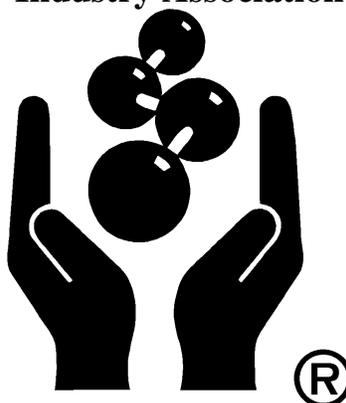


Chemistry Industry Association of Canada



Team Comments, Findings and Conclusions Pertaining To **BASF Canada Inc. Reverification November 15, 16, 17, 18, December 1, and 2, 2010**

DISCLAIMER

This document has been produced by a team convened by the Chemistry Industry Association of Canada (CIAC) to provide guidance to the above company, as a member or partner of the association, in meeting its obligations under Responsible Care. The material in it reflects the team's best judgement in light of the information available to it at the time of preparation. It is the responsibility of the CIAC member or partner company that 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 of 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 and 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

BASF Canada Inc. is part of the BASF Group within BASF SE, with head offices in Ludwigshafen, Germany. In North America, it operates as BASF Corporation. BASF Canada is responsible for governance of BASF Corporation's operations in Canada, and operates on a shared services platform with other parts of the North American companies. In Canada, business units are in agricultural protection, inorganic chemicals, catalysts, intermediates, petrochemicals, construction chemicals, dispersions and pigments, paper chemicals, performance chemicals, coatings, care chemicals, performance polymers and polyurethanes DMP. Most BASF businesses operate by selling through BASF Canada to Canadian customers. A few businesses sell directly from BASF Corporation to the customer or a distributor in Canada.

Since the last reverification, BASF Canada has acquired and divested of businesses, closed sites, and had a number of key personnel changes. This reverification will review how these have affected the company and how Responsible Care has driven the changes, moving the company forward in continuous improvement, especially through the use of Responsible Care's ethic and the Plan-Do-Check-Act process of its management system.

A more detailed description of the company, the products made at each site and other company-specific details are included in Appendix 1; a list of individuals contacted during this reverification is found in Appendix 2; and a complete list of all Findings, Opportunities for Improvement and the company's Best Practices are found in Appendix 3. As required in the 2009 Protocol, a series of questions aimed at information gathering for the CIAC were reviewed with the company are found in Appendix 4 of this report.

This reverification team found that the Responsible Care ethic, as it pertains to internal environmental, health and safety issues and to the externalization of Responsible Care is clearly visible, well understood and entrenched in BASF Canada's management systems. The reverification team confirmed that the Canadian Responsible Care principles and codes of practice are incorporated into the company's internal and external standards, programs, practices and management systems in a manner that guides the daily actions and decisions of the management team and its employees. We found the company demonstrated itself very capable of identifying deficiencies through its management systems, work procedures, processes, and performance indicators, and demonstrates continuous improvement consistent with the expectations of the company's stakeholders, employees, peers, and governments.

The Team reviewed the company's Information Package, interviewed their management teams, employees, and some nearby facility neighbours in Windsor, ON and Blackie AB, pertaining to the company's actions and decision-making processes. The Reverification Team's conclusion is that the company demonstrates at the time of this verification a good understanding of the Responsible Care requirements and is to be considered as self healing in regards to all aspects of the Responsible Care ethic. The team has accepted that the company has effective management systems in place to address the issues contained in this report such that there is no need for us to return. We have therefore signed off on this reverification. The team wishes to congratulate the company on the progress it has made in addressing the findings of the previous reverification.

The reverification team recommends that the CIAC presents BASF Canada with a Responsible Care Reverification Certification at the next appropriate occasion.

Summary of Findings, Opportunities Best Practices and Extra Miles

Findings Requiring Action, Opportunities for Improvement, and Best Practices are found in the body of the text under the pertinent sections of the report and are also listed separately at the end of the report. In all, there are 2 Findings Requiring Action, 24 Opportunities for Improvement, 17 Best Practices and 1 Extra Mile. Progress on action to resolve the Findings will require follow-up at each Leadership Group Meeting, with the local community and/or Community Advisory Panel (CAP), in the company's annual CEO re-commitment to CIAC, and, along with the decisions pertaining to the Opportunities, in the next Responsible Care re-verification. The wording of each Finding Requiring Action, Opportunity or other comments found in Appendix 3 is identical to the wording used in the body of the report to avoid any possible misunderstanding of the team's intent.

Please refer to Appendix 3 at the end of this report for a complete list of all Findings, Opportunities for Improvement, and Best Practices noted by this team.

Signed: 

Date: January 13, 2011

Roland Blondin, Team Leader

For more information on this or a previous re-verification or on the company's original report for verification of Responsible Care-in-Place, please contact your local company site or the company's overall Responsible Care coordinator:

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1. Introduction and Overview

1a) The Company

A description of the company, the products made at each site and other company-specific details are included in Appendix 1.

1b) Responsible Care

Responsible Care is an initiative of the Chemistry Industry Association of Canada, (CIAC) by which the association's members and partners commit to be, and to be seen as, responsible companies within Canadian society. It is based on an ethical approach to the safe, secure and environmentally sound management of chemicals – an approach that started in Canada but has since spread to over 52 countries around the world.

The Responsible Care Ethic:

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

We are guided towards environmental, societal, and economic sustainability by the following principles:

- *We are stewards of our products and services during their life cycles in order to protect people and the environment.*
- *We are accountable to the public, who have the right to understand the risks and benefits of what we do and to have their input heard.*
- *We respect all people.*
- *We work together to improve continuously.*
- *We work for effective laws and standards, and will meet or exceed them in letter and spirit.*
- *We inspire others to commit themselves to the principles of Responsible Care.*

The ethic is supported in Canada by six codes of practice covering relations with the communities where members' facilities are located and also responsible management throughout the product life cycle. Information on these codes of practice and related activities is available from company personnel listed in Appendix 2 of this report, or via the CIAC web site www.ciac.ca (click on the "Who we are" tab for Responsible Care).

1c) Expectations of CIAC members and partners

Each CIAC member or partner company must formally commit to the ethic, principles and codes of practice of Responsible Care as a condition of membership in the association.

Progress in implementing these obligations must then be reported to CIAC, both to peers at special networking meetings and also via a formal reporting system to the association. Three years is the typical time allowed to new members for implementation. The association monitors progress and follows up by arranging for assistance where necessary to ensure that each company eventually meets its commitment.

When a company considers that its management processes are sufficiently comprehensive that they meet each of the 151 individual code requirements, it advises the association that implementation is complete to the stage of “Responsible Care-in-Place”. Completion in this sense does not imply that nothing further needs to be done, but that a key milestone has been reached in a process of continuous improvement.

1d) Verification

A company’s declaration that the expectations of Responsible Care are being met is an important first step in the verification process, which leads to confirmation and recognition of this by a team of industry and public representatives. Verification is conducted to strict protocols, developed by the association’s members and others including several critics of the chemical industry and its operations. The first verification takes place when the company first states that its performance meets the expected level (*Responsible Care-in-Place*). This verification is designed to confirm, for the company’s peers in CIAC and the public, the existence of a company-wide ethic and management systems which ensure that the principles and codes of practice of Responsible Care are not only in place but are also practiced and continuously improved within the organization.

Subsequent verifications are also conducted using a different protocol, approximately every three years after formal acceptance of the first verification, to ensure that the ethic and management systems of Responsible Care are firmly rooted in all the company’s operations. This is known as *ongoing re-verification*.

Every 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.

1d i) Verification of Responsible Care-in-Place

For the purposes of this examination, a portion of the 151 code requirements is sampled in depth. These items are grouped into seventeen management systems, each of which is examined using a series of questions. Some of the questions are sent to the company in advance of the

verification visit, so that supporting documentation, etc. can be available for prompt examination if desired. Additional questions are asked at the discretion of the team during the visit.

The approach is “top-down” rather than the “bottom-up” used in conventional audits, and the style of questions is intentionally open-ended, so that the answer cannot be a simple yes/no but calls for explanation. The questioning process starts with the executive responsible for chemical operations in Canada, and works down through the organization to examine the senior level intent and the corresponding support by action at the operating level.

Questions are generally of the following nature:

- does the organization have an effective management system in place to ensure understanding of Responsible Care?
- what is the process to determine and communicate the acceptable level of performance?
- what is the process for assessing the performance of the system and effecting follow-up to meet or exceed the acceptable level of performance?
- what is the process for ensuring up-to-date documentation?
- do sufficient resources appear to be, or are thought by employees to be, in place?

The findings are summarized in a report, which highlights:

- actions required by the team before they consider the company meets the expectations of Responsible Care;
- opportunities for improvement, which are recommended but not mandatory;
- recognition of any exemplary practices of the company, which could be a model for other CIAC members.

The report is given to the company and CIAC, and the company is expected to share the report with interested persons in its communities as part of its dialogue process. If the team considers that actions are required before sign-off, they will arrange for follow-up to confirm that these are complete, and advise the company and CIAC in writing when these have been met to their satisfaction.

1996 Responsible Care “In-Place” Verification of BASF Canada Inc.

Company name at the time: BASF Canada Inc.

Date of “In-Place” verification (visit): May 29 – 31, 1995

Locations Visited: Toronto and Brantford

Team follow-up needed: No
Date of Final sign-off: July, 1995

1d ii) Reverification

Approximately every three years after team acceptance of Responsible Care-in-Place, the CIAC schedules further verifications using a modified approach. The team is similar to that for the original verification, with at least one team member from the previous verification but with a different leader.

1999 Responsible Care Reverification of BASF Canada Inc.

Company name at the time: BASF Canada Inc.
Date of Reverification (visit): Dec. 1 – 22, 1999
Locations Visited: Toronto, Arnprior, Windsor (partial team), Cornwall (one member interviewed neighbours only)
Team follow-up needed: No
Date of Final sign-off: July 2, 2001

2004 Responsible Care Reverification of BASF Canada Inc.

Company name at the time: BASF Canada Inc.
Date of Reverification (visit): May 10 – 14, 2004
Locations Visited: Toronto, Windsor, and Cornwall, ON and by telephone: Abbotsford, B.C. Blackie AB, Georgetown ON
Team follow-up needed: No
Date of Final sign-off: Aug 30, 2004

2007 Responsible Care Reverification of BASF Canada Inc.

Company name at the time: BASF Canada Inc.
Date of Reverification (visit): Oct. 2 – 4, 2007
Locations Visited: Cornwall, Toronto, Mississauga ART Store, and Windsor, ON, and by phone: Blackie, AB
Team follow-up needed: No
Date of Final sign-off: April 10, 2008

Responsible Care Reverification reports are available from the contact at the company from whom you accessed this report. The contact's name is shown on **Page 3** of this verification report.

In reverification, the team probes more deeply to examine how well the ethical basis of Responsible Care is understood and adopted within the company, and also how effective are the company's management systems in applying the ethical principles throughout the company's operations. This involves not only whether the company intends to do the right things, but also how it monitors activities and results and takes corrective action when deviations occur (often referred to as the Plan-Do-Check-Act parts of the management system).

For reverification, the company is given a more comprehensive list of documentation the team will need to see. Part of this must be sent to the team so they can study it in advance. The questioning process is also more open, in that the team does not have to cover every topic in depth but can probe where they feel it is most relevant for that individual company, plus any areas where the company itself would like feedback on its performance.

After studying the information, the team meets with the company to plan the visit stage of the verification, at which a schedule is agreed covering people the team wishes to interview in depth during the subsequent visit stage of the verification process. Most of these will be company personnel, but some will be representatives of organizations with which the company has business relationships – customers, transporters, etc. – and of local communities where plants, etc. are located.

The team examines to determine how strongly the Responsible Care ethic appears to be part of the company's way of doing business, including awareness of Responsible Care and its implications among the company's employees. The examination then progresses into a broad-ranging review of the company's management systems for Responsible Care, with a special investigation into certain topics highlighted by CIAC in the verification protocol.

The team looks at how effectively the company's management systems ensure that Responsible Care principles and code obligations continue to be met, as established in the initial Responsible Care-in-Place verification. In subsequent verifications, however, the questioning process also considers how the company tracks and improves its performance regarding these obligations, including how performance measures are established and targets met (what is measured, what are the goals and how are they achieved). Actions taken on concerns, suggestions and recommendations raised in the last verification report are examined, as are significant issues and incidents that have arisen since the previous verification. The team then looks at how the company shared the results of this verification with the local community, and examines how robust the ongoing process of community dialogue appears to be and how issues and concerns are being identified and addressed.

The highlighted topics of special focus are ones where the feedback from the verification process and from the association's members has suggested the value of a closer examination of the general membership performance and comparison with the intent of the codes of practice. 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.

The highlighted topics include community dialogue, process safety management, site emergency preparedness and response, security regarding malicious threats that could impact public safety or well-being, health effects of products and plant emissions, product stewardship and "TransCAER" outreach. Also examined are emissions of greenhouse gases, and how companies with emissions of volatile organic compounds are meeting the intent of a CIAC agreement on this topic with the federal and provincial governments and environmental groups. Although CIAC has no defined performance expectations for broader social responsibility, the team also looks at how the company sees and fulfills its role in this area. The team may also comment on other specific topics where the company has requested feedback.

The report below presents the findings of the team from this re-verification of BASF Canada Inc. The report does not address all aspects of Responsible Care, as this was covered by the report of the original Responsible Care “In-Place” verification. Instead, it focuses more on the items where the team felt there was an opportunity or need for improvement, plus any improvements or practices, which are so significant that they should be shared with other CIAC members and partners as possible examples. For more context or explanation of any of the items below, please get in touch with the contact at the company from whom you accessed this report.

In the following sections of this report, **findings requiring action are shown in bold face**. *Opportunities for improvement (recommended but not considered mandatory) are shown in italics*, while significant improvements, “extra miles” and best practices are shown underlined).

Team Findings for Specific Management System and Code Aspects

For investigated code aspects, including those identified in the information package (by CIAC in section 6, community dialogue in section 7, and the company in section 8) and those the company, the team or CIAC subsequently identified for more in-depth probing, a summary along the following lines is included:

- i. This is a “**finding requiring action**”. A management system element or an aspect of the ethic is not at a fully implemented Responsible Care-in-place level. This finding, and the company’s subsequent action, must be followed-up via the CAP(s), Leadership Group, CIAC through the annual CEO re-commitment submission and in the next re-verification. [*See list of system elements below*].
- ii. There is an “*opportunity for improvement*” in the following element(s) of this management system, but improvement is not required for sign-off and there is no need for follow-up by the team or others. These may be plans or ideas the company already has for improving, and the team’s reference to them is intended to be encouragement to follow through. [*See list of system elements below*].
- iii. This management system is “significantly improved”, is an “extra mile” or is a “best practice” and should be shared with other CIAC companies for the following reasons ... [*see list of system elements below*]

Management System Elements that Might be Cited in above:

Plan

- benchmarking of management systems against best industry practices
- getting input from stakeholders – employees, community, peers, broader public, etc.

Do

- assignment of responsibility
- documentation
- training and testing of people
- resourcing

Check

- auditing and follow-up of deficiencies

- utilization of incidents as learning opportunities
- management of change
- measurement of performance *of* the system – ie. activities
- measurement of performance *delivered by* the system – ie. outcomes

Act

- setting of performance targets acceptable to stakeholders – continuous improvement
- communicating performance to stakeholders and assessing feedback
- improving the system based on performance feedback

The team, in addition to citing aspects of management systems for code elements as above, may draw upon team members’ experience to suggest specific actions the company might consider (see Note 2 below).

Note:

*1. **Performance** will be used to help assess the robustness of the various management systems, but need for improvement in performance (eg. emissions reduction, employee injuries, etc.) will not be prima facie, stand-alone evidence for a “finding requiring action”. For example, if a company’s management systems are focusing effort on turning around poor performance, a positive conclusion may well be justified. If they are not, a “finding requiring action” or “opportunity for improvement” conclusion may be in order.*

The purpose of the performance measurement aspects of the re-verification is therefore not to collect and judge numbers but rather to better assess system effectiveness and the commitment to continuous improvement.

*2. **Specific Actions** - While conclusions about “opportunities for improvement” and “findings requiring action” will be identified in terms of the PLAN-DO-CHECK-ACT elements of a management system, suggestions for specific action may be identified by the team to assist the company. These actions are not prescriptive but merely illustrative, since it is up to the company to identify how it will improve its management systems to be effective and “self healing”. Suggestions may carry added weight by virtue of the specific area of expertise or insight of the team member as a community member, industry expert, experienced verifier, professional, etc.*

SECTION 2 General Findings of This Report

The following sections 2 and 3 consist of a summary of general comments, the findings requiring action, opportunities for improvement, significant improvements, Extra Miles and Best Practices determined in the current verification and a review of actions taken following the 2007 re-verification visit. The findings will need follow-up with the company’s Leadership Group, the local site Community Advisory Panels (CAPs), and the neighbours adjacent to all facilities. Updates of progress will need to be included in the annual CEO recommitment to **CIAC** as well as at the time of the next re-verification visit in 3 years.

2a) Statement of the Ethic

A statement is included here about the management system used to ensure all employees are aware of Responsible Care, and understand how its ethic underpins the company's and their own actions and decision-making

General

The team found that the ethic is well understood and does indeed guide actions and decisions of the company's management and of other workers. The team found that the Responsible Care ethic, as it pertains to internal environmental, health and safety issues of Responsible Care are clearly visible, well understood and entrenched in the BASF Canada Inc. management systems. The team confirmed that Responsible Care principles and Codes of Practice are incorporated into the company's internal standards, programs, practices and management systems in a manner that guides the daily actions and decisions of the management team and its employees. The Executive Contact, and President, Laurent Tainturier is involved in the commitment and the process and is the person who signs the company's annual recommitment to Responsible Care. He leads a sound approach to making it even more widespread among the employees and the public. There are still, as always, opportunities for improvement. We detected eagerness on the part of the entire management team for our comments and ideas for the continuous improvement of their Responsible Care Management system.

2b) Employee Awareness

A statement is included here about the management system used to ensure all employees are aware of Responsible Care, and understand how its ethic underpins the company's and their own actions and decision-making.

General

Plant employees at the site were well aware of their responsibilities under Responsible Care and were able to verbalize how it applied to their jobs.

Responsible Care is visible and its role in individuals' jobs is understood, the concept of Responsible Care as an industry ethic, not just as part of BASF Canada Inc.'s own culture should continue to be emphasized, especially in external communications with the company's various stakeholders. Canadian chemical industry members of the CIAC are committed to a specific code of ethics, under Responsible Care, that guides their conduct in a way that protects their employees, their customers, their neighbours and the environment. This distinguishes the association's members from other chemical companies with a different sense of ethics.

The need for public understanding of the value adding nature of Responsible Care, as an industry-wide ethic, is an essential component to its acceptance as more than just an ethic guiding the culture of an individual company. It is important that the public recognizes that members are bound by this ethic so that it can demand equal commitment for their protection by other non member chemical users.

BASF Canada Inc. uses a Responsible Care training module to ensure new employees understand their responsibilities under Responsible Care. This module is also used for regular retraining purposes for all employees, thus enabling the company to confirm that its employees were trained concerning the ethic and their role under Responsible Care.

Findings: None

2c) Overall Responsible Care Management System

This is a summary of the team's conclusions about the CEO's overall management system that ensures conformance with Responsible Care, based on their review of the information package and subsequent interviews and visits.

General

BASF Canada's Responsible Care management system is integrated into its overall company management system and follows the Plan-Do-Check-Act loop as described below.

BASF Canada's management system is driven at the global, North American, Canadian and site levels. At all levels, elements of Responsible Care are present as BASF globally subscribes to the principles of Responsible Care.

At the global level, the four strategic pillars of the BASF Group include:

- Earn a premium on our cost of capital
- Help our customers to be more successful
- Form the best team in industry
- Ensure sustainable development

Since the BASF North American operating platform evolved towards a harmonized management system with a "shared services platform" for North America., in Canada, this process required that each North America applicable procedure in the management system be reviewed to ensure that all provincial acts and regulations are captured, and that all BASF Canada's previous Responsible Care code elements were covered in the new North American platform. Additionally, responsibilities were identified for key Program Champions that have responsibilities for the planning and implementation of Responsible Care aspects for Canada. The Canadian EHS Policy is endorsed by the Canadian President and is supported through BASF Corporation's Responsible Care Steering Committee (RCSC). The RCSC as it relates to Canada comprises mainly of Program Champions responsible for the various Canadian Responsible Care areas, Canadian Site Managers and the overall RC Code Coordinator. The Canadian RC Steering Committee works to monitor, guide and direct the implementation of the Responsible Care ethic and principles for sustainability in Canada.

Canadian Policies, Procedures and Guidelines forming the management system are clearly identified on the BASF intranet for site management personnel and employees to use. The Responsible Care ethic is embedded into the management system and code elements as well as into processes both at a corporate and site level.

Both internal and external (e.g., QRC and Crop Life Canada) audits are performed to assess the management system, its implementation and to verify that the management system includes all legislative and Responsible Care code element requirements.

Objectives and performance targets including those required to demonstrate commitment to Responsible Care, are set in BASF throughout the corporation and specifically to address Canadian Responsible Care needs, and include such areas as understanding risk potential of a particular business or site, collective risk such as with the process safety training metric applicable to all sites/businesses as defined by the training matrix. BASF Canada and individual sites have safety performance metrics established, including lost time injury reduction, to meet the global targets and, as applicable, environmental legal or mandated targets to ensure continuous improvement. All employees have personal goals and objectives they set mutually with management. For sites with a union, the union agreement incorporates these communal goals, whereas for non-union facilities the goal is individually agreed upon. Individual annual bonuses are dependent on completion of these goals.

Actions defined from past re-verifications and internal checks of RC implementation are reviewed by the RCSC, and may require additional specific objectives and targets, that a site or business uses to drive continuous improvement in a particular area.

A Responsible Care Scorecard provides a quick summary of the status of the code element review, findings and opportunities and other key measures. The Scorecard is updated quarterly, reviewed by the RCSC and then distributed to management. The Scorecard has proven successful in managing Responsible Care objectives and performance targets set out for the sites. These targets are based on any findings and opportunities from previous re-verifications, from internal checks of Responsible Care implementation, and from direction given by the RCSC. Implementation of the RCMS is tracked in detail through the Responsible Care database which illustrates for each site the codes that apply, how they are implemented and any gaps or barriers to implementation that exist. CIAC Responsible Care metrics are tracked, reviewed by management, and benchmarked for performance and goals against other Responsible Care member companies.

The company has an excellent and comprehensive suite of performance measures tracked to monitor its progress on key areas of focus. Visibility of the tracking charts allows all employees to maintain awareness of the results of their efforts in the areas that management exhibits concern. This was especially visible at the Blackie site.

Corrective actions derived from incident and accident investigations or identified by various other system review processes (audits, non-conformance measures, PSM or SVA reviews, etc) are tracked and followed to completion, including any necessary adjustments to the documented management system.

Responsible Care code elements are tracked against each applicable facility. The person responsible at each facility must update the code elements assigned to their facility at the start of each year for changes that occurred in the prior year.

The main tool for management of this review is the RC database. It includes an annual update of the status of each code element assigned to each facility. If an element is not marked as complete, it is assigned as a gap in the RC database and the facility is responsible for developing a plan to prioritize and close any gaps. The RC database also tracks the progress of findings and opportunities.

Any code element with gaps is included on the gap prioritization tool for the facility. The policies and procedures applicable to the code element are listed by document number in the record for the code element.

For the new Responsible Care codes, the database was modified to perform a gap analysis of code element versus management program and procedures.

The President of BASF Canada (the Executive Contact) ensures that the ethic of Responsible Care is known throughout the organization and that it underpins day-to-day activities. The President manages the company through the Canadian Executive Committee (CEC), which is informed of RC issues by the RC Coordinator. This ensures that BASF Canada meets the RC codes and ethic from a governance role. The President also holds regular communication meetings that include discussion on at least one aspect of Responsible Care. Feedback is solicited from employees during and after these meetings.

BASF Canada's role within the global BASF Group is mainly that of a distributor for the Canadian market, although it also manufactures within Canada. Approximately 75% of BASF Canada's sales are derived from products made in the USA, Germany or elsewhere in global BASF. BASF Group requires maintaining high global standards and the meeting and exceeding local requirements as key requirements for maintaining Canada as an important market. BASF Canada recognizes that variances in the application and rigor of Responsible Care do exist from country to country, and that not all countries have an "ethic" component. Therefore, to assure that service providers, including mainly BASF Group activities support Responsible Care requirements in Canada, BASF Canada works through BASF Corporation's EHS group and The Canadian RC Steering Committee, to monitor, guide and direct the implementation of the Responsible Care ethic and principles for sustainability in Canada and to ensure that its out-of-country service providers are aware of and adhere to the unique Canadian elements in the services they provide for BASF Canada.

A follow-up system is in place. The recording of incidents is followed by an investigation process to determine root cause. Corrective action is then assigned and a follow-up system is in place to check progress, trigger follow-up reminders, ensure completion and effectiveness of the corrective action change put in place.

A Management of Change system is in place defining how acquisitions or divestments of businesses, and regular equipment replacements or improvement changes are initiated and approved. An example of BASF's approach was its recent acquisition of the Canadian portion of Ciba facilities and businesses. These businesses were audited for their conformance to Responsible Care, a management GAP analysis completed, and action plans with timing schedules put in place to bring these facilities to the BASF Responsible Care standards. A number of these businesses have since been divested.

There is a corporate Buffer Zone policy, however it needs to further emphasize the need for constant vigilance at the local level to ensure that no detrimental zoning or other activities take place that would negatively impact on the facility and assign responsibility for monitoring for changes. We also found that the Blackie Site Manager was not familiar with the Company's Buffer Zone policy.

The company has an effective system to ensure product is not sent to customers without confirmation that an MSDS has previously been sent and that this is an approved customer and that sales meet the EH&S requirements of the destination country. The company also evaluates customers who request products that have special regulatory requirements to ensure they are legitimate users and that they comply with the regulatory requirements.

Findings: None

Opportunities

Op24. There is an opportunity for improvement for the company to ensure that all facility managers are familiar with the Buffer Zone Policy and their role therein.

Best Practices

1. The company has an excellent Community Outreach Evaluation process that drives its approach to determine the appropriate level and type of communication for individual sites.
2. The company has an excellent code of Business Conduct and requires all employees sign their understanding and agreement that they will adhere to the company's principles. Where unions exist, this is accomplished by unions agreeing to basic principles through collective agreements.
3. The company has a thorough approach to setting their Displaced Persons Policy and management system.
4. The company demonstrates a best practice in having the Windsor site's main contractor as a member of the site's Joint Health and Safety committee.
5. Most manufacturing facility employees in BASF Canada has individual EH&S goals mutually agreed upon, (unions agree to basic objectives through collective agreements.) Completion of the goals impacts on the individual's annual bonus.

2d) Follow-up on Previous Verification Report Findings, Recommendations, etc.

General

BASF Canada Inc. has a detailed process for following up on items from the previous reverifications using their computerized management system. This process includes assignment of responsibility, review of the item, decision on action to implement and progress reporting to senior management. The actions and progress status are reviewed and were summarized for this reverification.

There were 8 findings and 21 Opportunities in the previous reverification. We found the findings were adequately addressed, but in one finding pertaining to the Crop Protection division operation, our discussion revealed that the emergency manual was not stored at the site. All opportunities for improvement had been addressed, some were accepted and implemented, whereas others were reviewed and declined as not fitting into the company's management system. Where the current team felt some still merited additional attention pertaining to the intent of the opportunity, the need for additional consideration will be mentioned as a Finding or as an Opportunity for Improvement in the pertinent section of this report.

2e) Response to Incidents and Concerns since the last Verification

This section describes the way the company handled unplanned situations in order to show how the company applied the Responsible Care ethic, and utilized and improved its management systems in light of these situations).

General

The company has an outstanding incident management system used for all types of incidents. It includes a requirement to report all incidents and near misses, documentation of the incident, an investigative process aimed at identifying root causes, defining corrective actions, assigning responsibilities and detailing timelines for completion. The system follows through using a tracking system to monitor its resolution progress by a loop closing review to ensure the completion of the changes. Incident Reports are distributed using the company's ECOWEEK e-mail to report significant local incidents across the company for key employees to review. Key personnel receive training on root cause determination so there is always a trained person involved in incident investigations. Where Management of Change needs to be initiated or processes or procedures require changing as a result of the investigation, responsibilities are assigned.

BASF considers "Significant Incidents" to be any reportable accidents involving lost time, or medical treatment, reportable environmental incidents, any incident that could impact off site locations such as odours, spills, emissions, any spills, any fire, and any near miss incidents that could have impacted the company in a similar manner are considered to be significant. These "significant" incidents are all required to undergo a detailed incident investigation. The facilities have encouraged extensive reporting of less significant near misses as part of its incident investigation and reduction initiative.

2f) Performance Measurements

Here the team describes the company's identification, tracking and reporting of the areas of performance under Responsible Care that are relevant to its stakeholders and itself as the "check" step in the PLAN-DO-CHECK-ACT management loop.

General

BASF Canada Inc. has a detailed and thorough performance measurement and goal setting process for all aspects of EH&S and stakeholder communication in the company. This includes extensive metrics, goal settings, problem resolution process, trend monitoring, a detailed audit system and a focus on contractor safety. NERM reduction plans are based on improvements confirmed in completed projects at the facilities.

3. Team Findings for Specific Code Management Systems

3a) – 3j) Areas of Focus Identified by CIAC

3a) Process Safety Management (PSM)

General

There is a detailed corporate Process Safety Management System in place through the overall BASF management system. While there are usually a small number of employees at most facilities, the company 's corporate structure includes teams of highly qualified and experienced personnel who work jointly with the facilities to constantly search out and improve upon the best processes and practices and to upgrade standards within the BASF organization.

The company benchmarks site safety management against the other sites globally and against other companies.

R&D (mainly development work) is performed at various locations in Canada, including the Toronto and Blackie sites as well as at the small Agricultural Products Research and Commercial Development farms, including the lab located in Saskatoon. However, for all research at the global level the parent company does possess a Phase Gate process that includes a Sustainability check to ensure that projects are viable and provide ecological improvements through their impact on society.

Emergency response preparedness is documented and appropriate for the level of risk present in the Windsor, Brampton and Blackie facilities we visited. We did note that in a Crop Protection division toller audit the emergency plan was not located at the site. We noted that the toller planned to address this issue in 2011.

All incidents are captured in BASF's incident management system. These include H&S incidents, near misses, outside incidents involving the company products, complaints, any environmental incidents requiring notification, and items that result from the management review meetings. Incidents are documented, reviewed and action is assigned along with a timeline for completion. Follow up systems are in place. Since BASF's management system is used company wide, all local incidents are available for review daily at all its facilities and by management. The incident investigations and root cause determinations are led by leaders qualified in establishing root cause at each facility

Management of Change is well understood, documented and appropriate for the risks present in the facility.

Process Risk Assessment reviews are established on a five year cycle for Canadian operation, however the process is behind schedule at the ART facilities. Apart from the ART sites, all other sites have conducted a complete site risk assessment.

The company has a 5-year review frequency of Worst Case Scenarios. The study protocol should be consistent with CIAC's expected processes to ensure that latest technological knowledge, operating conditions, weather conditions and community changes are incorporated in both Worst Imaginable and Worse Credible Case Scenario definitions and considerations, and that the updated information is communicated to the public.

The company has completed its Worst Case Scenario assessments for all sites. For the sites visited, The Windsor Worst Credible Case was a fire in the tank farm the impact of which extended 500 meters, including residential neighbours, businesses, and a rail line. The results of both Worst Credible Case Scenario and the Worst Imaginable Case Scenario were communicated to the community first responders. For Brampton, the Worst Credible Case Scenario was a release within the containment dike from a caustic tank. There would be no impact beyond the dike. The results were communicated to the local first responders. For Blackie, the Worst Credible Case Scenario was deemed to be the same as the Worst Imaginable Case Scenario and involved the derailment of a tank car of MDI. The company should reconsider a more appropriate Credible Scenario as the Worst Imaginable Case Scenario involved the complete release of the rail car contents. The ART stores were deemed to all be similar and a single set of scenarios was determined for all ART stores. For the Windsor store Worst Credible Case Scenario involved a single drum of solvent leaking and in the others, a single 5-gallon pail of solvent. Both scenarios involved a complete spill and a fire without consideration for what else was stored nearby. The Worst Credible Case Scenario for the stores should be reconsidered regarding the likelihood of a pail falling and completely spilling. Furthermore the impact of a fire resulting from a full release of a 5-gallon pail or a 55 gallon drum along with other flammables stored nearby should be reconsidered.

The company has completed its latest Process Self-Assessment review at all its facilities; the Brampton, St. Leonard and Nisku sites determined there was no need to go beyond the "Essential" level due to the low hazard and risks associated with the sites, whereas all other sites are beyond the "Essential" level. However, except for the three mentioned above, and the recently acquired Smiths Falls facility, the other Canadian sites are all at the "Enhanced" level and have documented a plan to either proceed beyond or to remain where they are.

BASF has several second party tollers; these perform repackaging and blending for the company.

The company has documented Buffer Zone and Dislocated Persons Policies; however the Buffer Zone Policy should be expanded to include awareness and control of off-site events or changes that could impact on the company's business at the site, and should include who is responsible for doing so.

There is a finding pertaining to the “Plan” part of the company’s toller management system in that the company must confirm that tollers do operate with the same commitments to Responsible Care as if these operations were owned by the company. The company must have a process in place to assure itself that this is the case on an ongoing basis. The team determined there was a deficiency in the “Planning and Checking” part of the company’s risk management system that prevented a timely resolution of its initial complete facility risk assessment of its ART stores within the designated 5-year period defined in this management system. There is an opportunity below related to this subject. The team also suspected there was a deficiency in the planning part of the company’s Worst Credible Case Scenario management system in understanding what constitutes an appropriate level of risk that should be used to determine a credible WCCS. Also the team saw opportunities to improve understanding local responder assistance provided and in planning regarding immediate assistance to plant managers during an ongoing bomb threat situation. The Team also noted several other opportunities for the company or a specific facility to consider improving various parts of its management system.

Findings

F1. There is a finding requiring action that manufacturing and repackaging tollers must operate at the same level of expectation pertaining to the company’s commitment to Responsible Care as the company does in its own facilities. Tollers must understand these expectations and the company must have a suitable auditing process to confirm that they have taken appropriate action, to assess the risks, the controls in place and to provide the necessary communications to potentially affected stakeholders.

Opportunities

Op1. There is an opportunity for improvement for the company to have a management system to evaluate and understand whether their outside service providers such as distributors and public warehouses have their own process for assessing site risks in their facilities, the impact on their neighbours, and that they have communicated these risks appropriately to the potentially affected public and First Responders.

Op2. There is an opportunity for improvement for the company to be aware of what else is stored in the public warehouses used by the company and on its distributors’ sites that could impact on the company’s own product storage and of what other potential or actual business activities that may be taking place on the premises. Furthermore, the company should consider whether it would be appropriate to include in future contracts that such sites notify the company prior to making changes in storage content or site uses to ensure the company is aware of potential concerns for its products or what it considers to be unacceptable risks.

Op3. There is an opportunity for improvement for the company to ensure that it’s Buffer Zone Policy includes these two areas of focus: firstly, that it addresses the need to ensure new properties are chosen with consideration that the site will provide adequate buffering of neighbours from the company’s intended processes; and for existing sites, that it designs its mitigating systems to ensure that operating problems such as emissions or spills do not go

beyond its fence line, and secondly, that there is a management system in place that ensures effective proactive vigilance regarding zoning or other unfavorable site impacts from adjoining or nearby potential businesses at an early enough stage that the company can mount effective opposition to the change, and that there is clear assignment of accountability regarding who is responsible for doing so.

Op4. There is an opportunity for improvement for the company to reconsider the domino effect in determining the ART sites Worst Credible and Worst Imaginable Case Scenarios and to ensure itself that First Responders are aware of and capable of meeting the company's expectations in event of a store fire defined as the company's Worst Case Scenario.

Op5. There is an opportunity for improvement for the company to require that ART sites have the same 5-year review requirement for these sites' Worst Case Scenarios as it requires in the rest of the company.

Op6. There is an opportunity for improvement for the company to communicate the impact of a site's Worst Credible Case Scenario regardless of its extent, to ensure awareness, assurance or necessary action needed on the part of its affected neighbours, regardless of how minor the scenario may be. Assurance of the lack of need for concern (peace of mind) is as important as the knowledge of potential impact on the community.

Op7. There is an opportunity for improvement for the company to ensure that Crop Protection Group tollers always have the site's emergency plan kept on site rather than elsewhere.

Op8. There is an opportunity for improvement for the company to ensure that part of each site's annual review process includes confirmation that both the site and its community First Responders continue to have suitable response capability in place in event of an emergency pertaining to the site's current operation.

Op22. There is an opportunity for improvement for the company to consider defining the frequency over which it feels a joint company/community on site emergency exercise should be repeated, based on the issues derived from the last actual exercise, (not a tabletop). We also encourage the Windsor site to continue the plans for the actual exercise with their community in 2011.

Op9. There is an opportunity for improvement for all company sites to clarify and understand exactly what services its First Responders will provide during a bomb threat, especially in the search and detect portion and to clarify the role of company personnel and of the First Responders in mitigating the emergency.

Op10. There is an opportunity for improvement for the company to better guide and define the immediate expectations of the site manager once a bomb threat has been received pertaining to whether to evacuate, when to contact its First Responders, and when and who to contact in the company for ongoing assistance and direction during the emergency.

Op11. There is an opportunity for improvement for the company to ensure inclusion of the wording “CIAC requirements” along with ACC requirements in its Toller Self Assessment Questionnaire and other documents and procedures to emphasize the Canadian requirements.

Op12. There is an opportunity for improvement for the Brampton site to inspect its High Density Polyethylene (HDPE) storage and processing tanks annually according to its BRA 1036 procedure.

Op13. There is an opportunity for improvement for the Brampton site to clarify the contractor agreement pertaining to the inspection frequency of the supplier’s two caustic storage tanks and who does the inspection. If the supplier inspects the tanks, it should provide the site with a document confirming the inspection whenever it is conducted. The site should agree to the inspection frequency since both tanks are made of HDPE, the same as the rest of the facility tanks. The company may wish to investigate the existence of recognized guidance from ASME or other authorities pertaining to the inspection frequency of such tanks.

Op14. There is an opportunity for improvement for the company to require that all company sites become aware whether other outside community emergencies could impact on the site and if so what shelter in place requirements and training are needed at the site.

Op15. There is an opportunity for improvement for the Brampton site to ensure that company procedures and practices located on the company intranet or on paper are known and used accordingly.

Op16. There is an opportunity for improvement for the Brampton site to consider the value of locking or the use of seals on the storage compartment doors of the tank trucks where equipment, drip pails, meters etc are located, to prevent theft or vandalism while off the company property.

3b) Product Stewardship – 2nd Parties

General

BASF has Product Stewardship processes in place to ensure that product risks are assessed, reviewed, corrective actions taken where required, and that product risk information is available to employees, third parties, customers and the public.

The process begins during Product Development where new products in development go through a Phase Gate process that may include a Sustainability Check tool in order to examine the proposed product from a sustainability aspect. The product then may undergo further analysis such as the Eco-Efficiency analysis which evaluates the product with respect to both its financial and ecological impact.

After the product is brought to market, it must pass through the Global Trade Control process whereby products are blocked from sale in SAP until the regulatory requirements are met in the country where it is to be sold as well as any security screening and customer screening requirements (such as end use declaration).

Products sold in North America are also subject to the North American Product Risk Characterization which evaluates whether additional measures are required based on the level of risk. (eg: training for customers, prohibition of sales to distributors, etc). At minimum, MSDSs and product information are made available to employees, third parties handling the product, emergency responders and customers. The product will also be evaluated to determine if it meets the criteria of High Priority Chemical, and if so, it will require a product safety summary to be created and made publicly available. All products sold in North America follow the Canadian requirement that MSDSs must reach the customer before or with the shipment.

Once the product reaches the customer, third party, or the public, their inquiries are brought to the attention of the Product Steward and/or the BASF EPIC group in Product Stewardship who will respond to their questions and concerns.

BASF Group has a specific program to prevent diversion of chemical substances into illicit or criminal uses. BASF Canada complies with this program in order to receive sensitive substances to sell to its customers. The process complies with or exceeds Canada's regulatory requirements for these types of products.

The Product Security Team within BASF North America is led by the Vice President of Regulatory, Law and Government Affairs with representatives from Product Stewardship, Regulatory, Security, Transportation Safety and the Businesses. The team is tasked with setting policy and establishing programs in order to ensure BASF products are sold for legitimate uses.

Purchasing for BASF Canada is completed by the BASF Corporation Procurement group for raw material, merchandise and various technical items. The team qualifies suppliers and enters all information in SAP so users may only use the approved supplier when entering an order. BASF Corporation's Procurement Group follows the global supplier assessment process as described in the working process, BWP-013. Thus, raw materials, carriers and maintenance or construction contractors are all pre-approved by the corporate group and local facility personnel are not involved in the selection process. Carrier selection, for example is identified on the customer order received by the facility.

At a customer level the Sales personnel and to a lesser degree the Technical Services personnel are responsible to ensure adequate stewardship at customer facilities.

Findings: None

3c) Security & Emergency Response

General

All manufacturing sites in Canada have undergone Security Vulnerability Assessments. The Windsor and Toronto sites are deemed to be Tier III sites while all others are Tier IV. These assessments were conducted by the corporate security group and findings were tracked to completion both by the sites and by corporate security. Each site has an employee who acts as the site security liaison. This person ensures the site follows security procedures and deals with questions and concerns. All sites have completed addressing the local gaps found in the original

site SVA process. Some sites have undergone subsequent security audits based on need and vulnerability.

New acquisitions typically undergo a site SVA after the first 2 weeks of the acquisition. The main focus is in areas of access control, sufficient security cameras on site and improvement of specific site weaknesses, or problems, if any, such as a history of thefts. Information technology security is handled by the IT Group.

All sites, including the corporate offices, require signing in and the wearing of visitor badges; employees at the corporate offices and at larger sites carry ID badges that also unlock access doors. The Windsor site had the most secure gated perimeter with closed gates. The Brampton site with a lower security level of concern due to the nature of its products, had only a barrier arm gate, typically left open during the day, while the more isolated Blackie plant did not have a fencing or gate system, though the plant building itself is secured at the end of each daily activity.

Each BASF Canada site is required to have its own ER plan and to discuss site hazards with local emergency responders. All the visited sites have their Emergency Response Manual at the site. It was noted that a previous internal audit found that a BASF Canada toller did not keep its Emergency Response Manual at the site. Testing of site Emergency Response plans is done according to a schedule identified in the site's Emergency Response testing grid. Both the Windsor and Blackie sites have conducted at least one joint company/community actual onsite emergency exercise, and conduct at least one emergency drill every quarter. The Brampton site, due to the low hazard present at the site and the fact that both Worst Case Scenarios would be confined to an interior dike, have not conducted such an exercise though the facility has had the fire department visit the facility, and has had a next door fire emergency where the first responders advised the site to "Shelter in Place". The ART stores have not had a joint company/community exercise, nor do they conduct internal drills. All actual emergencies and drills are debriefed afterwards and gaps in the planning are identified and responsibilities to resolve are assigned.

There is a Bomb Threat emergency plan in the Site emergency manuals, outlining the typical steps to take. However, company sites need to clarify and understand exactly what services their First Responders will provide during a bomb threat, especially in the search and detect portion and to clarify the role of company personnel and of the First Responders in mitigating the emergency. There is an opportunity for the company to better guide and define the immediate expectations of the site manager once a bomb threat has been received pertaining to whether to evacuate, when to contact its First Responders, and when and who to contact in the company for ongoing assistance and direction during the emergency.

BASF Canada has trained a number of employees to the American 40-hour HAZMAT Technician level for chemical emergency response. It has also trained responders from local fire departments as well as from CANUTEC on an as need basis. In Blackie, the volunteer Fire Department and company employees train together. This includes First Aid, CPR and defibrillator training, which also includes training of several teachers from the local school.

The number of responders trained depends on the risk at the site and whether or not the off-site incidents will be responded to as well as site incidents. Typically, there is at least one trained responder per site. BASF has a contract with Newalta Emergency Response to back up its responders for both off-site and on-site incidents.

BASF Canada has a Transport Canada approved Emergency Response Assistance Plan (ERAP) for covered chemicals shipped within Canada. Newalta is the contractor that supports the ERAP. The corporate Emergency Response group is notified whenever there are any incidents during 3rd party transportation or at 3rd party warehouse and tolling sites, and will escalate the situation when BASF response is required.

The Toronto site is involved in the West Toronto CAER group. Cornwall participates with the Town's emergency planning committee. Other smaller sites have at minimum established relationships with their community responders. The Windsor site is actively working through the Windsor-Essex County Environmental Committee's Transportation Sub-committee to create a CAER-type group for the area. The sub-committee has shown some interest in emergency planning. The site and committee are discussing the Sarnia and Toronto West CAER models.

The Blackie site conducts annual fire extinguishing exercises with the Fire Department where each individual puts out a solvent fire.

Findings: None

Best Practices

6. The Blackie site conducts annual fire extinguishing exercises with the Fire Department where each individual puts out a solvent fire.

Extra Mile

1. The Blackie site provided the local school with a defibrillator and training for 3 of the school's staff.

3d) Environmental Management

General

Water is a component of products at all 3 visited sites hence water usage varies depending on volume and product mix. Water consumption is tracked at the sites visited, but there is neither formal nor scheduled reduction target. None of these sites are in an area of water shortage. The Windsor site has completed a number of water consumption reduction projects including modification of toilet water control and improvements in the facility demineralized water system, where it no longer needs to preheat process water. The Windsor site's WISE initiative, (Windsor Initiative for Saving Energy) has helped the site improve its power efficiency. It has also participated in a locally sponsored energy audit. Both Blackie and Windsor sites generate

inert gas for process protection using membrane technology instead of burning natural gas. The Blackie site employees have a good approach and a visible concern for the environment to the extent that floor wash water is collected and stored in a tote bin for eventual disposal.

NERM emissions are reported annually for BASF Canada, but the 5-year Emission Reduction Plan is a flat line as the company only modifies the plan after a known project with an emission reduction impact has been completed and the reduction confirmed. Globally, the company focuses on emission reduction projects where the greatest company benefit will occur rather than requiring individual countries such as Canada to set country wide or facility specific reduction targets.

At the Brampton site all process water and waste water is recycled into product. The Windsor site is BASF Canada's major process waste generator. The other sites are significantly lower hence the Windsor site focuses on process waste reduction and is achieving significant improvements.

Findings: None

Best Practices

7. The BASF Signing Executive (the Canadian President) participates on various external environmental initiatives, including the Energy, Climate, Communication Collaboration Initiative (EC3).

3e) Visibility and Employee Awareness of Responsible Care

General

Canadian chemical industry members of the CIAC are committed to a specific code of ethics that guides their conduct in a way that protects their employees, their customers, their neighbours and the environment. This distinguishes the association's members from other chemical companies with a different sense of ethics. It is important that the public recognizes that members are bound by this ethic so that it can demand equal commitment for their protection from other chemical users or manufacturers.

BASF Canada and in fact the global parent company, BASF SE has a long history of internal emphasis and culture focusing on environment, health and safety aspects of its operation and of Responsible Care by name everywhere it operates. Responsible Care is the umbrella under which the entire company's EH&S policies and its plant management systems are incorporated. The principles of Responsible Care are considered in corporate and site objective setting; are discussed within their site management reviews and are highlighted throughout the year during meetings and in training sessions. The reverification team confirmed that plant employees at the visited sites were well aware of their responsibilities under Responsible Care and were able to verbalize how it applied to their jobs. All new BASF Canada employees are required to complete an on-line Responsible Care awareness program, as part of the training matrix.

Responsible Care information is communicated through the weekly e-newsletter (available to all employees on-line), and in employee communication meetings where such topics as the changes to the CIAC Responsible Care Ethic and Principles for Sustainability are discussed.

Visible evidence of the words Responsible Care are found throughout the local facilities, including on Responsible Care flags, posters and banners that are displayed at sites, the BASF Canada internet homepage and the BASF Global Annual Report which displays the Responsible Care icon and also covers aspects of Responsible Care and Sustainability management and the latest reverification results.

BASF Canada communicates its commitment to Responsible Care when talking to the local community, elected officials, community responders, neighbours, customers, other 3rd parties, etc. Sites also discuss what it means to be a Responsible Care company as part of an industry-wide initiative.

Findings: None

Opportunities

Op23. There is an opportunity for improvement to heighten Responsible Care visibility and branding by including the Responsible Care logo on business cards and stationery.

Best Practices

8. The website for BASF Canada has an excellent Responsible Care component under its Sustainability tab.

3f) Occupational Health and Safety

General

BASF Canada has a very active occupational health and safety program. The 7-element Health and Safety Program is the management system that has been used in Canada since the early 1990's. The Journey to EHS Excellence has resulted in considerably more focus on the 7-element program and other tools to improve the company's EHS culture and drive performance improvement. BASF Canada sites set annual goals to support progress in the Journey to EHS Excellence.

All the visited sites had a clear focus on Health and Safety with defined goals and objectives set both at the corporate and the site levels. The company benchmarks its performance against other CIAC and ACC members. New initiatives, specifically at the Windsor site include "Safety By Choice", a behavior based emphasis, and "Safe Start" designed to improve the site's safety performance.

Blackie site employees have a good approach to Health and Safety with few injuries. As a small site, employees demonstrate a deep understanding of their commitment to the site's health and

safety and should be considered as a site demonstrating an interdependent safety culture. All pails used for various purposes at the site are labeled; all employees have PPE, First Aid and CPR training, and are trained to use the company defibrillator. The site has a gas detector and an oxygen analyzer, which is of the same make as that of their fire department and uses the fire department facilities to calibrate their unit. The site has annual fire extinguishing fire drills with the fire department and has at least one internal emergency drill a quarter. It has conducted a large coordinated company/community emergency exercise with good learnings being realized about emergency communications challenges between parties. There is a backflow preventer in the plant water system. Shelter in place is available and outside emergencies requiring shelter for BASF employees was considered, including emergencies arising from an explosion in an explosives facility some miles away and a dust explosion at the nearby grain elevators. There was a recent upgrading of the hamlet's water system. The site needs to determine the type of water treatment used to confirm whether chlorine is used and whether this could result in requiring "Shelter in Place" at the facility. The company needs to review the calibration procedure for the site fume hood to ensure that the glass window level in the hood is properly defined and marked on the front panel. All site employees take turns conducting a monthly safety meeting that includes a review of the "Chemical of the Month" a different plant chemical each month.

The Brampton facility includes its contracted dedicated tank truck drivers in all safety meetings.

Findings: None

Opportunities

Op20. While the company's approach in addressing Displaced Persons during a emergency involving a company site or product is very good, there is an opportunity for improvement for the company to add references to the information located in different procedures so that in event of need, personnel are able to quickly locate the different portions.

Op25. There is an Opportunity for Improvement for Blackie plant manager to ascertain the type of water treatment that is in place in the community to confirm whether chlorine is used and to ensure if so, that the proper emergency procedures are in place to protect BASF employees in a water treatment facility emergency.

Op26. There is an Opportunity for Improvement for the company to review the process for calibrating the lab fume hood at the Blackie site in which the proper level setting for the window during use of the fume hood is determined.

Best Practices

9. The company's Journey to Excellence, its Safety By Choice, and other safety culture enhancing initiatives are considered best practices.

10. All Blackie site employees take turns conducting a monthly safety meeting that includes a review of the "Chemical of the Month" a different plant chemical each month.

3g) Transportation Security

General

Road carrier security assessments are provided through the QRC carrier terminal audit reports. Waste, drayage and BASF's main LTL and TL carrier's (Manitoulin) contract carriers are included.

All road carrier selections and arrangement for pickup from company sites are carried out by its corporate service providers and are chosen from a list of approved carriers. Sites never choose a carrier. BASF Corporation has a product vulnerability assessment process that categorizes each product shipped into one of four categories – “Low”, “Medium”, “High” and “Company Sensitive” (aka. “High High”). While for most products, a predetermined route is not mandated by the company; those meeting the “Company Sensitive” designation have specific routes defined through the USA, and Canada. At present, no “High” and no “Company Sensitive” materials are transported within Canada. For tank trucks carrying toxic chemicals with a “High” categorization, these shipments require GPS tracking. Shipments of “Company Sensitive” materials require the use of driver teams, one of which can never leave the load.

For all rail carriers, the company needs to assure itself that each one has an acceptable level of security for the company products it carries. The company uses short haul rail carriers, but has not conducted security or safety assessment of these railroads.

Security seals are required on incoming and outgoing shipments for all bulk shipments involving BASF sites, affiliated warehouses and tollers. GELOG, a transport classification system in SAP was implemented in 2005 which was a step towards global harmonization and allows distribution safety to review all current classifications. This system allows checks to ensure the correct packaging is specified in SAP prior to releasing the classifications.

BASF does not draw special attention to “sensitive” or specially regulated chemicals when providing instructions to carriers but rather deals with core carriers that fully understand and have a track record in complying with general BASF security requirements.

BASF has also implemented a program to fit some railcars used for higher risk products with GPS tracking. This is currently in place on approximately 1000 railcars and is being evaluated as to whether to expand implementation to the rest of the fleet.

Findings: None

Opportunities

Op17. There is an opportunity for improvement for the company to ensure it has reviewed and found its rail carriers' security agreements acceptable for the risks involved with the rail transportation of its products especially its short line railroads.

Op18. There is an opportunity for improvement for the company to review the safety audits and security plans of all short haul railroads it uses to transport owned materials.

Op19. There is an opportunity for improvement for the company to consider the value of installing GPS chips on the trailers used to transport its “Red Level” HAZMAT products. Hijackers could easily hook a different tractor to the load. Note too that empty stainless trailers have been stolen and cut up for their scrap value.

3h) Risk Communication

General

Internal risk communications processes include up to date MSDSs, procedures, and cautionary instructions, training programs, incident investigations in the company accident/incident database, fire extinguishing training, safety meetings, communicating Worst Case Scenarios and employee safe response procedures to these and other emergencies. At the Blackie site, employees all take turns to research a safety topic and one site chemical for properties and safe handling, and give a safety talk to the rest of the employees every month.

Each BASF Canada site is required to have its own ER plan and to discuss site hazards with local emergency responders. All the visited sites have their Emergency Response Manual at the site. Testing of site Emergency Response plans is done according to a schedule identified in the site’s Emergency Response testing grid. Both the Windsor and Blackie sites have conducted at least one joint company/community actual onsite emergency exercise, and conduct at least one emergency drill every quarter. The Brampton site, due to the low hazard present at the site and the fact that both Worst Case Scenarios would be confined to an interior dike, have not conducted such an exercise though the facility has had the fire department visit the facility. The ART stores have not had a joint company/community exercise, nor do they do internal drills. Actual emergencies are debriefed afterwards and gaps in the planning are identified and responsibilities to resolve are assigned.

Externally, BASF Canada has a Community Outreach Performance Standard ES-5416 that provides guidance for sites in Canada based on their assessed risk levels. The BASF corporate standard BMP-006 defines the minimum requirements for community outreach based on assessed risk.

Both worst case scenario radii have been defined for each site and assist the sites in determining their perimeter for outreach activities. Information pertaining to both the site’s Worst Credible and Imaginable Case Scenarios as well as other site risks, benefits the site brings to the community, etc. are included in the outreach brochures which are distributed by the sites.

The company has completed Worst Case Scenario assessments for all sites. For the sites visited, The Windsor Worst Credible Case was a fire in the tank farm, the impact of which extended 500 meters, including residential neighbours, businesses, a spur rail line and two sidings. The results of both Worst Credible Case Scenario and the Worst Imaginable Case Scenario were communicated to the community first responders. For Brampton, the Worst Credible Case Scenario was a release within the containment dike from a caustic tank. There would be no impact beyond the dike. The results were communicated to the local first responders. For Blackie, the Worst Credible Case Scenario was deemed to be the same as the Worst Imaginable

Case Scenario and involved the derailment of a tank car of MDI and a subsequent rupture and total spill of the tank car's contents. The company should reconsider a more appropriate Credible Scenario as the Worst Imaginable Case Scenario involved the complete release of the rail car contents. The ART stores were deemed to all be similar and a single set of scenarios was determined for all ART stores. For the Windsor store Worst Credible Case Scenario involved a single drum of solvent leaking and in the others, a single 5-gallon pail of solvent. Both scenarios involved a complete spill and a fire without consideration for what else was stored nearby. The Worst Credible Case Scenario for the stores should be reconsidered regarding the likelihood of a pail falling and completely spilling. Furthermore the impact of a fire resulting from a full release of a 5-gallon pail or a 55 gallon drum along with other flammables stored nearby should be reconsidered.

Findings: None

3i) Social Responsibility

General

Globally, BASF has active Social Responsibility programs in support of diverse projects worldwide with a strong focus on host communities where sites are located. In 2009, the BASF Group spent a total of €48.1 million on projects supporting access to education as well as social, sports and cultural activities (2008: €64.7 million). Of this total amount, 27.7% was donated (2008: 38.6%).

BASF's view is that the company's economic success depends in part on the trust that employees and neighbors place in it. BASF therefore commits to conducting business sustainably. BASF also follows this principle for its social commitments and supports initiatives that reach a significant number of people and that have long-lasting effects. BASF contributes to the UN Millennium Development Goals through the activities of a Joint Venture, BASF Grameen Ltd. in Bangladesh where 72 percent of the Bangladeshi population is at risk of malaria and has some of the highest child and maternal malnutrition rates. This is why BASF Grameen Ltd. offers dietary supplement sachets containing vitamins and micronutrients, and impregnated mosquito nets that offer protection against insect-borne disease. Other examples of international donation projects include contributing to improving the drinking water supply in the Umzimvubu region of South Africa through a partnership with UNEP through a donation of €100,000 plus an equal amount from company employees, for several projects including a project in Guatemala to teach people in mountain regions how to produce clean drinking water from rainwater; an aid project for flood victims in India and Nepal; as well as a disaster relief community project in the Philippines.

BASF is part of the Sustainability Consortium and is the only chemical company in the consortium's membership.

In Canada, at the corporate level, BASF Canada supports a number of charities and socially responsible organizations such as the United Way, the Daily Bread Food Bank, and Habitat for Humanity, etc. After the earthquake in Haiti, a program was set up with the Red Cross. BASF Canada donated \$10,000 and also matched employee donations resulting in a total of \$30,000 in

donations. BASF Canada employees helped raise money for Bereaved Families of Ontario and Camp Oochigeas, a camp program for children affected by childhood cancer. A number of employees from the Mississauga office also volunteered their time for the Daily Bread Food Bank 24 Hour Food Sort. BASF Canada supported work on the Now House, a building in Toronto that was renovated by the Work Worth Doing Studio with the aim of being a net zero energy home. This house was awarded the global ZEROprize Re-Skinning Award by the Zerofootprint organization in the Small Residential buildings category.

Laurent Tainturier, the President of BASF Canada recently was a panelist in the discussion ‘Leadership Collaboration for a Green Economy – Making It Work’ at the ‘OCE Discovery 10’ conference, the largest showcase and conference in Canada which explores the critical touch points in the innovation and commercialization process. BASF Canada is a member of EC3 initiative (Energy, Climate, Communications and Collaboration). Along with other members of the EC3, Mr. Tainturier participated in the one hour panel discussion highlighting the importance of industry collaboration and partnership for the purpose of promoting solutions for a sustainable economy.

At local levels, facilities managers focus their social responsibilities by being actively involved in supporting local education, for example providing the Science Screen Report DVDs, one for high schools and another for children at the elementary school level. Both DVDs were purchased by BASF and are about science to encourage interest in the subject; other community based activities including assisting local children sports, providing funds for fire fighters or schools to buy needed safety oriented equipment, scholarship funds, and involvement in local community improvement organizations. Each site manager has an approved budget for social responsibility activities in the site’s community.

Findings: None

Best Practices

11. The BASF Group demonstrates high and strong commitment to social responsibility. For example, a recently stated corporate directive has communicated its intent to increase the number of females and other nationalities being represented in senior positions throughout the company. Such high level initiatives at the global level illustrate the company’s top down effort in promoting Global Social Responsibility.

12. The company has excellent policies regarding protection of whistleblowers, and employees from harassment, workplace violence, and discrimination in its code of Business conduct.

13. Recognizing community needs and ensuring that local firefighters in Windsor needed additional training, the site financed training and transportation for firefighters to attend courses.

14. Both the Windsor and Blackie sites have provided the local schools with the two Science Screen videos.

3j) TransCaer Outreach

General

BASF participates only on the GTA TransCAER committee through a representative from the corporate office. The representative expressed concern about the low turnout and that a few companies carry most of the load. He commented that apparently a lot of companies perceive little value in attending the meetings or are willing to accept their share of TransCaer responsibilities, thus the outreach part of TransCaer in Ontario continues to be a problem.

Findings: None

Opportunities

Op21. There is an opportunity for improvement for the company to pursue with the CIAC the value and effectiveness of continued participation in the TransCaer Outreach activity.

3k) Carrier Selection

General

Carriers are selected and qualified in accordance with BASF Canada's Carrier Safety Standards Policy. BASF Corporation in the USA follows a similar policy for all carriers shipping into BASF Canada's facilities, contracted warehouses, distributor locations or direct to customers from US locations. Carriers for both the U.S. and Canada are subject to CIAC's Motor Carrier Evaluation contractor audits on rotation. Results of these audits are reviewed and used to make decisions on carriers selected.

All decisions on which of the listed approved carriers is used for a given shipment is done by the corporate group and matched to the order at the time the company confirms the order. If a problem exists with a carrier being unable to provide service for a facility, this is resolved by the corporate personnel. The facilities make no decision on carrier use.

Findings

F2. There is a finding requiring action in that the bulk road carriers used by the Brampton, Nisku and St Leonard sites have not been assessed according to BASF procedures and practices.

Best Practices

15. The Brampton facility's dedicated outside drivers receive the same EH&S training as the facility's own employees.

3l) Engagement of Elected Officials

General

BASF Canada head office personnel participate in Parliamentary Day activities and Queen's Park days. This has led to invitations for politicians to visit facilities in their ridings. BASF has developed relationships with a number of politicians as a result.

Most site managers include interaction with politicians at their local level including MPs, MLAs, and local government. Contacts and invitations to meet and visit the facility have resulted in mixed success. Most involvement at the local level is with the local city or regional government elected officials and with the local management personnel such as the planning officials related to outreach activities and pertaining to maintaining their buffer zone.

Findings: None

3m) Community Identification and Dialogue

General

The corporate offices are in a business complex in Mississauga Ontario. The three visited sites in this reverification round represented a wide range of sites and locations. The Brampton ON site is located in an industrial area and is surrounded by industrial neighbours; the Windsor ON site, while in an industrial zone is adjacent to a lower income residential area with a high turnover of residents as many are homes rented out, hence maintaining contact with residential neighbours is a challenge. Finally, the Blackie AB site is located in a small unorganized hamlet with the local government being the Municipal District of Foothills south of Calgary, AB. The hamlet is in farm country. The facility is situated on one edge of the hamlet, bordered by a railroad, a city street, and at one end by a grain elevator and on the other by open country. Across the street from the plant are a subdivision and several undeveloped acres of residential open land.

Both the Windsor and the Blackie facilities have communicated the WCCS to their respective communities including what to do if "Shelter in Place" is required due to a facility emergency. Both facilities maintain good relations with their First Responders. The Brampton plant has defined a WCCS as a caustic tank leak, but contained in a dike and the subsequent cleanup inside the dike, and with no impact outside the facility building. While some products are hazardous such as sodium and potassium hydroxide or combustible such as glycerin, the finished products, all concrete enhancers, are water based and non-hazardous. There has been some effort to meet and talk to neighbouring businesses; WCS information was discussed with the 5 or 6 neighbours that were visited. The same brochure used by all sites and the site specific letter were also used. The fire Department has visited the site and ranks it as very low risk in their priority.

The Windsor and Blackie plants have made extensive efforts to meet and discuss their activities and risks with the community and have issued a company brochure and other information to the neighbours and surrounding interested parties. Both had open houses, and the Windsor facility has a CAP. Both are considered welcomed assets in the community due to their involvement and

proactive communications effort. Both are well aware of the local concerns within their communities, none of which involve the company other than concern over possible closing or relocating elsewhere as the jobs both bring are important to their communities.

Findings: None

Best Practices

16. The Windsor site showed excellent initiative with their novel outreach approach to the community whereby they arranged to appear on a local radio show called 'Experts on Call' to discuss the plant site operation, associated risks and explain the shelter-in-place concept.

17. The Windsor site is to be commended for their robust community dialogue process which includes links to the community through their Community Advisory Panel, the local university and active membership in various municipal organizations.

Team Conclusion

Canadian chemical industry members of the CIAC are committed to a specific code of ethics that guides their conduct in a way that protects their employees, their customers, their neighbours and the environment. This distinguishes the association's members from other chemical companies with a difference sense of ethics. It is important that the public recognizes that members are bound by this ethic so that it can demand equal commitment for their protection from other chemical users.

The Executive Contact is involved in the commitment and the process of Responsible Care, and leads a sound approach to making it even more widespread among the employees and the public. There are still, as always, areas where its management systems can be improved. We detected eagerness on the part of the entire management team for our comments and ideas for the continuous improvement of their Responsible Care Management system.

This reverification team found that the Responsible Care ethic, as it pertains to internal environmental, health and safety issues and to the externalization of Responsible Care is clearly visible, well understood and entrenched in BASF Canada's management systems. The reverification team confirmed that the Canadian Responsible Care principles and codes of practice are incorporated into the company's internal and external standards, programs, practices and management systems in a manner that guides the daily actions and decisions of the management team and its employees. We found the company demonstrated itself very capable of identifying deficiencies through its management systems, work procedures, processes, and performance indicators, and demonstrates continuous improvement consistent with the expectations of the company's stakeholders, employees, peers, and governments.

The Team reviewed the company's Information Package, interviewed their management teams, employees, and the nearby facility neighbours in Windsor, ON and Blackie AB, pertaining to the company's actions and decision-making processes. The Reverification Team's conclusion is that the company demonstrates at the time of this verification a good understanding of the Responsible Care requirements and is to be considered as self healing in regards to all aspects of

the Responsible Care ethic. The team has accepted that the company has in fact effective management systems in place to address the issues contained in this report such that there is no need for us to return. We have therefore signed off on this re-verification. The team wishes to congratulate the company on the progress it has made in addressing the findings of the previous re-verification.

The re-verification team recommends that the CIAC presents BASF with a Responsible Care Re-verification Certification at the next appropriate occasion.

5. Company Comments

The process of external re-verification continues to be a key component of Responsible Care for BASF Canada. It is of great benefit to have external industry experts and representatives from the community not only confirm that our behaviours demonstrate the ethic of Responsible Care and that our management system drives continuous improvement but to identify areas for improvement. This is especially true during the transition to the new Responsible Care.

On behalf of BASF Canada, I would like to thank the re-verification team, including our community representatives for their professionalism, keen interest, many suggestions and for the thoroughness of their assessment of how we demonstrate the Responsible Care ethic and apply the codes. I believe that this report presents a fair and accurate picture of our management systems and how BASF Canada follows the ethic.

I agree with the findings and opportunities and commit to ensure that action plans are developed to address all findings requiring action and evaluate and address as appropriate all opportunities for improvement.

I would also like to thank the employees of BASF Canada and BASF Corporation for continuing to live the ethic of Responsible Care and for their hard work in continuing to make Responsible Care an integral part of how we do business.

Laurent Tainturier
President,
BASF Canada
Jan. 7, 2011

Appendix 1

Company Background

BASF Canada Inc. (operating as BASF Canada) is part of the BASF Group within BASF SE and with the head office located in Ludwigshafen, Germany, and with regional headquarters in New Jersey, USA. BASF Corporation is responsible for the operations of the BASF Group in the North America region. BASF Canada is responsible for governance of BASF's operations in Canada and for development of the Canadian market. In North America BASF operates on a shared services platform for many of the services provided for the Canadian company. BASF operates a number of different business units which report regionally into BASF Corporation and globally into Germany. The business units are in the areas of agricultural protection, chemicals, coatings, care chemicals and plastics. Most BASF businesses operate by selling through BASF Canada to Canadian customers. A few businesses sell directly from BASF Corporation to the customer or a distributor in Canada.

BASF Canada is the owner of Automotive Refinish Technologies, Inc., (ART), in Canada. ART operates a chain of 6 stores that sell BASF automotive refinish coatings and other 3rd party coatings related supplies (sand paper, body filler, mixing equipment, etc.) to auto body shops. ART also has 2 stores in the USA.

In March, 2009, BASF acquired Ciba Specialty Chemicals which in Canada included Ciba Canada Ltd. This acquisition expanded BASF's pigments, paper chemicals and other specialty products portfolio. The company subsequently disposed of some of the acquired assets; currently, the following parts remain in BASF. As of April 1, 2010, the Ciba businesses amalgamated under the BASF name include the Ciba Canada Ltd. chemical distribution business, and the Ciba Metasheen business and manufacturing facility in Smiths Falls, ON, which produces aluminum pigments.

In 2009 BASF purchased Whitmire Micro-gen Research Laboratories Inc... No facilities or employees were included in Canada. 13 registered pest control products (e.g., boric acid, pyrethrin) sold through licensed pest control companies were included. Also included were a number of devices such as lights that attract insects away from food preparation areas in restaurants and better mouse traps.

In 2007, BASF Canada's Abbotsford and Georgetown facilities were shut down and the sites were divested with equipment in 2008 and 2009 respectively.

All BASF operations in Canada, including tollers, are included in this reverification, although the former Ciba business and facility in Smith Falls is still under the 3-year process of full compliance to the Responsible Care commitment. It was only included in this reverification to the extent of examining the company's process of acquiring and implementing Responsible Care in new facilities.

BASF Canada facilities in Canada include: BASF Canada Corporate Office in Mississauga, ON; the Toronto site is a manufacturing and warehouse/distribution facility. Other manufacturing

sites are Cornwall, and Windsor, ON, and Blackie AB. BASF Construction Chemicals Canada Ltd has three sites: Brampton, ON, St Leonard, QC, and Nisku, AB. The Agro group Sales office is in Winnipeg MB; and has a Research Lab in Saskatoon SK and 7 small research farm plots to monitor crops in Saskatchewan, Alberta, Manitoba and Ontario. The ART group has five small wholesales stores in Belleville ON, Laval, QC, Les Saules, QC, Windsor ON, Winnipeg MB and one in Toronto located in the BASF Toronto site. The former Ciba Metasheen operation is located in Smith Falls ON. The company also uses a number of tollers who do blending and repackaging for the company.

Laurent Tainturier is the President of BASF Canada and the BASF Canada Executive Contact.

The BASF Canada organization has undergone a number of changes since the last re-verification. The approximate head count of the organization is 600 including the former **Ciba** Metasheen business; however, the overall number of employees in Canada has not varied significantly since the last re-verification.

BASF has a matrix organizational structure. This matrix structure means that employees may have more than one supervisor. Many BASF Canada employees report functionally to a supervisor in BASF Corporation and administratively to a supervisor in BASF Canada.

BASF in North America operates a North American regional organization following a “shared-services platform” structure. A number of employees in all three North America region companies (BASF Canada, BASF Corporation and BASF Mexicana) assume roles across all three North America countries, typically with the head of the organization in BASF Corporation.

The Ecology, Health and Safety (EHS) function is a typical example of how this model works. All EHS employees in the North America region report functionally through the BASF Corporation based EHS organization.

BASF Canada’s Responsible Care management system is integrated into its overall company management system and follows the Plan-Do-Check-Act loop as described below.

Canadian Policies, Procedures and Guidelines forming the management system are clearly identified on the BASF intranet for site management personnel and employees to use. The Responsible Care ethic is embedded into the management system and code elements as well as into processes both at a corporate and site level.

Both internal and external (e.g., QRC and Crop Life Canada) audits are performed to assess the management system, its implementation and to verify that the management system includes all legislative and Responsible Care code element requirements.

Objectives and performance targets including those required to demonstrate commitment to Responsible Care, are set in BASF throughout the corporation and specifically to address Canadian Responsible Care needs, and include such areas as understanding risk potential of a particular business or site, collective risk such as with the process safety training metric applicable to all sites/businesses as defined by the training matrix. BASF Canada and individual sites have safety performance metrics established, including lost time injury reduction, to meet

the global targets and, as applicable, environmental legal or mandated targets to ensure continuous improvement. All employees have personal goals and objectives they set mutually with management. For sites with a union, the union agreement incorporates these communal goals, whereas for non-union facilities the goal is individually agreed upon. Individual annual bonuses are dependent on completion of these goals.

Actions defined from past re-verifications and internal checks of RC implementation are reviewed by the Responsible Care Steering Committee used to drive continuous improvement.

A Responsible Care Scorecard provides a quick summary of the status of the code element review, findings and opportunities and other key measures. The Scorecard is updated quarterly, reviewed by the RCSC and used to manage Responsible Care objectives and performance targets set out for the sites. These targets include resolution of any findings and opportunities from previous re-verifications, from internal checks of Responsible Care implementation, and from direction given by the RCSC. Implementation of the Responsible Care code elements is tracked in detail through the Responsible Care database for each site. CIAC Responsible Care metrics are tracked, reviewed by management, and benchmarked for performance and goals against other Responsible Care member companies.

The facility has an excellent and comprehensive suite of performance measures tracked to monitor its progress on key areas of focus. Visibility of the tracking charts allows all employees to maintain awareness of the results of their efforts in the areas that management exhibits concern. This was especially visible at the Blackie site.

Corrective actions derived from incident and accident investigations or identified by various other system review processes (audits, non-conformance measures, PSM or SVA reviews, etc) are tracked and followed to completion, including any necessary adjustments to the documented management system.

The main tool for the annual Responsible Care management review is the RC database. It includes an annual update of the status of each code element assigned to each facility. The RC database also tracks the progress of findings and opportunities.

The President of BASF Canada (the Executive Contact) ensures that the ethic of Responsible Care is known throughout the organization and that it underpins day-to-day activities. The President manages the company through the Canadian Executive Committee (CEC), which is informed of RC issues by the RC Coordinator. This ensures that BASF Canada meets the RC codes and ethic from a governance role. The President also holds regular communication meetings that include discussion on at least one aspect of Responsible Care. Feedback is solicited from employees during and after these meetings.

A follow-up system is in place. The recording of incidents is followed by an investigation process to determine root cause. Corrective action is then assigned and a follow-up system is in place to check progress, trigger follow-up reminders, ensure completion and effectiveness of the corrective action change put in place.

A Management of Change system is in place defining how acquisitions or divestments of businesses, and regular equipment replacements or improvement changes are initiated and

approved. An example of BASF's approach was its recent acquisition of the Canadian portion of Ciba facilities and businesses. These businesses were audited for their conformance to Responsible Care, a management GAP analysis completed, and action plans with timing schedules put in place to bring these facilities to the BASF Responsible Care standards. A number of these businesses have since been disposed of.

There is a corporate Buffer Zone policy, however it needs to further emphasize the need for constant vigilance at the local level to ensure that no detrimental zoning or other activities take place that would negatively impact on the facility and assign responsibility for monitoring for changes.

The company has an effective system to ensure product is not sent to customers without confirmation that an MSDS has previously been sent and that this is an approved customer and that sales meet the EH&S requirements of the destination country

BASF Group has a specific program to prevent diversion of chemical substances into illicit or criminal uses. BASF Canada complies with this program in order to receive sensitive substances to sell to its customers. The process complies with or exceeds Canada's regulatory requirements for these types of products.

Appendix 2

Team and Contacts

Reverification Team

Roland Blondin, Industry Representative, Team Leader, Consultant,
Marcel Emond, Industry Representative,
Jim Wakefield, Public Representative,
David Cedertra, Blackie Community Representative,
Sheila Duke, Windsor Community representative

BASF Corporate Contacts

Laurent Tainturier, President, Signing Executive,
David Peters, Responsible Care Coordinator,
Dave DiMarcello, Environmental CoE Manager and US RCMS Coordinator,
Ivan Videc, Regional Logistics Manager, Distribution Code,
Kent Jennings, AP Technology/Biotechnology Manager, Responsible Care Steering Committee,
Dan Miller, Process Safety CoE Manager,
Sue Carter, EHS/ Responsible Care,
Esther Lawrence, Distribution Safety Specialist
Marc Muff, Director Finance & Business Services,
Barry Nicholas, Toronto Site Manager, RCSC
Dan Steinmetz, EHS Product Steward Manager, RCSC

David White, EHS Emergency Response Manager
Tom Sasse, Procurement Manager
Kara Sparks, EHS Hub Manager, Michigan-Canada Hub, RCSC
Bob Hewett, Regional Manager Security
Martine Despatie, Communications Manager
Tom McGourty, Manager Distribution Safety and Security, RCSC
Greg Elkins, North American Logistics Transportation Procurement

Brampton Site Visit

Fortunato Sanchioni Site Manager,
John Mucciaccio, Divisional Sales Manager
Thomas So, Plant Operator,
Peter Ceolin, Plant Operator
Bradley Roy, EHS Specialist, Michigan-Canada Hub,

Windsor Site Visit

Guido Broche Site Manager,
Dean Clevett Technical Engineering, Services Manager,
Mark McKinney, EHS Specialist, Michigan-Canada Hub, (observer)
Teresa Czerwinski, EHS Specialist, Michigan-Canada Hub, Windsor
Dan Steinmetz, EHS Product Steward Manager, RCSC
Colleen Berardelli, Supply Chain Manager

Additional Windsor employees at Dinner with CAP:
Mark Lindquist, BASF Canada, CEP Union President
Kevin Parent, HR Manager
Mark Kowalewski, Technical Manager
Irina Baluyot, CI Manager
Barbara Catauro, Site HR Admin

Blackie Site Visit

Chris Lacarte, Site Manager, Technical Services Manager, Urethanes, Western Canada
Stan Howe, Key Accounts Manager
Jeff Baxter, Distribution and Warehouse Manager,
Dave Simms, Quality Assurance Technician,
Joel Gittel, Polyurethane Technician,
Reece Jones, Inventory Planner,
Michael Kay, Production Lead Hand and Distribution Assistant,
Sheldon Wiseman, Warehouse Operator,
Kevin MacIntyre, Shipping and Production Assistant

Joint Health & Safety Committee (Windsor)

Kevin Pollard, Contractor Representative,
Jeff Meloche, Blend Operator,

Brian Shuttleworth, Blend Operator,
Mike Rosella, Blend Operator,
Wendy Durocher, QA Technician,
Iwan Berry, Mill Operator and Co-Chairman Joint health and Safety committee,
Rick Mittag Maintenance.

Windsor Community Advisory Panel Meeting

Bill Henderson, St. Clair College of Applied Arts & Technology,
Tracey Pringle, Director, Business Expansion and Retention, Windsor/Essex Economic
Development Council,
Lee Tome, Windsor Fire & Rescue Services
Edwin Tam, University of Windsor,
Linda Smith, Windsor/Essex Chamber of Commerce,
Gerry Steinberg, neighbour,
Sheila Duke, Community Representative and neighbour
Matthew Child, Essex County Conservation Authority

Appendix 3

Summary of Findings, Opportunities for Improvement , Best Practices and Extra Miles found in this report.

2b) Employee Awareness

Findings: None

2c) Overall Responsible Care Management System

Findings: None

Opportunities

Op24. There is an opportunity for improvement for the company to ensure that all facility managers are familiar with the Buffer Zone Policy and their role therein.

Best Practices

1. The company has an excellent Community Outreach Evaluation process that drives its approach to determine the appropriate level and type of communication for individual sites.
2. The company has an excellent code of Business Conduct and requires all employees sign their understanding and agreement that they will adhere to the company's principles. Where unions exist, this is accomplished by unions agreeing to basic principles through collective agreements.

3. The company has a thorough approach to setting their Displaced Persons Policy and management system.

4. The company demonstrates a best practice in having the Windsor site's main contractor as a member of the site's Joint Health and Safety committee.

5. Most manufacturing facility employees in BASF Canada has individual EH&S goals mutually agreed upon, (unions agree to basic objectives through collective agreements.) Completion of the goals impacts on the individual's annual bonus.

2d) Follow-up on Previous Verification Report Findings, Recommendations, etc.

Findings: None

2e) Response to Incidents and Concerns since the last Verification

Findings: None

2f) Performance Measurements

Findings: None

3a) Process Safety Management (PSM)

Findings

F1. There is a finding requiring action that manufacturing and repackaging tollers must operate at the same level of expectation pertaining to the company's commitment to Responsible Care as the company does in its own facilities. Tollers must understand these expectations and the company must have a suitable auditing process to confirm that they have taken appropriate action, to assess the risks, the controls in place and to provide the necessary communications to potentially affected stakeholders.

Opportunities

Op1. There is an opportunity for improvement for the company to have a management system to evaluate and understand whether their outside service providers such as distributors and public warehouses have their own process for assessing site risks in their facilities, the impact on their neighbours, and that they have communicated these risks appropriately to the potentially affected public and First Responders.

Op2. There is an opportunity for improvement for the company to be aware of what else is stored in the public warehouses used by the company and on its distributors' sites that could impact on the company's own product storage and of what other potential or actual business activities that may be taking place on the premises. Furthermore, the company should consider whether it

would be appropriate to include in future contracts that such sites notify the company prior to making changes in storage content or site uses to ensure the company is aware of potential concerns for its products or what it considers to be unacceptable risks.

Op3. There is an opportunity for improvement for the company to ensure that its Buffer Zone Policy includes these two areas of focus: firstly, that it addresses the need to ensure new properties are chosen with consideration that the site will provide adequate buffering of neighbours from the company's intended processes; and for existing sites, that it designs its mitigating systems to ensure that operating problems such as emissions or spills do not go beyond its fence line, and secondly, that there is a management system in place that ensures effective proactive vigilance regarding zoning or other unfavorable site impacts from adjoining or nearby potential businesses at an early enough stage that the company can mount effective opposition to the change, and that there is clear assignment of accountability regarding who is responsible for doing so.

Op4. There is an opportunity for improvement for the company to reconsider the domino effect in determining the ART sites Worst Credible and Worst Imaginable Case Scenarios and to ensure itself that First Responders are aware of and capable of meeting the company's expectations in event of a store fire defined as the company's Worst Case Scenario.

Op5. There is an opportunity for improvement for the company to require that ART sites have the same 5-year review requirement for these sites' Worst Case Scenarios as it requires in the rest of the company.

Op6. There is an opportunity for improvement for the company to communicate the impact of a site's Worst Credible Case Scenario regardless of its extent, to ensure awareness, assurance or necessary action needed on the part of its affected neighbours, regardless of how minor the scenario may be. Assurance of the lack of need for concern (peace of mind) is as important as the knowledge of potential impact on the community.

Op7. There is an opportunity for improvement for the company to ensure that Crop Protection Group tollers always have the site's emergency plan kept on site rather than elsewhere.

Op8. There is an opportunity for improvement for the company to ensure that part of each site's annual review process includes confirmation that both the site and its community First Responders continue to have suitable response capability in place in event of an emergency pertaining to the site's current operation.

Op22. There is an opportunity for improvement for the company to consider defining the frequency over which it feels a joint company/community on site emergency exercise should be repeated, based on the issues derived from the last actual exercise, (not a tabletop). We also encourage the Windsor site to continue the plans for the actual exercise with their community in 2011.

Op9. There is an opportunity for improvement for all company sites to clarify and understand exactly what services its First Responders will provide during a bomb threat, especially in the

search and detect portion and to clarify the role of company personnel and of the First Responders in mitigating the emergency.

Op10. There is an opportunity for improvement for the company to better guide and define the immediate expectations of the site manager once a bomb threat has been received pertaining to whether to evacuate, when to contact its First Responders, and when and who to contact in the company for ongoing assistance and direction during the emergency.

Op11. There is an opportunity for improvement for the company to ensure inclusion of the wording “CIAC requirements” along with ACC requirements in its Toller Self Assessment Questionnaire and other documents and procedures to emphasize the Canadian requirements.

Op12. There is an opportunity for improvement for the Brampton site to inspect its High Density Polyethylene (HDPE) storage and processing tanks annually according to its BRA 1036 procedure.

Op13. There is an opportunity for improvement for the Brampton site to clarify the contractor agreement pertaining to the inspection frequency of the supplier’s two caustic storage tanks and who does the inspection. If the supplier inspects the tanks, it should provide the site with a document confirming the inspection whenever it is conducted. The site should agree to the inspection frequency since both tanks are made of HDPE, the same as the rest of the facility tanks. The company may wish to investigate the existence of recognized guidance from ASME or other authorities pertaining to the inspection frequency of such tanks.

Op14. There is an opportunity for improvement for the company to require that all company sites become aware whether other outside community emergencies could impact on the site and if so what shelter in place requirements and training are needed at the site.

Op15. There is an opportunity for improvement for the Brampton site to ensure that company procedures and practices located on the company intranet or on paper are known and used accordingly.

Op16. There is an opportunity for improvement for the Brampton site to consider the value of locking or the use of seals on the storage compartment doors of the tank trucks where equipment, drip pails, meters etc are located, to prevent theft or vandalism while off the company property.

3b) Product Stewardship – 2nd Parties

[Findings: None](#)

3c) Security & Emergency Response

[Findings: None](#)

Best Practices

6. The Blackie site conducts annual fire extinguishing exercises with the Fire Department where each individual puts out a solvent fire.

Extra Mile

1. The Blackie site provided the local school with a defibrillator and training for 3 of the school's staff.

3d) Environmental Management

Findings: None

Best Practices

7. The BASF Signing Executive (the Canadian President) participates on various external environmental initiatives, including the Energy, Climate, Communication Collaboration Initiative (EC3).

3e) Visibility and Employee Awareness of Responsible Care

Findings: None

Opportunities

Op23. There is an opportunity for improvement to heighten Responsible Care visibility and branding by including the Responsible Care logo on business cards and stationery.

Best Practices

8. The website for BASF Canada has an excellent Responsible Care component under its Sustainability tab.

3f) Occupational Health and Safety

Findings: None

Opportunities

Op20. While the company's approach in addressing Displaced Persons during a emergency involving a company site or product is very good, there is an opportunity for improvement for the company to add references to the information located in different procedures so that in event of need, personnel are able to quickly locate the different portions.

Op25. There is an Opportunity for Improvement for Blackie plant manager to ascertain the type of water treatment that is in place in the community to confirm whether chlorine is used and to

ensure if so, that the proper emergency procedures are in place to protect BASF employees in a water treatment facility emergency.

Op26. There is an Opportunity for Improvement for the company to review the process for calibrating the lab fume hood at the Blackie site in which the proper level setting for the window during use of the fume hood is determined.

Best Practices

9. The company's Journey to Excellence, its Safety By Choice, and other safety culture enhancing initiatives are considered best practices.

10. All Blackie site employees take turns conducting a monthly safety meeting that includes a review of the "Chemical of the Month" a different plant chemical each month.

3g) Transportation Security

Findings: None

Opportunities

Op17. There is an opportunity for improvement for the company to ensure it has reviewed and found its rail carriers' security agreements acceptable for the risks involved with the rail transportation of its products especially its short line railroads.

Op18. There is an opportunity for improvement for the company to review the safety audits and security plans of all short haul railroads it uses to transport owned materials.

Op19. There is an opportunity for improvement for the company to consider the value of installing GPS chips on the trailers used to transport its "Red Level" HAZMAT products. Hijackers could easily hook a different tractor to the load. Note too that empty stainless trailers have been stolen and cut up for their scrap value.

3h) Risk Communication

Findings: None

3i) Social Responsibility

Findings: None

Best Practices

11. The BASF Group demonstrates high and strong commitment to social responsibility. For example, a recently stated corporate directive has communicated its intent to increase the number of females and other nationalities being represented in senior positions throughout the company.

Such high level initiatives at the global level illustrate the company's top down effort in promoting Global Social Responsibility.

12. The company has excellent policies regarding protection of whistleblowers, and employees from harassment, workplace violence, and discrimination in its code of Business conduct.

13. Recognizing community needs and ensuring that local firefighters in Windsor needed additional training, the site financed training and transportation for firefighters to attend courses.

14. Both the Windsor and Blackie sites have provided the local schools with the two Science Screen videos.

3j) TransCaer Outreach

Findings: None

Opportunities

Op21. There is an opportunity for improvement for the company to pursue with the CIAC the value and effectiveness of continued participation in the TransCaer Outreach activity.

3k) Carrier Selection

Findings

F2. There is a finding requiring action in that the bulk road carriers used by the Brampton, Nisku and St Leonard sites have not been assessed according to BASF procedures and practices.

Best Practices

15. The Brampton facility's dedicated outside drivers receive the same EH&S training as the facility's own employees.

3l) Engagement of Elected Officials

Findings: None

3m) Community Dialogue

Findings: None

Best Practices

16. The Windsor site showed excellent initiative with their novel outreach approach to the community whereby they arranged to appear on a local radio show called 'Experts on Call' to discuss the plant site operation, associated risks and explain the shelter-in-place concept.

17. The Windsor site is to be commended for their robust community dialogue process which includes links to the community through their Community Advisory Panel, the local university and active membership in various municipal organizations.

Appendix 4

BASF Sustainability Report

In anticipation of the new re-verification protocol coming in 2011, and as a separate task from the re-verification process, the verifiers were requested to collect information on what, if anything, companies have considered doing, or may have started to do, related to the new Responsible Care® Ethic and Principles for Sustainability. The information will assist CIAC as implementation teams develop the new Codes of Practice, guidance material and the Re-verification Protocol 2010 – 2012. Verifiers do not judge the answers, and companies are not expected to have answers for all or any of these questions.

The BASF Group's four strategic guidelines are:

- We earn a premium on our cost of capital
- We form the best team in industry
- We help our customers to be more successful
- **We ensure sustainable development**

Our basic values are:

- Sustainable profitable performance
- Innovation for the success of our customers
- **Environmental protection, health and safety**
- Personal and professional competence
- **Mutual respect and open dialogue**
- Integrity

These strategic guidelines and basic values apply wherever BASF operates and are entirely in-line with the CIAC's new Responsible Care.

The following are examples of things that are in place and some identified areas for improvement:

a) work for the improvement of people's lives

- Global advertising campaign focusing on improving people's lives:
 - "Africa's water loves treatment" - Abate larvicide for Guinea worm.
 - "noses love fresh paint" - Acronal® ECO allows paints to dry without significant odour .

- “ecology loves economy” - BASF plastics make car parts lighter, improving fuel efficiency.
- “warm houses love energy bills” - BASF construction solutions and energy-efficient materials keep houses warmer and save energy.
- Eco-efficiency and SEE Balance (incorporates society) tools help BASF focus on products/ processes that will make a difference.
- Journey to EHS Excellence initiative to make BASF the safest place to work and a safe neighbour.
- From an internal point of view:
 - Global employee survey
 - Work life balance initiatives (tele-working, flex hours)
 - Career management program
 - Benefit review process initiated.

b) work for the improvement of the environment

- 3 to 1 Carbon Balance – products help customers reduce their carbon footprint, improve BASF footprint.
- Global 2020 Environmental Goals.
- BASF Canada site environmental targets.

c) take preventative action to protect health and the environment

- BASF Canada actively participated with Environment Canada to develop federal regulations to limit Volatile Organic Compound (VOC) emissions from automotive refinish coatings (see Glasurit 90-Line below).
- Pandemic planning
- Flu shots offered at various sites

d) innovate for safer products

- **WALLTITE ECO** is a BASF Canada developed new spray foam insulation that uses zero ozone depleting potential blowing agent and contains 5% recycled and renewable material. WALLTITE ECO was developed to meet the requirements of Environment Canada’s EcoLogoM Program .WALLTITE ECO meets the stringent indoor air quality requirements of GREENGUARD and GREENGUARD for Children & Schools.
- **Hexamoll DINCH** is a non-phthalate based specialty plasticizer that was developed globally for use in applications that are particularly sensitive based on exposure and toxicological issues. It is recommended for use in medical products, toys and food packaging applications.
- **Glasurit 90-Line Waterborne Refinish** basecoats are reliable and eco-efficient thanks to low solvent emissions and allow Canadian customers to meet new federal regulations that limit the Volatile Organic Compound (VOC) component in automotive refinish coatings. BASF has been selling waterborne OEM (Original Equipment Manufacturer) coatings to vehicle assembly plants in North America for 20 years.
- **CLEARFIELD**: BASF Canada is a leader in herbicide tolerant crop technology in Canada working in 4 different crops (canola, wheat, lentils and sunflowers) with the CLEARFIELD Production System. BASF is the only company that is offering Herbicide Tolerance in Wheat, Lentils and Sunflowers in Canada. The CLEARFIELD Production

System allows growers to apply BASF herbicides after the crop and weeds have emerged and receive weed control with one pass across the field. As a result growers realize higher efficiency and higher performance than with conventional weed control systems. As part of introducing crops with the CLEARFIELD trait, BASF has worked with regulators on technology stewardship guidelines around the management of crops with the herbicide tolerant trait. These guidelines help ensure that these weed management tools have a long and sustainable life in the market for our customers and BASF.

e) innovate for safer processes

- SAP software enhancements on global trade controls countries only receive approved products.
- BASF Group Directives (such as Transportation and Distribution Safety, Product Stewardship, etc.) set standard global expectations.
- EHS considerations and especially risk reduction are a key part of capital project reviews.
- Process safety curriculum rolled out across the company.

f) innovate to conserve resources

- 2020 global goal to improve energy efficiency by +25% (baseline 2002) in production processes – 2009 status +16%.
- Global 3:1 carbon balance study – will drive innovation to reduce raw material supplier and BASF carbon footprints.
- Green Sense Concrete mixture proportioning service that maintains performance and helps reduce the high carbon footprint cement component.

g) innovate for products and processes that provide enhanced value

- Globally, BASF continues to invest in R&D and has over 9000 employees at 70 research sites worldwide.
- Innovation is driven by future needs in four key areas:
 - Health and nutrition
 - Construction & housing
 - Energy & resources
 - Mobility & communication

h) engage with business partners to ensure stewardship and security of products and/or services

- Customers using refinish coatings receive training on how safely apply coatings, minimize and appropriately manage emissions and wastes.
- Crop protection product customers are encouraged to rinse and return empty containers to Crop Life Canada depots where they are recycled into appropriate uses. The collection rate is > 70%.
- Crop protection has trained their business partners on reporting requirements and also on the BASF systems. Also, BASF leads the industry task-force on this topic, providing feedback to the PMRA on how to make the IR regulation work better, and is also starting to work with other industries beyond those in CropLife on this.

i) engage with business partners to ensure stewardship and security of raw materials

- A social standards test is applied to non-OECD country suppliers. If the potential supplier fails to pass the test they will not be considered and there is no need for an RCMS evaluation since we will not purchase from them. OECD country companies are required by laws to meet social standard requirements and therefore they are evaluated under the RCMS process.
- Globally, BASF has a Code of Conduct for Suppliers that states, “When we select our suppliers, we expect them to be committed to the principles of Sustainable Development and to actively support implementation within their sphere of influence.”
- Additionally the stated intent of the 3:1 Carbon Balance is to increase the ratio by improving our footprint which includes the impact of raw materials, production, use and disposal of BASF products.

j) understand and meet expectations for social responsibility

- Global goals to increase the international and female proportion of senior executives.
- BASF's contribution to the Millennium Development Goals (in 2000, 189 UN member states resolved to set themselves eight global goals - fight poverty and hunger, improve the quality of life and ensure sustainability). For BASF this includes assisting in science education, Interceptor mosquito nets, food fortification products, etc.
- In Canada, BASF sites and head office employees are active in making a difference in their communities. Donations of Science Screen DVDs to local schools, talking about Responsible Care at the University of Windsor, participation in the United Way, helping out at a Habitat for Humanity build, food bank or local senior's home are all examples of getting involved and making a difference.

k) promote awareness of “Responsible Care.”

- Global annual report displays the RC logo since 2008. Increased global promotion makes it easier to promote locally.
- BASF Canada has always actively worked to promote RC through the value chain.
- The new requirements to promote RC present an opportunity to look at new approaches and opportunities for promoting RC and this is an area for further exploration in 2011.