

Chemistry Industry Association of Canada  
Association canadienne de l'industrie de la chimie

# RESPONSIBLE CARE<sup>®</sup>

## VERIFICATION REPORT

### Evonik Degussa Canada Inc.

### Gibbons Facility

*January 24 & 25, 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.

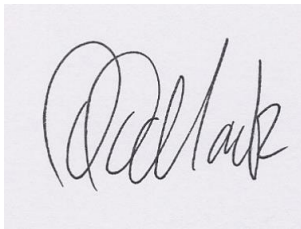
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# EXECUTIVE SUMMARY

This report documents the observations and conclusions of the independent verification team tasked with conducting a Responsible Care Verification of the Evonik Degussa Canada Inc., Gibbons facility. The verification was undertaken on January 24 & 25, 2012 and included team visits to the Gibbons, Alberta location. This was the third Responsible Care verification completed for the Evonik Degussa Canada Inc., Gibbons facility. The last verification was completed on March 18 & 19, 2008

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



**Dave Mack**  
**Verification Team Leader**

**Date: April 21, 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

The following relate to instances where the current status is at variance with the requirements of CIAC Responsible Care Commitments.

- i. Address the following aspects with regard to the selection and on-going Responsible Care related performance monitoring of those entities with whom the facility does business:
  - Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for carrier selection, and engage them in dialogue to ensure that their processes are in alignment with those expectations (code element OP13);
  - Establish a formalized process for rail carrier on-going performance evaluation (code element OP13). (Note: Consider doing this in collaboration with other companies in the area using the same carrier.)
  - Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for the selection and monitoring of customers, product distributors and product swaps with other producers, and engage them in dialogue to ensure that their processes are in alignment with those expectations (code elements ST 117 & 118); and
  - Establish a formalized chemical supplier selection process which addresses Responsible Care related requirements and implement plans to build on the scope of the facility's current chemical suppliers Responsible Care related on-going performance monitoring process. (code element ST117 & 118).
  -
- ii. Address the following with respect to the identification and communication of worst case scenarios at the Gibbons facility and at product distribution facilities:
  - Clarify the worst case incident scenario for the Gibbons facility and its off-site impact zone (code element OP28). (Note: Alternate scenarios have been identified in the past but need to be updated using current techniques.);
  - Ensure that emergency planning at the Gibbons facility effectively covers the defined worst case scenario in scope and response capability (code element OP31); and
  - Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for product distributors and engage them in dialogue to ensure that worst case incident scenarios associated with company products at all distribution facilities have been identified, and that any scenarios which may have an off-site impact are being regularly communicated to those who may be affected and they that know what to do in an emergency (code element OP28, OP 39 & AC129).

### Works in Progress

The following relate to self-initiated actions to address identified gaps.

Completion of the following works in progress are required to close gaps with respect to related code requirements:

- i. Complete current Responsible Care related assessment of the facility's waste handling and disposal contractor (code element OP75).
- ii. Continue to actively address those gaps already identified in the Responsible Care Codes versus facility programs reference documentation, as it applies to some aspects of maintenance management of

change, handling, treatment and disposal of waste, promotion of Responsible Care by name, and expectations of other parties (code elements OP 20 & 66-74, ST 100, 101, 115-122 & 124 & AC 132, 140, 150 & 152).

Completion of the following works in progress would enhance the effectiveness of current programs:

- i. Continue to develop an understanding of the new CIAC process for on-going motor carrier performance evaluations, and substitute this for the original process previously applied.
- ii. With respect to the company's incident investigation process, expedite implementation of refresher training in root cause analysis.
- iii. With regard to promotion of Responsible Care by name, expedite the following:
  - The plan to put the Responsible Care logo on all facility product transportation trucks and trailers;
  - The plan to include Responsible Care information on business cards. (Note: Consider supplementing by inserting similar information on all external documents (e.g., purchase orders, contracts, etc.)); and
  - The plans to review Responsible Care with the facility's community advisory panel, which has new members, and other networking groups in which the facility is involved.
- iv. Expedite current work to ensure that those individuals, who have responsibility for qualifying others on critical operating activities, are up to date on all skill requirements.

### Successful Practices

The following relate to actions that strongly support sustained excellence in performance.

- i. The following well defined and implemented safety and security processes which in combination have contributed to an outstanding safety record:
  - Safety hazard elimination and control;
  - Critical safety behavior monitoring;
  - Job safety analysis;
  - Workplace inspections;
  - Safe work permits;
  - Contractor safety indoctrination;
  - Industrial hygiene exposure assessment and control;
  - Process hazard analysis; and
  - Security audits
- ii. The company's energy reduction initiative which includes real time (15 minute update) on-line information on plant energy usage within defined limits. Assists process operators to focus on and address how energy is being used in the production cycle. Recently the effectiveness of this approach has been evidenced in the following:
  - An 19% increase in production with no increase in facility steam usage; and
  - A 12% reduction in electricity usage per unit of production.
- iii. The extent to which the facility (one of the smaller operations in the district) is engaged in various industrial area interest groups and activities which provide avenues to understand other stakeholders concerns and a forum to address these concerns as well as to promote Responsible Care.

### Improvement Opportunities

The following relate to suggested actions that would enhance the effectiveness of current programs.

- i. Identify corporate design processes for major projects, beyond local facility changes, and include this in the existing Responsible Care Codes versus facility programs gap analysis reference documentation.
- ii. Ensure that the equipment preventive maintenance program includes a system to identify and reschedule any work that has not been completed as planned.
- iii. Include on-site laboratory operations in the existing process hazard assessment which is done every 5 years on other areas of the facility.

- iv. The facility management of change process includes references to the Research and Development Expectations in the Stewardship Code. Reference this linkage in the existing Responsible Care Codes versus facility programs gap analysis reference documentation.
- v. Review Social Responsibility and Involvement in Public Policy Processes as described in Responsible Care Code appendices A & B, and consider addressing these aspects in the facility's directional documentation (e.g., vision/ mission statements).
- vi. Enhance the facility's existing Responsible Care management system overview package by addressing the following :
  - Define, in each plan-do-check-act section, what is done to cover off the elements of each and how that is done (e.g., short business process description, list of procedures, key performance indicators, etc.); and
  - Decide how to use the package as a communication tool for stakeholders (e.g., employees, neighbours, external interface groups, etc.).

# 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 the Evonik Degussa Canada Inc., Gibbons facility 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, Evonik Degussa Canada Inc., Gibbons facility 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](http://www.canadianchemistry.ca)). The Evonik Degussa Canada Inc., Gibbons facility 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](http://www.canadianchemistry.ca), or by CIAC at [glaurin@canadianchemistry.ca](mailto:glaurin@canadianchemistry.ca) or (613) 237-6215 extension 233.

## 1.2 About Evonik Degussa Canada Inc., Gibbons Facility

The Evonik Degussa Canada Inc., Gibbons facility is located in Sturgeon County, Alberta. The facility manufactures hydrogen peroxide primarily for use in the pulp and paper industry, and is part of the Active Oxygens Business Line within the Advanced Intermediates Business Unit of Evonik Industries, one of the world's leading specialty chemicals manufacturing companies, based in Germany. The Gibbons facility, originally owned by DuPont Canada, started production in 1991 with its capacity being doubled in 1996. In 1998 the facility transferred from DuPont to what is now called Evonik Degussa Canada Inc., currently employing 45 full time multiskilled employees.

## 1.3 About This Verification

The verification of The Evonik Degussa Canada Inc., Gibbons facility was conducted on January 24 & 25, 2012 and included team visits to the Gibbons, Alberta facility. 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 third verification exercise completed for the Evonik Degussa Canada Inc., Gibbons facility. The last verification was completed on March 18 & 19, 2008

The verification team was comprised of the following individuals.

<b>Name</b>	<b>Affiliation</b>	<b>Representing</b>
Dave Mack	Consultant	<i>Team Leader</i>
Alec Robertson	Consultant	<i>Industry verifier</i>
Keith Purves	Public Stakeholder	<i>Public-At-Large Verifier</i>
Rebecca Redding	Local Resident	<i>Community Representative</i>

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

During the verification of The Evonik Degussa Canada Inc., Gibbons facility, 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). 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

The Operations Code defines environment, health and safety expectations regarding all company operational aspects including product manufacturing, transportation and distribution.

#### 2.1.1 Design and Construction of Facilities and Equipment

Any new major design and construction activities that may be required would be managed corporately or outsourced. Modifications to existing facilities are managed through a rigorous management of change process with appropriate documentation. Changes to operating parameters are dealt with through an experimental operating instruction process. All changes are reviewed to ensure that new unacceptable risks are not being introduced into the process.

Code expectations in this area are considered to be appropriately addressed.



### **Improvement Opportunity**

- i. Identify corporate design processes for major projects, beyond local facility changes, and include this in the existing Responsible Care Codes versus facility programs gap analysis reference documentation.

### **2.1.2 Operations Activities**

Product manufacturing activities including a quality control laboratory and transportation container loading are carried out on a continuous basis. The operation of the manufacturing process is carried out by trained personnel in a controlled manner with reference to documented operating instructions and in accordance with defined standard operating conditions. The integrity and reliability of critical process equipment and control systems are addressed through a formalized preventive maintenance program. Product transportation is primarily by rail with some road movements using company owned tank trailers hauled by contacted operators. Carrier selection is done by the company's corporate logistics function external to the facility. There is a formalized Responsible Care related performance monitoring process in place for road carriers. Monitoring of the designated rail carrier is carried out on an ad hoc basis by facility personnel.

With the exception of the following Finding Requiring Action, code expectations in this area are considered to be appropriately addressed.

### **Finding Requiring Action**

- i. Address the following aspects with regard to the selection and on-going Responsible Care related performance monitoring of carriers:
  - Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for carrier selection, and engage them in dialogue to ensure that their processes are in alignment with those expectations (code element OP13); and
  - Establish a formalized process for rail carrier on-going performance evaluation (OP 13). (Note: Consider doing this in collaboration with other companies in the area using the same carrier.)

### **Works in Progress**

Completion of the following works in progress would enhance the effectiveness of current programs:

- i. Continue to develop an understanding of the new CIAC process for on-going motor carrier performance evaluations, and substitute this for the original process previously applied.
- ii. With respect to the company's incident investigation process, expedite implementation of refresher training in root cause analysis.

### **Improvement Opportunity**

- i. Ensure that the equipment preventive maintenance program includes a system to identify and reschedule any work that has not been completed as planned.

### **2.1.3 Safety and Security**

Key aspects of the facility's occupational health and safety program include a hazard elimination and control process for routine work, a critical safety behavior monitoring process to observe actual work being done, a job safety analysis process to review non-routine work prior to commencement and a process for planned workplace inspections. There is also a safe work permit system in place which is applied prior to any maintenance work being carried out. All such work is performed by qualified and trained personnel. Safety information is provided to contractors via the facility's site indoctrination process. An in-house industrial hygiene program which regularly assesses the potential for workplace exposures and defines job specific personal protection requirements, together with pre-employment

medicals and on-going health surveillance programs, ensure the well-being of workers. The facility has a comprehensive process safety management system that conforms to practices recognized throughout industry. The hazards of the process are assessed every 5 years, by covering different sections of the facility each year, using software referred to as PHA Works which addresses production processes and procedures including process, equipment and procedure changes, and incidents that have occurred since the previous review. Potential emergencies resulting from the operations activities have been considered and response plans have been established which include the potential impacts to neighbors and the community. There is also a transportation emergency response assistance plan in place. The facility is a member of a local mutual aid organization referred to as NRCAER and has access to external responders for transportation emergencies. A security vulnerability assessment was completed some time ago and the facility has implemented an on-going security audit which is applied every 3 years. Access to the site is controlled through access control procedures, perimeter fencing and internal and external cameras. Threats to critical infrastructure and maintenance of business continuity have been reviewed and risks are thought to be minimal. There is a comprehensive incident investigation process in place with a process, using Lotus Notes software, to assign responsibilities for corrective actions and track the status of completions and close out.

With the exception of the following Finding Requiring Action, code expectations in this area are considered to be appropriately addressed.

#### **Finding Requiring Action**

- i. Address the following with respect to the identification and communication of worst case scenarios at the Gibbons facility and at product distribution facilities:
  - Clarify the worst case incident scenario for the Gibbons facility and its off-site impact zone (code element OP28). (Note: Alternate scenarios have been identified in the past but need to be updated using current techniques.);
  - Ensure that emergency planning at the Gibbons facility effectively covers the defined worst case scenario in scope and response capability (code element OP31); and
  - Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for product distributors and engage them in dialogue to ensure that worst case incident scenarios associated with company products at all distribution facilities have been identified (code element OP28).

#### **Successful Practice**

- i. The following well defined and implemented safety and security processes which in combination have contributed to an outstanding safety record:
  - Safety hazard elimination and control;
  - Critical safety behavior monitoring;
  - Job safety analysis;
  - Workplace inspections;
  - Safe work permits;
  - Contractor safety indoctrination;
  - Industrial hygiene exposure assessment and control;
  - Process hazard analysis; and
  - Security audits

#### **Improvement Opportunity**

- i. Include on-site laboratory operations in the existing process hazard assessment which is done every 5 years on other areas of the facility.

#### 2.1.4 Environmental Protection

Emissions to the environment are closely monitored and regularly reported to the provincial regulator in accordance with the facility operating approval conditions. There is a formalized process in place for waste classification and management, and spill management is included in the facility emergency plan. Minimizing environmental impact is a priority and is tracked via site environmental key performance indicators and yearly environmental objectives.

With the exception of the following Work in Progress, as required to close gaps with respect to related code requirements, code expectations in this area are considered to be appropriately addressed.

##### **Work in Progress**

Completion of the following work in progress is required to close gaps with respect to the related code requirements:

- i. Complete current Responsible Care related assessment of the facility's waste handling and disposal contractor (code element OP75).

#### 2.1.5 Resource Conservation

Resource conservation is both a facility and corporate goal. Resource usage is regularly monitored and reported internally and corporately with reductions in electricity and water usage being recently realized. There is an energy reduction initiative being undertaken, referred to as the Dashboard, which provides a visual to the operations personnel of real time energy usage and costs.

Code expectations in this area are considered to be appropriately addressed.

##### **Successful Practice**

- i. The company's energy reduction initiative which includes real time (15 minute update) on-line information on plant energy usage within defined limits. This assists process operators in focusing on and addressing how energy is being used in the production cycle. Recently the effectiveness of this approach has been evidenced in the following:
  - An 19% increase in production with no increase in facility steam usage; and
  - A 12% reduction in electricity usage per unit of production.

#### 2.1.6 Promotion of Responsible Care by Name

Promotion of Responsible Care by name is done visually through building signage, letterhead, and a road-side flag. Responsible Care is referred to in the company's external web site and also addressed in the company internal web site.

Code expectations in this area are considered to be appropriately addressed.

##### **Work in Progress**

Completion of the following work in progress would enhance the effectiveness of current programs:

- i. With regard to promotion of Responsible Care by name, expedite the following:
  - The plan to put the Responsible Care logo on all facility product transportation trucks and trailers;
  - The plan to include Responsible Care information on business cards. (Note: Consider supplementing by inserting similar information on all external documents (e.g., purchase orders, contracts, etc.)); and
  - The plans to review Responsible Care with the facility's community advisory panel, which has new members, and other networking groups in which the facility is involved.

## 2.2 Team Observations Concerning Stewardship Code

The Stewardship Code addresses all company raw materials, products and services and defines expectations for the care and control of same throughout their life cycle.

### 2.2.1 Expectations of Companies

Research and development on the product is not done in North America by the company but application technology (improvements to existing usage) is conducted from the corporate head office. Managing the life cycle of the product involves processes to ensure raw materials are purchased through safe and ethically-sound companies and that the product is received by the customer in appropriate equipment by users who are trained in the hazards and disposal requirements. Product risk characterization is addressed through the company's corporate regulatory group who interface with other producers to keep abreast of new developments. A list of approved uses for the product is maintained. Communication through the value chain is accomplished by the provision of material safety data sheets and regular interface with those external entities with whom the facility does business. There are no issues with respect to historical waste disposal practices, as this is a fairly new facility that has conformed to transportation of dangerous goods regulations and waste manifesting requirements.

Code expectations in this area are considered to be appropriately addressed.

#### **Improvement Opportunity**

- i. The facility management of change process includes references to the Research and Development Expectations in the Stewardship Code. Reference this linkage in the existing Responsible Care Codes versus facility programs gap analysis reference documentation.

### 2.2.2 Expectations with Respect to Other Parties

The facility manages chemical supplier selection and monitoring processes, with all other business interfaces, such as customers and distributors, being managed by corporate functions external to the facility. Processes for the assessment of other parties with which the facility does business appear to be informal and not clearly defined. Some work however has been initiated to compile the criteria to which other parties will be evaluated. Some chemical supplier audits have been completed with future audits to be scheduled for 2012 and beyond.

Given the scope of the following Finding Requiring Action, code expectations in this area are currently being addressed to a limited extent.

#### **Finding Requiring Action**

- i. Address the following aspects with regard to the selection and on-going Responsible Care related performance monitoring of those entities with whom the facility does business:
  - Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for the selection and monitoring of customers, product distributors and product swaps with other producers, and engage them in dialogue to ensure that their processes are in alignment with those expectations (code elements ST 117 & 118); and
  - Establish a formalized chemical supplier selection process which addresses Responsible Care related requirements and implement plans to build on the scope of the facility's current chemical suppliers Responsible Care related on-going performance monitoring process. (code element ST117 & 118).

## 2.3 Team Observations Concerning Accountability Code

The Accountability Code defines expectations for communication and dialogue with communities local to company manufacturing and distribution operations and transportation corridors, as well as other stakeholders with an interest in company activities.

### 2.3.1 Operating Site Communities

The facility participates in a local Community Advisory Panel whose membership includes local industry, community, and politicians. The purpose of the panel is to ensure ongoing communication between all members and provide a forum for local community stakeholders to voice questions, comments or concerns.

With the exception of the following Finding Requiring Action, code expectations in this area are considered to be appropriately addressed.

#### **Finding Requiring Action**

- i. Communicate related CIAC Responsible Care expectations to the company's corporate function (external to the Gibbons facility) who have responsibility for product distributors and engage them in dialogue to ensure that worst case incident scenarios associated with company products at all distribution facilities which may have an off-site impact are being regularly communicated to those who may be affected and they that know what to do in an emergency (code element OP 39 & AC129).

#### **Improvement Opportunity**

- i. Review Social Responsibility and Involvement in Public Policy Processes as described in Responsible Care Code appendices A & B, and consider addressing these aspects in the facility's directional documentation (e.g., vision/ mission statements).

### 2.3.2 Other Stakeholders

The facility participates in the CIAC western leadership group and the regional TransCAER transportation outreach process. In addition to other local organizations, there is also participation in the Alberta Industrial Heartland Association which promotes responsible development within the region including ensuring readiness for development in its infrastructure, services, and land use zoning principles.

Code expectations in this area are considered to be appropriately addressed.

#### **Successful Practice**

- i. The extent to which the facility (one of the smaller operations in the district) is engaged in various industrial area interest groups and activities which provide avenues to understand other stakeholders concerns and a forum to address these concerns as well as to promote Responsible Care..

### 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 Evonik Degussa Canada Inc., Gibbons facility 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 Evonik Degussa Canada Inc., Gibbons facility management system, the verification team observed the following:

The facility has addressed its internal operational needs and external influences and has established vision and mission statements and a Responsible Care related policy with objectives and key performance indicators, all within a well defined participative management structure.

Management system expectations in this area are considered to be appropriately addressed.

#### 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 Evonik Degussa Canada Inc., Gibbons facility management system, the verification team observed the following:

Through a package referred to as Gibbons Site Management System Review, the facility's Responsible Care management system and its components have been documented in terms of the plan-do-check-act continual performance improvement cycle. A comprehensive Responsible Care Codes versus facility programs gap analysis reference document is in place, which clearly describes the code elements and how they have been covered off or otherwise across the organization. Critical skills have been identified and resources have been assigned with clear responsibilities. Programs, practices and procedures have been established to execute the work of the facility including response to incidents and emergencies, and competency training is in place.

With the exception of the following Works in Progress, as required to close gaps with respect to related code requirements, management system expectations in this area are considered to be appropriately addressed.

#### **Works in Progress**

Completion of the following work in progress is required to close gaps with respect to related code requirements:

- i. Continue to actively address those gaps already identified in the Responsible Care Codes versus facility programs reference documentation, as it applies to some aspects of maintenance management of change, handling, treatment and disposal of waste, promotion of Responsible Care by name, and expectations of other parties (code elements OP 20 & 66-74, ST 100, 101, 115-122 & 124 & AC 132, 140, 150 & 152).

Completion of the following work in progress would enhance the effectiveness of current programs:

- i. Expedite current work to ensure that those individuals, who have responsibility for qualifying others on critical operating activities, are up to date on all skill requirements.

### **Improvement Opportunity**

- i. Enhance the facility's existing Responsible Care management system overview package by addressing the following :
  - Define, in each plan-do-check-act section, what is done to cover off the elements of each and how that is done (e.g., short business process description, list of procedures, key performance indicators, etc.); and
  - Decide how to use the package as a communication tool for stakeholders (e.g., employees, neighbours, external interface groups, etc.).

## **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 Evonik Degussa Canada Inc., Gibbons facility management system, the verification team observed the following:

Key performance indicators are routinely monitored for alignment with expectations. The facility's environmental management system is certified by the International Organization for Standardization and as such is regularly audited in this area. Process safety management and regulatory compliance audits are also regularly carried out. The incident investigation process previously described addresses requirements for root cause analysis. All audit findings and incident remedial actions are assigned to individuals and the status is tracked.

Management system expectations in this area are considered to be appropriately addressed.

## **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 or corrected, etc.

In considering the Act Step of The Evonik Degussa Canada Inc., Gibbons facility management system, the verification team observed the following:

Any deviations from expected key performance indicators are routinely addressed and remedial action is initiated. All audit findings and incident remedial actions are assigned to individuals and the status is tracked to completion. There are processes in place to communicate Responsible Care performance to stakeholders and there is a performance bonus system in place for employees, referred to as Emblems of Success. Annual objective setting activities take into account the previous year's performance and adjustments made to future plans.

Management system expectations in this area are considered to be appropriately addressed.



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

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

The verification team carefully observed The Evonik Degussa Canada Inc., Gibbons facility 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:

The facility was seen to be guided by the *Responsible Care Ethic and Principles for Sustainability* in the following aspects:

- *Work for the improvement of people’s lives and the environment, while striving to do no harm.*  
The product produced at Gibbons is a well researched chemical with respect to its potential hazards which are well communicated to those who might be impacted. The production process is considered to be safe by design, and is well controlled.
- *Be accountable and responsive to the public especially our local communities, who have the right to know the risks and benefits of what we do.*  
The facility has identified its community as adjacent industrial operations and surrounding areas. There is an active community advisory panel in place with a broad range of membership interests.
- *Take preventive action to protect health and the environment.*  
There is a good safety record at the facility sustained by proactive hazard identification and work monitoring programs. A primary environmental focus is on energy reduction.
- *Innovate for safer products and processes that conserve resources and provide enhanced value.*  
The desire to address the above is evidenced in the Evonik Industries corporate values which includes a statement that the company stands for a balance between economically successful, ecologically responsible and socially appropriate behaviour, and that such behaviour needs to be followed by employees as well as expressed towards shareholders, business partners and other stakeholders.
- *Understand and meet expectations for social responsibility.*  
This is relatively well understood and practiced at the facility as appropriate.
- *Work with all stakeholders for public policy and standards that enhance sustainability, act to advance legal requirement and meet or exceed their letter and spirit.*  
Facility personnel are actively involved with stakeholder groups in the immediate area which focus on responsible industrial development and potential impacts.
- *Promote awareness of Responsible Care, and inspire others to commit to the principles.*  
Responsible Care is effectively communicated and promoted at the facility. Opportunities are taken as appropriate to promote the initiative externally.

Although the facility has a reasonable understanding of requirements, some weakness was observed in the following:

- *Engage with our business partners to ensure the stewardship and security of our products, services and raw materials throughout their life cycles.*

Although they appear to be generally practiced, there is a need to ensure that formalized processes are in place and consistently applied to ensure that Responsible Care related expectations are addressed in the selection and performance monitoring of all business partners.

## 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 the Evonik Degussa Canada Inc., Gibbons facility I have reviewed this verification report. The observations and conclusions contained in the report have been discussed with the verification team.

Evonik Degussa Canada Inc. wishes to thank the Re-verification Team for their comprehensive review of its Operations and Management Systems. We do not have any objections to the findings and feel that the Team conducted a fair and constructive evaluation of our Gibbons Alberta site. Many thanks for the suggestions that the Team brought forward to aid Evonik Degussa Canada into being an even better Responsible Care® Company. Further, we are committed to improving in all areas covered by Responsible Care and will carefully review all of the improvement opportunities as well as share the report with our local community representatives.

The Evonik Degussa Canada Inc., Gibbons facility 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.

Dave Harsulla  
Responsible Care Contact  
Evonik Degussa Canada Inc.  
April 19, 2012

## ATTACHMENT 2

### INTERVIEW LISTS

#### A: Company Personnel

Name	Position	Location
Steve Page	Plant Manager	Gibbons
Janice Stolz	Responsible Care Facilitator	Gibbons
Dave Harsulla	Responsible Care Co-ordinator/Procurement Resource	Gibbons
Dave Bzdel	Process Resource	Gibbons
Mark Steinhauer	Plant Engineer	Gibbons
Joe Roobol	Transportation Resource	Gibbons
Ally Hinchey	Nurse	Gibbons
Web Teetzel	Marketing	Vancouver
Larry Vail	Corporate Marketing	Parsippany, NJ

#### B: External Stakeholders

Name	Company / Organization	Position	Location
Kerry Coxen	Community Advisory Panel	Member	Sturgeon County
Barb Bigalow	Community Advisory Panel	Member	Redwater