process at the Mississauga site.

Important aspects of a workplace safety management system are in place in the SHEER manual and the team has listed a work in progress (#1) concerning the revision of this manual currently underway. The Company's 2012 safety performance metrics, which are reported to the CIAC on an annual basis, showed a good improvement over the Company's 2011 safety performance as compared to other similar sized CIAC member companies and the company was presented the CIAC "Improvement in Safety" award in 2012. However, taking into consideration the safety metrics for the years 2008 through 2011, and an analysis of interviews and observations during the verification, it is the opinion of the verification team that the workplace safety management system, in particular the "checking" process in relation to OP#23, may not be robust enough to support the safety performance improvement demonstrated in 2012. Understanding and adherence to Company work requirements such as truck loading operations and the use of appropriate respiratory protection were examples noted during the verification visit. The Company has demonstrated an understanding of the Code elements and Ethic of Responsible Care® as it pertains to the Stewardship Code. However the team did not see evidence of this same level of understanding of the Operations Code elements and application of the "Ethic"

as it pertains to the Safety Management System and the required management sub-systems. As a result, there does not appear to be a drive for continuous improvement and there is a need for additional joint management-employee work to ensure that the requirements of the Safety Management System are understood and implemented. To involve all employees in a strong safety culture, the Company should consider implementing one of several employee participation safety management systems that are in use at other CIAC member company locations.

In response to previous verification reports the Company has conducted an industrial hygiene survey and reviewed the results with employees and established personal protective equipment use criteria. However, during the verification process the team found, and expressed concern, that the Company appears to be satisfied to meet legislated requirements rather than seeking continual improvement beyond such requirements. While safety and industrial hygiene instructions are part of standard operating procedures processes need to be in place to ensure that they are followed, and the team would recommend that the expectations of Operations Code Element # 26 would be better met if all the components of an industrial hygiene management system were in place. This would include; an industrial Hygiene policy, established baseline testing (pulmonary function & audiometric) periodic testing (pulmonary function & audiometric) employee industrial hygiene education (why protecting yourself is important) and setting work place exposure limits (expectations) well below the legal allowable limits. Periodic employee medical surveillance could also be offered as part of the employee wellness program.

To address the above issues and concerns, the team has listed Findings Requiring Action (#8, #9) pertaining to the development of Operations Code Management sub-systems to support all the requirements of Occupational Health and Safety Codes.

2.1.4 Environmental Protection

Subsections of this code element include site emissions, waste reduction and the handling, treatment and disposal of wastes. Because of the size of the site and the product and raw material profiles the environmental footprint of the site is relatively small. There management systems in place to sample site emissions and comply with any mandatory Provincial or voluntary CIAC reporting. There is also a management system to address waste reduction opportunities. An Environmental Committee is in place that functions as an advisory committee to the Process Committee or other company entities as required. The team has listed a work in progress, (#2) and two improvement opportunities (#2, #3) in this area related to expanding the role of the Environmental Committee, sampling and analyzing effluent outflow prior to release to the city sewer system and obtaining and retaining certificates of destruction for wastes handled by third parties.

2.1.5 Resource Conservation

While resource conservation is a focus of the site there is not a structured management system for planning reduction targets and goals. The team has listed a work in progress (#3) by the Environmental Committee to develop a structured methodology (management system) to list the site environmental aspects, utilizing the ISO14000 template and criteria, as the first step in developing reduction goals. The site has changed process equipment to reduce water use and the site also participates in an Ontario Government plan reduce site electrical demand on the provincial power grid during peak power usage.

2.1.6 Promotion of Responsible Care by Name

While the company does not have a documented management system specifically focused on the promotion of Responsible Care® by name there is evidence that there is a concerted effort to promote the inclusion of the name and registered trade mark on various company internal and external documentation and signage. The team has included as an improvement opportunity (#5) a review of the CIAC guidance document on the

promotion of Responsible Care by name and the development a management system to support the various code expectations related to this topic.

2.2 Team Observations Concerning Stewardship Code

2.2.1 Expectations of Companies

The Company business model is based on a close interface with customers and responding to their changing needs. Company policy RC: A-3 is the overarching document pertaining to the expectations of this Code Element. The policy follows the Plan, Do, Check and Act model with components covering Management Commitment, Product Design, Manufacturing, Customer Education, Distribution and Accountability and Evaluation. Associated with this Management System is the “decision gate” function that prompts users to ensure new products and processes are: Safe, Legally Compliant, Environmentally sound, and Waste generation has been minimized. (SLEW) As a result the Company has a strong research and development component and has in place a management system to address the research and development expectation of the Stewardship Code.

Promotion of Responsible Care by name is accomplished through company documentation, customer training opportunities and Responsible Care® related evaluations of customer facilities.

The team has listed as an improvement opportunity (#6) a review of the CIAC Product Stewardship Guide to ensure Company Product Stewardship Management Systems address all CIAC expectations. The team has also listed one finding requiring action (#3i & #3ii) in this area related to knowing where hazardous materials were disposed in the past, including at waste facilities no longer in operation, and maintaining historical records of where current hazardous wastes are being disposed.

2.2.2 Expectations with Respect to Other Parties

There are policies and procedures in place to support the expectations of this sub-section of the Product Stewardship Code. As described in section 2.2.1 the close working relationship with customers and Responsible Care contractual obligations in place for both suppliers and customers address the expectations of this sub-section of the Stewardship Code. However there is a gap in the management system relating to evaluating waste contractor facilities. The team has listed a finding requiring action (#3iii) to address the expectations of Stewardship Code element ST116 which requires third party service providers, including waste processing facilities, to be evaluated on a periodic basis for their Responsible Care® performance. (Reference the CIAC Waste Contractor Management Guide 2008)

2.3 Team Observations Concerning Accountability Code

2.3.1 Operating Site Communities

At the present time the Company has developed a list of activities to address the expectations of this sub-section of the Accountability Code. Some activities described in the plan have been implemented including an informational letter sent to twelve commercial and industrial neighbours describing the company activities and action to take if the site worst case scenario should occur. However the Code requirement is for a documented Plan, Do Check and Act management system for an on-going and effective community dialogue process. Such a system would describe the frequency with which events should occur, the responsibility and target dates for various actions and a process to check the effectiveness of the management system. The team has listed a finding requiring action (#1) related to this code expectation. Moving forward the community dialogue plan will also need to reflect any changes in the worst case scenario as discussed in section 2.1.3.

2.3.2 Other Stakeholders

The focus of this code sub-section is on external stakeholders and ensuring that the expectations of Responsible Care, including social responsibility that could pertain to these stakeholders is in-place as appropriate for the size and risk profile of the company. Company personnel, including the President, participate in activities sponsored by the CIAC that are an interface vehicle with Federal and Provincial representatives. Company personnel are also involved in municipal events that allow interface with municipal representatives. Company representatives have contacted local groups representing specific interests in the community and are members of the local CAER group. Because of the relative size and risk profile the Company believes that there is little interest in company operations. The challenge moving forward will be to identify community issues that could be of specific interest or affect the present and future operations of the Blachford facility. The Company does have specific Social Responsibility activities but does not have a management system or a Social Responsibility statement as per Appendix "A" of the Responsible Care Commitments manual. The team has listed a Finding Requiring Action (#7) in relation to the requirement for a Social Responsibility management system and statement. An additional improvement opportunity (#7) concerns posting on the Company website information on how the public can contact the company with question or concerns.

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 H.L. Blachford Ltd. 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 are as follows:

It should be noted that there were members of the site Responsible Care Steering Committee were in attendance for most of the verification interviews.

3.1 Observations on the PLAN Step

In considering the PLAN step of the H.L. Blachford Ltd. management system, the team observed the following:

The management structure of the Company is organized as a matrix with various managers, including the President, involved in three business units and the Quality Steering Committee and the Responsible Care Steering Committee when applicable. Each business unit prepares an annual business plan that culminates in annual goals and objectives, including those for Responsible Care, to support the overall Company goals and objectives. The Responsible Care® expectation is that member companies, during their planning process, will apply industry standards and best practices to their planning process which includes relevant and current documentation. In this area the Company falls short because of what appears to be an uncoordinated approach to developing management systems and the supporting documentation. Many documents reviewed were more than three years out of date or having no date and/or were unsigned. The verification process is hindered when current documentation does not support management systems described during the interview process. The team has listed a Finding Requiring Action (#6) pertaining to ensuring that documentation supporting the management systems now in-place be reviewed and revised with a date, author, manager approval if required, and a review date. The team also listed two improvement opportunities. The first (#1) being a serious assessment of implementing an Integrated Management System based on the present ISO quality management system and the second (#9) is related to improving the function of the Responsible Care Steering Committee by requiring a quarterly review of the Consolidated Action Plan and by improving the "Action Items" list to include a past history, present status, a future action time line and managerial responsibility.

3.2 Observations on the DO Step

In considering the DO Step of the H.L. Blachford Ltd. management system, the team observed the following:

The goals and objectives developed during the planning process are cascaded through the various subcommittees and business teams to individual managers with the expectation that personal objectives will be developed to support the corporate process. The management matrix organization minimizes conflicting plans or objectives that are developed within each group.

3.3 Observations on the CHECK Step

In considering the Check Step of H.L. Blachford Ltd. management system, the team observed the following:

In relation to the checking process there are a number of processes that are conducted to review the results of activities related to the various goals and objectives developed during the annual planning process. The team was provided with list of internal and external checking processes but it was not always clear how the results of internal checking processes, other than ISO quality audits, were conducted and how the results of these audits were addressed by the Responsible Care Management

System. There is not an overall audit protocol in place, and the Company recently began developing documentation to support internal auditing of each code element, but this is only at a preliminary stage. The team has listed as a “Work in Progress” (#3) the development and implementation of a documented internal checking process including an overall audit protocol and internal audits of the code elements to support the annual attestation process and the “Act” component of the management system .

3.4 Observations on the ACT Step

In considering the Act Step of H.L. Blachford Ltd. management system, the verification team observed the following:

The Company maintains a consolidated list of actions to be addressed by the various site subcommittees. However, without an established “Checking” function as discussed in the previous section, it is not possible for the Company to establish future objectives and plans based on an understanding of the effectiveness of the current system. The team lists as a Finding Requiring Action (#5) the requirement to implement a management system that ensures the results of an internal “Checking” process are utilized to establish future Company objectives and plans.

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 is 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 the H.L. Blachford Ltd. 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:

As previously discussed the business plan for H.L. Blachford is based on a close interface with their customers and striving to fulfill the expectations of the Responsible Care Stewardship Code and to that end the team judges the Company to be successful. In addressing the employee health and safety elements of the Operations Code and certain aspects of the Accountability Code pertaining to dialogue with the local community, it is the consensus of the team that the Company does not fully appreciate and understand the expectations of Responsible Care in these areas. Throughout the report the team has commented and listed findings and improvement opportunities in these areas.

Listed on the following page are the eight Principles for Sustainability listed on page #3 of the Responsible Care Commitments Guide. The team has listed policies, programs or actions as examples of Company activities that support the company commitment to these Principles and noted observations based on our visit.

THE RESPONSIBLE CARE ETHIC AND PRINCIPLES FOR SUSTAINABILITY

WORK FOR THE IMPROVEMENT OF PEOPLE'S LIVES AND THE ENVIRONMENT, WHILE STRIVING TO DO NO HARM.

There is a proactive process based on the Research and Development and Quality Management Systems that drive the concept of continuous improvement in the areas described in this Principle. However, in areas relating to the Operations Code the focus appears to be on meeting legislated requirements rather than continuous improvement.

BE ACCOUNTABLE AND RESPONSIVE TO THE PUBLIC, ESPECIALLY OUR LOCAL COMMUNITIES, WHO HAVE THE RIGHT TO KNOW THE RISKS AND BENEFITS OF WHAT WE DO.

The Company has started a dialogue process with the community. However, the team has listed findings related to these areas that will require the management system to be completely implemented and expanded in the area of risk communications.

TAKE PREVENTATIVE ACTION TO PROTECT HEALTH AND THE ENVIRONMENT.

The Company provides access to individual employee wellness programs and provides extended insurance coverage for preventive health care. There is also an employee assistance program in place. However, in section 2.1.3 of this report the verification team has raised concerns and made recommendations on improving the Company's employee health and safety management systems.

INNOVATE FOR SAFER PRODUCTS AND PROCESSES THAT CONSERVE RESOURCES AND PROVIDE ENHANCED VALUE.

The Company is very proactive in applying research and development techniques to improve their product line by removing hazardous compounds and making their products and the customer products more environmentally friendly. Energy and water use reduction projects have been implemented at the Mississauga facility.

ENGAGE WITH OUR BUSINESS PARTNERS TO ENSURE THE STEWARDSHIP AND SECURITY OF OUR PRODUCTS, SERVICES AND RAW MATERIALS THROUGHOUT THEIR LIFE CYCLES.

This principle is supported by the Blachford Product Stewardship Practices based on the principle that all activities will be: Safe, Legally Compliant, Environmentally sound and Waste has been minimized. (SLEW)

UNDERSTAND AND MEET EXPECTATIONS FOR SOCIAL RESPONSIBILITY.

The company has a very generous policy of support for philanthropic donations to various humanitarian causes.

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.

Based on the level of available resources the Company has made a commitment to supporting this principle by encouraging managerial participation in CIAC committees and various public and industrial associations.

PROMOTE AWARENESS OF RESPONSIBLE CARE, AND INSPIRE OTHERS TO COMMIT TO THESE PRINCIPLES.

The Company has various policies and procedures in place governing their relationship with customers and suppliers that promote awareness of Responsible Care and provide improvement guidance where necessary. An example is the SLEW check list for field sales representatives utilized as an aid during customer visits to seek customer compliance with the Blachford Responsible Care expectations.

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 not yet able to conclude that the company is presently capable of self-responding to the range of Findings Requiring Action. The verification team advises the company to inform its peers, seek assistance as necessary and invite the team to return within one year to conclude the verification process. It is the consensus of the team that the verification will only be complete when the findings listed in the report summary concerning the Community Dialogue Management System and the Worst Case Scenario have been addressed and reviewed by the team.

COMPANY RESPONSE TO VERIFICATION TEAM REPORT

On behalf of H.L. Blachford Ltd., I have reviewed the verification report.

Although our view is that some of the observations and conclusions contained in the report do not accurately reflect the situation at H.L. Blachford Ltd, we do accept the responsibility for not thoroughly demonstrating, during the verification, how our systems work. We also do need to ensure that we completely present our procedures and policies in the limited time available.

We are committed to addressing all the Findings in the report in a timely manner, as well as developing an overriding RC Management Document that will demonstrate how our systems work together under the Blachford umbrella.

Unfortunately, it was not apparent to the Verification Team that our Blachford code of ethics is “to do the right thing, as well as to be seen to do the right thing” in all areas of our business. We will modify our Management Systems to include an emphasis on this essential protocol. We also acknowledge the importance of all documents having dates, as well as the importance of presenting the documentation to demonstrate how our review process, including dates, functions for our procedures.

We are currently in the process of performing a more thorough internal audit of all the code elements. This will support us in further determining any areas in which we need to improve.

All of our departments, such as Sales, Manufacturing, and R&D, do establish Responsible Care objectives each year as part of the Business Plans for each division. In the future, we will also document in the Business Plans how these departmental objectives relate to the CIAC benchmarks and objectives.

We will give consideration to the Improvement Opportunities identified by the 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 their next visit.

John Blachford
President, H.L. Blachford Ltd.

INTERVIEW LISTS

A: Company Personnel

Name	Position	Location
John Blachford	President	Mississauga/Montreal
Mark Vandervlist	V.P. Metal Working	Mississauga/Montreal
Howard Kennedy	V. P Chemical Specialties	Mississauga
Jean Reid	V.P. Research & Development	Mississauga
Mike Cundari	V.P. Manufacturing	Mississauga
Gillian Seagrave	Mgr. Regulatory Affairs Responsible Care® Coordinator	Mississauga
Glenn McLlwaine		Mississauga
Hugh Garvin		Mississauga
Rick Turner		Mississauga
Brenda Hunt	JHSC	Mississauga
Don Carter	JHSC	Mississauga
Dave Lines	JHSC	Mississauga
Dan Lowry	JHSC	Mississauga



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