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RESPONSIBLE CARE[®]

VERIFICATION REPORT

AKZO NOBEL CHEMICALS LTD.

October 2nd and 3rd 2012

Disclaimer

This report has been produced by a team, convened by the Chemistry Industry Association of Canada (CIAC) to provide advice to the above company and assist it in meeting its Responsible Care commitments as a member of the Association. The material in it 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 which is the subject of this report to interpret and act on the findings and recommendations in this guidance document 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 Akzo Nobel Chemicals Limited. The verification was undertaken on October 2nd and 3rd 2012 and included team visits to the Saskatoon facility. This was the fourth Responsible Care verification completed for Akzo Nobel Chemicals Limited. The last verification was completed on October 28th, 29th and 30th 2009.

There were not any specific areas of focus for the 2012 verification as this was the first verification under the revised 2010 protocol. In the body of the report there are listed three multifaceted findings requiring action related the Operations and Stewardship codes respectively. There are also four improvement opportunities related to the Operations and Accountability Codes and six successful practices.

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

Signed: Cameron Dillabough
Verification Team Leader

Date: October 11, 2012

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:

Michael Stein, Site Manager.

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SUMMARY OF VERIFICATION TEAM OBSERVATIONS

{Please provide a succinct summary of each of the team's main observations. For each Finding Requiring Action - where possible - please identify if this is an isolated observation or one that is a symptom or attribute related to either the management system or the application of the ethic and principles}

Findings Requiring Action

1. It is a finding requiring action that the Akzo Nobel decision making is not sufficiently guided by the commitment to engage with business partners to ensure the stewardship and security of products, services and raw materials throughout their life cycle. Specifically the team observed that the execution of the following related activities are not consistent with Responsible Care® Code expectations:

- i) Selection and ongoing assessment of transportation service providers. (OP12-16 and ST116)**
- ii) Selection and ongoing assessment of distributors (OP15, ST115 through ST120)**
- iii) Selection and ongoing assessment of waste service providers and selection and ongoing assessment of other service providers. (OP69 & OP75)**

C.I.A.C. Memberlink has guidance in all these areas which can assist in the development of company procedures.

2. It is a finding requiring action that the C.I.A.C. Responsible Care® Commitments are not fully and formally embedded in the company's "Plan" step of the management cycle. While a cross reference document is under development (work in progress); the output of that activity must result in the code expectations being formally and fully considered as Akzo Nobel Canada Ltd. requirements and as equivalent to regulatory requirements and expectations of other formal management system processes (ie: ISO 14001), such that the gaps identified above in the finding requiring action will not arise in the future.

Works in Progress

1. A cross reference document referencing the 152 code elements and Akzo Nobel's Guidance Notes, policies and procedures has been developed. A gap analysis has been completed to identify areas where new or revised Guidance Notes will be required.

2. Part of the implementation plan for the new community emergency warning system is to promote buy-in by the community as each individual must activate their own electronic alert platform. ie: cell phone, Ipad etc. The next step is community education and acceptance through auspices of the Community Advisory Panel and Saskatoon Industrial Mutual Assistance Committee.

3. As of the verification date the contractor selection process was being upgraded to a corporate electronic on-line system and a six month review of the process is planned.

4. At the time of the verification the site was revising the emergency assistance plan for low risk, less than truckload (LTL) shipments.

5. At the time of the verification there was a six month plan in place to review and revise site operating procedures.

6. At the time of the verification there were plans to implement a software based Management of Change management system.

Improvement Opportunities

1. There is an opportunity for improvement to better promote Responsible Care®, by name, in the company training and informational processes for site personnel, other than at the managerial level, by linking the Corporate focus on sustainability with Responsible Care®.

2. There is an opportunity for improvement, in relation to OP#7, to reassess the value of on-line operator training and evaluate the benefits of utilizing a dedicated trainer for the hands-on portion of operator training.

3. There is an opportunity for improvement to implement a documented process, with appropriate review timelines, to comply with code elements OP39 and AC126 in relation to maintaining a list of community stakeholders.

4. There is an opportunity for improvement to develop documented managerial expectations that support AC 138 and AC 139 which cover the company's commitment to formally and strategically engage in public policy processes.

Successful Practices

1. For several years the Akzo Nobel site has been involved in, and spearheading, the development of a community emergency warning system. A system has been developed and implementation is proceeding.

2. For the relative size of the Saskatoon location the site is involved with, or participating in several local and Provincial associations and regulatory entities.

3. The Akzo Nobel Corporation has recently introduced internal employee sustainability participation and education program entitled "We Care".

4. The Saskatoon site was proactive in the engagement and sponsoring of Envirotec to become a C.I.A.C. member partner.

5. The Saskatoon Site Manager and overall Responsible Care® Coordinator is teaching a "Business Ethics" course at the University of Saskatchewan, which included a presentation on Responsible Care®.

6. The Saskatoon site is very proactive in the promotion of Responsible Care®. Evidenced through its business practices, operational Ethics, promotion of Responsible Care® by name and the through Product Stewardship outreach activities with customers and bulk carriers.

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 Akzo Nobel Chemicals Limited **operations in Canada** attests annually to CIAC and its peers that the company's operations conform to the expectations contained in the Responsible Care Commitments and are guided by *Responsible Care Ethic and Principles for Sustainability*.

The Responsible Care® Ethic and Principles for Sustainability

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

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

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

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

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

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

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

Once completed, the Verification Report is made publicly available through the CIAC website (www.canadianchemistry.ca). Akzo Nobel Chemicals limited 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 the Responsible Care staff at CIAC at glaurin@canadianchemistry.ca or (613) 237-6215 extension 233.

1.2 About Akzo Nobel Chemicals Limited

Akzo Nobel corporate offices are located in Amsterdam the Netherlands and support for the Saskatoon operation is provided by business groups in Mississauga Ontario, Brewster New York and Chicago Illinois. This description covers the Canadian operations of Akzo Nobel Chemicals Ltd., operating out of the company’s facility in Saskatoon, Saskatchewan. This is the only Akzo Nobel manufacturing facility in Canada that supports the “Surface Chemistry” segment of the Akzo Nobel Specialty Chemicals division. There are other Akzo Nobel operations in Canada supporting the Pulp and Paper Chemicals business and several facilities that are part of the Decorative Paints and Coatings divisions and these groups are organized as separate entities and are not part of this verification.

The Saskatoon Plant occupies 22 acres (8.9 hectares) and is located just north of the City of Saskatoon on the north bank of the South Saskatchewan River. The plant employs 33 people. There are 29 Akzo Nobel personnel and 4 Jacobs-Catalytic personnel which are part of a third party contract maintenance group. Akzo Nobel personnel consist of 12 office / supervisory staff and 17 unionized (Communications, Energy & Paper workers Union) operators. Additional information can be obtained at: www.azkonobel.com

1.3 About This Verification

The verification of Akzo Nobel Chemicals Limited was conducted on October 2nd and 3rd 2012 and included team visits to Saskatoon Saskatchewan location which is the sole company manufacturing site in Canada. 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 was the fourth verification exercise completed for Akzo Nobel Chemicals Limited. The last verification was completed on October 28th, 29th and 30th 2009. The verification team was comprised of the following individuals.

Name	Affiliation	Representing
Cameron D. Dillabough	C.I.A.C.	<i>Team Leader</i>
Keith Purves	C.I.A.C.	<i>Public-At-Large Verifier</i>
Simeon Emmanuel	Saskatoon resident	<i>Saskatoon Community Representative</i>
Geoff Warren	Verification observer	<i>Envirotec Services Inc.</i>

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

During the verification of Akzo Nobel Chemicals Limited the verification team looked for evidence that the company was addressing the expectations documented in the Responsible Care Commitments (152 code elements plus 28 benchmark and collective expectations). While considering all aspects of the Responsible Care Commitments during the verification, the team placed an emphasis on conducting a more in-depth examination of certain company aspects identified by the company or the team. The primary emphasis for the verification was the application of the 152 code elements because this was the first verification of Akzo Nobel against the revised 2010 Verification Protocol.

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 verification team will communicate, based on their experience and judgment, why it is inconsistent and how the observation relates back to a possible gap in the expected management system and / or the ethic and principles underpinning company actions. The team may also provide advice on how the situation might be responded to.
2. **Works in Progress** document instances where the verification team has observed the company self-initiating actions in response to identified gaps and deficiency arising from other internal or external audit and review activities, or where the company has self-initiated important improvement opportunities.
3. **Successful Practices** document instances where the team believes the company has taken actions that strongly support sustained excellence in performance, and which should be communicated throughout the CIAC membership.
4. **Improvement opportunities** identify instances where the verification team has observed company actions and decision making as being largely consistent with the expectations detailed in the Responsible Care Commitments, but for which the team is of the opinion that the company could support further improvement by considering alternate or additional benchmarks when undertaking its planning and decision making.

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

2.1 Team Observations Concerning Operations Code

2.1.1 Design and Construction of Facilities and Equipment

The Saskatoon facility has a limited engineering capacity so any major projects are handled by third party engineering and construction firms or Akzo Noble corporate resources. Appropriate corporate engineering standards and oversight is in place to comply with code requirements and appropriate decision gate processes are in place to ensure application of these standards when appropriate.

2.1.2 Operations Activities

Generally, there are management systems in-place to comply with the requirements of this commitment area. However two findings requiring action and two improvement opportunities listed above are in reference to this operational area and specifically OP13, 15, 69 and 75. The management system gap in the “Do” and “Check” functions in relation to the application of 2010 protocol.

The 2009 verification report listed an improvement opportunity relating to monitoring the performance of railroads. This opportunity was not satisfactorily addressed and is included in finding number one in relation to OP13. The minimum expectation is that the Company will request and review the current verification report of their respective rail carrier and take the appropriate action.

2.1.3 Safety and Security

All appropriate management systems are in place to comply with the requirements of this code. The site emergency response plan is up to date and has been recently reviewed with emergency responders and integrated with the community emergency response plan. The integration of the Akzo Nobel site emergency response plan with the community plan and the development of an integrated plan encompassing the Saskatoon community has been the result of a continuous effort, of at least ten years, by Akzo Nobel and a neighbouring C.I.A.C. member site. The culmination of these efforts has been listed in the report as a successful practice.

2.1.4 Environmental Protection

Environmental protection is addressed with a Corporate Philosophy based emphasis on sustainability with a focused objective of environmental protection. Corporate initiatives include, energy use reduction, water use reduction, operational efficiency, air and water quality and climate change initiatives to reduce the Company carbon foot print. At the local level the site maintains an ISO 14001 certification with appropriate objectives to support both Corporate and C.I.A.C. objectives. Reference: www.akzonobel.com/sustainability

2.1.5 Resource Conservation

At Akzo Nobel, beginning at the corporate level, resource conservation is an integral part of the focus on sustainability described in section 2.1.5. Locally the present focus is a reduction in energy use. A corporate sponsored energy use analysis is planned for 2012/2013. Included in the Corporate Sustainability Goals is an objective of Eco-Efficient Resource Utilization.

2.1.6 Promotion of Responsible Care by Name

As part of Product Stewardship outreach to customers and bulk carriers the site made twenty two presentations on safe product handling. A portion of the presentations is dedicated to the Responsible Care® Ethic and Guiding Principles. The site has also made

Responsible Care® focused presentations to industrial neighbours, University of Saskatchewan engineering, business and medical-industrial hygiene students, community college students and various emergency management groups.

The team has however listed an improvement opportunity in this area in regard to the hourly employees and non managerial staff groups. Throughout the interview and meeting process the team sensed that these employees related more to the corporate sustainability focus and other

related initiatives and did not understand the link to the site C.I.A.C. Responsible Care® commitment.

2.2 Team Observations Concerning Stewardship Code

A comprehensive product stewardship management system is in place at the corporate level under the umbrella of “Innovation”. The general philosophy is to have the research and development resources located within the Business Groups for ease of customer interface and to maintain five corporate “Expert Capability Groups” as support resources and “Communities Of Practice” experts to ensure the best possible use of knowledge and technology. This philosophy and appropriate practices identified corporately as product stewardship “Guidance Notes” govern the product stewardship focus in Canada.

Reference: www.akzonobel.com/innovation

2.2.1 Expectations of Companies

This section of the Responsible Care® Commitments is for the most part a corporate level function as it pertains to operations in Canada and fully complies with the expectations of the Responsible Care® Commitments. The site did however provide twenty two customer and transportation training sessions in 2011 and 2012 in support of products produced at the site or raw materials transported to the site.

2.2.2 Expectations with Respect to Other Parties

As described above there are corporate driven Product Stewardship management systems that govern the actions of the Saskatoon site. However it is the opinion of the team that several product stewardship code elements supporting the 2010 Responsible Care® Protocol have not been implemented, or the present site management system revised, to accommodate these requirements. As previously noted in the Summary of Team Observations above there is a finding requiring action to implement the requirements of Stewardship Code elements ST115 through ST120.

2.3 Team Observations Concerning Accountability Code

2.3.1 Operating Site Communities

In all probability the most pressing issue over the last six years at the Akzo Nobel site, in relation to this code, is a tangential issue that is addressed in the Operations Code and pertains to a viable community alert system. It now appears that through the efforts of the site as a participant on the local Community Advisory Panel and the Saskatoon Industrial Mutual Assistance group this task will be accomplished. All the other code expectations of this section of the Responsible Care® Commitments Protocol are being met with the exception of AC 126. The team has listed an improvement opportunity in this area to document the process of maintaining and revising a relevant list of local community and business stakeholders.

2.3.2 Other Stakeholders

The team has previously noted in the Team Observation section, under “Successful Practices” that the Saskatoon site is very active in the community and thus interfaces on a regular basis with local government officials, local businesses, and potentially Saskatoon based NGOs. Through these contacts the company complies with this code requirement. The company has recently refocused

and improved their TransCAER commitment and the team encourages them to continue with this process. The team did feel however that practices pertaining to AC138 and AC139 are driven by a personal commitment and not as a result of documented expectations. As a result the team has listed an improvement opportunity in this area.

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 the Akzo Nobel 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:

The Akzo Nobel site has a clear and concise four page document (#0842-00) that describes the Responsible Care® management system. The document is designed as an ISO document with a two year review requirement.

NB: The team observations described below are a verbatim reproduction of document #0842-00 which accurately describes to processes observed by the team.

3.1 Observations on the PLAN Step

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

During the planning phase the plant goals are developed, based on the 'balanced scorecard' principle. The plant goals are based on the Business Unit Priorities and Performance Dashboard as well as plant specific issues, for example issues detected during the 'Check' phase. Key projects are determined and dashboard variables are developed. Status of the plant goals, key projects, and the dashboard is updated monthly. An annual environmental plan is created for the control and reduction of environmental impacts. Depending on their importance, the goals of this plan can become part of the plant goals or remain separate goals, responsibility of the Lab and Environmental Supervisor.

The Personal Goals and Development(P&D) process is used for generating personal key performance areas and are mainly based upon plant goals, but can also take special interests, related to plant operations, into account. P&D discussions are held at the beginning of the year (between February and April), during the mid-term (between June and August), and at the end of the year (actually January – February of the next year). For hourly personnel, group goals are developed together with the union. The balanced scorecard principle is again used for personal goals and group goals. A list for capital projects is maintained by Plant Engineering. Capital projects are prioritized based on a formula (the formula provides a point value for each project), and then implemented based on point value, capital availability, regulatory requirements, and alignment with corporate / plant goals. The capital project list is reviewed two or three times a year.

The team did list a finding requiring action related to this step in the process.

While a cross reference document is under development (work in progress); the output of that activity must result in the code expectations being formally and fully considered as Akzo Nobel Chemicals Ltd. requirements and as equivalent to regulatory requirements and expectations of other formal management system processes (i.e. ISO 14001), such that the gaps identified above in the finding requiring action will not arise in the future.

3.2 Observations on the DO Step

During the Do Step in the management system, the company converts the decisions of the PLAN Step into action and ensures awareness and understanding by all involved. It is expected that the company will implement an organizational structure, assign responsibilities to appropriate personnel, supply sufficient training and resources to execute planned actions and develop and document standards, procedures and programs, as applicable.

In considering the DO Step of the Akzo Nobel management system, the verification team observed the following:

The plant goals, as well as the follow-up from 'check' actions (see below) guide the daily work of plant staff. Routine tasks and improvement activities are done on an 'as required' basis. The daily safety talk (conducted around 8:00 am) keeps operators and maintenance personnel informed about activities in the plant and the production meeting (twice a week) is used to coordinate staff activities. The monthly report is used to track progress and is also widely distributed, which enables other external corporate management groups to take action if they think that planning goals are at risk.

3.3 Observations on the CHECK Step

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

In considering the Check Step of the Akzo Nobel management system, the verification team observed the following:

The "Checking" process at Akzo Nobel is accomplished through various audit processes that can be local internal, Corporate internal or external third party for such management systems as ISO 9001/14001

- ISO 9001/14001 is checked through internal audits (all elements to be checked within a two year cycle) and third party audits.
- Responsible Care is checked every year for the re-commitment (no formal procedure, but signed recommitment stating compliance with all standards) and verified by a third party every three years).
- The corporate HSE&S standard is checked internally for compliance every year. All elements are audited by auditors sent from Corporate on a schedule based on plant risk and performance (currently every three years).
- Problems with customers (for example product quality, delivery issues) are flagged up through Quality Notes. A process utilized by the Sales and Marketing groups.

- Internal incidents and near misses are currently tracked through the Unusual Incident Report system. More serious incidents have to be reported to corporate and may trigger a corporate investigation.
- Regulatory and legal developments are monitored by various methods. For example through the Canada Gazette and information about regulatory developments from our North American Regulatory Affairs department.

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 and corrected, etc.

In considering the Act Step of the Akzo Nobel management system, the verification team observed the following:

The follow-up actions generated during the 'check' process, guide the short-term 'act' steps. If the issues detected during 'check' cannot be resolved within a reasonable timeframe (varies depending on the issue, but two months is a good guidance), they are added to the 'Follow-Up' database and (if necessary) to the capital project list. The Follow-Up database and the capital project list are used for prioritization of actions and to keep track of issues that require more time for their resolution. The Follow-Up database is also used as a resource in the planning phase.

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

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

The verification team carefully observed the Akzo Nobel 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:

For a holistic view of how the Responsible Care® Ethic and Principles For Sustainability are applied and managed at the Akzo Nobel Saskatoon site one must consider the global focus on sustainability as described on the website referenced in section 2.1.4. These Corporate Principles are applied at the different levels in the organization and are driven by the various Business Teams and Sub-Business Teams which must report progress monthly on the various improvement areas they have chosen in support of the corporate initiatives. Attachment #3 lists the eight Principles For Sustainability that the C.I.A.C. has chosen as a guideline for member companies. At the Akzo Nobel corporate level there are Philosophies, Goals and objectives that recognize and support these principles. The team will comment in this attachment on the level attained by the Saskatoon site in supporting these Philosophies, Goals and Objectives.

5. VERIFICATION TEAM CONCLUSION

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

COMPANY RESPONSE TO VERIFICATION TEAM REPORT

On behalf of Akzo Nobel Chemicals Limited I have reviewed this verification report. The observations and conclusions contained in the report have been discussed with the verification team. Thanks to the verification team for a thorough and constructive investigation of our processes and for pointing out possible improvements.

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

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

Michael Stein
Site Manager
Akzo Nobel Chemicals Ltd.
November 13th 2012

Interview Lists

A: Company Personnel Contacted During Verification Process

Name	Position	Location
MICHAEL STEIN	SITE MANAGER AND RESPONSIBLE CARE COORDINATOR	SASKATOON
GERRY MOONEY	LABORATORY AND ENVIRONMENTAL SUPERVISOR	SASKATOON
LARRY CAMPBELL	SAFETY SUPERVISOR	SASKATOON
CHERYL LARIVIER	LOGISTICS SUPERVISOR	SASKATOON
ILA KLASSEN	PLANT ENGINEER	SASKATOON
KEVIN MURR	PROCESS OPERATOR AND JOINT HEALTH & SAFETY COMMITTEE MEMBER	SASKATOON
RUSSELL BANDA	PIPE FITTER AND JOINT HEALTH & SAFETY COMMITTEE MEMBER	SASKATOON

B: External Stakeholders Contacted During Verification Process

Name	Company / Organization	Location
OM KOCHAR	SILVERWOOD HEIGHTS COMMUNITY ASSOC.	SASKATOON
MERV DAHL	UNIVERSITY OF SASKATCHEWAN RISK MANAGMENT	SASKATOON
TERRY STARK	WANUSKEWIN HERITAGE PARK	SASKATOON
BEV BENTZ	ERCO WORLD WIDE CAP REPRESENTATIVE	SASKATOON
TERRY FRISKE	ERCO WORLD WIDE PLANT MANAGER	SASKATOON

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 made at the Saskatoon facility, and the technical support provided to their customers, are vital to the potash industry which in turn is an invaluable contributor to agriculture and nutrition. The site has also decreased its environmental footprint by greatly reducing site emissions and eliminating site water outflow to the South Saskatchewan River.

- 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.

For the most part this principle is supported by the Saskatoon site. The team has listed an improvement opportunity in this area regarding OP39 and AC126 which require maintaining lists of local stakeholders and ensuring they are informed of site hazards.

- TAKE PREVENTATIVE ACTION TO PROTECT HEALTH AND THE ENVIRONMENT.

In support of the Corporate Product Stewardship objectives the Saskatoon site provided twenty two product safe use and handling training sessions in 2011 and 2012 for their customers and bulk carrier companies.

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

This principle is embedded in the Corporate Sustainability goal to have 30% of their product portfolio classified as Eco-Premium by 2015. A large portion of Akzo Nobel products are made from renewable feed stocks and there is an objective to maximize this advantage through a process of Eco-Efficient Resource Utilization. The Saskatoon site production processes are part of these initiatives.

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

In this area there is a gap in the "acting" and "checking" portions of the management system where it is not clear how transportation partners, waste disposal companies

and distributors are selected and audited. The team has listed Findings Requiring Action related to this area and referenced code elements OP12, OP15, OP16, OP69, OP75 and ST112 through ST120.

- **UNDERSTAND AND MEET EXPECTATIONS FOR SOCIAL RESPONSIBILITY.**

At the Corporate level Akzo Nobel is a signatory to the Global Responsible Care® Charter, the United Nations Global Compact, the World Business Council For Sustainable Development and is a Foundation Corporate Partner for the Future a United Kingdom sustainability charity. There are various goals and initiatives related to these commitments that are integral to the various Business Unit objectives. There is ample evidence that the Saskatoon site supports these goals. Examples include their commitment to, and interface with, the University, Community College and secondary schools on Saskatoon. It is also demonstrated by their persistence in the development of a community emergency alert system.

Part of the Corporate sustainability initiative focuses on community issues and are entitled “Serving the Community” and “Community Programs” which focus on improving the community at large and participating in local the community through employees at the site level. The Saskatoon site has numerous examples of a tradition of being involved and promoting the improvement of the local community.

- **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.**

The Saskatoon site management is very active locally in this area with contacts developed in the past and the natural interface opportunities of a small community. One team concern is that this process, while very good, may be individually driven and could be less effective in the future. The team also recommends a documented process of keeping abreast of the potential impacts of future development. The team has listed as an opportunity the development and documentation of managerial expectations that support AC138 and AC139.

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

The company has a very robust process for implementation and support of this Principle. The team has listed an improvement opportunity related to this Principle that relates to internal employee recognition of the term Responsible Care® and how it relates to there various job functions and the corporate focus on the concept of “sustainability” which, in this instance, supports the Ethic and Principles of Responsible Care®.