




**CHEMISTRY INDUSTRY
ASSOCIATION OF CANADA**

GOOD CHEMISTRY: BUILDING A VIBRANT & TRUSTED CANADIAN CHEMISTRY SECTOR

2017
YEAR IN REVIEW

OUTCOMES OF CIAC ACTIVITIES IN 2017

- Federal and provincial governments provide direct supports to over \$6 billion of new chemistry investments in Canada.
 - Government of Canada introduces Bill C-49, the Transportation Modernization Act to establish a fairer relationship between shippers and rail carriers in Canada.
 - Transport Canada fast tracks regulatory amendments to harmonize Transportation of Dangerous Goods for oleum producers and shippers in Canada with those in the U.S.
 - North American chemistry industry delivers consensus recommendations on a modernized trade agreement to NAFTA negotiators.
 - Ontario initiates a Red Tape Challenge to reduce regulatory burden on chemistry industry, among others.
 - Quebec signs a Memorandum of Understanding (MOU) to establish more supportive economic conditions for the provincial chemical industry.
 - Signed MOU with the American Chemistry Council (ACC) for an integrated Canada-U.S. approach to the delivery and certification of Responsible Care®.
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- Risk-based orientation to Canada's Chemicals Management Plan and Canadian Environmental Protection Act maintained.
 - House of Commons Finance Committee carries CIAC budget recommendations to Finance Minister.
 - Association budget balanced and reserves fully funded.
 - Two new member-companies and 4 new Associate members.



**CHEMISTRY INDUSTRY
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THE CHEMISTRY INDUSTRY ASSOCIATION OF CANADA

The Chemistry Industry Association of Canada (CIAC) is the Association for leaders in Canada's chemistry sector. Our members are innovators, solution providers, and world-class stewardship pioneers.

We work to shape public policy which supports investment, jobs, and the environment. We take pragmatic and evidence-based approaches which represent our members' interests and benefit all Canadians.

CIAC founded Responsible Care®, the industry's globally recognized sustainability initiative, in 1985. Since then, our commitment to its ethic and principles has never wavered. At our core, we believe it is imperative "to do the right thing and be seen doing the right thing."

BUILDING SUCCESS

Hello,

As we dive into another exciting year in the Canadian chemistry sector I want to take a moment to reflect on 2017. CIAC has had tremendous influence over the past 12 months in our primary mandate to improve the competitive investment environment for our industry and maintain societal support for the sector in Canada.

Throughout the year, Association staff were resolutely focused on implementation of our strategic plan, which calls on us to:

- increase the visibility of the Association and industry with key elected and unelected officials;
- achieve meaningful results in the priority advocacy issues of the industry;
- fully align our communications activities with our advocacy priorities and position the industry as a solutions provider to key societal issues;
- provide opportunities for alignment between Canadian and American approaches to Responsible Care®; and,
- broaden the CIAC membership.

I am incredibly proud of the commitment and professionalism of the CIAC team and pleased to report that we have made substantive progress in all these areas.

Where CIAC really stepped up this year was in being present at the table of key governmental stakeholders at the federal and provincial levels. And we needed to be. This year, transportation, chemicals management, climate change and clean air, competitiveness and trade – the Association's priority issues – were under active attention by the highest levels of government.

In response, CIAC met with more officials, more MPs, MPPs, and MLAs; appeared before more committees; issued more statements; gave more speeches and presentations and was featured more often in the media than at any time previously. Equally important, CIAC member-companies were actively involved in these processes and demonstrated a willingness to both participate in CIAC-led activities and complement them with their own company-centred advocacy.

As the year closed, we requested a third-party survey of attitudes towards the Association by senior elected officials and bureaucrats in the Government of Canada. CIAC was recognized for its professional, solutions-oriented and fact-based approach to its work. More importantly, respondents ranked CIAC in the top 5 per cent of all trade associations active in federal government affairs. This is terrific validation of our efforts and provides a launching point for our activities in the year to come.

I'm very proud to represent such a well-respected, growing and responsible industry.



Sincerely

A handwritten signature in black ink, appearing to read 'Bob Masterson', with a stylized flourish at the end.

Bob Masterson
President and CEO
Chemistry Industry Association of Canada

INVESTMENT COMPETITIVENESS

CIAC'S WORK IS FOCUSED ON IMPROVING THE INVESTMENT CLIMATE FOR CHEMICAL MANUFACTURERS IN CANADA

Throughout 2017, CIAC's advocacy efforts were heavily focused on raising awareness of the significant investment opportunities available to Canada in the global chemistry sector.



2017 INVESTMENT ANNOUNCEMENTS

- NOVA Chemicals' \$2 billion Ontario investment brings Canadian innovation to North American marketplace
- CIAC welcomes Inter Pipeline's \$3.5 billion investment in Alberta

To read the full press releases online, visit our website at:
www.canadianchemistry.ca/index.php/en/press-releases

CIAC staff met regularly with officials in federal and provincial economic ministries to tell the sector's story. One highlight of the work was a Day on the Hill. On May 3, CIAC coordinated meetings on Parliament Hill between officials and senior representatives from four companies with investment interests of more than \$10 billion.



Hon. Jim Carr, MP, Minister of Natural Resources

In early June at the CERI Petrochemical Conference in Kananaskis, Alberta, CIAC's advocacy work paid off. Dylan Jones, Canada's Deputy Minister of Western Diversification, made it clear in his remarks that the federal government's decision to include chemistry as one of the sectors eligible for funding under the new \$1.8 billion **Strategic Innovation Fund** was a direct result of advocacy by CIAC and its members.

CIAC also implemented a focused strategy around pre-budget consultations. Senior staff appeared before the House of Commons Standing Committee on Finance and met with officials from key government departments and relevant House of Commons committees. The result was the inclusion of a number of our budget recommendations in the Committee's report to the Finance Minister.

During our annual general meeting in October, the Hon. Jim Carr, Minister of Natural Resources, met with CIAC's Board of Directors for a frank discussion about the challenges the industry has had in securing support for new investments and value-added manufacturing. He pledged to support industry growth and went on to challenge CIAC to write the chapter on energy value-added processing for Canada's "low" carbon energy strategy.

THE RED TAPE CHALLENGE – COLLABORATING WITH ONTARIO TO REDUCE REGULATORY BURDENS

Working closely with Ontario's Ministry of Economic Development and Growth's Open for Business Division, CIAC supported the Red Tape Challenge initiative by surveying member-companies on the regulatory burdens affecting them, making an official submission, and hosting both in-person and social media discussion sessions where member representatives described to the ministry's team how these burdens added time, effort, complexity and costs to their operations.

MOU WITH QUEBEC TO ESTABLISH MORE SUPPORTIVE ECONOMIC CONDITIONS FOR THE SECTOR

CIAC signed an agreement with Quebec's Ministry of Economy, Science and Innovation (MÉSI) for 2017-2018 to jointly develop and grow the chemistry industry in Quebec. Provisions include revising the parameters of the province's cap and trade system for greenhouse gas emissions (SPEDE); improving the competitiveness of electricity tariffs; and supporting the reform of the Environment Act.

ALBERTA ENERGY DIVERSIFICATION ADVISORY COMMITTEE RECOMMENDATIONS

CIAC delivered recommendations to Alberta's Energy Diversification Advisory Committee (EDAC) which was charged with providing advice to the government to help build a more diversified and resilient energy economy. CIAC called on Alberta to create the conditions to facilitate a culture of value-add manufacturing and resource upgrading which would, in turn, create jobs and attract new investment to the province.



TRADE

CIAC ENCOURAGES REGULATORY HARMONIZATION THROUGHOUT NORTH AMERICA TO BENEFIT PEOPLE, THE ENVIRONMENT AND THE CHEMISTRY SECTOR

Close attention was paid to emerging trade issues following the announcement that the North American Free Trade Agreement (NAFTA) would be opened for renegotiation.

CIAC met with the Government of Canada's negotiating team on several occasions and senior officials in Alberta and Ontario to discuss the importance of open trade and the need to improve the regulatory and business environment in Canada.

CIAC appeared as a witness before the Standing Committee on International Trade and the Standing Committee on Foreign Affairs and International Development and participated in Alberta Premier Rachel Notley's Manufacturing Roundtable on trade. In Ontario, we were pleased to host Premier Kathleen Wynne at a chemistry industry-only NAFTA roundtable in Sarnia, Ontario.

CIAC worked in close partnership with the American Chemistry Council (ACC) and the Asociación Nacional de la Industria Química (ANIQ) to develop and articulate a consensus position on NAFTA modernization. The tripartite statement outlines the chemistry industry's views of the benefits and opportunities for future improvements to NAFTA. Two additional joint statements provided consensus advice on the issues of rules of origin and regulatory cooperation.



Premier Kathleen Wynne of Ontario

In the fall, CIAC participated in a NAFTA panel discussion in Ottawa which focused on the North American chemistry sector's role in the current NAFTA negotiations. Speakers included David Podruzny, CIAC Vice-President, Business and Economics; Greg Skelton, former ACC Senior Director for Technical Affairs; and Guillermo Miller, International Affairs and Economics Vice President, ANIQ.



CLIMATE CHANGE AND CLEAN AIR POLICY

CIAC DELIVERS IMPORTANT WINS ON THE AVOIDANCE OF DUPLICATING PRICING MECHANISMS AND EXEMPTING FEEDSTOCK RESOURCES

Important successes were gained with the Ontario Ministry of Environment and Climate Change in November. New rules will provide for 100 per cent free allowance allocations to registered participants for electricity procured from the regionally operated cogeneration facility in Sarnia, eliminating duplicate, pass-on costs. These amendments will reduce compliance costs for chemical manufacturers within the cap and trade system by approximately \$15 million during the first compliance period ending December 31, 2020.

At the federal level, CIAC successfully lobbied for the exemption of feedstocks from the proposed **Clean Fuel Standard (CFS)**, however, there are still concerns with on-site combustion fuels which are already priced within provincial climate initiatives. The CFS would apply to gaseous and solid fuels in transportation but also in industry and buildings.

CIAC's regional and headquarters staff were very engaged with affected member-companies in ongoing climate change regulatory and pricing initiatives in Ontario, Alberta and Quebec.



Hon. Ed Fast, MP, Federal Environment Critic (right)

Since 1992, CIAC members have:



TOXIC SUBSTANCES

Significantly reduced the emissions of toxic substances as defined by the Canadian Environmental Protection Act.

90% reduction



AIR QUALITY

Improved air quality by substantially reducing sulphur dioxide emissions.

87% reduction



WATER QUALITY

Virtually eliminated discharges to water.

99% reduction



WORKPLACE SAFETY

Worked hard to reduce the number of workplace injuries and illnesses.

78% reduction



PROCESS SAFETY

Cut the number of manufacturing process related incidents in half.

50% reduction



COMMUNITY SAFETY

Prepared emergency response plans to equip communities to respond to any chemical related incident.



**100%
verified**

ENVIRONMENT DAY ON THE HILL

Focused on the environment, CIAC's annual Advocacy Day on Parliament Hill on October 18 saw the Hon. Ed Fast, the Conservative Party's environmental critic, present the Association's key messages in the House of Commons.



RESPONSIBLE CARE® IN ACTION -- CHEMISTRY2017 - SOLUTIONS4CANADIANS

Chemistry2017 – Solutions4Canadians took place in Toronto and brought together more than 150 executives, professionals and managers from Canada's top chemistry companies in April. It featured two days of learning, sharing and networking with industry leaders, external experts and influential stakeholders and highlighted how the chemistry sector's innovations will address the challenges of the future.

CHEMICALS MANAGEMENT AND HEALTH POLICY

CIAC IS A TRUSTED VOICE AS CHANGES TO CANADA'S CHEMICALS MANAGEMENT POLICIES CONSIDERED

In June, the House of Commons Standing Committee on Environment and Sustainable Development released a report which made 87 recommendations including suggesting significant amendments to the Canadian Environmental Protection Act (CEPA).

While Canada's chemistry industry supported several of the recommendations and could accommodate many others; there were some key recommendations which would result in a fundamental departure from Canada's science- and risk-based weight of evidence approach to chemicals management in favour of a REACH-type hazard elimination-based approach.

CIAC responded directly to the Committee by highlighting the successes of the Chemicals Management Plan (CMP) to date and the need to maintain alignment with the United States now their reformed chemical safety laws are linked to Canada's CMP and CEPA. We also coordinated submissions by individual member-companies, multiple industry groups, international trade associations and other

governments. We also met with the key senior government decision-makers and worked with environmental NGOs to find and advance mutually agreeable positions.

The government responded to the report with a pledge to maintain the risk-based approach, but to consider each of the report's recommendations and the root causes for the committee's concerns. It is anticipated new legislative actions will be taken in 2018.

CMP PHASE THREE

The third phase of the CMP began in 2017. CIAC continued to be involved in guiding the government's science approach documents (SCIADs) as well as assisting members with direct interests in the substances as they come up for review. CIAC was, and will continue to be, an active participant in the government's Stakeholder Advisory Council where the post-2020 vision of the CMP program is being discussed.

RESPONSIBLE CARE® IN ACTION -- FLEXIBLE OPTIONS FOR VERIFICATION



Calvin Dooley, President and CEO, American Chemistry Council and Bob Masterson, President and CEO, Canadian Chemistry Industry Association

CIAC signed a Memorandum of Understanding with the American Chemistry Council (ACC) in August to adopt the ACC's Responsible Care Management System® (RCMS®)/ RC14001® certification model as an option for CIAC members to fulfill their Responsible Care verification requirements. For CIAC and ACC members this expands RCMS/RC14001 certification options. As well, it fosters greater integration of Responsible Care® program elements in both countries.

Responsible Care® has now been introduced in 67 countries and adopted by 96 of the 100 largest chemical producers in the world. CIAC continues to work with provincial governments to recognize Responsible Care® as a model voluntary industry initiative that often meets or exceeds proposed regulatory programs in worker health and safety, and pollution prevention.



Responsible Care®
Our commitment to sustainability.

The Responsible Care® Ethic and Principles is the foundation which allows CIAC to create partnership opportunities with non-profit environmental groups on related matters. Our industry is uniquely respected for the actions we have already taken to safeguard human health and the environment.

TRANSPORTATION

CIAC'S ABILITY TO STRATEGICALLY INFLUENCE POLICY DECISIONS IS BASED ON ESTABLISHED AND CREDIBLE RELATIONSHIPS

CIAC STRONGLY INFLUENCED THE DEVELOPMENT OF BILL C-49 – THE TRANSPORTATION MODERNIZATION ACT

When Bill C-49 was introduced, CIAC was pleased to see many areas the Association had been advocating for addressed. CIAC undertook every possible opportunity to influence less attractive elements of the Bill as it made its way through Parliament including a submission to, and appearance in front of, the House of Commons Committee on Transport, Infrastructure and Communities. This work continues as the Bill works its way through the Senate. Once it has received Royal Assent, CIAC is strategically placed for the formal consultations with Transport Canada and the Canadian Transportation Agency on the specific regulations. This modernization will play an important role in rebalancing the relationship between the chemistry industry and its primary rail carriers.

CIAC WORKED TO ENSURE OLEUM PRODUCERS AND SHIPPERS WERE NOT UNFAIRLY TREATED

CIAC worked intensely with federal officials to correct the introduction of a Transportation of Dangerous Goods (TDG) regulatory error which would have significantly harmed oleum producers and shippers in Canada. In 2017, the TDG Regulations were updated with the International Harmonization Update (2016) which increased harmonization with the U.S. and other international standards but created an increased regulatory burden for Canadian oleum producers linked to labeling, shipping and freight rates, etc., that would have threatened their competitiveness. CIAC was able to achieve harmonization for oleum between Canada and the U.S in a manner that supports the ease of movement of goods across the border while mitigating economic disruption.



Hon. Marc Garneau, MP, Minister of Transportation

TRANSCAER® AWARENESS AND PARTNERSHIPS CONTINUE TO GROW.

CIAC held a number of events across the country with a variety of stakeholders. TRANSCAER information was distributed by Transport Canada to nearly 1700 communities interested in learning more about the transportation of dangerous goods and related resources. TRANSCAER® also launched a recognition program to honour exceptional contributions from individuals and organizations.



ANNUAL AWARDS

THE CIAC AWARDS RECOGNIZE INDIVIDUALS WHO HAVE MADE EXTRAORDINARY CONTRIBUTIONS TO THE WORK THE ASSOCIATION DOES ON BEHALF OF THE INDUSTRY.

CHAIR'S AWARD

Dave Emerson, President and COO, CCC Group received this award for his help in moulding the strategic direction of CIAC through his 11-year service on the Association's Board of Directors, and his personal commitment to CIAC's TRANSCAER® initiative. CIAC recognized his efforts to rally his peers to do what was needed to put this outreach activity on a sustainable footing.



From left to right, Mike Drumm, Dwight Este, Kris Lee, Dave Emerson and Ken Faulkner

MERIT AWARDS

Mike Drumm, HSSE Country Lead, Shell Chemicals was recognized for his long standing involvement with CIAC, including with the Multi-Association Committee on the Transportation of Dangerous Goods, the National and Prairie Regional TRANSCAER® committees, the Safety and Health Analysis, Recognition and Exchange (SHARE) network and the Transportation Emergency Assistance Program (TEAP III).

Dwight Este, EHSS Area Manager, LANXESS Canada received this award for his 30-year commitment to the Elmira, Ontario site now operated by LANXESS (formerly Chemtura), a site which stands as a case study of both the need for, and benefits of, Responsible Care®.

Ken Faulkner, Director of Government Relations, NOVA Chemicals was given this award for his role as a respected voice for his company and the broader industry and for the strong relationships he has built with the Canadian, Alberta and Ontario governments on issues related to growth and competitiveness.

Kris Lee, Lee Environmental Education & Consulting received this award for her dedication to ensuring that industry, in particular Responsible Care® companies, meet their commitments to the Sarnia-Lambton community and environment.

Lorna Young, TechWorks was given this award for her long-standing commitment to Responsible Care®; and her work with CIAC, including with the Stewardship Task Force, TRANSCAER® and the Process Safety Network.

2017 BOARD OF DIRECTORS

PIERRE DUCHARME

Chair, CIAC Board of Directors
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Manager, Olin Canada ULC

MARCELO LU

Vice-Chair, CIAC Board of Directors
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BOB MASTERSON

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CCC
The Chemours Canada Company
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ERCO Worldwide
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Evonik Oil Additives Canada Inc.
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Imperial
INEOS Canada Partnership
Jungbunzlauer Canada Inc.
KRONOS Canada, Inc.
LANXESS Canada Co./Cie
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SNC - Lavalin Inc.
Triangle Fluid Controls Ltd.

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Responsible Care®
Our commitment to sustainability.



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