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RESPONSIBLE CARE[®]

VERIFICATION REPORT

PROCOR LIMITED

SEPTEMBER 10 – 11, 2012

Disclaimer

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

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Chemistry Industry Association of Canada
Suite 805, 350 Sparks Street
Ottawa ON K1R 7S8
T: 613 237-6215 F: 613 237-4061
www.canadianchemistry.ca

Association canadienne de l'industrie de
350, rue Sparks, Bureau 805
Ottawa (ON) K1R 7S8
T : 613 237-6215 F : 613 237-4061
www.chimiecanadienne.ca

: Limited

Responsible Care[®]
Our commitment to sustainability.



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

EXECUTIVE SUMMARY

This report documents the observations and conclusions of the independent verification team tasked with conducting a Responsible Care Verification of Procor Limited. The verification was undertaken on September 10-11, 2012 and included team visits to Oakville, Ontario headquarters, Oakville Service centre and the Sarnia, Ontario service centre. This was the third Responsible Care verification completed for Procor Limited. The last verification was completed on October 2-3 and 5-6, 2008.

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 Supply Partners management processes.

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: C Bourdon
Claude Bourdon
Verification Team Leader

Date: December 13, 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:

Michael Milford,
Manager Responsible Care and Quality,
905-827-4111 ext. 223,
milford@procor.com

SUMMARY OF VERIFICATION TEAM OBSERVATIONS

The verification team identified three Findings Requiring Action. These Findings were identified in the 2008 verification and the current team is of the opinion that these should be revisited.

Findings Requiring Action

1. While not a chemical producer, Procor does accumulate material from railcars brought in for service during the cleaning process. This material is ultimately transported to waste disposal facilities. The team recommends that the company review the CIAC 'Motor Carrier Evaluation' guidelines and benchmark current practices against this with respect to the company's highest hazard/highest volume shipments of these and other similar materials.
2. Several Procor sites are located in vicinity to neighboring operations with significant risk profile. As well, Procor employees routinely undertake activities on customers own sites, The team recommends that Procor take steps to ensure it has a sound understanding of hazards originating from external sites that have the potential to introduce harm to Procor's own operations, or arising at customer sites and ensure that appropriate management actions are then included in Procor's own operational processes for all sites and activities.
3. Establish a process at all facilities that integrates company emergency preparedness and response plans with that of local municipal emergency services and adjacent industrial or customer on-site operations, including the execution of regular combined exercises. This issue was addressed at the Sarnia service centre and needs to be completed for the other three service centres.

Works in Progress

1. Eye injury analysis and improvements initiatives are underway and need to continue.
2. Procor has initiated a program to understand the implications of an aging workforce and what work place improvements may be necessary to reduce muscle and joint injuries.
3. Complete the non-management Joint Health and Safety committee member certification.
4. The company has taken steps to better link the company's safety and environmental activities as part of the overall Responsible Care initiative.

Successful Practices

1. Shop level employees are encouraged to be creative in finding better ergonomic solutions to doing their jobs, for example, modified chairs for work under rail cars.
2. Procor is in a rebate situation with regard to the WSIB which indicates a sound overall performance in injury management.
3. The use of vacuum de-gassing instead of water to clean pressure cars.
4. Executive Contact hands out his business card to the non-management employees he meets with to foster a true 'open door' policy in the organization.
5. The Standard and Procedure under Responsible Care for the prevention of workplace violence and harassment including a "zero tolerance" attitude from senior management.
6. Responsible Care has been established as the overarching operations standard, with Health, Safety, Environment, Security and TransCAER all falling under this 'umbrella' called the Procor Responsible Care Management System.

Improvement Opportunities

1. Complete a review of the management system in the Check/Act portion regarding the Opportunity for Improvements offered during the 2008 re-verification that these OFIs were considered. A matrix was created but a comprehensive review of the current status of actions taken or a rationale for actions not

- taken was not evident. Consider adding the process to review OFIs arising from re-verification as an additional component in the Responsible Care Standard for Continuous Improvement procedure.
2. Consider posting the verification report on the company intranet so that employees have another method to review the report.
 3. Consider developing specific reduction targets for hazardous and non-hazardous waste for the overall company. The initiative at the Edmonton, Alberta facility with the establishment of a waste reduction committee to promote conservation throughout the organization is a good example of this.
 4. Renew the process of tracking near miss tracking, analysis and reporting at the corporate level.
 5. Review work practices procedures related to trip hazards (cables and hoses) in active work areas.
 6. Review the Responsible Care standard PSP-R-10 requiring periodic site security reassessment to ensure new site security assessments and existing site periodic security reassessments are required to be done.
 7. It is recommended that Procor be more proactive in distributing their community brochure to various external stakeholders, including adjacent neighbours and to their charitable program recipients.
 8. Consider participation, where it makes sense in any of the western Canada TransCAER events.
 9. Consider adding a 'Responsible Care Corner' as a regular feature, so that Responsible Care issues are regularly showcased in their publication of The Railcar Review, which is an internal employee newsletter.
 10. Review that resources, personnel, and systems are in place to maintain the Responsible Care programs to ensure continuous improvements of this vital management system.

1. INTRODUCTION

1.1 About Responsible Care Verification

As a member of the Chemistry Industry Association of Canada (CIAC), the most senior executive responsible for Procor Limited operations in Canada attests annually to CIAC and its peers that the company's operations conform to the expectations contained in the Responsible Care Commitments and are guided by Responsible Care Ethic and Principles for Sustainability.

The Responsible Care® Ethic and Principles for Sustainability

We are committed to do the right thing, and be seen to do the right thing.

We dedicate ourselves, our technology and our business practices to sustainability - the betterment of society, the environment and the economy. The principles of Responsible Care® are key to our business success, and compel us to:

- work for the improvement of people's lives and the environment, while striving to do no harm;
- be accountable and responsive to the public, especially our local communities, who have the right to understand the risks and benefits of what we do;
- take preventative action to protect health and the environment;
- innovate for safer products and processes that conserve resources and provide enhanced value;
- engage with our business partners to ensure the stewardship and security of our products, services and raw materials throughout their life-cycles;
- understand and meet expectations for social responsibility;
- work with all stakeholders for public policy and standards that enhance sustainability, act to advance legal requirements and meet or exceed their letter and spirit;
- promote awareness of Responsible Care, and inspire others to commit to these principles.

As an element of this commitment to Responsible Care, Procor Limited 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). Procor Limited 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 Procor Limited

Procor Limited is a member of The Marmon Group, a Berkshire Hathaway company, an international association of about 150 manufacturing and services businesses. The Canadian head offices and administration is located in Oakville, Ontario, Canada. They are the Canadian affiliate of Union Tank Car Company, headquartered in Chicago, IL.

Procor's Canadian organizational structure consists of the leasing business unit and a repair business unit. The repair business unit provides inspection, regulatory testing, lining and painting, maintenance and repair services on rail cars. Their largest customer base is in the hydrocarbon based industries.

Procor Limited is a full service lessor, managing the largest tank car fleet in Canada. This fleet includes over 25,000 conventional and special tank and freight cars.

The company operates service centres in Oakville and Sarnia, Ontario as well as Regina, Saskatchewan and Edmonton, Alberta.

Procor Limited has approximately 308 employees in Canada, of which 39 are based in Oakville, Ontario and 42 in Sarnia, Ontario repair facilities.

Procor provides repair services at 10 customer On-Site Repair locations in Ontario, Quebec and Western Canada as well as 7 mobile service vehicles in these same areas.

Procor is an associate member of the Association of American Railroads (AAR), The Chlorine Institute (CI), and the Canadian Fertilizer Institute (CFI). Procor's active regulatory involvement includes participation on the Transport Canada Committee on the Canadian Tank Car Standard, the AAR Tank Car Committee and the Non-Accident Release Reductions Task Force (reporting to the AAR), and The Chlorine Institute's Transportation Issue Team.

For additional information visit the Procor Limited website at: www.procor.com.

1.3 About This Verification

The verification of Procor Limited was conducted on September 10 and 11, 2012 and included team visits to the Oakville, Ontario service centre, the Oakville Head office and the Sarnia, Ontario service centre. 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 Procor. The last verification was completed in October 2008.

The verification team was comprised of the following individuals.

Name	Affiliation	<i>Representing</i>
Claude Bourdon	CIAC - Industry Consultant	Team Leader
Jim Wakefield	CIAC - Public Consultant	Public-At-Large Verifier
Debbie Krukowski	Resident of Sarnia, Ontario and Sarnia CAP chair	Community Representative

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

During the verification of Procor Limited, the verification team looked for evidence that the company was addressing the expectations documented in the Responsible Care Commitments (41 code elements plus benchmark and collective expectations) in the Transportation Partner Model. 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. The topic was - Supply Partners – specifically as it pertains to the transportation and disposal of waste.

The highlighted topics of special focus are ones where the feedback from the verification process and from the association's transportation partners has suggested the value of a closer examination of the general partner's performance and comparison with the intent of the requirements of the Responsible Care Model. This does not necessarily imply that any given company is not performing well, but reveals the range of performance and identifies both cases where some improvement is recommended and also examples from which others can learn.

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

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

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

2.1 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.

The last report was shared within the company via email summaries, “The Rail Car Review” newsletters articles, and discussions by supervisors during employee “tool box” meetings. The report was also shared with the Sarnia Transportation CAP group and posted on their website.

Findings Requiring Action were reviewed and where required converted to procedures. These FRA reviews and actions are reported to senior management.

The team is of the opinion that the company should revisit 3 of the Findings Requiring Action from the 2008 re-verification. These are noted in the specific topics below.

Improvement Opportunities

- Complete a review of the management system in the Check/Act portion regarding the Opportunity for Improvements offered during the 2008 re-verification that these OFIs were considered. A matrix was created but a comprehensive review of the current status of actions taken or a rationale for actions not taken was not evident. Consider adding the process for reviewing OFIs arising from re-verification as an additional component in the Responsible Care Standard for Continuous Improvement procedure.
- Consider posting the verification report on the company intranet so that employees have another method to review the report.

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.

Procor has established a process for the investigation of incidents which, depending on severity, calls for varying management levels during investigative response. During their investigative process, they utilize a Risk Assessment Tool to identify which level of management needs to be involved in the process. They have detailed the steps used in their incident investigation procedure. All injuries are recorded in detail, including the nature of each injury and whether it required first aid, professional medical attention or resulted in time away from work for recovery. This includes reporting, root cause analysis and communication of results as training/alerting opportunities back to the workforce. Incidents are communicated to employees via the “tool box” discussions. Five “tool box” topics are distributed by corporate each week. Procor has expended considerable effort in investigating eye injury incidents. Near misses are currently being reviewed at the local level but they have now taken steps to elevate this tracking with the overall incident reporting. Procor has an aging workforce resulting in increased muscle and joint sprains and strains. As a result, ergonomic studies and improvements were undertaken on an ongoing basis and the company encouraged its employees to be creative in finding ways to complete their tasks safely and comfortably.

The team is of the opinion that the company is meeting the relevant Responsible Care expectations in this regard.

Works in Progress

- Eye injury analysis and improvements initiatives are underway and need to continue.
- Procor has initiated a program to understand the implications of an aging workforce and what work place improvements may be necessary to reduce muscle and joint injuries.

Successful Practice

- Shop level employees are encouraged to be creative in finding better ergonomic solutions to doing their jobs, for example, modified chairs for work under rail cars.

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.

Procor operates with a suite of Key Performance Indicators that is compiled into the "Red Green" report. The company participates in CIAC's SHARE reporting but does not participate in CIAC's NERM reporting. There is currently no measurement of waste as a performance issue and hence, no waste reduction targets are set. The company has recently renewed tracking near misses. All plant managers engage in a monthly review of performance between Canada, USA and Mexico which includes the sharing of company best practices. There is no industry benchmark due to their unique operational activities but they do benchmarking with their sister company, Union Tank Car in the U.S on total reportable incidents.

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

Improvement Opportunities

- Consider developing specific reduction targets for hazardous and non-hazardous waste for the overall company. This suggestion was offered during the 2008 re-verification. The initiative at the Edmonton, Alberta facility with the establishment of a waste reduction committee to promote conservation throughout the organization is a good example of this.
- Renew the process of tracking near miss tracking, analysis and reporting at the corporate level.

3. TEAM OBSERVATIONS CONCERNING SPECIFIC MANAGEMENT SYSTEM

3.1 Operations Safety

The team looked at how the hazards and risks from potential 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.

Railcar maintenance and inspections are primarily for the Procor fleet but repair work is done for other non-owned fleets. There are four full service facilities in Canada. The railcar testing, inspection and maintenance protocols are regulated by AAR (Association of American Railroads) – with these 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. This work involving frequent tank entries, rigorous confined space entry procedures, personal protective equipment which indicates good work management processes are in place.

Scheduling for service of the leased railcars is accomplished using Procor's Linknet customer interface. This system allows for the identification of the commodities or residue the railcar would contain and the service that is required. This computer system uses a GYRB colour code system to ensure that the car is routed to a facility capable of performing all work and handling potential residues. A rail car or customer non-conformance is tracked outside of Linknet and it is referred to as the CAR (Corrective Action Required) process.

Annual, comprehensive assessments (2 day task reviews at each service centre) of the environmental, health and safety risks are performed regularly by the safety department. Risk assessments, based on air dispersion modeling of the worst case scenarios for release of hazardous materials, have been completed for the four main repair service centres. These worst credible case scenarios have been posted at each main entrance gate.

All employees interviewed showed considerable concern for working safely and the company spares no effort to provide a safe working environment. The Passport training system, lauded as a best practice at the previous verification, was no longer in use due to the significant administrative effort required to maintain it. Employee training is being managed and tracked using People @ Work software program. A list of training requirements is produced each month. A Responsible Care training module is provided to all new employees and annually refreshed with all employees. All site employees are required to attend a monthly safety meeting and daily toolbox discussions included safety themed messages. Management also conducted weekly task observations to ensure safe practices were being followed. Site hazard assessments are done annually, with the last one completed in September of 2011.

Interviews with the Joint Health and Safety Committee members at both the Oakville and Sarnia locations indicated that these committees were functioning successfully and all parties were satisfied with the efforts of the company to resolve outstanding issues. Incident Investigation is completed by the joint management and employee committees. Incidents, including near misses are communicated to employees via the tool box discussions practice. There are 5 topics that are (distributed by corporate) discussed each week. Preventative maintenance schedules are managed at each service centre.

The company uses its newsletter, "On track!" to communicate information on the safe operation of railcars (e.g., loading/unloading, etc.) to its customers.

Procor is in a rebate situation with regard to the WSIB which indicates a sound overall performance in injury management.

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

Works in Progress

- Complete the non-management Joint Health and Safety committee member certification.

Successful Practice

- Procor is in a rebate situation with regard to the WSIB which indicates a sound overall performance in injury management.

Improvement Opportunity

- Review work practices procedures related to trip hazards (cables and hoses) in active work areas.

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. Procor is actively involved with AAR regarding 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 supplier self-assessment process is in place to evaluate supplier's ability to provide materials to agreed-upon standards of quality and workmanship. This process includes the review of carriers and waste disposal contractors. This selection process is administered by the Supply Management for North America department. The safety and Responsible Care components are reviewed by the Responsible Care department. The process may be sufficient for suppliers working under AAR regulations but may not be adequate for the transportation of hazardous waste and chemicals.

The self-assessment process focuses more on the certification (regulatory aspect) of vendors. Vendor performance evaluations are completed once a year on the top 20 vendors. Procor will work with vendors that are under performing to meet the company expectation. A greater level of referencing to Procor's Responsible Care expectation should be added to the vendor selection process.

Finding Requiring Action

- While not a chemical producer, Procor does accumulate material from railcars brought in for service during the cleaning process. This material is ultimately transported to waste disposal facilities. The team recommends that the company review the CIAC 'Motor Carrier Evaluation' guidelines and benchmark current practices against this with respect to the company's highest hazard/highest volume shipments of these and other similar materials.

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 have not been developed for each site. Waste reduction initiatives have been implemented at the Edmonton service centre. Scrap metal recycling is an important aspect of their waste reduction program. General recycling is in place at all sites. Employees are encouraged to bring in from home batteries and computers for recycling.

Some railcar residues (plastic pellets) are being returned to customers rather than sent to disposal.

Procor has worked with coating suppliers to develop and implement more environmentally friendly coating materials. This would include the switch from solvent base to 100% solid epoxy coatings in some applications and service centres reducing overall VOCs.

Information is provided to employees on many fronts i.e.:

- energy savings in the home
- United Way campaigns
- ladder use
- take your kids to work
- 7 steps to health
- Emergency Preparedness Day
- Bay Area Science and Engineering Fair
- Drive to Zero
- Safety in the workplace
- Responsible Care
- Chemistry Industry Association of Canada (CIAC)

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

Successful Practices

- The use of vacuum de-gassing instead of water to clean pressure cars.

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.)

Formal Site Vulnerability Analyses (SVAs) have been performed to identify potential security hazard and issues. Facility "Security Plans" and other controls have been implemented. Preventive measures and access controls have been installed at all locations, most noticeably at the Oakville service centre due to a number of incidents. Security vulnerability re-assessment requirements as seen in the security procedure are overdue. Chemical tanks and buildings for the storage of smaller quantities of paints and solvents are locked when service centres are not operating.

The IT department reviews system annually to identify potential security issues and have implemented security controls to protect information systems.

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

Improvement Opportunity

- Review the Responsible Care standard PSP-R-10 requiring periodic site security reassessment to ensure new site security assessments and existing site periodic security reassessments are required to be done.

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.

All service centres have site-specific written “Emergency Response 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.

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 provides training 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. Procor has donated a number of railcars and equipment for first responder training and maintains the CIAC training railcar.

The company is a member of the Ontario Region TransCAER committee and fully participates in the Safety car sub-committee as well as participation at the National TransCAER Committee. They donated the safety railcar and have recently completed a major overhaul. Procor have not been assigned a specific geographic area of responsibility for TransCAER however, they do participate in and support local TransCAER initiatives in the annual Sarnia Emergency Preparedness Day.

The executive contact belongs to the Oakville Chamber of Commerce, representing the top 25 businesses in Oakville which has allowed for meeting with the mayor and council, local BIA. The ward councilor has toured the Oakville facility.

Finding Requiring Action

- Several Procor sites are located in vicinity to neighboring operations with significant risk profile. AS well, Procor employees routinely undertake activities on customers own sites, The team recommends that Procor take steps to ensure it has a sound understanding of hazards originating from external sites and that have the potential to introduce harm to Procor’s own operations, or arising at customer sites and ensure that appropriate management actions are then included in Procor’s own operational processes for all sites and activities.
- Establish a process at all facilities that integrates company emergency preparedness and response plans with that of local municipal emergency services and adjacent industrial or customer on-site operations, including the execution of regular combined exercises. This issue was addressed at the Sarnia service centre and needs to be completed for the other three service centres.

Improvement Opportunities

- It is recommended that Procor be more proactive in distributing their community brochure to various external stakeholders, including adjacent neighbours and to their charitable program recipients.
- Consider participation, where it makes sense in any of the western Canada TransCaer events.

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 Vice President & General Manager, David Thorpe, considers Responsible care as the umbrella over environmental health and safety programs that the company uses to operate the company. It is not just a program or add-on to other management systems. There is support for the visibility of Responsible Care in the company and it is promoted internally through employee meetings, the quarterly company newsletter, job descriptions and performance expectations. It was evident that there is a desire to operate the company in a safe, environmentally sound manner, with all activities done in the spirit of Responsible Care.

The company is small and the organization structure is flat allowing the Executive Contact to be very involved, day-to-day, in all aspects of the Repair Business Unit. There are weekly reviews of all key performance indicators and the Executive Contact visits each of the company's railcar service centres annually.

A Responsible Care orientation package is part of the training for all employees.

Responsible Care refresher training is done through safety meetings held during corporate semi-annual meetings.

Employees interviewed during the Re-verification were generally linking Responsible Care as safety, in particular how it related to the work they were doing.

Internal information and news on many subjects including Responsible Care is provided in Procor's The Rail Car Review newsletter.

Management annual employee performance review has a Responsible Care component.

The executive contact fully participates in CIAC's Responsible Care Leadership Group meetings.

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

Works in Progress

- The company has taken steps to better link the company's safety and environmental activities as part of the overall Responsible Care initiative.

Successful Practices

- Executive Contact hands out his business card to the non-management employees he meets with to foster a true 'open door' policy in the organization.
- A Standard and Procedure under Responsible Care for the prevention of workplace violence and harassment including a "zero tolerance" attitude from senior management.

Improvement Opportunity

- Consider adding a 'Responsible Care Corner' as a regular feature, so that Responsible Care issues are regularly showcased in their publication of The Railcar Review, which is an internal employee newsletter.

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 reviewed Procor's Plan, Do, Check, Act of their Responsible Care Management 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:

The company developed their management system using CIAC's management system recommendation. It utilizes a business steering committee to identify and set company objective and goals. Individual goals are developed and reviewed with each employee. This process is integral to the company's employee incentive program. The company has a documented series of Responsible Care related standard procedures in place, which are clearly cross-referenced to the elements of the CIAC Transportation Partners Responsible Care Model. The entire Procor Plan, Do Check and Act management system is very comprehensive and embraces all aspects of their ongoing operations, including Environmental, Health, Safety, Security and Responsible Care Policies and Procedures. Their Responsible Care® Leadership System with Supplements is a Standard to provide minimum guidelines regarding activities that reflect the Responsible Care® ethic, and the commitment and leadership required by all employees. There are many requirements in this Standard, but all employees are expected to:

- Conduct themselves with the personal responsibility that reflects the Responsible Care® Policy and good business.
- Implement all Responsible Care® Standards, Procedures, and Work Practices.
- Immediately report any near misses, injuries, hazards, or environmental impacts.
- Immediately report any deviations or deficiencies of any Responsible Care® Standard, Procedure, or Work Practice.
- Challenge any Responsible Care® Standard, Procedure, or Work Practice that does not adhere to the Responsible Care® Policy or good business.
- Ensure that visitors and contractors comply with all Responsible Care® Standards, Procedures and Work Practices, and immediately address any issue or person that is not in compliance.

Many of the company's customers are committed to Responsible Care, and by having a network of such customers provides an opportunity to benchmark regarding Responsible Care direction and implementation.

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 Procor's management system, the verification team observed the following: CIAC's specific Transportation Partner code elements have been cross referenced to the Procor management system.

Procor is an associate member of the Association of American Railroads (AAR), The Chlorine Institute (CI), and the Canadian Fertilizer Institute (CFI). Procor's active regulatory involvement includes participation on the Transport Canada Committee on the Canadian Tank Car Standard, the AAR Tank Car Committee and the Non-Accident Release Reductions Task Force (reporting to the AAR), and The Chlorine Institute's Transportation

Issue Team. 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. The railcar maintenance industry is relatively small, therefore external comparison data is not readily available, and resulting in internal benchmarking with Union Tank Lines (their US affiliate) is being used to measure performance. Union Tank Car is a member of the USA American Chemistry Council (ACC) Responsible Care initiative. The overall Responsible Care Management System (RCMS) is guided by the Responsible Care Standard For Continuous Improvement.

The company standards include strong reference to Responsible Care and the organizational structure around Responsible Care is strong, with a dedicated resource to ensure that the Responsible Care ethic, principles and codes of practice are considered in all company operations.

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 Procor's management system, the verification team observed the following: Once Procor's 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 meetings/teleconferences are held to monitor ongoing performance and address issues that need.

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

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 Procor's management system, the verification team observed the following:

Procor's Responsible Care management system includes a comprehensive audit process with defined protocols to verify:

- Compliance with Procor's EH&S management system including policies, procedures, programs, instructions and Responsible Care requirements.
- That the system is properly documented to allow verification and provide structure;

- That facility EHS&S Compliance 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 at all Service Centres.

Procor uses a compliance tracking program to assist 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.

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

Improvement Opportunity

- Review that resources, personnel, and systems are in place to maintain the Responsible Care programs to ensure and continuous improve.

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 required for 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 Procor's Responsible Care management system, the verification team observed the following:

The effectiveness of corrective and preventive actions is reviewed during routine facility Safety Committee meetings, monthly EH&S Staff teleconferences, monthly Safety Council meetings, and also during facility visits by Responsible Care EH&S staff.

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

Successful Practice

- Responsible Care has been established as the overarching operations standard, with Health, Safety, Environment, Security and TransCAER all falling under this 'umbrella' called the Procor Responsible Care Management System.

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 Procor’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.**
Procor has a comprehensive EH&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 improvements 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.**
Procor’s service centres 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.**
Procor performs annual, comprehensive assessments of the environmental, health and safety as detailed in section 3.1 of this report. The company has an Employee Assistance Program (EAP) that offers voluntary counseling and advisory services.

- **Innovate for safer products and processes that conserve resources and provide enhanced value.**
Procor is a member of the Association of American Railways (AAR) Tank car Committee, and work with their business partners to continuously improve railcar designs to provide a high level of safety.

- **Understand and meet expectations for social responsibility.**
The company has an Employee Assistance Program (EAP) that offers voluntary counseling and advisory services. Procor’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. Examples of these are:

- Employee matching – i.e. Princess Margaret Hospital
- Food banks
- Meals on wheels
- Michael J. Fox Foundation for Parkinson's Research
- Lions Foundation of Canada Dog Guides
- Shrine Circus
- United Way

- Sports sponsorships
- High school and College scholarship

- **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.**

Procor 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, customer and emergency responders and business 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.

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 range of Findings Requiring Action identified during the verification, as summarized in the Executive Summary and discussed in detail in the report. The verification is complete and no further involvement is required by the verification team.

COMPANY RESPONSE TO VERIFICATION TEAM REPORT

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

Procor Limited 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.

Michael Milford
Manager, Responsible Care and Quality
Procor Limited
December 13, 2012

INTERVIEW LIST

A: Company Personnel Contacted During Verification Process

Name	Position	Location
David C. Thorpe	Vice President & General Manager Repair Services	Oakville, Ontario, Canada
Randy Pocrnick	Vice President & General Manager Rail Leasing	Oakville, Ontario, Canada
Paola Lucente	Vice President Finance - Leasing	Oakville, Ontario, Canada
Michael Milford	Manager, Responsible Care and Quality	Oakville, Ontario, Canada
Art Mior	Manager, Oakville Service Centre	Oakville, Ontario, Canada
Maria Fretas	Director, Human Resources	Oakville, Ontario, Canada
Brad Burrows	Director, Supply Management for North America	Oakville, Ontario, Canada
Walter Czerwinski	Joint Health and Safety Committee	Oakville, Ontario, Canada
Darren Herrington	Joint Health and Safety Committee	Oakville, Ontario, Canada
Craig Rioux	Manager, Sarnia Service Centre	Sarnia, Ontario, Canada
Ray Shannon	Supervisor	Sarnia, Ontario, Canada
Ron Vanderwal	Supervisor	Sarnia, Ontario, Canada
John Worona	Buyer / Supply Lead	Oakville, Ontario, Canada
Jose (Joe) Fernandes	Senior Buyer	Oakville, Ontario, Canada
Mel Hynne	Manager, Operations On-Site Services	Western Canada
Rab Robichaud	Joint Health & Safety Committee	Sarnia, Ontario, Canada