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RESPONSIBLE CARE[®]

VERIFICATION REPORT

GATX Rail Canada Corporation

April 16-18, 2012

Final Report

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, as a transportation partner of the association, 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 transportation partner 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 transportation partners are expected to share the results of this guidance document with interested parties, the association, its member and partner 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 GATX Rail Canada Corporation (GATX Rail). The verification began with a planning meeting at GATX Corporate Headquarters in Chicago, Illinois on February 1st, 2012 followed by team visits to their Montreal East, Quebec and Sarnia, Ontario locations on April 16th, 17th and 18th. The verification team also conducted interviews with other company personnel and external stakeholders. This was the third Responsible Care verification completed for GATX Rail Canada Corporation. The last verification was completed on February 26, 2009.

While considering all aspects of the Responsible Care Commitments during this verification the team placed an emphasis on conducting a more in-depth examination of the company's waste management/ minimization improvement initiatives.

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 Finding Requiring Action identified during the verification noted below and discussed in detail in the report. The verification is complete and no further involvement is required by the verification team.

Signed: 
Alec Robertson
Verification Team Leader

Date: June 14, 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

1. **Complete a management of change review for the vacuuming unit project in Montreal. Determine why it was concluded that such a review was not required, and implement corrective actions necessary to prevent recurrences. Review the definition of what constitutes a change with respect to “replacement in kind” in QP-011 – it should meet the “like for like” criterion.**

Works in Progress

1. Expedite evaluation of the behavior based “SAFESTART” pilot program in progress at the time of this Re-verification.
2. Implement the “Five Why” incident root cause analysis process as currently planned.
3. Complete, as currently planned, the training of identified trainers on EH&S training program delivery.
4. To facilitate ongoing management of the overall training program, fully implement the new training tracking program currently in progress.
5. GATX are encouraged to pursue their currently planned initiative to, through training of identified Service Centre personnel, increase the organization’s overall internal Responsible Care auditing capabilities.

Improvement Opportunities

1. **With an ageing workforce and receptivity to improvements in safety practices by workers at both visited sites, explore a fitness for work program that best protects employees from physical injuries, particularly back injuries. Get professional advice on the best approach(es) -e.g. strength versus flexibility; assessment of where employees are at with respect to fitness for work.**
2. **Utilize information from the “SAFESTART” and/or other behavior based safety programs as leading indicators to proactively identify occupational health & safety performance improvement opportunities.**
3. **Revise the buffer zone policy for service centers to include the expectation of ongoing dialogue with local officials to enable proactive response to potential encroachment of non-industrial developments at an early stage when interventions have a higher probability for success.**
4. **Include a requirement in the change management system to address changes to personnel who have key roles in ensuring the continuity and implementation of Responsible Care related activities to help ensure that knowledge, expectations and responsibilities are effectively transferred.**
5. **Upgrade the process to assess and monitor the performance of carriers delivering hazardous materials to and from all facilities (e.g., paints and solvents, and wastes transported by contracted waste management service providers) to include all relevant expectations in CIAC’s motor carrier assessment protocol.**
6. **Reinforce the current emergency management and TransCAER involvement processes by -**
 - Developing and Implementing a process, at all service center locations, for maintaining an awareness of potentially imported risks from industrial neighbours and ensuring that all on-site employees and contractors are aware of the potential impact of external risks and actions to take for their protection.
 - Formalizing the minimum expectations for the frequencies of site emergency response plans and exercises for each potential response scenario (e.g. fire, rescue, medical, hazmat security, vapour cloud, man down) and that these exercises include consideration (in the exercises and/ or the debriefing process) of their occurring under various weather conditions (e.g. cold winter night, extreme heat) and times of day/week. It is also suggested that expectations include joint exercises with community responders for response scenarios where they could potentially be involved.
 - For service centers other than Montreal, determining and meeting CIAC’s expectations for GATX’s involvement in their Regional TransCAER committee and its activities.
7. **It is recommended that GATX, for Canadian regions outside Quebec from which they generate hazardous wastes, participate with other CIAC member and partner companies in joint sponsorships of hazardous waste site assessments.**

8. That the CIAC Executive Contact, during site visits, takes advantage of these opportunities to promote Responsible Care and how the Responsible Care ethic and code expectations to which GATX subscribes extend beyond typical health, safety, security and the environment program areas .
9. Make appropriate sections of the Responsible Care Annual Report (i.e. sections which do not reveal information to competitors which GATX does not want to reveal) available on the GATX website, and for distribution.
10. With several procedures having been found to be well past their review/update due dates as defined in GATX policy 3.14, update frequencies need be revised and /or corrective actions defined and Implemented to ensure that these reviews are completed at prescribed intervals.
11. Ensure that quality audit items are signed off when completed so they are no longer remain as outstanding items on the OIR database (e.g. OIR 2010-0313 and several others)
12. Implement a process to identify emerging social, economic and environmental issues beyond site communities that could impact on GATX or its communities
13. Include some information about how GATX addresses social responsibility in the annual RC report.

Successful Practices

1. GATX's clearly defined and effective Plan, Do, Check and Act Responsible Care management system which is supported by the corporate level Director, Environment, Health & Safety having overall Responsible Care Coordinating responsibilities, being strongly linked to the company management structure, and to managers and Responsible Care Coordinators at Service Centre sites.
2. GATX Rail's effective safety management system as evidenced by good and improving performance in various measurement areas including:
 - The number of lost workday injuries having been reduced to a total of 5 over the past three years , including none in 2011, versus a total of twelve for the previous three year period.
 - There have also not been any reportable environmental releases or security incidents and over 4800 confined space entries performed safely since the 2008 verification.
3. The comprehensive equipment management database systems in place to increase system efficiency and reduce the likelihood of safety incidents. Specifics include the Service Event (SEM) and Maintenance Management (MMS) systems, the Fleet Engineering notice database and the Mechanical Records database.
4. The establishment of a GATX Rail Conservation Committee to promote conservation throughout GATX by identifying, implementing and monitoring targeted initiatives to reduce the use of energy and other resources, waste generation and environmental emissions.
5. The comprehensiveness of the Disaster Recovery Plan to address business interruption.
6. The company's support programs for safe tank car use. Noteworthy items include:
 - GATX Rail's "Tank Trainer" program for customers and emergency responders which features an actual modified tank car equipped with a variety of loading and unloading valves and devices being used to educate trainees on tank car loading, transport, unloading, repair, maintenance and emergency response procedures.
 - A comprehensive training manual and support information on GATX tank cars is provided to customers for ongoing reference.
 - The 3 "Do's" and "Don'ts" loading poster for LPG's and ammonia.
7. The annual Responsible Care report.

1. INTRODUCTION

1.1 About Responsible Care Verification

As a transportation partner of the Chemistry Industry Association of Canada (CIAC), the most senior executive responsible for GATX Rail's operations in Canada attests annually to CIAC and its peers that the company's operations conform to the expectations contained in the Responsible Care Model for Transportation Partners and are guided by *Responsible Care Ethic and Principles for Sustainability*. Verification is designed to confirm, for the company's peers in CIAC and the public, the existence of a companywide ethic and management systems which ensure that the principles and specific requirements of the Responsible Care Model are not only in place but are also practised and continuously improved within the organization.

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, GATX Rail 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 Model, 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:

- One or two 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). GATX Rail Canada Corporation 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 GATX Corporation Rail Canada Inc.

GATX Corporation Rail Canada Inc., headquartered in Montreal, is a division of Chicago, Illinois headquartered GATX Corporation, a specialized finance and leasing company providing railcars and related services to customers worldwide. Full service leasing of railcars is the most significant product provided by GATX Corporation Rail. In addition to being the largest lessor of tank cars worldwide, GATX Corporation Rail leases railcars serving the coal, minerals, lumber, intermodal, steel, plastics and agricultural markets. Leased rail tank cars are used for the shipment of liquefied gases such as propane and liquids including chemicals, petroleum products, food and vegetable oils; hopper cars for the shipment of potash, plastic pellets, sodium chlorate, and other bulk commodities; articulated spine cars for container service; and bulkhead flat cars for lumber. To repair and maintain its fleet, the company operates Service Centers in Montreal, Quebec; Sarnia, Ontario; Moose Jaw, Saskatchewan; and Red Deer, Alberta. There are also three Mobile Repair Units for performing minor repairs, located in Quebec City, Quebec; Clarkson, Ontario; and Edmonton, Alberta. The range of railcar services provided includes cleaning, regulatory testing and qualifying, repairing, lining and painting. GATX Rail has approximately 185 employees in Canada, 50 of which are based in Montreal and 30 in Sarnia. For additional information visit the GATX website at: <http://gatx.com>.

1.3 About This Verification

The verification of GATX Rail was conducted on April 16th, 17th and 18th, 2012 and included team visits to their Montreal East, Quebec and Sarnia, Ontario facilities. The verification team also conducted interviews with other company personnel during our verification planning meeting visit to GATX Rail’s Chicago Corporate Headquarters on February 1st, 2012. During the course of the verification, the team had the opportunity to interact with a wide range of company personnel. Attachment 2 contains a list of those individuals interviewed and their affiliations.

This was the third verification exercise completed for GATX Rail. The last verification was completed on February 26, 2009.

The verification team was comprised of the following individuals.

Name	Affiliation	Representing
Alec Robertson	CIAC -Industry Consultant	<i>Team Leader</i>
David Powell	University of Toronto	<i>Public-At-Large Verifier</i>
Jean –Pierre Couture	Railway Association of Canada (RAC)	<i>Montreal East Community</i>
Paul Phillips	Professor, Lambton College School of Fire Sciences & Public Safety	<i>Sarnia Community Representative</i>

2. GENERAL FINDINGS OF THE TEAM

The verification was designed to confirm, for the company's peers in CIAC and the public, the existence of a companywide ethic and management systems which ensure that the principles and specific requirements of the Responsible Care Model for Transportation Partners are not only in place but are also practised and continuously improved within the organization. While considering all aspects of the Responsible Care Model, during this verification, the team placed an emphasis on conducting a more in-depth examination of the company's waste management and minimization improvement initiatives.

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 Model for Transportation Partners. 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 Model for Transportation Partners, 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 Model for Transportation Partners are as follows:

2.1 Follow up of Findings in Last Verification Report

The team reviewed how the company addressed the findings requiring action and opportunities for improvement cited by the previous verification team in their report to the company.

A summary of the findings from the previous report was distributed to senior management and reviewed by service centre management and employees. Action plans to address the findings were developed and implemented by the company's corporate environment, health and safety staff, in conjunction with facility Responsible Care Co-ordinators. Action plan items were entered into GATX's PeopleSoft EH&S compliance tracking system following its implementation in early 2011. Action item completion due date reminders were subsequently issued at defined intervals to those responsible until assigned items were completed. The team is of the opinion that the company is meeting the relevant Responsible Care expectations in this regard.

2.2 Response to Incidents and Concerns since the last Verification

Since the way in which unplanned situations are handled shows the influence of the Responsible Care ethic and responsiveness of the management system, the team looked at the issues, incidents and concerns that have arisen since the last verification and how the company has handled them. Some of these may be covered under individual topics below, as noted.

It is the policy of GATX Rail that all incidents are thoroughly investigated to determine root cause in accordance with the company's corporate incident investigation procedure, corrective actions to prevent recurrences are identified and implemented and that incidents are documented per regulatory requirements. This program identifies injury classifications including work related injuries, illness or near misses, property damage, environmental releases, or security breaches/threats. Procedures used for treating injured employees, notifying management, investigating and reporting, identifying and implementing corrective follow-up and communications to management and employees are also defined. Incident reports are shared between sites with the corporate EHS Department ensuring that transferrable learning experiences, system improvements etc. are applied across the organization. Incidents and the learnings from them are also discussed during the monthly teleconferences held between various organizational groups and management.

Facility Environment, Health and Safety (EHS) Managers and/or Responsible Care Coordinators (RCC) are responsible for staying current with applicable Provincial and local regulations and codes, and incorporating this knowledge into the facility program. These managers are responsible for managing and administering program implementation at the facility and for providing input into the development and maintenance of the overall program. The corporate EHS Department oversees the program, reviewing each Incident Investigation Report for completeness, accuracy and the appropriateness of corrective actions, collecting incident data, summarizing, analyzing and reporting data and trends. They also identify and oversee the implementation of continuous improvement initiatives.

Since the November, 2008 verification there have been five occurrences of injury where employees required time away from work to recover versus a total of twelve for the previous three year period. No lost workday cases occurred in Canadian operations during 2011. Recordable incident rates for Canadian operations have also continued to trend downwards since the 2008 re-verification. There have been no reportable environmental releases or security incidents for Canadian operations since the 2008 Re-verification.

An incident prevention program named "**SAFESTART**" is currently being trialed at a US Service Centre location to assess its potential to facilitate ongoing continuous improvement in injury rates.

The team is of the opinion that code expectations in this area are being appropriately addressed.

Works in Progress

- Expedite evaluation of the behavior based "**SAFESTART**" pilot program in progress at the time of this Re-verification.
- Implement the "**Five Why**" incident root cause analysis process as currently planned.

Improvement Opportunity

- **With an ageing workforce and a receptivity to improvements in safety practices by workers at both visited sites, explore a fitness for work program that best protects employees from physical injuries, particularly back injuries. Get professional advice on the best approach(es) -e.g. strength versus flexibility; assessment of where employees are at with respect to fitness for work.**

2.3 Performance Measures

The 'check' step of a management system is the part that shows the effectiveness of the system, and a key question is: "What does the company check as its indicator of performance?" For a few items – injuries, train accidents, fuel efficiency, non-accident releases and TransCAER events – CIAC specifies measures for reporting under Responsible Care. Most other areas are left to the discretion of each transportation partner. The team was asked to review and comment on the measures used by the company to track and improve performance. Some of these are covered under specific sections below, but general comments are given here.

The primary performance metrics that GATX tracks to measure progress towards Responsible Care goals and objectives, are included in the categories of health and safety; environment; stakeholder communications; and security. Lagging indicator information gathered from root cause analyses of incident reports is classified into a wide variety of categories which are sorted to identify common causes where improvement opportunities exist. Similarly, railcar defects identified during equipment servicing and inspections are recorded and analyzed to identify areas for improvement.

With the railcar maintenance industry being relatively small, external comparison data is not readily available, resulting in internal benchmarking vs. historical results being the primary means for measuring performance. An ongoing improving performance trend vs. several metrics was observed during the Re-verification.

Performance metrics for GATX Transportation Tank Maintenance Facilities include:

- Number of injuries per 200,000 hours worked (i.e., lost time, medical aid, and restricted work);
- Number of equipment or process incidents (e.g., fire, loss of containment, etc.);
- Number of hazardous material spills;
- Volume of hazardous material effluents to water sources;
- Volume of hydrocarbon emissions to air;
- Volume of hazardous materials to air;
- Quantity of hazardous waste generated;
- Number of fines or penalties;
- Number of TransCAER and Public Events.

The team is of the opinion that Management systems are in place within GATX to comply with code expectations in this area.

Improvement Opportunity

- **Utilize information from the "SAFESTART" and/or other behavior based safety programs as leading indicators to proactively identify occupational health & safety performance improvement opportunities.**

3. TEAM OBSERVATIONS CONCERNING SPECIFIC MANAGEMENT SYSTEMS

3.1 Operations Safety

The team looked at how the hazards and risks from potential episodic ('sudden') incidents are identified and controlled throughout the company's operations, including awareness and understanding of the methods used for assessment and the techniques for hazard control, and how these are applied and kept current.

Graham Cooper, the CIAC Executive contact is also responsible for all GATX Rail North American Service Centers. Railcar maintenance and inspections are primarily for the GATX fleet but they do some work for others. All but Sarnia are full-service facilities. The railcar testing, inspection and maintenance protocols are regulated by AAR (Association of American Railroads) with their requirements also being accepted in Canada. In addition to tank inspections per HM183 regulatory requirements, service work includes the cleaning of residuals and flaring of residual gases, repair of dents or punctures, tank painting and lining (anti-corrosion or food grade). With this work involving frequent tank entries, rigorous confined space entry procedures, personal protective equipment and work management processes are in place.

Scheduling of maintenance for the leased railcar fleet is a sophisticated process involving actual scheduling and determination of what needs to be done. A Service Event Management system (SEM) is used to manage railcars coming to service centers. Data regarding what the service the car was in, residue it could contain, work to be done etc. is used to ensure that the car is routed to a facility capable of performing all work and handling potential residues. A Maintenance Management System then tracks each car through the shop and what was done, including labour, materials used etc. for costing and ensuring that everything is completed as required with a final inspection to verifying completion of all aspects at the end.

Comprehensive assessments of the environmental, health and safety risks are performed at all GATX Rail railcar maintenance and repair operations at least every 3 years. The most recent assessments were carried out in 2011 by GATX Rail EHS&S staff, assisted by location EHS&S managers. This included reviewing operations, programs, procedures and incident data to identify all potential hazardous activities, deviations and existing safeguards. Consequences based on incident data since 2005 were summarized and reviewed. Worst case consequences were also determined for various operations and scenarios and areas, improvement identified and follow up action plans are being tracked through completion in the Opportunity Improvement Report (OIR) database.

Other formal and informal methods of continually identifying hazards by facility operating employees, supervisors, EHS&S staff and other managers include:

- During ongoing operations;
- Regular gang box meetings;
- Regular facility Safety Committee meetings;
- Specific and general EHS&S inspections;
- Discussions during regular and special employee safety meetings; and
- Incident and near miss investigations.

Many facility hazards are investigated and corrected locally. Significant hazards that may have applicability to other facilities are discussed during the regular monthly EHS&S staff teleconference. Others are presented to Corporate EHS&S staff for resolution. There is also a comprehensive matrix that identifies which commodities can safely be accepted at each service centre for railcar cleaning. Each cleaning operation has a defined process which must be followed. Corporate EHS&S staff also conducts routine audits with recommendations for improvement.

Formal worker job training programs are in place with implementation of initial and refresher training tracked on a database management system.

A corporate Management of Change procedure QP -011 is in place to identify and mitigate risks resulting from other than “like for like” facility changes. However, the team found that a formal Management of Change was not carried out for the new vacuuming unit project in Montreal. It was also found that the Management of Change procedure does not address changes in management to ensure that health, safety and environmental knowledge and responsibilities are effectively transferred.

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

Finding Requiring Action

- **Complete a management of change review for the vacuuming unit project in Montreal. Determine why it was concluded that such a review was not required, and implement corrective actions necessary to prevent recurrences. Review the definition of what constitutes a change with respect to “replacement in kind” in QP-011 – it should meet the “like for like” criterion.**

Works in Progress

- **Complete, as currently planned, the training of identified trainers on EH&S training program delivery.**
- **Complete, as currently planned, the training of all supervisors and managers on the revised Incident Reporting and investigating procedure.**

Successful Practices

i) GATX Rail’s effective safety management system as evidenced by good and improving performance in various measurement areas including:

- The number of lost workday injuries having been reduced to a total of 5 over the past three years , including none in 2011, versus a total of twelve for the previous three year period.
- There have also not been any reportable environmental releases or security incidents and over 4800 confined space entries performed safely since the 2008 verification.

Noteworthy continuous improvement items include-

- *The installation of automated grit units for interior blast operations at the Red Deer and Montreal Service Centers which enable grit removal from the inside of railcars by automated means, reducing the potential for back injuries as this grit will no longer have to be shoveled out by hand.*
 - *Detailed ergonomic assessments of work tasks to reduce injuries which have resulted in improvements such as stands which enable workers to stand while working on valves.*
- #### **ii) The comprehensive equipment management database systems in place to increase system efficiency and reduce the likelihood of safety incidents. Specifics include the Service Event (SEM) and Maintenance Management (MMS) systems, the Fleet Engineering notice database and the Mechanical Records database.**

Improvement Opportunities

- **Revise the buffer zone policy for service centers to include the expectation of ongoing dialogue with local officials to enable proactive response to potential encroachment of non-industrial developments at an early stage when interventions have a higher probability for success.**
- **Include a requirement in the change management system to address changes to personnel who have key roles in ensuring the continuity and implementation of Responsible Care related activities to help ensure that knowledge, expectations and responsibilities are effectively transferred.**

3.2 Supply Partner Assessments

The team looked at how customers, suppliers, carriers, contractors, etc. are assessed, selected and measured for their performance with respect to meeting the Responsible Care expectations of the company.

Rail Cars purchased by GATX are built to AAR specifications. GATX's Rail's engineering group are actively involved with this group in the specification development and review processes. Railcar tanks, valves, wheels etc. can only be purchased from AAR approved manufacturers who are subject to AAR's approval inspection process.

A comprehensive supplier audit process is in place as follows:

- Materials supplier audits, administered by GATX Rail's Manager of Materials / Director of Quality Assurance is in place to evaluate their ability to provide materials to agreed-upon standards of quality and workmanship.
- Subcontractors audits are performed to evaluate the provider's ability to provide services to agreed-upon standards of quality and workmanship.
- The Director of Environmental Affairs performs EH&S audits on primary Contract Maintenance Providers prior to approval, and then at least every 3 years.

The above audits include verifying the qualifications of the supplier's employees with GATX providing the supplier / subcontractor with a written account of audit results.

The Montreal site's hazardous material carrier assessment process was locally developed with the scope limited to driver performance.

The team is of the opinion that code expectations in this area are being appropriately addressed.

Improvement Opportunity

- **Upgrade the process to assess and monitor the performance of carriers delivering hazardous materials to and from all facilities (e.g., paints and solvents, and wastes transported by contracted waste management service providers) to include all relevant expectations in CIAC's motor carrier assessment protocol.**

3.3 Environmental Protection & Resource Conservation

The team looked at the company's history, projections and plans for reducing emissions, both through reductions in direct emissions from facilities and equipment and through energy efficiency/intensity improvements.

Annual emission, waste reduction and energy reduction plans are developed for each site. These plans define improvement projects and other facility improvement initiatives for the year. Corporately, GATX Rail has an ongoing initiative to work with their coating suppliers to develop and implement longer life and more environmentally friendly coating materials. As a result, through coating improvements and other initiatives such as reduced thinner usage both VOC and HAP atmospheric emissions have been reduced by an average greater than 25% in the three Canadian Service Centers where railcar coatings are applied (Red Deer, Moose Jaw and Montreal) over the past 5 years .

Significant energy usage reductions have also been made through the installation of high efficiency shop lighting, replacement of furnaces, boilers and compressors with new, high efficiency, units etc. Waste reduction initiatives recently completed or currently being developed or implemented include waste water separation system improvements in Montreal to reduce water usage and the volumes of waste sludge to be disposed of, improved surface cleaning processes for surfaces to be recoated, recycling of wastes for reuse etc.

Corporate EHS&S staff perform and maintain a "Hazard and Operability Study of General Facility Environmental Risks" for each site. Risks for identified hazards were calculated based on frequency and severity and prioritized

into categories for corrective action. Corrective actions for elevated risk categories were identified and implemented. The Director of EH&S and the Responsible Care Manager perform EH&S audits on waste hauler contractors prior to approval, and then at least every 3 years. Environmental audits of preferred scrap yards as required.

In Quebec, GATX and other regional CIAC member and partner companies jointly sponsor the assessment of the hazardous waste sites by a qualified third party service provider using a CIAC recognized protocol. GATX uses a less formal assessment process for reviewing hazardous waste sites used by their Canadian operations outside Quebec. As a benchmarking example, in western Canada, other CIAC member companies generally access hazardous waste site assessments performed by a group named the Western Canada Roundtable. The team is of the opinion that CIAC expectations in this area are being met with one *Improvement Opportunity* as noted below.

Successful Practice

- **The establishment of a GATX Rail Conservation Committee to promote conservation throughout GATX by identifying, implementing and monitoring targeted initiatives to reduce the use of energy and other resources, waste generation and environmental emissions.**

Improvement Opportunity

- **It is recommended that GATX, for Canadian regions outside Quebec from which they generate hazardous wastes, participate with other CIAC member and partner companies in joint sponsorships of hazardous waste site assessments.**

3.4 Security

The team looked at how the company assesses and manages potential security threats to personnel, facilities, equipment, etc. throughout its entire transportation system (e.g., yards, terminals, routes, storage locations, etc.) including exposure to diversion of materials for illicit activities such as use as or in production of chemical weapons, explosives or narcotics.

The GATX security program is defined in their Security Policy Manual. Formal Site Vulnerability Analyses (SVAs) have been performed to identify potential security hazards related to the storage of hazardous chemicals on GATX Rail facilities. Facility "Security Plans" and other controls have been implemented for all high security risks. Routine facility security inspections are performed by site staff at prescribed intervals. A security vulnerability re-assessment of the Montreal site vs the American Chemistry Council (ACC) requirements was completed in March, 2012 with the site being classified as a lower risk SVA modified Tier 4 facility.

The GATX Corporation Information Technology (IT) Department is responsible for identifying, analyzing, assessing and controlling security of information systems. Preventive measures included intrusion detection and access controls. Both administrative and technical security controls have been implemented across all levels of the enterprise in order to safeguard GATX information assets. A comprehensive Disaster Recovery Plan is in place to address business interruptions.

The team is of the opinion that code expectations in this area are being appropriately addressed.

Successful Practice

- **The comprehensiveness of the Disaster Recovery Plan to address business interruption.**

3.5 Emergency Management & Response/ TransCAER Outreach

The team looked at the company's management system for ensuring appropriate preparedness and response to emergencies throughout the entire transportation system (e.g., yards, terminals, routes, storage locations, etc.), including involvement with local emergency services and other mutual aid processes. How the company is fulfilling its commitments for ensuring that the potentially affected public understands and is prepared for the risks presented by adjacent operations, including outreach and two way dialogue initiatives, was also reviewed.

The company's emergency management and response program and plans defined in the "GATX Corporation Rail Incident Management Procedure". Assessments of potential emergency conditions and scenarios that could occur at North American sites were performed and serve as the basis for specific response plans.

All rail service centers have site-specific written "Emergency Response and Contingency Plans" that address all applicable regulations and credible emergency conditions. These local plans provide facility information, guidance on response actions, emergency equipment, and notification requirements. There is a requirement that each facility to hold a minimum of four emergency drills per year, one of which must be a site evacuation. The Montreal site plans and status were reviewed during our visit to that location.

Service centers also have emergency response teams capable of responding to all emergency situations that may arise as well as hazardous response teams capable of responding to releases of hazardous materials on-site. Team membership and training requirements are outlined in the "Emergency Response and First Aid Program". GATX locations are also required to maintain working and communication relationships with third party fire departments, emergency responders, emergency medical providers and community organizations. Where they exist, GATX Corporation Rail facilities also participate in local emergency response (e.g., mutual assistance) organizations and activities.

Should a commodity being shipped in a company railcar be spilled or released, the incident will normally be addressed by professionally trained emergency response teams retained by the customer. However, company personnel are available to provide railcar technical information to assist with the response. The company holds several tank trainer programs each year for customers and emergency responders. This program features an actual modified tank car equipped with a variety of loading and unloading valves and devices, to educate trainees on tank car loading, transport, unloading, repair, maintenance and emergency response procedures. The Montreal site is actively involved with CIAC's Quebec Regional TransCAER Committee and their activities while the Sarnia is minimally involved with their regional group.

The worst credible case scenario at the Montreal site can impact only a couple of fence line neighbours and they have been informed of the risk and response procedures. In Sarnia, they cannot impact any neighbour except the local fire school with whom they have ongoing dialogue. While the Sarnia site has linkages with the local Community/Industry mutual aid association CVECO (Chemical Valley Emergency Control Organization) they were unaware as to whether or not they were potentially impacted by an incident at their nearest industrial neighbour. Similarly, the Montreal site did not have a process in place to maintain an awareness of risks potentially imported to their site from their industrial neighbours.

The team is of the opinion that code expectations in this area are being appropriately addressed with an *Improvement Opportunity* as noted below.

Successful Practice

The company's support programs for safe tank car use. Examples Noteworthy items include:

- GATX Rail's "Tank Trainer" program for customers and emergency responders which features an actual modified tank car equipped with a variety of loading and unloading valves and devices being used to educate trainees on tank car loading, transport, unloading, repair, maintenance and emergency response procedures.

- A comprehensive training manual and support information on GATX tank cars is provided to customers for ongoing reference.
- The 3 “Do’s” and “Don’ts” loading poster for LPG’s and ammonia.

Improvement Opportunity

Reinforce the current emergency management and TransCAER involvement processes by -

- Developing and Implementing a process, at all service center locations, for maintaining an awareness of potentially imported risks from industrial neighbours and ensuring that all on-site employees and contractors are aware of the potential impact of external risks and actions to take for their protection.
- Formalizing the minimum expectations for the frequencies of site emergency response plans and exercises for each potential response scenario (e.g. fire, rescue, medical, hazmat security, vapour cloud, man down) and that these exercises include consideration (in the exercises and/ or the debriefing process) of their occurring under various weather conditions (e.g. cold winter night, extreme heat) and times of day/week. It is also suggested that expectations include joint exercises with community responders for response scenarios where they could potentially be involved.
- For service centers other than Montreal, determining and meeting CIAC’s expectations for GATX’s involvement in their Regional TransCAER committee and its activities.

3.6 Promotion of Responsible Care by Name

Throughout the interview process the team checked for evidence that the Responsible Care ethic was visible and at work in the company, guiding the company’s judgment, decisions and actions.

The Executive VP & Chief Operating Officer of GATX Corporation, Jim Earl, is engaged in Responsible Care at a high level, and supportive of it as something intrinsic to the company and of value to GATX, not just a program or add-on to other management systems. The CIAC Executive Contact, Graham Cooper, considers Responsible Care as being consistent with the company’s overall continual performance improvement initiatives and participates in CIAC’s Responsible Care Leadership Group meetings. He subsequently confers with Jay Grove, GATX’s Rail’s Corporate Director of Environment, Health & Safety on the meeting proceedings.

There are weekly reviews of all key performance indicators and the Executive Contact regularly visits each of the company’s railcar service centers. While these visits include environment, health, safety and security discussions with local operations personnel, they are not taken advantage of to proactively promote the corporate Responsible Care ethic that drives these programs.

A Responsible Care orientation package has been prepared for all employees. This is delivered to all new employees and repeated annually for existing employees. Employees interviewed during the Re-verification were generally aware of Responsible Care, in particular how it related to the work they were doing.

At the end of each year a Responsible Care Report is produced which includes a summary of performance data for safety; environment; security; stakeholder communications; and quality assurance, as well as an analysis of annual and historical safety trends.

By clicking on the Responsible Care logo on the GATX Rail subset of the GATX corporate website, access is provided to Responsible Care information and to the CIAC website where current information on Responsible Care in Canada is available.

The team is of the opinion that the Responsible Care ethic underpins the company’s actions and decision making processes.

Successful Practice

- The annual Responsible Care report.

Improvement Opportunity

- That the CIAC Executive Contact, during site visits, takes advantage of these opportunities to promote Responsible Care and how the Responsible Care ethic and code expectations to which GATX subscribes extend beyond typical health, safety, security and the environment program areas .
- Make appropriate sections of the Responsible Care Annual Report (i.e. sections which do not reveal information to competitors which GATX does not want to reveal) available on the GATX website, and for distribution.

4. 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 GATX Rail's management system and compared and contrasted the attributes of that system 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 are as follows:

4.1 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 GATX Rail's management system, the verification team observed the following: The entire GATX Rail Plan, Do Check and Act management system is very comprehensive and embraces all aspects of their ongoing operations. The Corporate management system is detailed in the GATX Rail Environmental, Health, Safety, Security and Responsible Care Policy Manual which is supported by the Corporate Environmental Policy Manual and documented Corporate Health and Safety Programs, Policies and Procedures. CIAC's specific Transportation Partner code elements have been cross referenced to the GATX management system.

The annual planning process involves two way communications between all organizational levels from the Executive VP & Chief Operating Officer of GATX Corporation to line management and staff personnel at company facilities. GATX Rail is an active member of the AAR Tank Car Committee, the Railcar Supply Institute, the Chlorine Institute, the Fertilizer Institute, as well as many other organizations and trade associations. Extensive linkages with these organizations, customers and other stakeholders not only enables the company to play a significant role in developing regulations and addressing issues which affect the railcar industry but also helps ensure that changing requirements are reflected in annual and longer term plans. Resources needs are identified regarding activities affecting Responsible Care, including environmental protection, employee health, safety and security and quality. Financial allocations with respect to capital equipment, materials, and overhead expenses are outlined in the annual budget, which is maintained by the Finance function.

With the railcar maintenance industry being relatively small, external comparison data is not readily available, resulting in internal benchmarking vs. historical results being used to measure performance.

The team is of the opinion that CIAC's Responsible Care management system expectations in this area are being met.

4.2 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 GATX Rail's management system, the verification team observed the following:

Once GATX Rail's corporate annual goals and objectives are developed, including those that support Responsible Care® and Environmental, Health, Safety and Security, they are cascaded throughout the company with each site and all supervisory and staff personnel having detailed annual key activities and goals aligned with those of the overall organization. Monthly teleconferences are held between various organizational groups and management to monitor ongoing performance and address issues that need attention to ensure satisfactory progress in achieving annual objectives.

The team is of the opinion that CIAC's Responsible Care management system expectations in this area are being met.

Works in Progress

- **To facilitate ongoing management of the overall training program, fully implement the new training tracking program currently in progress.**
- **GATX are encouraged to pursue their currently planned initiative to, through training of identified Service Centre personnel, increase the organization's overall internal Responsible Care auditing capabilities.**

Improvement Opportunity

- **With several procedures having been found to be well past their review/update due dates as defined in GATX policy 3.14, update frequencies need be revised and /or corrective actions defined and implemented to ensure that these reviews are completed at prescribed intervals.**

4.3 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 GATX Rail's management system, the verification team observed the following: GATX Rail's corporate management system includes a comprehensive audit process with defined protocols to verify:

- Compliance with GATX Corporation Rail's EHS&S management system including policies, procedures, programs, instructions and Responsible Care requirements.
- That resources, personnel, organization and systems are in place to maintain the program and continuously/continually improve;
- That the system is properly documented to allow verification and provide structure;
- That facility EHS&S Compliance Calendar activities including permit reviews/renewals, reporting requirements, inspections and checklists are being followed;

And to

- Identify opportunities for improvement to drive continual improvements in all applicable processes.

The program includes annual audits of the overall Corporate EHS&S program and all Service Centers, Field and Service units at customer sites.

During 2010, GATX developed a compliance tracking program for all major facilities using the People Soft™ program that assists facility management in meeting EHS&S regulatory and program requirements. The software also allows senior facility and corporate managers to check-on the compliance status of facilities on an ongoing basis.

4.4 Observations on the ACT Step

During the ACT Step in the management system, the company translates the results of the CHECK Step into corrective actions for improvement. This includes revisiting the PLAN Step to decide whether changes are needed to the company's stated goals or action plans, policies and procedures for achieving those goals.

Considerations when examining the Act Step include whether and how: audit and review findings are responded to; performance is communicated internally and externally; employee and contractor performance is rewarded and corrected, etc.

In considering the Act Step of GATX Rail's management system, the verification team observed the following:

- The OIR database is used to track all issues, including commercial (e.g. customers sending cars to shop without notice, or other non-conformances), with details about the issue, the root cause analysis, and close out review. Information from the database is analyzed to identify patterns, and to demonstrate metrics.
- The effectiveness of corrective and preventive actions is reviewed during routine facility Safety Committee meetings, monthly EHS&S Staff teleconferences, monthly Safety Council meetings, and also during facility visits by corporate EHS&S staff and other members of the Corporate Operations Group.

Successful Practice

- **GATX's clearly defined and effective Plan, Do, Check and Act Responsible Care management system which is supported by the corporate level Director, Environment, Health & Safety having overall Responsible Care Coordinating responsibilities, being strongly linked to the company management structure, and to managers and Responsible Care Coordinators at Service Centre sites.**

Improvement Opportunity

- **Ensure that quality audit items are signed off when completed so they are no longer remain as outstanding items on the OIR database (e.g. OIR 2010-0313 and several others)**

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

Each CIAC member and 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, the degree to which the principles inform the manner in which the company does its business and on how the company sees and fulfills its role in areas of social responsibility.

The verification team carefully observed GATX Rail’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. The verification team’s related observations on the company’s application of the *Responsible Care Ethic and Principles for Sustainability* are as follows:

- **Work for the improvement of people’s lives and the environment, while striving to do no harm.**
GATX Rail has a comprehensive corporate OHS&S management program, the effectiveness of which is evidenced by continuously improving results having been achieved during recent years versus various measurement metrics in place for Canadian operations. Environmental improvement initiatives documented in section 3.3 of this report are also positively impacting results in this area.
- **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.**
GATX service centers in Canada present minimal risks to their local communities with comprehensive site and transportation emergency response plans being in place as detailed in section 3.3 of this report.
- **Take preventive action to protect health and the environment.**
Through the switch over to the use of plural component paint systems and other initiatives detailed in section 3.3 of this report, considerable reductions in environmental emissions have been made in recent years. The various tasks that workers perform have also been examined and Personal Protective Hazard Assessments created for all tasks performed.
- **Innovate for safer products and processes that conserve resources and provide enhanced value.**
GATX is a member of the Association of American Railways (AAR) Tankcar Committee, and work with their business partners to continuously improve railcar designs to provide a high level of safety. They have also recently formed a Continuous Improvement Department, the objectives of which include the identification of methods to reduce energy usage in their facilities and the recycling for re-use of residual commodities removed from railcars being cleaned.
- **Understand and meet expectations for social responsibility.**
GATX’s contribution program’s goal is to provide altruistic support which improves the quality of life in the communities in which their employees live and work. With the involvement of their employees, they fund ongoing operations to a wide range of non-profit, tax-exempt organizations in the areas of culture, health, education, and social services rather than construction programs or endowments. Neither public recognition nor the fostering of better relationships with GATX’s clients, customers, or other business associates are primary Program objectives. Also, the program's contributions may not directly benefit GATX employees or their families.

In reviewing requests, GATX considers the organization's:

- Contribution to the community through its programs and services
- Geographic service area
- Administrative efficiency
- Fund raising costs as a portion of total budget
- Ability to obtain alternative funding
- Current GATX employee involvement

GATX does not usually contribute toward:

- Limited constituencies, such as fraternal, labor or athletic groups
- Sectarian activities
- Political activities or lobbying
- Advertising or promotional activities
- Capital campaigns, endowment funds or land acquisitions
- Private foundations
- Individuals

GATX Rail has also created a Corporate Conservation Committee that examines ways and methods to reduce waste and conserve energy throughout the entire organization.

- **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.**

GATX Rail works actively with appropriate stakeholders as evidenced by their membership in the AAR Tank Car Committee, the Railcar Supply Institute, the Chlorine Institute, the Fertilizer Institute, as well as their "Tank Trainer" program for customers and emergency responders as well as many other organizations and trade associations.

- **Promote awareness of Responsible Care, and inspire others to commit to the principles.**

The team is of the opinion that the Responsible Care ethic underpins the company's actions and decision making processes, that they promote the awareness of Responsible Care as detailed in section 3.6 of this report and are committed to the principles as evidenced by the various initiatives and continuously improving results documented throughout this report.

Improvement Opportunities

- **Implement a process to identify emerging social, economic and environmental issues beyond site communities that could impact on GATX or its communities**
- **Include some information about how GATX addresses social responsibility in the annual RC report.**

6. 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 Finding 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 GATX Corporation, I have reviewed this verification report. The observations and conclusions contained in the report have been discussed with the verification team.

We greatly appreciate the comments and suggestions that we received. We would also like to thank all members of the Verification Team for their insight and dedication.

GATX 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.



J. Jay Grove
Director E, H & S
GATX Corporation
June 14, 2012

INTERVIEW LISTS

A: Company Personnel Contacted During Verification Process

Name	Position	Location
James Earl	Executive VP & Chief Operating Officer, GATX Corporation	Chicago, Illinois
Nicholas Matthews	VP & Group Executive- Operations, GATX Corporation	Chicago, Illinois
Jay Grove	Director, Environment, Health & Safety, GATX Corporation Rail	Chicago, Illinois
William Pfanenstiel	Manager-Health, Safety & Railcar Cleaning, GATX Corporation Rail	Chicago, Illinois
Graham Cooper	VP North American Service Centers & Operations, Canada, GATX Rail. CIAC Executive Contact.	Montreal, Quebec
Yves Lussier	Service Center Manager.	Montreal, Quebec
Chris Godin	Responsible Care Coordinator, Maintenance Services Supervisor-Montreal	Montreal, Quebec
Dale Williams	V.P. Sales	Montreal, Quebec
Kelly Stout	Service Center Manager	Sarnia, Ontario
Brian Davidson	Responsible Care Coordinator -Sarnia	Sarnia, Ontario.
Heather Chute	Customer Service Rep.	Sarnia, Ontario.
Peter Lukaseder	Inventory Department	Sarnia, Ontario