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RESPONSIBLE CARE[®]

VERIFICATION REPORT

NORFALCO SALES INC. (A GLENCORE COMPANY)

September 11 & November 19 & 20, 2013

Disclaimer

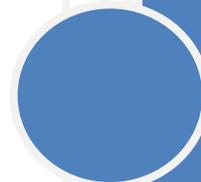
This report has been produced by a team, convened by the Chemistry Industry Association of Canada (CIAC) to provide advice to the above company and assist it in meeting its Responsible Care commitments as a member of the Association. The material in it reflects the team's best judgment in light of the 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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Responsible Care[®]
Our commitment to sustainability.



Gestion responsable^{MD}
Notre engagement envers le développement durable.



EXECUTIVE SUMMARY

This report documents the observations and conclusions of the independent verification team tasked with conducting a Responsible Care Verification of NorFalco Sales Inc., a Glencore company. The verification was undertaken on September 11, 2013 and November 19, 20 2013. and included a team member visit to the contractor Transflo transloading terminal in Toledo Ohio. The verification team also conducted interviews with other company personnel at the head office and external stakeholders at locations the team was unable to visit. The team had scheduled telecom interviews with the manager of four other contractor terminal sites according to a set RC agenda to assess and confirm that the NorFalco sulfuric acid products were handled as per NorFalco RC guidelines and procedures. This was the sixth Responsible Care verification completed for NorFalco Sales Inc. The last verification was completed in February, 2011. In 2011, NorFalco Inc. was owned by Xstrata but in May, 2013 Xstrata was purchased by Glencore International plc a world class mining & metal refining company based in Switzerland. Glencore has also a sulfuric acid sales division and the new company name is GlencoreXstrata plc.

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:

- Verify that NorFalco adheres to the new codes of practice and their intent.
- Intent of the new GlencoreXstrata Group to continue to support the RC approach of NorFalco Inc. and NorFalco Sales Inc. (NorFalco).
- NorFalco values, code of conduct, social responsibility and sustainability guidelines and practices and their continuity under the newly formed GlencoreXstrata senior management jurisdiction.
- NorFalco management procedures and practices to ensure that their approved service contractors operate their facilities according to the NorFalco RC guidelines and procedures.
- NorFalco product stewardship approach (procedures & guidelines) and practices.
- NorFalco Risk Management Guidelines for marine, rail, road and terminal operations by contracted third parties.
- Verifying that third party contractors in either their transportation or distribution activities adhere when feasible to the RC principles and NorFalco guidelines.

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 Work in Progress 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.

Signed: Marcel Émond _____ Date: January 2, 2014 _____

Verification Team Leader

For more information on this or a previous Responsible Care Verification Report, please contact your local company site or the company's overall Responsible Care coordinator:

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SUMMARY OF VERIFICATION TEAM OBSERVATIONS

Findings Requiring Action

None to report

Works in Progress

- Ensure that all present terminals will sign and adhere to the newly revised contract which include added requirements on sustainable development, anti-bribery, anti-corruption amongst other focus areas.

Improvement Opportunities

- Re-assess the Terminal Risk Management Guidelines wording and/or implementation to ensure that all terminals have the same approach to the product risk management, the worst case and most probable case scenario, their outreach activities with their adjacent /nearby neighbours and clarification of the guidelines to be in compliance with terminal contract articles 22.1 and 22.4.
- Re-assess the transportation selection/approval criteria for carriers customer pick up and company secondary carriers to ensure similar safe road performance as required for the NorFalco selected primary carriers.
- Ensure the follow up of third party terminal verification report findings within 30 days.
- Revise and adapt the Rail Transportation Guidelines to effectively apply it to all major and short line railroad companies.

Successful Practices

- Inclusion of the respect of human rights in their values, codes of conduct and social responsibility documents.
- Carrier of the year award based on safety criteria and promotion of the award at scheduled RC events.
- NorFalco web site public information and promotion of RC linked to multiple activities related to HSSE are outreach best practices.
- Every year the company has seminars on sulfuric acid safe handling for its customers and interested third parties including City local first responders.
- The rail transportation of sulfuric acid in a tank car reinforced shell is used to reduce and eliminate the risk of an accidental leak in case of a severe impact.
- Procedures to require a pressure test of the road carrier flexible hoses on a quarterly basis and maintain data on hose testing.

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 NorFalco Sales Inc. 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, NorFalco 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). NorFalco 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 NorFalco Inc. /NorFalco Sales Inc.

NorFalco Sales Inc. (NorFalco) is a subsidiary of NorFalco Inc. which has its headquarter in Seven Hills, Ohio. NorFalco Sales Inc. has its administration office in Mississauga Ontario. NorFalco Inc. sole business is the marketing and distribution of sulfuric acid mainly obtained from the Canadian four metal refining smelters of Glencore and CEZinc. The bulk of the sulfuric acid storage capacity is the property of Glencore at their smelter sites.

NorFalco Inc. has no physical assets. The company leases or contracts with third parties the required services to store, transport and distribute sulfuric acid products of different concentrations (93 & 98%) to numerous industrial sectors (123 customers). They have a dedicated fleet of leased rail cars, contract with primary or secondary carriers, several terminal or railcar transloading contracts in Canada and the USA. They handle more than 30K loads of sulfuric acids annually. They have a leased dedicated tank car fleet of about 1600 cars with a reinforced shell to minimize leaks in case of severe impact. They lease rail car to road tanker transloading facilities in some 12 locations close to their major customers. They have contracts with approximately 27 road carriers including 8 majors. They also chartered ocean vessels (about 12/yr) for large export volumes (7-10KT/shipment) from Glencore's plants located on the shore of the St-Lawrence river and in Belledune, NB. They have about 50 employees which includes technical representatives to service customers throughout Canada and the USA.

In May 2013, Glencore International plc a world class metallurgical and energy company with its headquarter in Switzerland acquired all the business and global assets of Xstrata's. The new company called GlencoreXstrata is now present in 50 countries with more than 150 mining and metallurgical sites and employs some 190K people. Both companies before the acquisition had a sulfuric acid distribution business. NorFalco Inc. will continue with its business approach focused on intensive customer support and technical services along the RC guidelines and principles.

More information can be found at GlencoreXstrata's web site - glencorexstrata.com or for NorFalco - www.NorFalco.com.

1.3 About This Verification

The verification of NorFalco Inc. was conducted on September 11 and November 19 & 20, 2013 and included team visits to the Mississauga, ON administration office and a team member to the Toledo, Ohio transloading site. The verification team also conducted interviews with the management team of four other terminals to verify their procedures and practices for compliance with the NorFalco Risk Management Terminal and

Distribution Guidelines and with several company personnel responsible for each sector of the business and RC compliance. 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 NorFalco Sales Inc. The last verification was completed on February 1 & 2, 2011. NorFalco has addressed the one finding requiring action (FRA), the one work in progress (W in P) and the seven Opportunities for Improvement mentioned in the last report.

The verification team was comprised of the following individuals.

Name	Affiliation	Representing
Marcel Émond	GMEE	<i>Team Leader</i>
Kristina Lee	Lee Environmental Education & Consulting	<i>Public-At-Large Verifier</i>

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

During the verification of NorFalco, 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 mainly related to:

- How NorFalco applies the Xstrata's Sustainable development policy, Codes of Conduct and Social Responsibility (RC appendix A/B/E, AC applicable elements).
- Business continuity & critical Infrastructure (OP-49 to 55)
- NorFalco Risk Management Guidelines for Marine, Rail and Truck transportation and terminal operations (AC-145, OP-12 to 16, OP section 4, OP-56 to 58).
- RC content and Risk Management Guidelines included in terminal service contract (OP-12 to 16, OP section 4, OP-56 to 58).
- NorFalco procedures and practices to assure safe, secure and risk free transportation from its carriers, railroad companies and marine shippers (OP-12 to 16 & OP-28 to 30).
- NorFalco customer sale & technical services to assure a safe handling of sulfuric acid (ST-94 to 110).
- Outreach activities required & practiced at distribution terminals by third parties (ST-115 to 124).
- Emergency response - road & terminal (OP-41 to 47)
- Malicious intent and terminal operations/product handling (OP-48).
- Promotion of Responsible Care with its stakeholders (OP-81 to 84, ST-115 to 124).
- Resources conservation in managing the business (OP-76 to 80).

In communicating its observations, the verification team will make repeated reference to the following categories of observations:

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

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

2.1 Team Observations Concerning Operations Code

2.1.1 Design and Construction of Facilities and Equipment

The company does not design, build, own or operate a facility. NorFalco ensures that when they contract with third parties, that they have sound facilities/operations by applying the NorFalco Terminal Risk Management Guidelines to their contract content, and that they visit/verify the contractor facilities at regular intervals to assure themselves of compliance to the NorFalco standards.

2.1.2 Operations Activities

NorFalco does not operate any facilities but have management systems and practices to assure that the contractor operates safely its facility. The NorFalco technical representatives do regular visits at the terminals located within their area of jurisdiction. They have started in 2013 a terminal verification program to assure that these terminals adhere to the NorFalco Risk Management Guidelines. A third party performs site verification every 2 – 3 years and the NorFalco representatives discuss the findings with the operation contractor. As of now, they verified 3 out of 12. The team scrutinized the first terminal audit report and noticed that the required follow up action plan had not been initiated more than 3 months after the site visit.

Improvement Opportunities: *Ensure the follow up of third party terminal verification report findings within 30 days.*

The team found evidence of the management practices with the visited site and during the interviews conducted with the management of the other four terminals. The team also observed that there was a discrepancy in evaluating the risk scenarios (not standardized) for a few terminals along with the requirement to have a uniform outreach process to notify the affected parties (adjacent neighbors) in case of an emergency occurring at the terminal. The team also noticed that some terminals do not or partially comply with the contract articles on "emergency response."

Improvement Opportunities: *Re-assess the Terminal Risk Management Guidelines wording and/or implementation to ensure that all terminals have the same approach to the product risk management, the worst case and most probable case scenario, their outreach activities with their adjacent /nearby neighbours and clarification of the guidelines to be in compliance with terminal contract articles 22.1 and 22.4.*

The team also examined the Risk Transportation Guidelines to select, approve and manage the carriers that transport the sulfuric acid including ongoing practices that are a safe, secure and environmentally problem free. The NorFalco carrier selection process for their core carriers is efficient and rigorous and includes annual audit about their transportation road performance record with follow up as required. The NorFalco carriers that haul on an infrequent basis and the customer carriers are not submitted to the same rigorous approach of annual road performance scrutiny.

Improvement Opportunities: *Re-assess the transportation selection/approval criteria for carriers customer pick up and company secondary carriers to ensure similar safe road performance as required for the NorFalco selected primary carriers.*

NorFalco is requiring its carriers to pressure test its flexible hoses on a quarterly basis to eliminate any accidental hose failure and maintain a register. The norm in the industry is for an annual testing and at best twice per year.

Best Practice: *Procedure to pressure test the carrier flexible hoses on a quarterly basis and maintain data on hose testing is considered an industry best practice.*

The team examined the Rail Transportation Guidelines content and the process for implementing the guidelines for primary railroads (class 1) and the subcontracted carriers (short line railroads). There is evidence that short line railroads were submitted to a RC self assessment (a few yrs ago) but it was not clear on how the company has addressed the noted deficiencies in the self assessment reply (e.i.; answer no Vs yes). NorFalco has limited influence on the class 1 railroad in order to convince them to adhere to their Risk Management Guidelines as they are highly regulated by the Federal government.. The guidelines are clear but it does not appear that these guidelines can be effectively implemented (section 1, 3, 4)

Improvement Opportunities: *Revise and adapt the Rail Transportation Guidelines to effectively apply it to all major and short line railroad companies.*

The Marine Risk Transportation Guidelines are efficiently applied and properly documented as per the scrutinized documentation. Their chartering broker requires a Q-88 & ISIS report duly filled in and a CDI (third party evaluation) completed before approving the chartering contract.

They have a critical infrastructure and business continuity plan harmonised with Xstrata that was revised in August 2012. Their MSDS are revised every year.

2.1.3 Safety and Security

The procedures and practices for safety and security compliance are well documented in all the risk guidelines and audited by the Technical staff during the customer and service provider visits. NorFalco also performs third party regular (2 to 3 yrs) verification on terminal and main carriers to confirm that their guidelines are applied by their service providers when their products are manipulated. The guidelines were written to comply with the elements of the codes of practice.

2.1.4 Environmental Protection

The Risk Management Guidelines include the environment protection activities when handling the product and the activities are audited within the third party periodic verifications (refer to section 2.1.3). They also reinforced the shell thickness of their railcar fleet and improved the valves impact protection in case of an accident to reduce or eliminate a leak.

Best Practice: *The rail transportation of sulfuric acid in a tank car reinforced shell is used to reduce and eliminate the risk of an accidental leak in case of a severe impact and is considered a best practice.*

2.1.5 Resource Conservation

The resource conservation activities are mentioned in the four Risk Management Guidelines. NorFalco encourages its service providers to adhere to a sustainable development approach but the process is at an early stage and progress is to be seen. Resources Conservation is also noted in article 1 of the terminal contract but the team did not verify the application effectiveness of this clause.

2.1.6 Promotion of Responsible Care by Name

The company promotes effectively Responsible Care by name in its communication with the service providers several of whom are Responsible Care partners or CACD/NACD members which comply with the RC Distribution code of practice. All contracts and Risk Management Guidelines make a reference to RC. The NorFalco personnel also in their communication or discussions make reference regularly to RC topics or activities. The following activities are considered best practices:

Best Practice: *Carrier of the year award based on safety criteria and promotion of the award at scheduled RC events.*

Best Practice: *NorFalco web site public information and promotion of RC linked to multiple activities related to HSSE are outreach best practices.*

2.2 Team Observations Concerning Stewardship Code

2.2.1 Expectations of Companies

NorFalco is a distributor of a single product, sulfuric acid, at different concentration and does not have any R & D activities. They have extensive technical data on the sulfuric acid properties and documentation in paper or electronic form on how to handle safely while protecting the environment and having a focus on sustainable development. All their knowledge is available for their customers, service providers (terminal, railroad, carriers, etc). NorFalco technical personnel do regular visits to their customer and service providers to ensure they have all the data and required training to properly handle the sulfuric acid. They perform regular verification of all their customers & service providers to assure the application of the RC guidelines. Numerous reports were scrutinized by the team.

NorFalco coordinates every year in different regions (US & Canada) for its customers, service providers and other interested stakeholders a sulfuric acid seminar on how to handle safely sulfuric acid. These seminars are always given under the umbrella of RC.

Best Practice: *Every year the company has seminars on sulfuric acid safe handling for its customers and interested third parties including City local first responders. It is considered a best practice.*

2.2.2 Expectations with Respect to Other Parties

The company performs its business with the Responsible Care Guidelines and ethics as pillars of their day to day activities. They ask and regularly verify by a visit or a site verification that all their customers and service providers adhere to the NorFalco Risk Management Guidelines (4) by giving them the necessary information (paper or electronic) and supporting them in their continuous improvement effort.

The same approach is applied to third parties on demand even if there is no direct affiliation. Sulfuric acid information and other related expertise is provided as needed. A key access for the information is their web site www.NorFalco.com.

2.3 Team Observations Concerning Accountability Code

2.3.1 Operating Site Communities

NorFalco does not own or operate any terminal or distribution sites. On the other hand, they make sure that all the contracted terminals have an emergency response plan complying to their Risk Management Guidelines and have an outreach program for the terminal/distribution site adjacent neighbors that could be affected by an emergency situation. It was noted upon verifying the outreach practices of the selected terminals that the approach was not uniform. NorFalco is supporting their service providers in providing any information on the sulfuric acid properties and proper information to any interested stakeholders.

2.3.2 Other Stakeholders

NorFalco support and participate as required with the CIAC staff and public organizations at the local, regional, federal level to answer any concerns they could have about sulfuric acid especially about HSSE activities.

They participate actively in Ontario and Quebec regions to the TRANSCAER committee, their outreach activities and work jointly with the railroad companies in diffusing the proper information. They require from time to time that their carrier uses an alternate route to further enhance the transportation safety when a concern has been highlighted.

NorFalco adheres to the Xstrata "Sustainable Development norms (17) and the code of conduct. The norms cover all the business activities and set a minimum standard. These norms include also their Social Responsibility (# 12) and their approach to the product life cycle (# 13). NorFalco was also audited by Xstrata on their compliance (9/2012).

The general public and any interested stakeholder has access either to the NorFalco and GlencoreXstrata web sites.

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 NorFalco Inc. 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 NorFalco Inc. management system, the verification team observed amongst other the following:

- They have an annual budget process that start in July with data gathering and is approved by December for the next year. It includes activities in HSSE as part of the KPI and annual objectives.
- The company has developed thoroughly its cross reference document and assure that the 152 code elements were covered by a documented procedure or practice when applicable and has identified clearly when an element was not applicable (E.I.; N/A - R&D elements).
- All their practices are documented and kept in a central file (mgmt software) available to identified employees with a proper access code.
- Have ongoing benchmark activities on key RC activities and continuous improvement plans e.i.; risk communication, TRANSCAER.
- Employee training, competency and skill performance review.
- Owner GlencoreXstrata periodic audit on conformance with their corporate policies -sustainable development, business practices, codes of conduct.
- Documented Annual objectives.
- Follow up of corrective action plan for continuous improvement from noted deficiencies.
- Ongoing discussions with their customers and service providers to identify opportunities to improve the operation practices in HSSE performance.
- Have business KPI regularly reviewed at mgmt meetings.

Some activities of the management "PLAN" step related to RC are highlighted in Section 2.

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 NorFalco Inc. management system, the verification team observed the following:

All the NorFalco employees have job descriptions (tasks & responsibilities) from the president to the clerical employee. The company adheres to and must comply with the GlencoreXstrata corporate policies as far as the

codes of conduct, the sustainable development topics (17) and the guidelines on business practices. Xstrata has conducted a corporate audit in September 2012.

NorFalco has a management system around their core activities which are the customer services and the sulfuric acid risk management for all their sectors; marine, rail, road and terminal. They have procedures to manage their customer sales and technical support and to ensure that their transportation and terminal/transloading providers handle the sulfuric acid with the same standards as NorFalco.

The management system and related practices are in compliance with the Responsible Care guidelines and codes of practices with its 152 elements.

NorFalco has a board of directors and a senior management team meeting at regular intervals. Meeting highlights are documented and necessary action plans followed to completion. They have an annual budget process with annual objectives including HSSE topics as required for correcting deficiencies and opportunities for improvement. They have a Responsible Care coordinator along with key individuals responsible for the implementation and control of procedures and practices for complying with the 152 elements and identifying activities for continuous improvement.

They have contracts with their customers and service providers and both must adhere to and comply with the Risk Management Guidelines (4) as written in these contracts. They have regular meetings with customers (documented) and also an annual documented assessment of their practices. The verification team has scrutinized related documentation and practices to assure themselves of ongoing application. They have recently revised their customer contract to include guidelines articles on sustainable development and revised other articles to better reflect their approach to the intent of the new Responsible Care codes of practice. To date, some customers have not acknowledged and signed the revised contract.

Works in Progress: *Ensure that all present terminals will sign and adhere to the newly revised contract which includes added requirements on sustainable development, anti-bribery, anti-corruption amongst other focus areas.*

Several activities of the management "DO" step related to RC are highlighted in section 2.

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 NorFalco Inc. management system, the verification team observed the following:

NorFalco has key performance indicators and they are regularly monitored in the management meetings. The management meeting action plans are documented.

GlencoreXstrata has an audit process to assure compliance of its management systems related to its subsidiary NorFalco Inc. There was a corporate Risk Management audit in 2013 conducted in accordance with Glencore protocols and the new management of Glencore Xstrata responsible for the sulfuric acid distribution fully

endorse the NorFalco Inc. approach to adhere to RC for its management systems and related practices. NorFalco is waiting to see the 2014 corporate audit schedule.

NorFalco has its own internal verification process for compliance to the RC codes of practice and periodic visits and verification of its customer and service providers. They also hire third party verification firm to perform independent verifications of their primary carriers and since 2013 terminal/transloading contractors. The team has scrutinized related documentation for road and rail carriers and made some phone interviews with terminal management to verify compliance with the NorFalco guidelines and practices (set topics).

NorFalco has an incident and accident reporting mechanism including root cause and corrective action plan as appropriate with documented investigation and root cause finding and the team has scrutinized related documentation. NorFalco has an employee annual performance assessment and an employee succession plan.

Some activities of the management "CHECK" step related to RC are highlighted in section 2.

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 NorFalco Inc. management system, the verification team observed amongst other the following:

They have an internal audit process by their technical personnel to assure that a new customer has the proper equipment and knowledge to handle the sulfuric acid before the first delivery. They also have regular visits to assure compliance of their safety and environmental compliance.

They have a road carrier and terminal contractor selection and approval criteria before hiring and ongoing relationship (periodic visits and annual verification) to assure safe handling of the product.

They provide customers with written feedback of their visits and on site verifications and request remedial action plan as required. They have the same approach for their carriers and they require an action plan on the areas for improvement. They also have a ranking process for their main carriers and an annual carrier safe award based on set safety criteria.

All internal audit /verification reports (corporate and internal) are followed by a written action plan with set schedule. The audit/verification action plans are followed at the senior management committee. KPI and annual objectives are monitored monthly and corrective action plans implemented as required. They have an employee annual performance appraisal process and succession planning. Some activities of the management "ACT" step related to RC are highlighted in section 2.

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 NorFalco Inc. 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:

NorFalco was a wholly owned subsidiary of Xstrata and is now a Glencore Xstrata subsidiary. Xstrata had and Glencore Xstrata has corporate policies for codes of conduct and Sustainable development. The new Glencore Xstrata corporate management has agreed to migrate elements of the NorFalco Inc. RC management approach and related practices to some Sulfuric acid distribution activities worldwide and migrate the best sustainable development practices identified in either companies prior to the merger. The process is at an early stage and in progress.

Xstrata previous to May 2013 strongly supported NorFalco adhering to RC and Guiding principles. NorFalco Inc. fully endorsed the RC Ethic and the Xstrata Sustainable development guidelines. These guidelines are comprehensive and elaborate and cover all aspects of RC ethic/ Compliance (appendixes; A/B/ E).

Best Practice: *Inclusion of the respect of human rights in their values, codes of conduct and social responsibility documents is considered a best practice.*

There is evidence in their daily activities with their customers and service providers of ongoing steps to promote the Responsible Care such as in service contract terms, safe award for the carriers, their TRANSCAER activities, the support on HSSE related activities with their customers and service providers. They also give sulfuric acid handling training to non customers on request.

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 **Work in Progress** and **Opportunities for Improvement** 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.

Marcel Émond

Chief Verifier for CIAC Verification team

ATTACHMENT 1: COMPANY RESPONSE TO VERIFICATION TEAM REPORT

On behalf of NorFalco, A Glencore Company I have reviewed this verification report. The observations and conclusions contained in the report have been discussed with the verification team.

The Re-Verification was focused on key areas of the NorFalco operations to effectively use their time, and as a result, added value to the process.

NorFalco, A Glencore Company 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. As discussed during the verification process we plan to complete the identified **Work in progress**. 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.

Tom Hobbs
Director, Technical and Risk Management
NorFalco, A Glencore Company
December 30, 2013

Attachment 2: Interview Lists

A: Company Personnel Contacted During Verification Process

Name	Position	Location
Paul Shaw	President	Seven Hills Ohio
Tom Hobbs	Director Technical Services & Risk Management	Seven Hills, Ohio
Eric Kuraitis	Senior Technical Representative & RC coordinator	Mississauga, ON.
Scott King	Manager Technical services, US Operations	Seven Hills, OH
Geoff Cowell	Director Distribution	Mississauga, ON
Seay Harder	Director of Sales Marketing	Mississauga, ON
Gina Hull	Manager, Customer Services	Mississauga, ON
Cheryl Champion	Logistics Specialist	Mississauga, ON
Marie France Rollin	Technical Representative	Montreal, QC
Jocelyn Arcouette	Quality Manager	Seven Hills, Ohio

B: External Stakeholders Contacted During Verification Process

Name	Company / Organization	Position	Location
Becky Hellman	Transflo	HSE&Q Manager	Toledo Ohio
Robert Charland	Savage Services	Operations Mgr	Toledo, Ohio
Eric Moss	Transflo	HSE&Q site	Toledo, Ohio
Richard Stanley	Savage Services	SH&E/RC mgr	Savage H.O.
Jeff Bechtel	Savage Services	General Manager	Savage H.O.
Jim Wigleski	NSTBT	Terminal Manager	Pineville NC
Mark Poulson	Westway Co.	Terminal Manager	Sioux City, IA
John Davis	Rowell	Terminal Manager	Willow Springs, IL
Jack Boedecker	Petra Industries	Terminal Manager	East St-Louis, IL