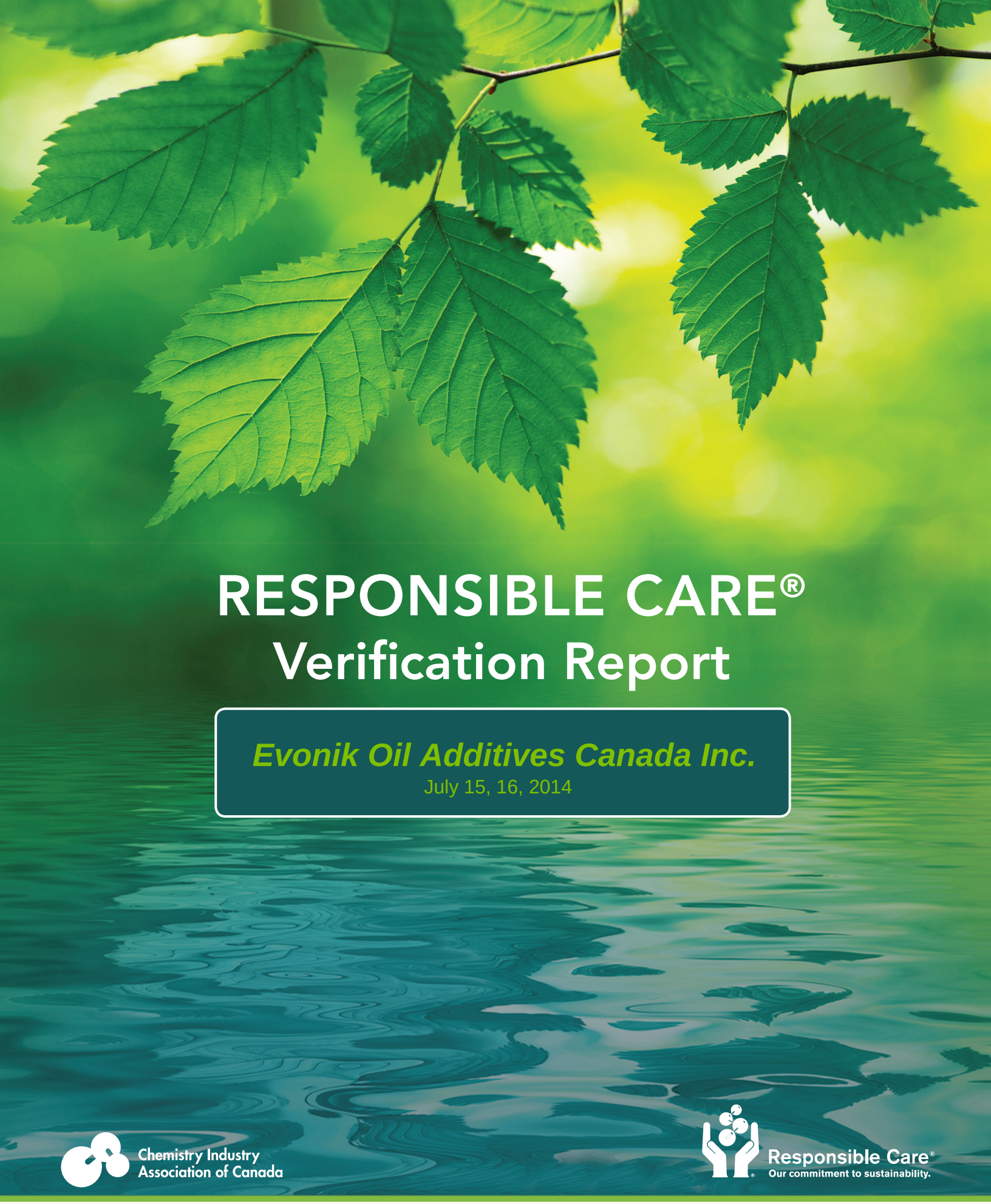

RESPONSIBLE CARE®
Verification Report

Evonik Oil Additives Canada Inc.

July 15, 16, 2014

Chemistry Industry Association of Canada

Responsible Care®
Our commitment to sustainability.

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.

EXECUTIVE SUMMARY

This report documents the observations and conclusions of the independent verification team tasked with conducting a Responsible Care Verification of Evonik Oil Additives Canada Inc. The verification was undertaken on July 15th and 16th, 2014 and included a team visit to the company manufacturing site Morrisburg, Ontario. This was the sixth Responsible Care verification completed for Evonik Oil Additives. The last verification was completed in May of 2011.

The team considered all aspects of the Responsible Care Commitments during the verification.

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.

There were no Findings Requiring Action identified during the verification for which action by the company would be required. The verification is complete and no further involvement is required by the verification team.

Signed: _____Gerry Whitcombe____ Date: 3 Oct 2014

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:

Catriona Hunter
HSQ Manager Training/RC Coordinator
Evonik Oil Additives Canada Inc.
613-543-2983-126
catriona.hunter@evonik.com

SUMMARY OF VERIFICATION TEAM OBSERVATIONS

Findings Requiring Action:
No findings found.

Works in Progress:
None found.

Improvement Opportunities

1. In the revamp of the MOC procedure consider:
   - adding code elements from Design and Construct (OP 1-6) as a required review for the 'New Process' section of the procedure.
   - ensuring that the review considers the 'rigour of procedural controls needed for responsible operation' related to the maintenance codes (Op17-21).
2. Consider using HISAT as the monitoring and managing tool for the process safety management program at site.
3. Review the Critical Infrastructure/Business Continuity Planning area by competing the checklist in the CIAC 'Business Continuity Planning Implementation Aid' document.
4. Revitalize the dialogue with the CAP members by creating more member driven agendas and discussions.
5. Utilize the checklists from CIAC's Management System Guide as documentation for meeting management system requirements. An example of where it would provide value is that certain (checklist) areas do not have formal company programs in place (see benchmarking and input from stakeholders below) and this checklist could be used to articulate the company's efforts in these areas.
6. Identify codes or code areas that are not applicable and document, in the Compliance Summary, the reasons for it being not applicable and the programs that ensure compliance should some contingency happen.
7. Improve succession planning by incorporating a checklist into processes and systems that will assist with identifying responsibilities for individual roles/tasks/jobs.

Successful Practices:

1. The company's approach to managing its operational controls requirement by broadening its ISO 14001 system to include all operational aspects ("aspects database") and linking its aspect reviews to its commitment to Responsible Care is a successful practice.

INTRODUCTION

About Responsible Care Verification
As a member of the Chemistry Industry Association of Canada (CIAC), the most senior executive responsible for Evonik Oil Additives Canada, Inc. (EOA) 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*.

As an element of this commitment to Responsible Care, EOA 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). EOA 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 glaurin@canadianchemistry.ca or (613) 237-6215 extension 233.

About Evonik Oil Additives
Evonik Oil Additives Canada Inc. is an Evonik Oil Additives subsidiary of Evonik Industries which is headquartered in Germany. The North American regional office and technology center is located at Evonik USA in Horsham, PA, USA. There is one sister manufacturing facility in the region, located in Deer Park, TX, USA.

The Canadian manufacturing facility is a relatively small facility located along the St. Lawrence River near Morrisburg Ontario. It employs 30 people.

The company manufacturers fuel oil additives as prescribed by the customer.

This facility is not directly involved with warehouses, terminals, toll operators or distribution facilities in that the oil additives it produces are shipped directly to customers or, on occasion, to Evonik USA warehouses.

The following website provides additional information about the company:

http://oil-additives.Evonik.com/product/oil-additives/en/Pages/default.aspx

About This Verification

The verification of Evonik Oil Additives Canada Inc. (EOA) was conducted on July 15th and 16th, 2014 and included a team visit to the company's Canadian manufacturing site in Morrisburg, Ontario. During the course of the verification, the team had the opportunity to interact with a range of company personnel, as well as community members associated with the company's Community Advisory Panel. Attachment 2 contains a list of those individuals interviewed and their affiliations.

This was the sixth verification exercise completed for EOA. The last verification was completed in May 2011.

The verification team was comprised of the following individuals.

Gerry Whitcombe	*Team Leader*
Brenda Lorenz	*Public-At-Large Verifier*
Trevor Tolley	*Community Representative*

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

Design and Construction of Facilities and Equipment

It is the team's opinion that the company sufficiently meets Responsible Care code implementation expectations for this area.

This facility is a branch plant with limited prospects for new grass roots operations. Upgrades to the plant are handled by a management of change (MOC) process and any new additions typically are designed at Corporate headquarters (Horsham). The facility does have a limited ability to develop capital projects in which case corporate engineering standards apply.

The current MOC process is under review and it is the Team's understanding that the generic corporate process can be modified with local content. Should this be the case the Team strongly encourages the facility to consider formalizing a review component related to new construction that specifically contains code elements OP1-6. There is an 'Improvement Opportunities' entry in the Safety and Security section related to the MOC review.

Implementation of OP3 typically results in a stand-alone policy on facility buffer zones. The practical reality of this site is that it is isolated from the community of Morrisburg and its nearest neighbours and surrounding land (a nature conservation area) is not likely to be zoned residential. The Team does not feel that it is value added to require the facility to develop such a policy, but adhering to the verification protocol requires that we continually review the current situation.

Operations Activities

The team is of the opinion that the intent of the Codes of Practice for this area are fully met by company practices and procedures, with the enhanced aspects database being of note.

General Considerations

The principal mechanism for ongoing review of this facility stems from its 'aspects database', a general requirement of its ISO 14001 Environmental Management System. For Responsible Care purposes all Operations Activities areas are included and the aspect-leading-to-impact nature of the reviews leads to consideration of operational controls. The company has attached a link to their commitment to Responsible Care for each identified aspect.

There is a maximum period of three years between procedural reviews, otherwise, based on incident analysis or the above mentioned aspects review the MOC process is used to accommodate necessary changes to procedures.

The company is transitioning their training system to a new electronic system called Success Factors. The new system is fundamentally a management process which allows the company to add their own training and tests and provides many different reports for administrators as well as users.

Maintenance

There are some codes in this area (OP20 and OP21) that could be accommodated in the MOC process review. These codes require input to and output from Maintenance on any changes or lessons learned and could be considered in a review component of the MOC process. An opportunity is included in the Safety and Security section of this report.

Successful Practices:
The company's approach to managing its operational controls requirement by broadening its ISO 14001 system to include all operational aspects ("aspects database") and linking its aspect reviews to its commitment to Responsible Care is a successful practice.

Safety and Security
The company sufficiently meets Responsible Care code implementation expectations for this area.

Occupational Health & Safety
The company has completed seven years without a loss time injury and has recently received the Silver Safety Award from its parent company. This is a great achievement for a small, ageing facility with a corresponding ageing workforce. Putting pressure on this performance is the fact that there has been more turnover in personnel in the last two years than in the previous ten. The team believes this speaks highly of the company's training, orientation and mentoring programs.
Efforts to continue this performance have included a new near-miss reporting program and the revamping of the workplace inspection checklists.

Process Safety Management
The company will be aligning with Corporate Management of Change (MOC) and Pre-Startup Safety Review (PSSR) programs during 2014. Some improvement opportunities related to MOC reviews are presented below.

The company has assessed itself to be at the enhanced level using CIAC's Hazardous Installations Self Assessment Tool (HISAT). The team recommends the company maintain HISAT as its PSM (Process Safety Management) managing and reporting tool.

Emergency Management
The company's emergency plans are well documented (E-000-NDX) and tested. On site and transportation emergencies are covered (for shipments the company contracts a TEAP III (Transportation Emergency Assistance Plan) TERSP (Transportation Emergency Response Service Provider) to respond on its behalf).

The company has undertaken a major rewrite of its Emergency Manual with the objective of using the existing content but making it clearer and including more flowsheets.

There is limited potential public exposure to on-site incidents but the company has a longstanding history of interactions with local first responders and of efforts to communicate with the public about its operations.

Malicious Intent
The company maintains a site Security Manual (S-000-NDX) and along with various corporate requirements meets code implementation requirements.
A Security Vulnerability Assessment (SVA) was redone in 2013 which allowed the company to maintain its CTPAT (Customs Trade Partnership Against Terrorism) certification.

Critical Infrastructure/Business Continuity Planning
There are programs in place that cover specific aspects of a Business Continuity Plan and a specific procedure for Pandemic Preparedness Planning but the overall process has not been validated opposite CIAC guidance.

Incident Investigation
There is an Accident and Incident reporting and investigation process in place (J-01 Accidents, J-001 Accidents/Incidents/Environmental Release Documentation & Reporting) that has been recently augmented by the implementation of a near-miss reporting system.

Improvement Opportunities:
In the revamp of the MOC procedure consider:

- adding code elements from Design and Construct (OP 1-6) as a required review for the 'New Process' section of the procedure.
- ensuring that the review considers the 'rigour of procedural controls needed for responsible operation' related to the maintenance codes (Op17-21).

Consider using HISAT as the monitoring and managing tool for the process safety management program at site.

Review the Critical Infrastructure/Business Continuity Planning area by competing the checklist in the CIAC 'Business Continuity Planning Implementation Aid' document.

Environmental Protection
The company sufficiently meets Responsible Care code implementation expectations for this area.

The company has programs to monitor and reduce water usage. It has recently become able to monitor its split water flow and is becoming able to understand the differences between production and other water use. It is looking to update its water control system with more advanced control schemes. Another project focuses on steam condensate return and opportunities to recover as much as is possible.

Emissions and Waste Reduction
The company has a Waste Minimization operating procedure (EP-011), reviewed annually, to help focus on reduction. The manufacturing process does not produce much off-spec material and what is produced is either reworked or blended. If it cannot be recovered it is incinerated.

Resource Conservation
The company continually monitors its energy and utility data seeking improvement opportunities to reduce consumption. As was mentioned under Environmental Protection it is very active in identifying and monitoring water usage with the goal of reduction.

The team is of the opinion the company sufficiently meets Responsible Care code implementation expectations for Resource Conservation.

Promotion of Responsible Care By Name
The company internally promotes Responsible Care through flags, banners, Responsible Care initial and refresher training and a newsletter. With external entities Responsible Care is included in the qualification of suppliers but there has been no training available for contractors, waste haulers and contract labs.

Continual improvement was evident in moving this element forward and the team is of the opinion that the company sufficiently meets Responsible Care code implementation expectations.

TEAM OBSERVATIONS CONCERNING STEWARDSHIP CODE

The stewardship area is unchanged from the last verification and in general the team finds that where applicable the company sufficiently meets Responsible Care code implementation expectations.

Research and Development (R&D) Expectations
As has been documented in previous reports the company's parent and sister companies perform research activities using a strict Idea to Profit (I2P) stage-gate process. If results require plant trials then the facility's MOC process guides activities.

Expectations Beyond R&D
The company in Canada is a manufacturing facility and part of a North American business organization. There is little if any involvement of plant personnel in the chemical value chain. Materials are manufactured to corporate specifications and most items in this Code area are the responsibility of other departments in the North American organization. Where there is direct involvement (as with waste disposal contractors etc.) the company has appropriate programs in place. Nevertheless, all code areas are evaluated annually by Canadian personnel or corporate responsible persons.

The parent company is a signatory to the Global Responsible Care charter and in the United States the company is a member of the American Chemical Council and has implemented RC14001.

Expectations of Companies With Respect to Other Parties
Programs are in place to evaluate and qualify third party service and material providers. Responsible Care is a part of all contracts and performance evaluations are an important part of the process. EOA is directly involved with certain service providers (carriers, waste handlers and contract labs) and in these cases provide input into the performance evaluations and participate in on-site visits.

TEAM OBSERVATIONS CONCERNING ACCOUNTABILITY CODE

Operating Site Communities
The company continues to demonstrate an outstanding Responsible Care ethic in its interactions with its community. They are a very small site but remain dedicated to ensure effective dialogue.

The CAP has been in place for quite some time and is generally looked upon by all participants as being successful. From interviews with Community Advisory Panel (CAP) members the team believes more interaction/dialogue with CAP members will lead to improved effectiveness.

The company is very active in its efforts in supporting community activities and employees are encouraged to submit requests for funding for worthy causes. The process is somewhat ad-hoc and the company is looking to make it more organized.

Improvement Opportunities:
Revitalize the dialogue with the CAP members by creating more member driven agendas and discussions.

TEAM OBSERVATIONS ON THE COMPANY MANAGEMENT SYSTEM

The company has combined its efforts in ISO 9001, ISO 14001 and Responsible Care into one comprehensive management system. The elements of a management system as outlined in CIAC's

“Management System Guide” are all present and sufficiently meet implementation expectation for a Responsible Care management system.

The team is of the opinion that there would be value in utilizing the checklist points present in the Plan, Do, Check and Act sections of the Management System Guide as a cross reference between in house practices and CIAC requirements.

Improvement Opportunities:
Utilize the checklists from CIAC’s Management System Guide as documentation for meeting management system requirements. An example of where it would provide value is that certain (checklist) areas do not have formal company programs in place (see benchmarking and input from stakeholders below) and this checklist could be used to articulate the company’s efforts in these areas.

Observations on the PLAN Step
As mentioned previously the company has expanded its use of aspect and impact analysis to include all areas of the facility, not just those which have an environmental connection. We believe this to be a very positive initiative.

There are processes in place for benchmarking and obtaining input from stakeholders but they are ad-hoc and the company’s strategy and tactics related to these should be documented (see the improvement opportunity immediately above).

Observations on the DO Step
The cross reference (Compliance Summary) is the primary tool used by the company to evaluate its ongoing conformance to Responsible Care requirements. It is well done and comprehensive.

The team believes the company should identify codes and/or code areas that are not applicable or are the responsibility of others and thus influence-only areas. These items should have brief descriptions of why they are being flagged in this way. An example is R&D in the Stewardship Code. Most of the R&D sections are not applicable locally but, nevertheless, a research project can make its way to the local facility. At this point there is a direct impact on the local facility and the code requirements for transfer to manufacturing must be respected. Since the local facility uses the MOC process to implement these projects there should be a step in the MOC process that ensures all code related transfer-to-manufacturing requirements are being met.

All facility areas are subject to changes with the people who perform the work. In the light of this the team observed several code areas where people changes could benefit from improvements in managing these inevitable changes. Although the observation was in a particular area the broader perspective is to ensure that roles and responsibilities are documented so that a clear understanding exists when a change occurs. The particular area that caught our attention was in Business Continuity Planning where roles are seldom exercised and a change in personnel might lead to sub-optimal execution.

Improvement Opportunities:
Identify codes or code areas that are not applicable and document, in the Compliance Summary, the reasons for it being not applicable and the programs that ensure compliance should some contingency happen.

Improve succession planning by incorporating a checklist into processes and systems that will assist with identifying responsibilities for individual roles/tasks/jobs.

Observations on the CHECK Step
The company has a full suite of inspections and audits in place. A management system review is scheduled for twice per year.

Observations on the ACT Step
Executive sign off of the annual commitment to Responsible Care occurs after the company annual review.

TEAM OBSERVATIONS ON 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:

- products reduce carbon footprint by reducing fuel consumption, extend the life of equipment and enable operation in adverse conditions
- stable, safe employer (7 years without a lost time incident)
- good environmental performer
- every project has a SHE review

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 a CAP which meets four times per year even though there are no chemicals on site that would cause off-site impacts in order to maintain a dialogue with the community.
- reporting near misses to the CAP.
- interactions with local emergency responders

TAKE PREVENTATIVE ACTION TO PROTECT HEALTH AND THE ENVIRONMENT:

- wellness programs added last year - EAP (Employee Assistance Program) is being promoted.

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

- corporate directives provide framework for plant to make improvements in this area - water and energy main ones.

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

- to the extent influenced by the plant, yes (e.g. motor carriers). Corporate deals with most of the others and its vetting process is quite comprehensive.

UNDERSTAND AND MEET EXPECTATIONS FOR SOCIAL RESPONSIBILITY:

- good employer (wages, benefits)
- extensive list of community donations

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:

- works within CIAC to support advocacy endeavours

PROMOTE RESPONSIBLE CARE® AND INSPIRE OTHERS TO COMMIT TO THESE PRINCIPLES:
- have undertaken efforts with the CAP
- provides opportunities for staff to incorporate Responsible Care into their workplace activities

VERIFICATION TEAM CONCLUSION

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.

There were no Findings Requiring Action identified during the verification for which action by the company would be required. The verification is complete and no further involvement is required by the verification team.

APPENDIX 1

COMPANY RESPONSE TO VERIFICATION REPORT

On behalf of Evonik Oil Additives Canada Inc., I would like to thank the CIAC and Community Verification team members for their time, guidance, review and objective feedback in support of making this Responsible Care® Verification a positive and successful experience, ultimately confirming our commitment to Responsible Care® and its ethic.

Evonik Oil Additives Canada Inc. 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.

Andrew Swann
President, Plant Manager
Evonik Oil Additives Canada Inc.
Jan 16, 2015

APPENDIX 2

INTERVIEW LISTS

A: Company Personnel Contacted During Verification Process

NAME	POSITION	LOCATION
Ryan Dumouchel	Technical Manager	Morrisburg
Andrew Swann	Site Manager/President	Morrisburg
Catriona Hunter	HSQ Manager/RC Coordinator	Morrisburg
Jeanette Morton	Lab Environmental Manager	Morrisburg
Jamie Smith	Blend Kettle Operator (JHSC member)	Morrisburg
Rick Salmon	Maintenance Mechanic (JHSC member)	Morrisburg
Dianne Hoogeveen	Shipping Specialist	Morrisburg
John Halladay	Chief Operating Engineer	Morrisburg

B: External Stakeholders Contacted During Verification Process

NAME	POSITION	LOCATION
Trevor Tolley	CAP	Morrisburg
Margaret Reynold	CAP	Morrisburg
Fred Langlotz	CAP	Morrisburg

CHEMISTRY INDUSTRY ASSOCIATION OF CANADA
Suite 805, 350 Sparks Street
Ottawa (ON) K1R 7S8
T: 613 237-6215 F: 613 237-4061
www.canadianchemistry.ca