



RESPONSIBLE CARE[®] Verification Report

ERCO Worldwide

April 12 - 14, 2016



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.

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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 ERCO Worldwide. The verification was undertaken on April 12, 13 and 14, 2016 and included team visits to the Toronto, Ontario head office and the Buckingham manufacturing site. A planning meeting was held on February 16, 2016 at the Buckingham, Quebec facility. The verification team also conducted interviews with other company personnel and external stakeholders at locations the team was unable to visit. This was the seventh Responsible Care verification completed for ERCO Worldwide. The last verification was completed on May 2nd, 3rd and 22nd, 23rd 2013.

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:

- ERCO Product Stewardship management system;
- ERCO Buckingham, Quebec plant management systems.

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 Improvement Opportunities identified during the verification - summarized below and discussed in detail in the report. The verification is complete and no further involvement is required by the verification team.



Verification Team Leader, June 6, 2016

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

None

Works in Progress

1. There is work in progress to complete a groundwater secondary containment assessment for the Buckingham facility and implement, where necessary, corrective actions to prevent possible process releases to the environment from current operations.
2. There is work in progress for the Buckingham facility to reduce the frequency rate of recordable and lost time injuries. This will be supported by the company's efforts on job safety analysis (JSA) and behavioural based safety.
3. There is work in progress to update worst case scenario (WSC) for the Buckingham facility and share the results with the employees, CAP and surrounding community.

Improvement Opportunities

1. There is an improvement opportunity at the Buckingham plant to strive to increase the Process Safety Management system from Basic to Enhanced.
2. There is an improvement opportunity at the Buckingham plant to conduct a closed circuit television camera (CCTV) inspection of the effluent discharge pipe.
3. There is an improvement opportunity at the Buckingham plant to reduce the area of the concrete surface at the unloading areas to reduce the emission of HCl gas.
4. There is an improvement opportunity at the Buckingham plant for ERCO to continue their search for other public and industrial members for the CAP.
5. There is an improvement opportunity at the Buckingham plant for ERCO to notify the municipality when there is a plant shutdown to potentially address shut-down and start-up risks.

Successful Practices

1. The CPR Safe Shipper of the Year Award given to ERCO Buckingham plant from 2000 through 2015 for 500 or more annual shipments without a Non-Accidental Release (NAR).
2. In 2014, the AAR Award given to ERCO Worldwide for its railcar safe operation performance that is the highest rail safety award in North America.
3. The Buckingham plant has successfully achieved to reduce the risk of its operation through the use of HCl in concentration of 35% rather than 37% like it was previously.
4. The Buckingham community outreach and consultation program including the operation of the CAP, support to community groups and charities and local stakeholders.
5. The ERCO corporate sustainability metrics for improved life support for a healthy environment and economy which will lead to formal KPIs.
6. The ERCO corporate Responsible Care cross reference conformance assessment database.
7. The functioning of the ERCO Responsible Care Committee (ERCC) which includes plant visits by the President, corporate and local management with direct participation of all plant employees.
8. The launch of rail carrier assessment for the short line railway that directly serves our plant, with respect to Responsible Care commitments and working towards making it available to all other members through the CIAC rail committee.

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 ERCO Worldwide 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, **ERCO Worldwide** 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). ERCO Worldwide 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) 237-6215 extension 233.

1.2 About ERCO Worldwide

ERCO Worldwide is a Canadian based company and a wholly owned subsidiary of Superior Plus LP located in Toronto, Ontario. The ERCO Worldwide head office and Research and Development laboratories are located in Toronto, Ontario.

ERCO Worldwide produces sodium chlorate (its main product), sodium chlorite and chlor-alkali products. The sodium chlorate is used mainly to make chlorine dioxide for the bleaching of pulp. The sodium chlorite is used in water treatment. The company also designs and licenses large-scale, proprietary chlorine dioxide generators. Those are used to produce chlorine dioxide at pulp mills for the elemental chlorine-free bleaching process. The chlor-alkali business serves a variety of industries including municipal and industrial water treatment, food processing, fertilizers, agricultural intermediates and oil and gas.

The company employs approximately five hundred employees worldwide and operates nine manufacturing facilities, six of which are located in Canada, two in the United States and a last one in Chile.

The present verification covers only the Canadian operations. The company is a member of the Canadian Industry Association of Canada (CIAC) and manages its business with the Responsible Care® approach. The company is also a member of the Responsible Care® governing body in the United States and Chile and the respective locations are certified or verified by that association.

For additional information about ERCO Worldwide visit: <http://ercoworldwide.com>

1.3 About This Verification

The verification of ERCO Worldwide was conducted on April 12, 13 and 14, 2016 and included team visits to the Buckingham, Quebec manufacturing site and the corporate offices located in Toronto, Ontario. The verification team also conducted interviews with other company personnel and external stakeholders at locations the team was unable to visit. During the course of the verification, the team had the opportunity to interact with a wide range of company personnel, as well as stakeholders external to the company. Attachment 2 contains a list of those individuals interviewed and their affiliations.

This is the seventh verification exercise completed for ERCO Worldwide. The last verification was completed on May 2013.

The verification team was comprised of the following individuals.

Name	Affiliation	Representing
André Denis	CIAC	<i>Team Leader</i>
Ron Ormson	CIAC	<i>Public-At-Large Verifier</i>
Guy Carrière		<i>Buckingham Community Representative</i>

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

During the verification of ERCO Worldwide, 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, the team placed an emphasis on conducting a more in-depth examination of certain company aspects identified by the company or the team related to:

- ERCO Product Stewardship management system;
- ERCO Buckingham plant management systems.

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

Over the last 30 years, the ERCO Research & Development, Engineering and Technical Services and the association with a local university have developed a chlorine dioxide generator technology that is ISO 9001 registered. This technology is sold throughout the world. The process is documented with written procedures for management process. North American codes and regulations govern the design. ERCO is committed to supply the highest safety system design wherever plant is installed including countries where standards exceed local regulations. Piping and Instrumentation Drawings are developed first to form a roadmap for the design. Vendors must qualify as per ERCO procurement management system. A multi disciplinary team is created to implement each project. A detailed project schedule is developed to coordinate the activities of the project team. Safety risk assessments (PHA's) are performed at various stages of the project. Before proceeding to chemical commissioning, a field verification of the design is performed. The verification team considers that a comprehensive management system is in place to cope with this code area.

2.1.2 Operations Activities

The team verified in depth the company transportation management system. ERCO uses rail, highway and maritime transportation to deliver its products to clients, distributors, warehouse and terminals. There is a comprehensive management system in place to comply with the requirements of this code area. Each highway carrier is evaluated by an external consultant before hiring and reassessed at each two years thereafter. Each consultant report is reviewed by ERCO and areas of improvements are questioned. Major railway companies are CIAC partners and evaluated through the ACC verification process. The short line railways that make the link between Buckingham and the major railways company terminals is evaluated by the same consultant that assess highway transport carriers. The launch of rail carrier assessment for short line railways with respect to Responsible Care commitments and working towards making it available to all other members through the CIAC rail committee is a best practice. ERCO use maritime containers to export sodium chlorate globally. Each ERCO shipment is made through a contract with a maritime shipper that is certified by the International Maritime Organization (IMO) and follows IMO rules. ERCO shipments constitute only a small part of any single total marine shipment. There is no easy way to assess maritime carriers.

Through company trained personnel and recognized contractors, ERCO has established and maintained a well-organized transportation emergency response plan for all of its key products (i.e. chlor-alkali, chlorite and chlorate) throughout Canada. The transportation emergency contractors are assessed under the CIAC TEAP III program and listed on the TEAP III website.

In 2014, ERCO Worldwide received the Association of American Railroads (AAR) Perfect Game Award that is the highest rail safety award in North America. This was awarded to ERCO for its safe railcar operations which included over a full year without any accidental releases from any of the company's operations. In 2015, the Buckingham plant received the Canadian Pacific Railway (CPR) Safe Shipper Award for 500 or more shipments without a railcar incident. This is the fifteenth consecutive time that the ERCO Buckingham plant has received the award since CPR started the program. The verification team recognized these achievements as best practices.

2.1.3 Safety and Security

The last verification held in 2013 focused on the new ERCO PSM (Process Safety Management) system. Since the last verification, ERCO has made many improvements to its PSM system. The LOPA (Layer of Protection Analysis) project and process design review is now conducted for all of major capital projects. All ERCO chlorate plants will also undergo LOPA. All ERCO's Canadian chlorate sites have been re-assessed to update each site's acute risk assessment. The report for each are at various stage of completion and capital funds has been designated in 2016 to implement recommendations. ERCO's PSM management system and related management systems that impact PSM are being evaluated to determine how human factors can be incorporated to minimize human error. ERCO's human factors program has already made in 2015 a number of improvements to ERCO PSM management system. The program is ongoing in 2016.

The company has developed and maintains a comprehensive PSM system. The Tier I performance level is based on the OSHA 1910.19 system and covers the company plants which use chemicals with a greater risk potential like the manufacturing of chlorine. The Tier 2 performance level is based on the CIAC PSM and covers chemicals with a lesser risk. The Buckingham plant is covered under this management system and is currently at the basic level. The verification team has listed an improvement opportunity to increase its classification from basic to enhanced (OP28-30).

The ERCO Safety, Environmental and Process Safety incident investigation system was improved to incorporate a standardized root cause analysis technique. All personnel in the company who lead and review incident investigations were trained in the new root cause analysis methodology.

In the last four years, the Buckingham plant has experienced some lost time and recordable accidents at higher than normal frequency rates. The facility has already implemented many activities to improve its performance such as the Job safety analysis (JSA) and the root cause analysis for accident investigations. The plant has not; however, fully commenced work on a behavioral based safety program that could make employees significantly more involved in their own safety. The team has listed this aspect of the Buckingham plant operations as a work in progress (OP22 and 23).

2.1.4 Environmental Protection

There is a comprehensive management system in place to comply with the requirements of this code area. Since the last verification, ERCO has developed an environmental training module that is available online in the ERCO Learning Management System (LMS). That module provides employee education and information about their responsibilities to the environment. The module was rolled out and assigned to all company employees in 2016.

The team verified several aspects of the Buckingham environmental protection management system. The facility has a range of systems in place to manage air emissions, waste, soil and legacy subsurface conditions. In 2015, ERCO developed and implemented a company-wide Ground Water Protection Plan as an enhancement to its Environmental Management System. The program was implemented at the Buckingham facility in 2015. All plant Environmental Managers were trained on ground water pollution. An inventory of plant process water secondary containments was done followed by a risk assessment and a plan with corrective actions in 2016. This program is crucial for the plant and will prevent liquid discharges from daily operations that could pose risks to soil and ground water quality and covered a deficiency that was observed by the team. The team has listed this activity as a work in progress (OP60).

The wastewater pipe used to transfer treated effluent from the plant to the river has not recently been checked for leaks or structural integrity. The team has listed as an opportunity of improvement to conduct a closed circuit television camera (CCTV) inspection of the effluent discharge pipe (OP60).

Trucks containing HCL are unloaded at the Buckingham facility. A release (i.e. spill) of HCl at the unloading station pads represents the worst case scenario. A smaller surface area would lessen the potential for HCl gas to be released to the air. There is an opportunity for improvement at the Buckingham facility to modify the area of the concrete surfaces at the truck unloading station to reduce atmospheric exposure of spilled product and potential emissions of HCl gas (OP62).

2.1.5 Resource Conservation

The items listed below are examples of resource conservation actions that were initiated since the last verification.

The Buckingham facility had coolant releases in the air in the past years. A plan was put in place in 2015 to prevent future leaks. The Buckingham facility is working on the recycling of its sodium chlorite effluent with the use of a better instrumentation and a better control of all tank levels. This results in the use of less potable water from the town and a decrease in the total volume of effluent.

To minimize air pollution and health effects that could result in an accidental air release, the plant has made an operational change requiring suppliers to provide HCl at a concentration of 35% rather than 37% as in the past. The team listed this achievement as a best practice.

2.1.6 Promotion of Responsible Care by Name

ERCO has developed and maintains a Responsible Care Awareness Training Module for training employees on the ethic of Responsible Care and the associated commitments. This module is available online on the ERCO Learning Management System (LMS). All company employees must complete and pass the training before the end of each year. The team toured the Buckingham plant and met employees. Questions were asked to verify if employees know Responsible Care by name. Most of employees who were met on the plant tour show a reasonable Responsible Care knowledge.

2.2 Team Observations Concerning Stewardship Code

ERCO has a robust and comprehensive management system in place to support the requirements of the CIAC Stewardship Code including sections 2.2.1 and 2.2.2 below.

2.2.1 Expectations of Companies

ERCO showed to the verification team that its management system is based on the Plan, Do, Check and Act structure and covers the Responsible Care commitments.

2.2.2 Expectations with Respect to Other Parties

The team conducted an in depth verification of the Product Stewardship management system. ERCO's Product Stewardship Management System covers transportation, suppliers, customers, distributors, warehouses and terminals. The verification of the ERCO Transportation Management system is covered under section 2.1.2. The verification shows that the Company has established a whole set of procedures to cover the distribution of its products. Annual company objectives cover the Product Stewardship activities. Documentation, handbooks and DVDs are used for the training of customers on the safe handling of company products. Knowledgeable technical representatives support the Company's efforts to handle its products in a safe manner. Suppliers, customers, distributors, warehouse and terminals are assessed on a regular basis. A new data base called SCOR (Supply Chain Opportunity Reports) was launched in January of 2016 to track and investigate customer and supplier incidents. The Management of Change (MOC) process is applied to new chemicals that could impact Company's processes.

2.3 Team Observations Concerning Accountability Code

2.3.1 Operating Site Communities

ERCO has developed a Community Outreach procedure and the company has established a 2016 objective to ensure risk communication at each ERCO location. The verification team reviewed the Buckingham plant community outreach program. ERCO Buckingham plant is a small plant located in a small community with few other industries around. The verification team had the opportunity to observe a regular CAP meeting. The verification team found that there is an excellent relationship between the company and the local CAP. The Company is very proactive and open with the CAP and there is a two-way dialogue between its members and the Company. The team noted that the CAP is relatively small and that ERCO is the only industrial member. There are currently only three public members that sit on the CAP. The company has launched a publicity campaign to involve more public members and potential new members have shown interest. There is an improvement opportunity at the Buckingham plant for ERCO to continue its search for additional public and industrial members for the CAP (AC126). The Buckingham facility, once a year, does a complete plant shut down for maintenance purposes. During the CAP meeting, it was suggested that the plant notify the municipality of such shutdown events. There is an improvement opportunity at the Buckingham plant for ERCO to notify the municipality when there is a plant shutdown to address potential shut-down and start-up risks (AC129). The Buckingham Community Outreach program is very thorough and the company is very engaged with external stakeholders. Beside the local CAP activities, ERCO is actively participating in all CIAC Quebec

organizations (TransCAER, Quebec leadership group, etc.). The Company also supports a range of other community activities such as blood donor clinics, United Way annual campaigns, relations with local emergency responders, an annual bursary at local high school, membership of local business community, etcetera. The team listed the Buckingham Community Outreach program as a best practice.

The Buckingham plant worst case scenario was last released to the surrounding community in 1998. In 2015 and 2016, a consultant was hired to update and make necessary revisions to the worst case scenario. Once this risk evaluation is completed, ERCO will release the new scenario to the surrounding population by the end of 2016 or in early 2017. There is work in progress to update worst case scenario (WSC) for the Buckingham facility and share the results with the employees, CAP and surrounding community (AC129).

2.3.2 Other Stakeholders

ERCO senior management is active at the corporate level with the Federal and Provincial governments and through various industrial associations including CIAC. There is also a Community Outreach Plan at each plan facility. The 2016 verification covered the Buckingham Plan and found it very comprehensive and well implemented in the local Community.

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 ERCO Worldwide 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.

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.

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.

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 needed 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 or corrected, etc.

SYNOPSIS

As previously noted in this report, this is the seventh ERCO Worldwide Responsible Care verification. During the 2013 verification, the ERCO new Process Safety Management (PSM) system was verified in more depth. The 2016 verification covers more of the Product Stewardship aspects of the management system and also the Buckingham plant management systems.

In a comprehensive manner, ERCO uses the CIAC Responsible Care Commitments as the umbrella for its management systems covering the Occupational Health and Safety, PSM, Environmental management, Procurement, Transportation, Distribution and Community Outreach. The company consistently refers to the Plan, Do, Check and Act model to demonstrate that its various management systems are fully integrated with Responsible Care. ERCO provided numerous examples of continuous improvement to the verification team. The ERCO Responsible Care Committee (ERCC) is a high level committee chaired by the President with the participation of other senior managers that meets twice per year at the head office and once per year at each of the company's facilities. This review places emphasis on the previous year's performance, goals for the next year and highlights any deficiencies or best practices. ERCO plant management and employees also participate in the meetings as required. The functioning of the ERCO Responsible Care Committee (ERCC), which includes plant visits by the President, corporate and local management with direct participation of all plant employees is listed as a best practice by the verification team.

The ERCO Responsible Care Steering Committee is chaired by the Responsible Care Coordinator and includes participation of the three Responsible Care code leaders and the President. The Steering Committee is responsible for the implementation and the retention of the codes. The Steering Committee reports to the ERCC. Each year the action items and findings arising from the overall management system are reviewed by the Steering committee. Each code leader leads also a tactical team, the Responsible Care Conformance Team, to ensure conformance to each code elements. The teams reports to the Responsible Care Steering Committee. Once every three years at each plant, and once per year at the head office level, a Responsible Care conformance assessment is completed. This assessment is done to provide the President with a status update on the Company's conformance with the Responsible Care codes. Each of the CIAC Responsible Care commitments are assessed by a cross functional team of process owners across the Company. An electronic cross reference application has been developed to support the assessment. Any gaps between the Responsible Care requirements and the management systems activities are captured in the application as actions items and acted upon by the individuals to close the gaps. The ERCO corporate Responsible Care cross reference conformance assessment database is listed by the verification team as a best practice.

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 ERCO Worldwide’s 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:

- 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.

During the verification process at the corporate office and at the Buckingham plant, the team has interviewed and exchanged information with the President, various senior managers, staff at the Buckingham facility, City of Gatineau representatives, and CAP members. ERCO consistently demonstrated to the verification team that the Responsible Care Ethic and Principles for Sustainability guide the company’s activities. The Responsible Care Ethic message starts at top level management and extends down to the plant floor.

Throughout the verification at the Buckingham plant, and via the meeting with the local CAP, the verification team confirmed that ERCO has a strong outreach program in place with the surrounding community. The company has demonstrated its commitment to be responsive and accountable to the local community and the public. The Buckingham Community Outreach program is outstanding and is consistent with the Responsible Care Ethics principle number two.

The railroad shipper safe awards received by ERCO Worldwide and by the Buckingham plant are examples of the first and second guiding principles.

ERCO manufactures transports and sells chemicals that pose different risks throughout North America and internationally. The ERCO Product Stewardship Management System was developed to manage the risks of these operations. The Company Product Stewardship Management System is comprehensive; risk based, covers all the expectations of the CIAC Stewardship code; and, is a good example of the guiding principle number five.

The launch of rail carrier assessment for short line railways with respect to Responsible Care commitments and working towards making it available to all other members through the CIAC rail committee is an example of the

ERCO commitment to take preventative action to protect health and the environment (third principle) and inspire others to improve (eight principle).

Since 2014, ERCO has developed a database to register the sustainability activities done each year at each facility and at the corporate office level to be able to identify KPI (key performance indexes) and use some of them in the future to monitor its performance. This team has listed this activity as a best practice.

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 Improvement Opportunities identified during the verification, as summarized in the Executive Summary and discussed in detail in the report. The verification is complete and no further involvement is required by the verification team.

COMPANY RESPONSE TO VERIFICATION TEAM REPORT

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

ERCO's 7th Verification of our Responsible Care® ethic in Canada was a positive one, and we truly appreciate the opportunities it provided to self-reflect, and continually improve our processes. The verification team was very helpful in planning and preparing for the site visits, and we greatly appreciated their valuable insight throughout the entire process. We would also like to thank the members of our Buckingham Community Advisory Panel (CAP) for their enthusiastic participation, both during the verification and throughout their time as members of the CAP.

ERCO Worldwide 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 Work in Progress and Improvement Opportunities identified by verification team and will assist the CIAC in communicating and sharing the identified Successful Practices to other CIAC members.

Emily Fattore
Director, Environmental Affairs
ERCO Worldwide, May 18, 2016

INTERVIEW LISTS

A: Company Personnel

Name	Position	Location
Ed Bechberger	President	Toronto
John Birks	Manager, Projects and Design	Toronto
Paul Rea	Director, Logistics & Customer Service	Toronto
Joe Caponio	Manager, Logistics Compliance	Toronto
Rob Michalowicz	Manager, Process Safety	Toronto
Gary Gallagher	Director, Engineering	Toronto
Don Smiegielski	Director, Health & Safety	Toronto
Mike Tkach	Senior Buyer, Raw Materials	Toronto
Prashant Rajurkar	Manager, Environmental Affairs	Toronto
Neha Narang	Safety & Environmental Coordinator	Toronto
Mathusha Sivakumaran	Safety & Environmental Coordinator	Toronto
Emily Fattore	Director of Environmental affairs and Responsible Care coordinator	Toronto
Lynne Raymond	Plant Manager	Buckingham facility
Claude Matte	Manager, Purchasing and Traffic	Buckingham facility
Louis Maranda	Manager, Production	Buckingham facility
Jean Ouellet	Manager, Safety	Buckingham facility
Jean-François Roux	Manager, Environmental & Technical	Buckingham facility
Daniel Lord	Manager, Maintenance	Buckingham facility
Jocelyne D'Aoust	Manager, Human Resources Operation	Buckingham facility

B: External Stakeholders

Name	Company / Organization	Position	Location
CAP members	COLICO		Buckingham
Gary Barnes	City of Gatineau	Fire Marshall	Buckingham
Jacques Rathwell	City of Gatineau	Civil Security Coordinator	Buckingham



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