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RESPONSIBLE CARE®

VERIFICATION REPORT

CANEXUS CORPORATION

February 7th, 8th and 9th 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 Canexus Corporation (Canexus). The verification was undertaken on February 7th, 8th and 9th 2012 and included team visits to the Brandon Manitoba sodium chlorate 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 sixth Responsible Care verification completed for Canexus. The previous verification was completed on September 10th 2009.

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:

- **Process Safety with an emphasis on the Management of Change management system.**
- **The Canexus approach to Sustainability.**
- **Changes and improvements made to the Canexus Responsible Care® Management system.**

Comments on these focus areas are contained in the respective code element sections.

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 not any findings requiring action recorded as a result of this verification, however, the team believes that the company is capable of responding to the improvement opportunities identified in the area of community dialogue and risk communication summarized below and discussed in detail in the report. The Canexus management team demonstrated a comprehensive understanding of the 2011 verification protocol code elements and how they apply to the Responsible Care® Management System. The team feels their challenge moving forward will be to maintain this high standard of achievement. The verification is complete and no further involvement is required by the verification team.**

Cameron D. Dillabough, verification team leader.

Date: February 9th 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:

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SUMMARY OF VERIFICATION TEAM OBSERVATIONS

Findings Requiring Action

As noted in the Executive Summary there were not any findings requiring action recorded as a result of this verification.

Works in Progress

1. The Company has plans to conduct an employee safety survey in the first half of 2012. The last survey was conducted in 2008.
2. The Brandon Manitoba site has plans to install a digital terminal in the workplace so workers can access the status reports of submitted safety work orders.
3. The Company published a Responsible Care® Newsletter in September 2011. Moving forward the plan is to make the newsletter a semiannual publication.
4. The company plans to commission third party site vulnerability assessments in 2012 and 2013.
5. The company is in the process of developing construction standards for planned trans-loading facilities at the NATO site.

Improvement Opportunities

1. There is an opportunity for improvement to assess the revised 2011 Accountability Codes AC125 through AC129 and Operations Code OP39. While the Corporate Community Awareness Standard (F-4) is comprehensive there are areas of the Accountability Code such as defining the community based on the site risk profile and the requirement for regular focused risk communication that could be more clearly defined.
2. There is an improvement opportunity to document the community engagement process at the Bruderheim site to ensure compliance with corporate standard F-4 and Accountability Code requirements AC126 through AC140.
3. There is an opportunity for improvement to assess the Canexus process for engaging and dialoging with NGOs versus the expectations of Accountability Codes AC147 through AC 150.
4. There is an opportunity for improvement at all sites, with the exception of Brandon, to review and modify if required, the site emergency plan to ensure compliance with the requirement that all on-site employees and contractors are aware of potential impact of external risks to site employees and what action to take for their protection. (OP31, OP32)
5. There is an opportunity for improvement to revisit improvement opportunity 09-34 from the 2009 report and develop a follow-up action plan for the Transportation Partner verification reports.

Successful Practices

1. The team judges as a successful practice the revised Canexus Responsible Care® management system. (RCMS) Examples of effective components are: corporate level standards for Responsible Care, a clearly defined and effective Plan, Do, Check and Act management system and an Integrated Audit System as part of the “checking” management component. Underpinning this system is the positioning of a corporate level Responsible Care® Coordinator in the company management structure and managers at each site with Responsible Care® responsibilities.
2. The team judges as a successful practice the revised Process Safety Management (PSM) system. This system features corporate level PSM standards and a comprehensive Management of Change (MOC) management system. This management system is also monitored through the Integrated Audit System.
3. The team judges as a successful practice The Transportation Management System.
As a result of reorganization, the present system is very comprehensive and has a third party selection and audit process that is directly tied to Responsible Care® performance.
4. The team judges as a successful practice the management systems for the safe storage and shipment of chlorine.
5. The team judges as a successful practice the unique design and construction of operator top unloading fall protection at the Beauharnois location.

6. The team judges as a successful practice the requirement at the Bruderheim site that after significant work breaks, such as lunch, contractors are required to review with company personnel the limitations and requirements of safe work permits and safety instructions provided at the beginning of the work day.

7. The team judges as a successful practice the new employee recruiting brochure developed for the Brandon site.

1. INTRODUCTION

1.1 About Responsible Care Verification (appendix E)

As a member of the Chemistry Industry Association of Canada (CIAC), the most senior executive responsible for Canexus 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, Canexus must, every three years, participate in an external verification intended to:

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.

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). Canexus 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 Canexus Corporation

Canexus Corporation is a Canadian company with corporate head offices located in Calgary Alberta. The company also maintains sales offices in Houston Texas and Sao Paulo Brazil. The main business focus of Canexus is manufacturing chemicals that are utilized by the pulp and paper industry. To this goal the company has manufacturing facilities in Brandon Manitoba, North Vancouver British Columbia, Nanaimo British Columbia, Beauharnois Quebec and Espirito Santo Brazil. The company also has a hydrocarbon and chlor-alkali trans-loading facility in Bruderheim Alberta. The Bruderheim facility provides a storage and trans-loading service for oil industry related companies located in the oil sands sector of Northern Alberta. In addition to this verification as a C.I.A.C. member company Canexus is also a member of the American Chemistry Council (ACC) and the Associacao-Brasileira-da-Industria-Quimic (ABIQUIM) which require Responsible Care® certification. Canexus employs 458 people worldwide of which 373 are based in Canada. For additional information visit the Canexus website at: <http://canexus.ca>

1.3 About This Verification

The verification of Canexus was conducted on February 7th, 8th and 9th 2012 and included team visits to the Brandon Manitoba sodium chlorate manufacturing facility. 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 was the sixth verification exercise completed for Canexus. The last verification was completed on September 10th 2009.

The verification team was comprised of the following individuals.

Name	Affiliation	Representing
Cam Dillabough	C.I.A.C.	<i>Team Leader</i>
Alex Robertson	C.I.A.C.	<i>Industry verifier</i>
Keith Purves	C.I.A.C.	<i>Public-At-Large Verifier</i>
Nathan Peto	CAP	<i>Brandon Community Representative</i>

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

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

- **Process Safety with an emphasis on the Management of Change management systems**
- **The Canexus approach to Sustainability**
- **The implemented changes to the Canexus Responsible Care® Management system**

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

One highlight of the verification was the presentation by the Technology and Engineering Group describing how that group had addressed the findings requiring action from the previous report and reorganized to be more effective in all aspects of process safety management (PSM). Using the expansion of the North Vancouver facility as a focal point the team referenced all elements of the Operations Code to demonstrate how the 2011 requirements were analyzed and implemented complete with management systems revisions where required. The verification team judged the Canexus PSM management system an industry successful practice.

2.1.2 Operations Activities

Canexus meets or exceeds the Responsible Care® expectations in this area. Two areas, from this section, requiring mention in this report are the comprehensive integrated audit system and the Transportation and Physical Distribution management system. In the 2009 report there was a finding requiring action to address the fragmentation of the Transportation Management System within the company. As a result of reorganization the present system is very comprehensive and has a third party selection and audit system that is directly tied to Responsible Care® performance which from the verification team's perspective is a very successful practice and is so noted in the report. In addition the component of transportation and physical distribution dedicated to the safe handling of chlorine is very comprehensive and includes product stewardship related components such as "product risk characterization matrices" and "transportation exposure scores" that are utilized by Canexus to manage transportation risk and as an aid for third party carriers handling Canexus products and raw materials. Comprehensive annual retraining in emergency response techniques is provided for their in-house transportation emergency responders and as part of their TransCAER responsibilities. Product risk characterization matrices are also in place for all hazardous products and raw materials involved in the Canexus storage and manufacturing processes. In addition the Company has taken a proactive approach to the physical aspects of transportation risk management. Examples include using stainless steel railcars specifically designed for sodium chlorate, per shipment third party railcar safety checks for all chlor-alkali products, detailed route risk analysis which includes consideration of volume, distance and the number of high threat urban problem areas rail traffic moves through. The Company is also very proactive with regular performance review meetings with all carriers, problem solving all recorded transportation issues and follow up on mutually agreed performance improvement goals that support the Canexus Responsible Care® initiatives. During the interview process the company cited examples of how they successfully applied the Responsible Care® transportation codes to their Brazilian operations.

2.1.3 Safety and Security

All expectations in this section are being met. The Company has a good corrective action response process to incident trends and individual managers and employees have demonstrated innovative responses to site specific issues. The Mission Zero initiative began in late 2007 as a method to reduce accidents and revitalize and support the Responsible Care process. The Mission Zero improvement process targeted a four to five year time line to achieve significant improvements in Responsible Care® performance. As one benchmark, and a method to focus company efforts an employee safety survey was conducted in 2008. A follow-up employee safety survey is planned for 2012. Two Mission Zero initiatives, a safety critical procedure review and a review of the Contractor Management program were developed through a collaborative problem solving process. Some additional successful examples of these initiatives are an on-line interactive training program, a safety instruction "reboot" after contractor lunch breaks at the Bruderheim site, field level contractor hazard assessments and in-house designed fall protection at the Beauharnois site. In addition, at the Brandon site, non-routine task forms are utilized by site employees and contractors to assess any safety issues related to tasks not performed as part of a normal job process. The team will list as an improvement opportunity, for all sites except Brandon, the need to review and modify as required the site emergency plan to ensure compliance with the requirement that all on-site employees and contractors are aware of the potential impact of external risks to the site and what action to take for their protection . (OP31, OP32)

Process Safety Management was a team focus area requested by the company. In the 2009 report there were findings and improvement opportunities related to PSM. The company addressed the findings and improvement opportunities from the 2008 report and then revised the PSM system to include corporate wide standards and procedures supported by an integrated audit management system. The PSM system subset of management of change (MOC) is one of the most comprehensive MOC management systems the verification team has verified. The team judged the revised PSM an industry successful practice.

2.1.4 Environmental Protection

The Company fully embraces the Responsible Care® concept of environmental protection. Protecting the environment is integral to all company decision making processes, whether through equipment and process design, removal or reduction of potentially hazardous products and raw materials, reducing the use of natural resources or supporting community beautification projects. An example of the Canexus commitment to the concept of environmental protection was the significant commitment in money and resources to convert the North Vancouver site to the best available technology for chlorine production. In doing so the site's environmental foot print and worst case scenario impingement zone were significantly reduced.

2.1.5 Resource Conservation

Company values and interactive management systems that focus on resource conservation meet all verification expectations in this area. The example cited in section 2.1.4 of "best available technology" has also resulted in a significant reduction in the use of natural gas and thus a reduction in site green house gas emissions. At each manufacturing site, as a process of continuous improvement, there are various projects to reduce the amount of electrical power usage through improved technology. As examples, at both the Nanaimo and the Brazilian sites processes are in place, or being developed, to use process hydrogen gas to produce electricity or supply hydrogen to neighbouring industry. The Nanaimo site is also in the process of modifying the site seawater processes so firewater can be purchased from a neighbouring industry. This change will eliminate the sites' sea water supply pumps which consume large amounts of electricity.

Canexus is also providing technical support to a pulp mill customer in Brazil working on a process to remove chrome from sodium chlorate so that pulp mill waste can be converted to a fertilizer.

2.1.6 Promotion of Responsible Care by Name

This protocol requirement will be an on-going project with C.I.A.C. member companies. Canexus verification interviewees have demonstrated that the "promotion of Responsible Care® by name" has been established in the company and internal company documents and documented business relationships contain references to the Responsible Care® commitments by both Canexus and their business partners. Of special note is the Canexus focus on selecting transportation service providers in part based on the service providers Responsible Care® commitment and performance record.

2.2 Team Observations Concerning Stewardship Code

2.2.1 Expectations of Companies

Management systems are in place within Canexus to comply with code requirements in this area.

2.2.2 Expectations with Respect to Other Parties

Management systems are in place within Canexus to comply with code requirements in this area. The Corporate value of "continuous improvement" will help to ensure evolving business relationships are subjected to the Responsible Care® expectations contained in these code elements.

2.3 Team Observations Concerning Accountability Code

2.3.1 Operating Site Communities

Canexus has management systems in place, based on corporate Standard F-4, to address the Responsible Care® requirement to dialogue with operating site communities. The Canexus response to the 2011 flooding of the Assiniboine River, in the Brandon area, through financial assistance and through the provision of manpower and emergency response expertise best exemplifies their Responsible Care® commitment to operating site communities. During interviews with local community emergency response managers they praised both the willingness of the Company to help financially and specifically the effort and expertise of local Canexus employees. At present Canexus participates on a Community Advisory Panel (CAP) at the North Vancouver site and is the sole sponsor of the Brandon CAP. At the Beauharnois site the company has worked tirelessly and has

finally convinced the local municipality and the province to accept responsibility for community emergency response management.

As an improvement opportunity the team would advise Canexus to review the function of the Brandon CAP to determine if it is fully meeting the expectations of the company's Responsible Care® commitment. Some team suggestions would be to develop a Panel charter, increase meeting frequency, implement an annual critique process and expand the group to provide a wider representation of the Brandon community. Some successful Panels have non C.I.A.C. members for a broader community perspective and promotion of Responsible Care®. The verification team will also list as an improvement opportunity the need to assess the revised 2011 code elements AC125 through AC129 & OP39 and adjust the supporting site related policies accordingly. There is a need to separate the requirement for two way community dialogue from the requirement for regular community risk communication specifically to those people who might be affected by a site worst case scenario. As a third improvement opportunity the team would advise Canexus to document the community engagement process at the Bruderheim site an ensure compliance with standard F-4 and AC126 through AC140.

2.3.2 Other Stakeholders

Management systems are in place to address the eight sub categories in this section and these management systems are supported and directed by the Responsible Care® and Public Policy subcommittee of the Board of Directors. The eight code categories for this section range from a requirement to engage public officials in meaningful Responsible Care® dialogue, identifying and proactively interacting with non governmental organizations to promoting the training of emergency responders along transportation corridors. Canexus is very proactive with appropriate policies and active participation in the training of emergency responders along transportation corridors. While the community dialogue process within Canexus is generally very proactive there will be an improvement opportunity to assess the company policies related to actively seeking out non governmental organizations nationally and in the various communities surrounding company sites and engage these groups in two way communication that support code elements AC 147 through 150.

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

3.1 Observations on the PLAN Step

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

A Company requested focus area for this verification was the changes to the overall Responsible Care® management system as a result of the 2009 verification process. It is the consensus of the verification team that the changes and improvements to the Responsible Care® management system have resulted in the team judging the Responsible Care® management system as a Successful Practice. The entire Canexus Plan, Do Check and Act management system model is very comprehensive and embraces all aspects of the Canexus day to day operations. The annual planning process involves the entire company from the Board of Directors through to stakeholder input which includes such diverse groups as employees, site neighbours, customers and regulatory authorities. The Canexus Responsible Care® commitments are overreaching at the planning stage in the process as are ensuring all legal requirements and business objectives are understood. The planning process also includes a benchmarking function as a methodology for continuous improvement.

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 Canexus management system, the verification team observed the following:

Once both annual and long term goals and objectives are developed at the corporate level, including those that support Responsible Care® and Environmental, Health and Safety, these goals and objectives are cascaded throughout the company with each business unit and support group developing key performance indicators (KPI) to support the corporate planning process. As part of the planning process Canexus Corporate Values, depicted as visual reference quadrants in corporate documents and on the web site as Resources, Relationships, Reputation and Results, are the foundation of this annual process. Quarterly reviews are utilized to monitor and adjust the KPI throughout the annual business cycle. For additional information on Canexus Corporate Values visit <http://canexus.ca>

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 Canexus management system, the verification team observed the following:

Within the Canexus Responsible Care® management system there is a comprehensive ‘Checking’ process that involves a Corporate Integrated Audit management system. There are also second tier assessments and audits of the performance of both internal and external management systems including those of third parties such transportation providers, contractors and third party business partners including customers and terminal operators. The team did list improvement opportunities in this area relating to the interpretation and intent of code requirements for community dialogue and internal and external risk communication.

3.4 Observations on the ACT Step

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

As the fourth segment of the Plan, Do, Check and Act management system process Canexus again exhibited a very robust process for responding to the checking segment of the process. Throughout the verification various incidents were cited where changes were made and systems upgraded in response to various internal and external “checking” processes. For the verification team one specific area that stood out was the Canexus response to the gap analysis performed to highlight gaps between the 2005 Responsible Care® codes and the 2011 code revisions. The company was very diligent in developing management systems or system upgrades to address the identified gaps.

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 Canexus 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:

To report on this section the team will reference the Canexus Board of Directors which includes a committee entitled “Responsible Care® and Public Policy committee”. One focus of this committee is to guide the Company’s efforts to comply with the C.I.A.C. Responsible Care® Commitments guidance document for the application of the Responsible Care® Ethic and Principles for Sustainability and apply them to the day business and functions of Canexus Corporation. This committee is a “hands on” group that is regularly updated on the status of the company’s Responsible Care® initiatives. The committee also maintains a site visit schedule where by they visit company production and transportation facilities to witness operations, including those that support Responsible Care®, first hand.

The second reference is the Corporate Code of Conduct manual (available on line at <http://canexus.ca>) that links the company’s business philosophy to various ethical guidelines such as compliance with laws and regulations, respect for internal and external human rights and the company’s commitment to the Ethic of Responsible Care®. The manual also verbalizes the Company core values of Resources, Relationships, Reputation and Results that are supported by phrases such as “continuous learning”, “relationships with stake holders”, “unwavering commitment to Responsible Care®” and “continuous improvement”. These tenants of Canexus core values support the eight focus areas of the C.I.A.C. Responsible Care® Ethic and Principles for Sustainability. With the documentation provided for the verification and through two days of interviews with Canexus managers, employees and external stakeholders the team consensus is that Canexus as a company embraces the Responsible Care® Ethic and Principles for Sustainability.

The Canexus approach to sustainability was also a requested focus area for the verification team. Canexus has elected to fully integrate the concept of sustainability ie: “the capacity to endure” into the management Philosophy, Ethic and Values of the company. As such, throughout the annual and longer term planning process described above in section 3.1 the concept of sustainability is a constant in the decision making process whether the focus is Responsible Care®, the environment, employee welfare or financial returns. An example of how these concepts apply in reality is the commitment to the Technology Conversion Project at the North Vancouver site where an established site was redesigned and rebuilt to accommodate the best available technology that, in turn, greatly reduced the site environmental footprint and the worst case scenario impingement zone. In addition, as a Responsible Care® objective the Company has implemented a long term process of moving from liquid chlorine production to a much lower risk process of acid and other derivatives. The sole area where the team listed an improvement opportunity was related to developing site policies to support the concept of local communities understanding the site risk profile. In the opinion of the verification team the described approach to sustainability is an excellent way to provide a focus on sustainability while preventing sustainability from becoming a “program” verses a way of life and a way of doing business.

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 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.

ATTACHMENT 1

COMPANY RESPONSE TO VERIFICATION TEAM REPORT

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

Canexus wishes to extend our thanks to the verification team for their hard work and for working with us on our vision of bringing the Canexus Responsible Care® system, codes and elements to them. We have found the newly streamlined process value added and appreciate the observations and suggestions made by the team to assist us in further improving our processes.

Canexus 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 the verification team and will assist the CIAC in communicating and sharing the identified Successful Practices to other CIAC members. 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.

Jennifer Lewis
Manager Responsible Care and Quality
Canexus Corporation
April 23, 2012

INTERVIEW LISTS

A: Company Personnel Contacted During Verification Process

Name	Position	Location
ANDY LACARA	SENIOR VICE PRESIDENT OF OPERATIONS	CALGARY
STEPHANIE FELESKY	CHAIR OF THE CANEXUS RESPONSIBLE CARE AND PUBLIC POLICY SUBCOMMITTEE	CALGARY
JENNIFER LEWIS	MANAGER, RESPONSIBLE CARE & QUALITY	CALGARY
DEAN NORMAN	DIRECTOR, ENGINEERING & TECHNOLOGY	CALGARY
ED GARAY	MANAGER, PROCESS ENGINEERING & SAFETY	CALGARY
BRYAN RITCHEY	MANAGER, MAJOR CAPITAL PROJECTS	CALGARY
ROBERT BOWEN	MANAGER, AUTOMATION CONTROL AND ELECTRICAL	VANCOUVER
DAYNA FITZ	MANAGER, TRANSPORTATION EQUIPMENT & RESPONSIBLE CARE	VANCOUVER
MARTY COVE	MANAGER, LOGISTICS	VANCOUVER
GINA JACKSON	SENIOR TRANSPORTATION SPECIALIST	VANCOUVER
BILL TURNER	PLANT MANAGER	BRANDON
RICK ZETERICK	PRODUCTION SUPERINTENDENT	BRANDON
MIKE BURGOYNE	SENIOR PROCESS ENGINEER	BRANDON
COLIN WELCH	ENVIRONMENTAL COORDINATOR	BRANDON
DOUG PARKER	SAFETY AND SECURITY COORDINATOR	BRANDON
MARK WETICK	STAFF ENGINEER- PROJECTS	BRANDON
MURRAY BROWN	PLANT CHEMIST AND QUALITY COORDINATOR	BRANDON
GREG KAUERHOFEN	JHSC MEMBER	BRANDON
MIKE CALLAHAN	JHSC MEMBER	BRANDON
KELLY COLE	JHSC MEMBER	BRANDON
JEFF DEAN	JHSC MEMBER	BRANDON
DARCY WILTON	JHSC MEMBER	BRANDON
RICK DENTON	PLANT MANAGER	NORTH VANCOUVER
STEVE O'NEIL	RESPONSIBLE CARE MANAGER	NORTH VANCOUVER
NANCY VAN ALLEN	TECHNICAL SERVICE MANAGER	NORTH VANCOUVER
PHIL LUM	RESPONSIBLE CARE & ENVIRONMENTAL COORDINATOR	NORTH VANCOUVER
JOHN KIRICHENKO	NATO TERMINAL MANAGER	BRUDERHEIM
BARRY EASTWOOD	SAFETY AND ENVIRONMENTAL CORDINATOR	BRUDERHEIM (NATO)
SYLVAIN PAGE	PLANT MANAGER	BEAUHARNOIS
BRUCE MANZER	RESPONSIBLE CARE STAFF ADVISOR	BEAUHARNOIS
SUNDAR KRISHNAN	TECHNICAL SERVICE MANAGER	BEAUHARNOIS
ANNIE HINCE	PROCESS, QUALITY AND ENVIRONMENTAL ENGINEER	BEAUHARNOIS
DALE BOSSONS	PLANT MANAGER	NANAIMO
DAVE McNULTY	SAFETY AND MAINTENANCE COORDINATOR	NANAIMO

B: External Stakeholders Contacted During Verification Process

Name	Company / Organization	Position	Location
GARY BELL	CITY OF BRANDON	FIRE & EMERGENCY SERVICES	BRANDON MANITOBA
BRIAN KAYES	CITY OF BRANDON	EMERGENCY COORDINATOR	BRANDON MANITOBA
SAM YAN	BRANDON UNIVERSITY	PROFESSOR	BRANDON MANITOBA
REG ATKINSON	MUNICIPALITY OF CORNWALLIS	REEVE	MUNICIPALITY OF CORNWALLIS
TED SNURE	CITY OF BRANDON	CITY ENGINEER	BRANDON MANITOBA
PETER CROCKER	MANITOBA CONSERVATION	CONSERVATION OFFICER	BRANDON MANITOBA
KARL HAUCH	MUNICIPALITY OF BRUDERHEIM	MAYOR	BRUDERHEIM ALBERTA
DAVE McCORMACK	MUNICIPALITY OF BRUDERHEIM	COUNCILOR	BRUDERHEIM ALBERTA
DOUG BERTCH	NORTHEAST CAPITAL INDUSTRIAL ASS.		
JENN DOWNS	SHELL OIL		