



RESPONSIBLE CARE[®] Verification Report

Stepan Canada Inc.

November 12 - 13, 2014



Chemistry Industry
Association of Canada



Responsible Care[®]
Our commitment to sustainability.

Disclaimer

This report has been produced by a team, convened by the Chemistry Industry Association of Canada (CIAC), to provide advice to the member-company and assist it in meeting its Responsible Care[®] commitments. The material in this report reflects the team's best judgment in light of the information available to it at the time of preparation. It is the responsibility of the CIAC member-company that is the subject of this report to interpret and act on the report's findings and recommendations as it sees fit. Any use which a third party makes of this document, or any reliance on the document or decisions made based upon it, are the responsibility of such third parties. Although CIAC members are expected to share the results of this guidance document with interested parties, the Association, its member-companies, their employees, consultants and other participants involved in preparing the document accept no responsibility whatsoever for damages, if any, suffered by a third party as a result of decisions made or actions based on this report.

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EXECUTIVE SUMMARY

This report documents the observations and conclusions of the independent verification team tasked with conducting a Responsible Care Verification of Stepan Canada Inc. (Stepan). The verification was carried out on November 12 and 13, 2014, at the Canadian manufacturing facility, located in Longford Mills, Ontario.

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:

- The company's operations being a part of a larger global organization (Stepan Company)
- Determining the impact (if any) of significant operational and personnel changes since the last verification
- Community outreach and communications
- Promotion of Responsible Care by name.

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.



Signed: _____
Gerry Moss
Verification Team Leader

Date: December 12, 2014

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:

1. None

Works in Progress:

1. Investigation of a 'reverse 911' or Notify Now (Sarnia) process for neighbourhood emergency notifications.
2. The reduction of formaldehyde in formulations is a work in progress.
3. The company's efforts to develop a single electronic tool, called Dakota, to bring separate reporting systems together, is encouraged.

Improvement Opportunities

1. Develop & document procedure to deal with unexplained loss of waste water, including contingency plans for pond repair or replacement.
2. Include wording to identify expectations related to Responsible Care in all contracts for products and services.
3. Include wording to identify expectations related to Responsible Care in supplier self-assessments.
4. Recommended that another open house be held in cooperation with the Lake St. John Cottagers Association.
5. Share site risk assessment with all employees
6. Specific emergency response roles played by Rama ER, Ramara Township ER and Stepan personnel should be documented, possibly in a memorandum of understanding.
7. Establish a community co-chair on the Community Advisory Panel to encourage community ownership/partnership in the process.
8. Investigate detection methods to prevent 'foam-over' spills.
9. Investigate decontaminating super sacs to reduce or eliminate hazardous waste disposal.
10. Develop a list of all people and organizations (complete with contact information) within the inner two risk ranking circles of the site.

Successful Practices:

1. Risk Registry: the inclusion of supply chain and commercial groups in this process is a successful practice.
2. Real-time plant data available from any computer in the plant, including alarms and utility status, is a successful practice.
3. Documented procedures for the promotion of Responsible Care, for each of the site, customers and suppliers (LM-EHS-07.03.0, LM-EHS-07.02.07, LM-EHS-07.02.08).
4. Seal failure analysis done in conjunction with seal supplier; data is shared, and used to improve seals and reduce leaks.

INTRODUCTION

About Responsible Care Verification

As a member of the Chemistry Industry Association of Canada (CIAC), the most senior executive responsible for Stepan's 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, Stepan 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). Stepan is also expected to share the report with interested persons in its communities and other stakeholders as part of its ongoing dialogue processes.

Additional information on Responsible Care and / or the verification process can be found at the CIAC website www.canadianchemistry.ca or by contacting CIAC Responsible Care at glaurin@canadianchemistry.ca or (613) 237-6215 extension 233.

About Stepan

Stepan Canada Inc. is a wholly owned subsidiary of Stepan Company, a Chicago based global company. The company's sole Canadian manufacturing facility, located in Longford Mills, Ontario, has a long history of successive businesses and owners going back to the early 1860's. It was purchased by Stepan in 1989. The site is located near Orillia, Ontario, and is situated on a narrow piece of land between Lake Couchiching on the west but abutting the shore of Lake St. John on the east. About 2 Km to the east across Lake St. John is a small local airport. The facility is near the Rama First Nation Reserve land, and is situated deep in cottage country with vacation and residential neighbours on both lakes. Also situated on Lake Couchiching, along with cottages, are resorts and children summer camps. A few kilometers away, is Casino Rama, a large gambling casino operating 24 hours a day with thousands of customers daily. During most times of the year, the transient population far exceeds the residential population.

The facility manufactures surfactants using the ethoxylation process. The facility also makes phosphate esters and cocamidopropyl betaines, a common shampoo ingredient. It has both chemical reaction and blend facilities and warehouses its products on site. A sales office is located in Burlington. It ships product globally but mainly within Ontario, Quebec, Manitoba and exports to the USA where the parent company handles all company sales. Most of the company's products are shipped by tank truck, rail and the remainder in drums and totes. Liquid raw materials arrive via rail or truck, many have hazardous properties. There are also bagged raw materials which arrive by public transport.

About This Verification

The verification of Stepan Canada Inc. (Stepan) was conducted on November 12 & 13, 2014 and included team visits to Longford Mills, Ontario site. The verification team also conducted interviews with other company personnel and external stakeholders at locations the team was unable to visit. During the course of the verification, the team had the opportunity to interact with a wide range of company personnel, as well as stakeholders external to the company. Attachment 2 contains a list of those individuals interviewed and their affiliations. This is the seventh verification exercise completed for Stepan. The last verification was completed on February 2012.

The verification team was comprised of the following individuals.

Name	Affiliation	Representing
Gerry Moss	CIAC	Team Leader
Jim Wakefield	CIAC	Public-At-Large Verifier
Tim Artichuk	Private Contractor	Community Representative

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

During the verification of Stepan, the verification team looked for evidence that the company was addressing the expectations documented in the Responsible Care Commitments. A sampling of the 152 code elements, a review of the 28 benchmark and collective expectations and a thorough look at company response to the Ethic and Principles for Sustainability was undertaken. While considering all aspects of the Responsible Care

Commitments during the verification, the team placed an emphasis on conducting a more in-depth examination of certain company aspects identified by the company or the team. These were related to specific aspects of the company's community initiatives and Responsible Care branding.

Overall, the team was impressed by the dedication and commitment of the site senior management, as well as the corporate support management to the ethic and principles of Responsible Care and their application to all aspects of the Canadian company operations.

TEAM OBSERVATIONS CONCERNING OPERATIONS CODE

The team is of the opinion that the company meets Responsible Care expectations for all reviewed Operations Code elements. There were no Findings Requiring Action in this section and the listed below Opportunities for Improvement are presented for the company's consideration.

Design and Construction of Facilities and Equipment

The company has documented standards and procedures to guide them in the design and construction of new facilities. Large projects have extensive Corporate involvement while smaller projects can be handled locally utilizing their excellent Management of Change process. For the codes that were reviewed all expectations for Responsible Care implementation have been met.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Operations Activities

All operations activities including operating procedures, laboratory practices, transportation activities and plant maintenance are well documented and implemented meeting Responsible Care expectations. The plant has familiar equipment and routines, makes extensive use of statistical process control and has applied consequence of deviation analysis to many of their processes. Training across all activities and departments is well defined, and kept current.

The company has documented standards for the selection and management of carriers and routinely evaluates them using an external "Motor Carrier Evaluation" process. Maintenance procedures are well integrated with the Management of Change process and preventive maintenance is routine.

A good example of the maintenance 'extra mile' activities is the seal failure analysis work done in conjunction with the site seal supplier; data is shared, and used to improve seals and reduce leaks.

Also of note was the 'top notch' housekeeping observed during the site tour.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

Seal failure analysis done in conjunction with seal supplier; data is shared, and used to improve seals and reduce leaks.

Safety and Security

The company has Health and Safety Standards in place to provide employees and all other involved personnel with the necessary knowledge and tools to recognize potential safety, health and environmental hazards. As a result, the company meets Responsible Care implementation expectations with its health and safety programs. Their goal is zero incidents (their current rate results from about one incident per year) and they are focused on proactively making improvements to enhance safety. The company has a thorough process safety management program fully capable of dealing with the highly hazardous raw materials used, as well as all other material on site.

Stepan's comprehensive, fully documented and tested emergency response program is fully capable of responding to its worst credible case scenario. As a result, the company fully meets or exceeds expectations for the implementation of Responsible Care for all areas covered under emergency management. The company works closely with the two nearby emergency response organizations and was highly praised for that cooperation at the meeting the team had with the company's Community Advisory Panel. The team does see some opportunities to further improve the company's efforts in this area, as well as a work in progress.

There is an opportunity for improvement to further strengthen emergency response management by:

- documenting the specific emergency response roles played by Rama ER, Ramara township ER and Stepan personnel, possibly in a memorandum of understanding.

Also, for this emergency management area the team observed cooperation in the improvement of community alerting systems between the company and both nearby emergency responders and wishes to encourage completion of the project.

The investigation of a 'reverse 911' or Notify Now (Sarnia) process for neighbourhood emergency notifications is acknowledged as a work in progress.

In order improve internal communication, and provide information, it is recommended that the company share the site risk assessment with its employees.

As part of their emergency response information system, the company is encouraged to;

- develop a list of all people and organizations (complete with contact information) within the inner two risk ranking circles of the site.

Under incident reporting and investigation the company utilizes several systems for recording, investigating and tracking incidents. The team reviewed the status of the company's efforts to develop a single electronic tool, and was pleased to note the planned imminent implementation of a major software tool called Dakota, to bring these reporting systems together. The team would like to encourage a timely implementation of this project.

Findings Requiring Action:

None.

Works in Progress:

Investigate 'reverse 911' or Notify Now (Sarnia) process for neighbourhood emergency notifications. The company's efforts to develop a single electronic tool, called Dakota, to bring these reporting systems together, is encouraged.

Improvement Opportunities:

Specific emergency response roles played by Rama ER, Ramara Township ER and Stepan personnel should be documented, possibly in a memorandum of understanding. Share the site risk assessment with all employees.

Develop a list of all people and organizations (complete with contact information) within the inner two risk ranking circles of the site.

Successful Practices:

None.

Environmental Protection

The company is guided by clear Corporate policies directed towards sustainability and reducing its environmental footprint. Corporate goals and targets drive local targets and performance monitoring is routine. Procedures guide the selection and assessment of contractors. This area fully meets our expectations on the implementation of Responsible Care.

There is an improvement opportunity for the company to develop contingency plans to deal with a loss of containment from the waste water treatment pond. Realizing that this is a complicated undertaking, pond repair or replacement options should be explored, and documented, including time and money requirements. The existing process of carefully monitoring inlet and outlet flow measurement is a good check.

There is an opportunity for improvement in the area of spills due to foaming of materials during process operations, by investigating available technologies in detection methods to prevent 'foam-over' spills.

Another opportunity for improvement lies in reducing the amount of hazardous waste generated at the site by investigating the decontamination of super sacs prior to their disposal.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

Develop and document a procedure to deal with any unexplained loss of waste water from the aeration pond, including contingency plans for pond repair or replacement.

Investigate detection methods to prevent 'foam-over' spills.

Investigate decontaminating super sacs to reduce hazardous waste disposal.

Successful Practices:

None.

Resource Conservation

Stepan's parent company has a global commitment to reduce water consumption, greenhouse gases and energy consumption. Global goals are translated into local targets for which Stepan is held accountable. The management systems supporting continual improvement in reducing the footprint of its operation are in place and meet expectations for Responsible Care.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Promotion of Responsible Care By Name

The company has done a very good job in promoting Responsible Care with its employees, contractors and in the community. In its review of the activities undertaken by the company the team is of the opinion that Responsible Care implementation expectations are being met.

Of note here, the development and implementation of procedures for the promotion of Responsible Care, across the site, as well as with customers and suppliers, is a successful practice.

There is an opportunity for improvement in the supplier self-assessment being used. It is recommended that wording be included to identify expectations related to Responsible Care.

There is an additional opportunity for improvement in the contracts being used for products and services. It is recommended that wording be included in all products and services contracts to identify expectations related to Responsible Care.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

Include wording to identify expectations related to Responsible Care in supplier self-assessments.

Include wording to identify expectations related to Responsible Care in all contracts for products and services.

Successful Practices:

Documented procedures for the promotion of Responsible Care, for each of the site, customers and suppliers (LM-EHS-07.03.0, LM-EHS-07.02.07, LM-EHS-07.02.08).

Team Observations Concerning Stewardship Code

None.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Research and Development (R&D) Expectations

The company's operation is only affected by R&D activities in the event that a new or modified product is scheduled to be produced there. The only R&D carried out is at the parent company. Our review of this R&D area showed that it conforms to the expectations for Responsible Care implementation.

Part of the ongoing improvements in this area is the reduction in the use of formaldehyde as a preservative in product formulations. The company is encouraged to continue this work.

Findings Requiring Action:

None.

Works in Progress:

The reduction of formaldehyde in formulations is a work in progress.

Improvement Opportunities:

None.

Successful Practices:

None.

Expectations Beyond R&D

Beyond R&D the team explored how the company assesses its products and interacts with its customers to achieve its commitment to enhance people's lives and reduce risk. We found well implemented programs and documented procedures covering all codes for this area and conclude that the expectations for implementation of Responsible Care are being met.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Communication Through the Value Chain

In the area of Communication through the Value Chain the company meets Responsible Care implementation expectations. A good example is the questionnaire used in seeking customer feedback by the Stepan Canada Sales team; this Responsible Care Guidance Document has various talking points with Customers and Distributors to ensure discussion of Responsible Care commitments.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Expectations of Companies With Respect to Other Parties

The company has procedures for the selection and management of third party goods and services providers and in general the team has determined that they meet Responsible Care implementation expectations.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

TEAM OBSERVATIONS CONCERNING ACCOUNTABILITY CODE

The team reviewed this area in detail and had the opportunity to discuss the company's programs and performance with their Community Advisory Panel (CAP) as well as with non-management company employees. In general the company has implemented programs meeting all Responsible Care expectations. The company's CAP has a diverse membership including residents, first responders, local politicians, first nation members and local cottagers association.

There is an opportunity for improvement to further strengthen community involvement by establishing a community co-chair on the Community Advisory Panel to encourage community ownership/partnership in the process.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

Establish a community co-chair on the Community Advisory Panel to encourage community ownership/partnership in the process.

Successful Practices:

None.

Operating Site Communities

The company has documented processes to manage their community dialogue process. They are fully engaged with their CAP, and have a community information brochure and a shelter in place brochure. They also have a process to handle inquiries and have communicated one-on-one with near neighbours. All areas of this code have been implemented to meet Responsible Care expectations.

There is an opportunity for improvement to further advance the community dialogue process by holding another open house in cooperation with the Lake St. John Cottagers Association.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

Recommended that another open house be held in cooperation with the Lake St. John Cottagers Association.

Successful Practices:

None.

Other Stakeholders

In general the company meets Responsible Care implementation expectations for all seven sub categories in this section.

Expectations of goals in participation of TransCAER activities are now part of the site Balanced Scorecard, and progress is routinely measured.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

APPENDICES TO CODES: SOCIAL RESPONSIBILITY

The company has developed a Social Responsibility governing procedure which defines a specific site strategy and ensures efforts are focused in the right areas.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

APPENDICES TO CODES: INVOLVEMENT IN PUBLIC POLICY PROCESS

An interesting example was provided. Although no regulatory avenue or requirement was available, Stepan, working with the local Member of Parliament, was able to have its plant location added to the Canadian Airport Charts Flight Supplement for the nearby Orillia airport, in order to deter air traffic over plant.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

TEAM OBSERVATIONS ON THE COMPANY MANAGEMENT SYSTEM

The company's management system for Responsible Care is complete and comprehensive. The standard (LM-EHS-07.00b – "Stepan Canada CIAC Responsible Care Management System") has been developed using the CIAC Management System Guide as its model. The system is fundamentally based on the parent company (Corporate) Responsible Care Management System but Corporate support for the local initiative is evident and is a large part of the success of the company's approach.

The company's Board of Directors, Operating Committee and Responsible Care Team all have been defined as stakeholders and responsibilities for all code elements have been assigned to individuals from the Responsible Care Team.

Prior to the annual signing of the commitment to Responsible Care the signing executive reviews all code elements, as part of the RC Gap Analysis, to be assured that the intent of Responsible Care is being met. Also, added to this RC Gap Analysis is 'Did it achieve what it was supposed to?' so that the effectiveness of the program is reviewed against each of the 152 RC expectations.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Observations on the PLAN Step

In considering the PLAN Step of Stepan's management system, the verification team observed that staff actively seeks input from various sources, such as Responsible Care Commitments, stakeholders, business imperatives, laws and regulations and benchmarks, that are then used in a comprehensive list of planning activities. This list of planning activities makes clear the connection between these activities and meeting the Responsible Care commitment.

The company has a cascading goal setting process involving Key Performance Indicators (KPI) and Balanced Scorecard (BSC) objectives. KPIs are more individually focused and reviewed monthly while BSC performance is reported quarterly company-wide.

Of note here is the company's development of a 'Risk Registry' tool, for project review and approval prior to site introduction, It includes research and development, operations, commercial and supply chain sections to ensure all relevant issues are addressed by a cross-functional team, and is suitably documented via a checklist. The inclusion of commercial and supply chain functions is a successful practice.

From the examples above, and from more general observations, the team is of the opinion that the company's Plan Step is consistent with the considerations discussed in the CIAC Management System Guide.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

The Risk Registry, with the inclusion of supply chain and commercial groups in this process is a successful practice.

Observations on the DO Step

In considering the DO Step of Stepan's management system, the verification team observed the following: the company has exceeded expectations for this portion of the management system. Standards and procedures are well documented and available electronically throughout the plant. Activities listed in the standard are comprehensive.

One area that is representative of this observation is in the organizational structure for the management of Responsible Care. The Responsible Care Management Team is comprised of individuals having a direct responsibility for various code elements.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Observations on the CHECK Step

In considering the Check Step of Stepan's management system, the verification team observed the following: the company has a mix of checking activities ranging from external and internal audits to weekly 'Fireside chats' and checks of the Community Advisory Panel and of the Cottagers Association. All expected Responsible Care checking activities are present and this area fully meets implementation expectations.

The practice of having real-time plant data available from any computer in the plant, including alarms and utility status, is a successful practice.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

Real-time plant data available from any computer in the plant, including alarms and utility status, is a successful practice.

Observations on the ACT Step

In considering the Act Step of Stepan's management system, the verification team observed the following: the company performs a range of activities on a routine and regular basis satisfying this part of their management system. The activities are comprehensive and tie the check step with the plan step. The team agrees that the act part of the company's management system meets all implementation expectations for Responsible Care.

Findings Requiring Action:

None.

Works in Progress:

None.

Improvement Opportunities:

None.

Successful Practices:

None.

Team Observations on the Responsible Care Ethic and Principles for Sustainability

The verification team carefully observed Stepan's decision making processes and actions and compared and contrasted the attributes of those with the attributes of a company guided by the Responsible Care Ethic and

Principles For Sustainability as discussed in the Responsible Care Commitments (Appendix E).

The verification team is of the opinion that the Responsible Care Ethic and Principles for Sustainability are guiding company decisions and actions, and that the company aligns very well with all eight Principles for Sustainability and Stepan is encouraged to continue making progress in all areas.

WORK FOR THE IMPROVEMENT OF PEOPLE'S LIVES AND THE ENVIRONMENT, WHILE STRIVING TO DO NO HARM:

- Stepan's Bio-renewable Carbon Index provides customers with data on the % bio-renewable carbon content of their surfactants – which provides greater transparency and information for customers to make greener choices.
- The majority of Stepan's Product Portfolio is considered Sustainably Advantaged.
- Recent significant investment in further improvements in the waste water treatment facility.
- Continued investment in people including recent Hazmat Specialist A training, Confined space entry, rescue & awareness, CN Rail training.
- Replacing Formaldehyde with alternative preservative systems.

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:

- Alarm management changes resulting in both reduction in site noise levels and improvements in internal control processes.
- Discussions and presentations to Fire Services, Minerva -Laurentian Learning Forum, Rotary Club, etc.

TAKE PREVENTATIVE ACTION TO PROTECT HEALTH AND THE ENVIRONMENT:

- Completed installation of a new EO scrubber system with 99.96% removal efficiency.
- Made significant upgrades to EO Storage Tank facility: insulation, vent changes, fireproofing, level upgrades.
- Added additional sensors for personnel protection & upgraded to latest technology and digital displays.
- Improved Mechanical Integrity program including increased tank inspections.
- Continue upgrading mechanical seal bad actors (i.e. upgrade pumps to double mechanical seal systems)

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

- Completed Maintenance Reliability Assessment for waste water treatment plant and implementing recommendations.
- Fiber Drums were not able to be reused and went straight to land fill. Stepan changed to open head plastic drums which are fully recyclable. This resulted in a 100% reduction in fiber drum waste.

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

- Stepan utilizes a Responsible Care Guidance Document for the Stepan Canada Sales Team to have talking points with Customers and Distributors to discuss implementation of Responsible Care commitments.
- Improved site security by upgrading truck gate sensor system, which also reduced property damage incidents.

UNDERSTAND AND MEET EXPECTATIONS FOR SOCIAL RESPONSIBILITY:

- Developed a Social Responsibility governing procedure which defines a specific site strategy and ensures efforts are focused in the right areas.
- Stepan's 'Giving Back to Our Community' initiatives continue such as investment in valuable programs such as providing First Aid training in local schools.

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:

- Stepan worked with Member of Parliament to have the site location added to flight supplement to deter air traffic over plant.
- Strengthened process safety management program by applying Canadian PSM guidelines in addition to the existing US OSHA PSM program.

PROMOTE RESPONSIBLE CARE® AND INSPIRE OTHERS TO COMMIT TO THESE PRINCIPLES:

The company formally developed instructions for promoting Responsible Care at the site and with customers and suppliers.

VERIFICATION TEAM CONCLUSION

Stepan exemplifies the best in commitment to the long term management of Responsible Care. The use of the Codes of Practice as the basis of their implementation, supported by Corporate standards and guidelines, has resulted in a successful integration of their Canadian commitments with their parent company's overall Responsible Care initiative. This management system conforms to both their commitment to the CIAC and to Stepan's corporate requirements. The support demonstrated by Corporate for local customization is exemplary and is a large part of the overall success viewed by the team.

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 REPORT

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

Stepan Canada thanks the re-verification team for their time and dedication in reviewing our management systems and our commitment to the Responsible Care Ethic. Once again we benefited from the knowledge and experience of the verifiers and found the process to be a valuable learning experience.

Stepan Canada has reviewed the Improvement Opportunities provided and will be working to enhance our management system in these areas. We appreciate the positive comments that the team shared and we have provided that feedback to our employees.

Stepan Canada will communicate the results of the re-verification with its CIAC peers at the next meeting and will discuss the results with our stakeholders, including those representing communities near our operating site.

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

Martina Hudoba
Plant Manager
Stepan Canada Inc.
March 29, 2015

INTERVIEW LISTS

A: Company Personnel Contacted During Verification Process

NAME	POSITION	LOCATION
Martina Hudoba	Plant Manager	Longford Mills
Pat Hartman	Director, Global Regulatory Affairs	Northfield, Illinois
Amanda Landers	Corporate Safety Leader	Northfield, Illinois
Andrea Lagace	Production Superintendent	Longford Mills
Laura Cicinelli	H&S Manager	Longford Mills
Chris Heavener	Purchasing / Scheduler / Logistics	Longford Mills
Chris Oliver	EHS Assistant	Longford Mills
Kim Wright	Technical Services Chemist	Longford Mills
Suzie Moss	Senior Sales Representative	Burlington
Tammy McCulloch	Senior Kettle Operator	Longford Mills
Travis Davidson	Joint Health & Safety Committee	Longford Mills
Norm Hoover	Warehouse Operator	Longford Mills
Steve Moore	Lead Hand	Longford Mills

B: External Stakeholders Contacted During Verification Process

NAME	POSITION	LOCATION
Arnold Ingersoll	CAP –local resident, member RAMA First Nation	Rama/Ramara
Tony Stong	CAP – Deputy Fire Chief, Ramara Township	Rama/Ramara
John O'Donnell	CAP – Deputy Mayor, Ramara Township	Rama/Ramara
Mike French	CAP – Fire Chief, RAMA First Nation	Rama/Ramara
Jeremy Parkin	CAP – Deputy Fire Chief, RAMA First Nation	Rama/Ramara
Erik Miitel	CAP – local resident, Lake St. John	Rama/Ramara

C: Additional CAP Members

NAME	POSITION	LOCATION
Drew Douglas	Health & Safety Manager, RAMA First Nation	Rama/Ramara
Jim Pomeroy	General Manager at YMCA Geneva Park	Rama/Ramara
Carrie Hassberger	EMS Chief, RAMA First Nation	Rama/Ramara



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