

CHEMICAL MANUFACTURERS ASSOCIATION
EXECUTIVE COMMITTEE

The Ritz Carlton Hotel, Pentagon City
Arlington, VA
January 13, 1997

MINUTES OF THE MEETING

1. Chairman Hirsig called the meeting to order at 3:02 p.m. There were present:

Members:

Alan R. Hirsig, Chairman
John E. Akitt
Jerald A. Blumberg
Earnest W. Deavenport, Jr.
William H. Joyce
Thomas F. Kennedy
John E. Peppercorn
Thomas E. Reilly

Arthur R. Sigel
S. Jay Stewart (via telephone)
Jeroen van der Veer
George A. Vincent
Frederick L. Webber
Helge H. Wehmeier
J. Lawrence Wilson

John Connelly, Secretary
Gary Herrman, Treasurer
Charles W. Van Vlack, Executive Vice President
David Zoll, General Counsel

Other Participants:

Godfried Akorli, Bayer Corporation
Julie Archuleta, Occidental International Corporation
Walt Buchholtz, Exxon Chemical Company
Timothy F. Burns, CMA
Barbara S. Carmichael, Dow Corning Corporation
Samuel Chamberlain, Sterling Chemical Company
Richard M. Doyle, CMA
Edward Griffith, ARCO Chemical Company
Charles Hahn, The Dow Chemical Company
Jon C. Holtzman, CMA
Geoffrey B. Hurwitz, Rohm and Haas Company
Thomas R. Jacob, DuPont

Donna Jennings, Velsicol Chemical Corporation
Daniel Johnson, Chevron Chemical Company
D. Lynn Johnson, Eastman Chemical Company
Joe J. Mayhew, CMA
James D. McIntire, CMA
Peter Molinaro, Union Carbide Corporation
Morton L. Mullins, CMA
Mark D. Nelson, DuPont
Angela T. Spicer, CMA
Brian Spiller, Zeneca, Inc.
Langley A. Spurlock, CMA
Gordon D. Strickland, CMA
Sandra L. Tirey, CMA
Ben Woodhouse, The Dow Chemical Company

2. Approval of Minutes The Executive Committee approved the minutes of the November 12, 1996, meeting as distributed.

3. Review of Consent Agenda Mr. Hirsig reviewed the agenda and the Executive Committee approved, through the consent agenda: the applications of several applicants for CMA membership; the election of two individuals to the CMA Board of Directors; and the Responsible Care® Product Stewardship Code Performance Measure.

4. Proposed Responsible Care® Partner Companies Mr. Doyle presented two Responsible Care® Partner Company applicants: CSX Transportation Incorporated and Tidelands Oil Production Company. The applications were approved.

5. Recommendations of the Board Public Perception Committee for a New Communications Strategy Mr. Stewart reviewed the process by which the Board Public Perception Committee (PPC) had developed its recommendations for a new CMA strategic communications framework. He stressed that the committee had worked closely with the CMA Communications Committee, Board Responsible Care® Committee, State Affairs Committee and Federal Government Relations Committee.

Mr. Stewart also reviewed the reasons why the PPC was recommending the new strategy. They included: the dramatically increased costs of advertising; the desire to incorporate benefits messages into industry communications; the need to provide more communications assistance at the grassroots levels; and the need to align advocacy and outreach communications efforts.

Ms. Carmichael described the proposed communications strategy. She reviewed the program's focus on employees, plant communities, state and federal officials and media. She also stated the PPC and CMA Communication Committee would develop tracking measures for each group, to monitor the strategy's effectiveness. Ms. Carmichael also reviewed the implementation schedule for the communications strategy.

The Executive Committee discussed the need to: ensure meaningful tracking measures; ensure the strategy integrated advocacy and outreach communications activities; revisit the advertising issue at some future time; and ensure all CMA Executive Contacts appreciate that while CMA will provide assistance tools, the responsibility for successfully reaching these audiences remains with individual member companies.

The Executive Committee approved and recommended for Board concurrence the Board Public Perception Committee's recommended CMA strategic communications framework as outlined in Exhibit A. As part of that approval, the Executive Committee authorized a 1997/98 budget of approximately \$3.2 million and adjustments to the CMA fiscal year 1996/97 budget to facilitate transition to the new strategy.

6. Recommendations of the Board Committee on Health and Environmental Effects Research (BDCHEER) Mr. Akitt presented the BDCHEER's recommendations that CMA develop a research initiative to better address issues related to the potential health and environmental effects of chemicals. Detailed information about the recommendations was distributed to the CMA Executive Committee prior to its November meeting. Mr. Akitt focused his remarks on the need to ensure an equitable funding mechanism that balances the contributions made by those companies that currently sponsor significant health and environmental effects research

with the concerns of other CMA members. He also reminded the Executive Committee that the research initiative would be a long term investment in determining the potential health and environmental effects of chemicals. Finally, Mr. Akitt reviewed the efforts the BDCHEER undertook to ensure the research initiative would be a credible sponsor of scientific inquiry.

The Executive Committee discussed efforts to ensure CMA coordinates this research, both financially and programmatically, with other international trade associations. They also reviewed the process by which CMA will align priorities with entities currently sponsoring or conducting research on potential health and environmental effects.

The Executive Committee approved development of a two year CMA health and environmental effects research initiative funded through an assessment with a cap as set forth in Exhibit B, the key components (as revised) of the detailed information sent to the Board in preparation for its November 12, 1996, meeting.

7. Proposed Budget Target for CMA Fiscal Year 1997/98 Mr. Wilson presented a budget synopsis for CMA fiscal year 1997/98. He stated the proposal would meet CMA's research commitment, fund the new communications strategy, and continue CMA's program of Responsible Care®, advocacy and members services. The Executive Committee approved a core budget of \$30.4 million and funding for the strategic communications framework and the health and environmental effects research that are estimated to result in a reduction in dues and assessments of approximately 7 percent, assuming chemical sales are flat from 1995 to 1996.

8. Proposed CMA Right-to-Know Policy and Strategy Mr. Molinaro highlighted continuing challenges to CMA's commitment to openness with the community. He presented for approval CMA's Right-to-Know Policy and Strategy. After discussing various aspects of the policy and strategy, the Executive Committee approved and recommended for Board concurrence the CMA Right-to-Know policy as outlined in Exhibit C.

9. Proposed Revisions to CMA's Superfund Principles and Strategy Messrs. Spiller, Nelson and Hahn presented the proposed revisions to CMA's Superfund Principles and strategy. Mr. Spiller reviewed specific modifications to various sections of the principles.

Mr. Nelson reviewed the political outlook for Superfund reform. He stressed that reforms would need to come from a bipartisan coalition and that CMA would continue to reach out to interested parties in an effort to build momentum for reform. Mr. Nelson also discussed ongoing efforts to achieve RCRA remediation reforms, and the relationship between the two reform efforts.

Mr. Hahn stressed that the most significant threat to the chemical industry is if the Superfund taxes are reinstated as part of an omnibus budget agreement. He stated that, due to Congressional budgeting rules, it would become very difficult to achieve Superfund programmatic reforms if the Superfund taxes are reinstated through the budget reconciliation process. Mr. Hahn also cautioned the Executive Committee that, as the Superfund tax structure is reconsidered, the chemical industry faces the major threat of losing Superfund funding through the Corporate Environmental Tax.

The Executive Committee discussed at length the funding and tax sections of the proposed policy.

The Executive Committee considered and approved an amendment to the funding section of the proposed policy. The Executive Committee approved the CMA Superfund Principles as outlined in Exhibit D.

10. CMA Advocacy on Proposed Revisions to National Ambient Air Quality Standards (NAAQS) Mr. Chamberlain presented CMA's strategy for advocacy in the debate over proposed revisions to the NAAQS. The sense of the Executive Committee was that CMA should participate in the broad coalition of interested industries, but do so with the coalition's clear understanding of CMA's positions on these issues. The Executive Committee also endorsed CMA being a strong proponent for an effective advocacy and communications strategy consistent with CMA's position. While the coalition is expected to be receptive to CMA's positions and participation, the Executive Committee acknowledged that alignment with the coalition's positions, strategy and tactics will need to be closely monitored and that CMA reserves the right to withdraw from the coalition if that alignment is not achievable or sustainable.

11. Proposed CMA Advocacy and Other Programs and CMA Issue Priorities Mr. Van Vlack presented the proposed broad advocacy and Responsible Care® program areas in which CMA will be responsible for the rolling three year horizon of CMA's strategic plan. He also presented the recommended advocacy and Responsible Care® issue priorities for CMA fiscal year 1997/98. Mr. Van Vlack stated that the issues will form the basis for preparation of CMA's budget for next fiscal year. The Executive approved the broad program areas as outlined in Exhibit E and approved the issue priorities as outlined in Exhibit F.

12. Treasurer's Report. Mr. Herrman presented the Treasurer's Report, noting that for the portion of the fiscal year through November 30, 1996, the Association had revenues of approximately \$31.9 million and expenses of approximately \$12.1 million. He noted that variances were within expected ranges. Mr. Herrman further noted that requests for 1996 sales information had been mailed to all Executive Contacts and prompt reply would be appreciated.

13. Recommendations to Fill Standing and Special Committee Vacancies. Mr. Connelly presented recommendations to fill several Standing and Special Committee vacancies. These were approved as outlined in Exhibit G.

14. MSDS Central Status Report Mr. Strickland reported on the status of MSDS Central and ongoing efforts to reach an agreement with a partner for the initiative.

The meeting adjourned at 6:16 p.m.

John P. Connelly
Corporate Secretary
Director, Member Relations

STRATEGIC COMMUNICATIONS FRAMEWORK REQUEST FOR APPROVAL

OBJECTIVE Gain Board approval for a new CMA strategic communications framework that is a grassroots-focused program that communicates about industry behavior, benefits and issues – for both advocacy and outreach audiences.

BACKGROUND The commitment of CMA members to involve and inform the public and to earn the public trust is expressed in both Responsible Care® and CMA's strategic plan.

- Responsible Care® Guiding Principle # 1: "Recognize and respond to community concerns about chemicals and industry operations."
- The CMA Strategic Plan, under the goal of earning the public trust, which calls for improving "the perception of the chemical industry with its key audiences, such as employees, public officials and the general public," communicating "that improvements in the quality of life depend on ... continued innovation and development of breakthrough products," and communicating "value to the overall economy."

A \$10 million per year public outreach campaign - \$8.5 million of that for advertising - was approved by the Board in 1990 and has been underway for nearly five years. According to tracking surveys, the Public Outreach Program has been successful in stopping the 25-year slide in public favorability. In fact, from 1993 to 1996 public attitude has improved by 4%, reaching 24% favorable. By contrast, in Europe, where there has not been a comprehensive public outreach program, recent surveys have shown a failure to improve favorability after several years of Responsible Care® implementation.

Elected officials, the public and environmental groups have recognized the growing strength and importance of local leadership and control. The chemical industry, while making strides, still lags in the effort to reach local audiences.

- Although there are exceptions, self-evaluations of the CAER Code continue to show facilities lagging behind in carrying out the community awareness part of the code. For instance, only one in five neighbors of chemical facilities have a positive view of the chemical industry.
- In interviews done for a benefits communication research project, senior industry managers, even when prompted, said they could think of no instances when the risks of chemicals outweighed benefits for the public. On the other hand, community leaders said that for lower-income people, those who live close to the plants, and for people living along transportation corridors, the risks of chemicals often outweigh the benefits.
- In separate research, in 11 focus groups made up of near neighbors to operating facilities in plant communities in seven states, half of them with CAPs, not one person had heard of Responsible Care®. None were aware of any operational improvements to protect health, safety and the environment.

CMA ACTIVITY TO DATE The Board Public Perception Committee has reviewed the progress of outreach to all audiences. It halted the advertising campaign as of October 31, 1996, to conserve resources for a refocused effort. It also directed the Communications Committee and CMA staff to develop a proposal to improve communication with grassroots audiences which strengthens existing effective programs and adds new elements.

The Communications Committee formed five work groups to consider and recommend outreach programs for employees; plant communities; local, state and federal officials; media; and educators and students. Members from CMA's Communications, EHSOC, State Affairs, and Federal Government Relations Committees participated in the work groups. A group was also established to oversee public opinion benchmarking and tracking, and communication research.

RECOMMENDATION A successful communications strategy will focus communications toward communities in which the industry operates. Success in communication at the community level, for both outreach and advocacy, will require the strong participation of management at local facilities and assistance from CMA in developing and delivering performance, benefit and advocacy information. Particularly important will be a clear and continuing mandate of support from company leaders to legitimize the time, attention and resources local management will have to devote to meeting this Responsible Care® and advocacy commitment.

Responsible Care®, as a community-based initiative, provides a clear locus for implementing these recommended plans and activities. Of key importance will be constructing partnerships at the community level to identify and address concerns with common ground solutions. Employees and community advisory panels can contribute unique resources to understanding and building these partnerships and solutions.

The Public Perception Committee recommends implementing the new communications strategy in two steps. The first step, outlined in Attachment A, covers through May 1997. It includes establishing benchmark opinion surveys with target audiences; completing existing outreach projects and the benefits communication research and pilot; and developing communication materials and delivery systems (Internet/Intranet capability and a rapid response structure). The second step, outlined in Attachment B, includes a series of activities to support and conduct advocacy and outreach about performance, benefits and issues to core community and national audiences, and measure the impact of these efforts.

<u>BUDGET</u> Projected results for completion of activities already underway.	\$5,725,200
Resources to accomplish Step 1 (January to May)	<u>909,000</u>
Total 1996/97	6,634,200
(Proposed revisions to \$10 M currently budgeted)	

Preliminary budget estimate for Step 2 (1997/98 fiscal year)	\$3,171,800
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RESPONSIBLE CARE® IMPLICATIONS The recommendations will help meet the objectives of Responsible Care®. It will be a primary driver in accomplishing the Association's strategies.

STATE, FEDERAL AND INTERNATIONAL IMPLICATIONS This revised approach to communications will improve the quality, quantity, and responsiveness of information provided to audiences important to the association. It will assist site management, state chemical industry councils and CMA advocates in delivering messages and assessing industry credibility.

ACTION REQUESTED Pending final review by the Board Public Perception Committee, approve the new Strategic Communications Framework, including the revised budget for the remainder of 1996/97 set forth in Attachment A and the general levels and concepts for the 1997/98 fiscal year set forth in Attachment B. The 1997/98 fiscal year proposal will be subject to further refinement and review as part of the overall budget process in March and April.

CMA

EC-01/13/97

BD-01/14/97

**PROPOSED COMMUNICATIONS STRATEGY
REVISED BUDGET PROPOSAL
FISCAL YEAR 1996/97
(January to May)**

1. Benefits communication: Complete budgeted project to test research-developed messages; conduct pilot project in multi-plant community to build a "best practices" model.

Supplemental budget \$ 75,000

2. Benchmark research: Create, and/or reconfigure, research programs to assess levels of favorability and understanding among targeted audiences and identify needs of primary messengers (site management and CICs) and of potential partners (CAPS, employees, etc.) Focus research in key chemical industry states: CA, LA, MI, NC, NJ, OH, PA, TX and with federal officials, bellwether national & regional media, and national education groups.

Supplemental budget \$359,000

3. RC message research: Test existing Responsible Care® Code performance measures to determine their acceptability and credibility with community audiences; identify measures which meet audience requirements.

Supplemental budget \$100,000

4. Delivery/Intelligence: Develop next generation Internet/Intranet site. Intranet will serve as a vehicle for informing members of situations and issues requiring rapid response. Internet will provide a message delivery vehicle for high-user audiences (educators, media, government). Budget covers site design and consulting, and software licensing for the Intranet.

Identify methods and establish provider relationships for gaining reliable research on activist agendas and activities.

Supplemental budget \$175,000

5. Training:

Create communication and outreach training modules based on outcomes of research to identify the needs of primary messengers and potential partners, and research on acceptability and credibility of Responsible Care® code performance measures,.

At the heart of training modules will be the identification and packaging of "best practice" programs, collected from existing CMA programs, member company efforts, state chemical industry activities and other sources.

These "best practice" programs will be advertised to members and to CICs and delivered via hard copy or Intranet.

6. Display:

Create display to explain Responsible Care® performance and chemical industry benefits for use by Federal Government Relations and State Affairs Committees.

Supplemental budget \$75,000

7. CMA/CHEMTREC:

The 125th anniversary of CMA and the 25th anniversary of CHEMTREC offer unique opportunities to communicate about the progress of the chemical industry and its contribution to improving health, safety and the environment. Target audiences will be elected officials at federal level, federal agencies and emergency response organizations.

Supplemental budget \$125,000

**PROPOSED COMMUNICATIONS STRATEGY
PRELIMINARY BUDGET ESTIMATE
FISCAL YEAR 1997/98**

<u>Audience</u>	<u>Program</u>
1. <u>Employees:</u>	Develop Responsible Care® Code outreach materials, ranging from brochures and posters to "best practices" modules, designed to help facilities promote and promulgate the initiative.
	Budget \$ 92,300
	Produce training videos to explain the concepts and Codes.
	Budget \$ 85,000
	Conduct annual employee attitude survey.
	Budget \$100,000
	Produce annual Responsible Care® progress report.
	Budget \$ 50,000
2. <u>Plant Communities:</u>	Demonstration project grants, managed by CICs, to combine all elements of communication strategy - media, advocacy, Responsible Care® outreach.
	Budget \$100,000
	Best Practices training: successor to successful risk communication training. Provided for plant management teams. Includes developing training module, videos, publications and cost of consultants.
	Budget \$100,000
	CIC-sponsored, community focused grant programs to encourage members to interface with community audiences.
	Budget \$150,000

Tracking research to measure success of communication efforts in plant communities.

Budget \$ 50,000

3. State & Federal Officials: Develop SIC Code chemical industry data base to identify targets for industry performance, benefits and issue information and as potential community outreach and advocacy partners.

Budget \$250,000

Increase visibility with national public policy groups.

Budget \$ 60,000

CIC block grant program to fund increasing activities and responsibilities of councils vis a vis communities.

Budget \$300,000

Create and sponsor events for federal officials in their home districts to promote Responsible Care® and explain industry issues. (CICs and CMA Grassroots)

Budget \$ 78,000

4. Media: Promote Responsible Care® media outreach in selected states, using the successful New Jersey model (five states in 1997/98).

Budget \$125,000

Outreach to professional media organizations to promote chemical industry contributions and performance improvement and increase CMA visibility.

Budget \$ 50,000

Develop industry benefit profiles and distribute in top 10 chemical industry states.

Budget \$ 50,000

Develop program to place benefits messages in "shelter magazines", and other publications with large female readership.

Budget \$ 75,000

TRI chemicals benefits: develop benefits profiles on the top ten reported TRI chemicals.

Budget \$50,000

Pilot broadcast expansion program: build targeted network of radio and television stations and develop latest technology to access the network.

Budget \$100,000

5. Educators & Students:

ChemEcology: a publication covering the health, safety and environmental quality activities of the industry, including how industry products contribute to the quality of life. Now distributed to 80,000 educators and students monthly during the school year. This year the subscribers will be surveyed and issues will be focus group tested.

Budget \$294,000

Increasing the quality of education activities include: cooperative activities with the National Science Teachers Association; participation in National Science and Technology Week; mini-grants to high school chemistry teachers; publications and special programs and grants.

Budget \$261,300

Catalyst Award expansion to include teachers at the junior high and elementary school level.

Budget \$105,000

Medalist: A publication on industry issues that is circulated to 350 former winners of the Catalyst Award.

Budget \$ 10,000

Travel and support for educators who serve on CMA's education work group.

Budget \$ 11,200

Education support grants to CICs.

Budget \$ 70,000

University speakers program: to fund outside help to promote and manage the effort.

Budget \$ 50,000

Attitude tracking

Budget \$ 75,000

6. Opinion Research:

Public Opinion tracking of the "influentials" audience to determine whether there is fall off of positive opinion following the cessation of advertising.

Budget \$100,000

Survey of member companies to review effectiveness of CMA member communications.

Budget \$ 30,000

7. Electronic Communications: Operation of the Internet/Intranet electronic communication system.

Budget \$300,000

CMA HEALTH AND ENVIRONMENTAL RESEARCH INITIATIVE

OBJECTIVE Approve the recommendations of the Board Committee on Health and Environmental Effects Research (BDCHEER).

BACKGROUND: The commitment of CMA member companies to conduct or sponsor health and environmental research is expressed in:

- Responsible Care® Guiding Principle #7: *"to extend knowledge by conducting or supporting research on the health, safety, and environmental effects of our products, processes, and waste materials"*
- The CMA Strategic Plan under the goal of "earning the public trust", which reflects a commitment to *"use research on health and environmental effects and safety procedures to develop industry advocacy and product stewardship."*

These commitments are repeated and detailed in the context of the CMA Risk Principles adopted by the Board in September 1993.

In September, 1994 an ad Hoc Board Committee on Science and Risk Alliances was appointed to investigate the roles of the various entities engaged in developing the science necessary to support risk-based public policy and recommend the nature and extent of future CMA support for such organizations. In October, 1995 the Board of Directors approved this committee's recommendations to appoint a special committee to drive implementation and funding of the Strategic Plan research objectives.

Accordingly, the BDCHEER was appointed to identify the mechanism(s) to implement these strategic objectives. The meeting materials provided the Board for the November 12, 1996 meeting contained a report describing in detail the BDCHEER work and draft recommendations. The CMA Executive Committee approved the concepts of the BDCHEER recommendations at its November 1996 meeting. This tab contains modifications to the BDCHEER's recommendations, factoring in the results of BDCHEER's leadership's meeting with the CIIT Executive Committee and input from the CMA Officers.

CMA ACTIVITY TO DATE The BDCHEER has been active developing a business case for and conceptual design of an initiative wherein CMA member companies would jointly support a strategic investment in long-range health and environmental research. The products of this effort constitute the conceptual design for which approval is being sought.

The BDCHEER obtained extensive member company and stakeholder input on these concepts through various forums including the regional Executive Leadership Groups and four workshops (in Houston, Chicago, Wilmington and New Orleans) with member company technical representatives.

In addition, the initiative was tested with various external stakeholders including the Chemical Industry Institute for Toxicology (CIIT), American Industrial Health Council (AIHC), the Environmental Protection Agency (EPA), the American Chemical Society

(ACS), the American Institute of Chemical Engineers (AIChE), the Council for Chemical Research (CCR) and the Responsible Care® Public Advisory Panel. Numerous CMA Committees and Task Groups were also briefed.

RESPONSIBLE CARE® AND OTHER CMA PROGRAM IMPLICATIONS This initiative is consistent with, and will help meet specific elements of the CMA Strategic Plan, Risk Principles, Responsible Care® Guiding Principles and the Product Stewardship Code.

External stakeholder involvement is a key element of the proposed process for developing and executing the CMA research strategy. This will improve the credibility, reflect the values held by a broad range of stakeholders, and enhance the usefulness of the results.

STATE, FEDERAL AND INTERNATIONAL IMPLICATIONS As regulatory authority is devolved to the states, universities are expected to play an increasing role in advising policy makers. A strong element in this initiative will be building bridges through strategic alliances with regulatory agencies and the academic community.

The proposed initiative has been reviewed with CEFIC (Europe), CCPA (Canada), ANIQ (Mexico) at the staff level and with ICCA (the International Council of Chemical Associations) at their recent annual meeting. A proposal is under consideration by ICCA to establish a Research Committee to assure research is being coordinated internationally and to identify opportunities for collaboration and leveraging of investment.

A principal criteria for identifying candidate research topics for this effort is to support regulatory agencies in development of risk-based public policy based on sound science. Thus a key assumption is that improved risk assessment tools and methodologies will help regulators make better decisions.

RECOMMENDATIONS

1. Approval of the Health and Environmental Effects Research Initiative concepts (as described in Attachments II, III, IV and V of the November 12, 1996 supplementary Board materials)
2. Approval of the Funding and Transition Plan (attached)
3. Approve the creation of a Research Initiative Board of Directors (to be nominated subsequent to approval of these recommendations)79-

ACTION REQUESTED Approve the recommendations.

CMA
EC - 01/13/97
BD - 01/14/97

CMA HEALTH AND ENVIRONMENTAL EFFECTS RESEARCH INITIATIVE FUNDING AND TRANSITION PLAN

The funding proposal consists of the following elements:

Initial Project Requests: Initial funding in the amount of \$2,320,000 is requested for FY 97-98 to be utilized as indicated below. Note that a total of \$3,900,000 over the next two fiscal years will be required to complete the scope of these projects. Additional detail on these projects is contained in Attachments VII, VIII and IX of the November Board meeting materials.

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| \$200,000 | State of the Science Study. This amount to be expended during FY 97-98 – authority is requested to commit \$300,000 during the two year period FY 97-99. This study will identify industry research needs and opportunities and will provide a basis for a long-range research agenda |
| \$1,920,000 | Endocrine Research. This amount to be expended during FY 97-98 – authority is requested to commit \$3.2 million during the two year period FY 97-99. This research will focus on development of screening and analytical methods to identify chemicals with the potential for endocrine modulation effects. |
| \$200,000 | Epidemiology investigations. This amount to be expended during FY 97-99 – authority is requested to commit \$400,000 during the two year period FY 97-99. This study will determine the potential of sharing member company employee health and exposure data. |

Additional First Year Funding: In addition to the above, up to \$6,000,000 per year is requested to be applied to intramural research conducted at CIIT for a period of two years. CIIT's research program is currently at a level of approximately \$16.5 million, with \$12.5 million from dues paid by 36 CIIT member companies (34 CMA members) and the balance from directed research on behalf of specific companies or associations. The CIIT dues of CMA members who support CIIT would be reduced by a corresponding amount. The research currently being pursued consists of cancer, respiratory toxicology and endocrine modulation projects approved by the current CIIT Board of Directors.

The CMA contribution to CIIT's program would only be made if the BDCHEER determines that appropriate changes to CIIT's governance have been made to assure that the objectives of the CMA research initiative will be met. In the event this determination is not made, no payment to CIIT will be made and the BDCHEER will explore other options to achieve the objectives of the CMA research initiative. Until such time as the Executive Committee and Board approves those options, no membership assessment will be made to fund this portion of the research initiative.

Subsequent Fiscal Year Funding Prior to the end of the two years of CIIT support (FY 97-99), the progress of the overall research initiative (including the results of the state of the science study and epidemiological investigations) and the ongoing role of CIIT meeting CMA's research initiative will be reviewed and recommendations made to the CMA Executive Committee and Board regarding further CMA research investment.

CMA
EC-01/13/97
BD-01/14/97

CHEMICAL MANUFACTURERS ASSOCIATION
STATEMENT OF POLICY ON "RIGHT-TO-KNOW" PROGRAMS

Over the past ten to fifteen years a variety of state, Federal and international initiatives have been adopted called "right-to-know." The hallmark of these initiatives is the requirement that industries provide health, safety and environmental information to their workers, their customers, parties in the chain of distribution and the public about their products and operations. The Chemical Manufacturers Association recognizes the importance and value of the right-to-know concept. By making such information available to citizens in their local communities, industries enable those citizens to understand better industry impacts on their community. With that information the public is better able to participate constructively in public dialogue about safely managing risks relating to industry's products and operations.

Through the Responsible Care® initiative, the members of CMA and their Responsible Care® Partners maintain a commitment to sharing information about and to managing health, safety and environmental impacts from the manufacture, transportation, distribution, use or disposal of chemicals. Each of the six Responsible Care® Codes of Management Practices contains an undertaking to sharing information and communicating with communities, employees, contractors, customers or others in the chain of distribution of our products about risks.

Placing health, safety and environmental information in the public domain has important consequences. It can provide the basis for important public policy, business and personal decisions. It also can provide industry the impetus to improve its health, safety and environmental performance. It is important, therefore, that government and industry provide information to the public that is as accurate, unbiased, credible and relevant as possible. If that information fails to inform the public or misinforms, then the resulting decisions will be flawed, resulting in potentially greater risk and in the misuse of resources. The greatest overall improvements in health, safety and environmental performance can best be achieved by using the limited resources of government, the public, and industry in the most effective manner.

Safeguarding legitimate intellectual property and sensitive commercial information is critical to ensuring the ability of U.S. companies to compete in a global economy, which benefits the American public and workers. Such information should not be unduly compromised. CMA believes, however, the two goals of fully and accurately communicating health, safety and the environmental information and of protecting trade secrets are compatible and can both be achieved in partnership between industry and the public.

Given the above, CMA adopts the following position regarding state, Federal and international government "right-to-know" programs and our industry's information sharing activities. This position is broken down into eleven elements which should be read together as a whole.

- 1) CMA supports collecting, analyzing and disseminating information that enables the public to accurately and fairly evaluate industry's environmental, health and

safety performance and to understand the overall state of human health, safety and the environment.

- 2) CMA and its members commit to working together with their employees, their communities, their distributors and others in their distribution chains, and their customers, to determine what information is the most useful to them and what is the best way to deliver them that information.
- 3) CMA believes that communication about environmental, health and safety impacts is a primary goal of right-to-know programs. CMA supports government information collection and dissemination programs that inform the public about those impacts in a manner that is understandable and consistent with sound risk communication principles.
- 4) CMA supports government programs that provide information to the public about environmental, health or safety risks associated with substances or operations in a way that places risks in context so that they can be fully understood. Any risk information should include, to the extent feasible and appropriate, information about:
 - the variability and uncertainty of the risk estimates;
 - appropriate risk comparisons;
 - uses and benefits associated with those substances or operations;
 - voluntary activities and government requirements to reduce or manage the risks posed; and
 - information about other major sources of risk.
- 5) CMA supports risk information disseminated by the government that is developed in a manner consistent with CMA's Risk Principles and the recommendations of the National Research Council and is:
 - based on the best, reasonably available information, using plausible assumptions;
 - revised as often as necessary to reflect new scientific understandings; and
 - developed using all relevant data with opportunities for public input.
- 6) CMA supports and encourages research to improve government and private sector communication of risk to the public.
- 7) CMA believes that considerable health, safety and environmental information about industry operations and substances is already being collected by the Federal and state governments and supports requiring those governments to inventory and to manage such information so that it is available to the public as efficiently and effectively as possible.
- 8) CMA supports requiring that government information dissemination programs provide adequate protection for legitimate trade secrets and confidential business information.

- 9) CMA supports requiring that the costs of government information collection and dissemination programs should be reasonably related to, and justified by, the benefits produced.
- 10) CMA believes that government should not mandate the disclosure of information where it will discourage voluntary efforts to improve health, safety and the environment (i.e., the mandated release of audit or management system verification information) and CMA does not support such mandates.
- 11) CMA believes the government has a commensurate obligation to disclose to the public information about the positive and adverse effects of its regulatory activities so that the public can assess the relative merits of those activities. CMA supports requiring the disclosure of such information.

Definitions

Public: The term public is intended to be construed broadly to include anyone who may have an interest in health, safety and environmental information about chemical industry products or processes. In particular, it includes citizens of plant communities, employees, contractors, customers, distributors or others in the chain of distribution of chemical products.

Right-to-know programs: As discussed here, "right-to-know" programs could encompass any programs, voluntary or government-mandated, that collect and disclose information to the public and whose purpose is commonly perceived by the public as "right-to-know," including but not limited to: labeling, workplace and transportation hazard communication, release and waste management reporting, community emergency response information reporting, sharing audit results or other measures of environmental, health and safety performance. Consequently, this policy statement would apply to all such programs.

Risk Communication: The process of conveying information to the public about the likelihood, seriousness, and magnitude of potential risks in a manner that is understandable and accurate.

Risk Comparisons: Providing information about risks posed by other substances or activities that helps place risks in perspective or illuminates alternatives for decisionmaking purposes. Appropriate risk comparisons for chemical substances include comparisons with: 1) risks posed by similar activities or substances; 2) risks posed by different exposure sources to the same substance or activity; 3) risks posed by different substances producing similar effects; and 4) risks posed by different substances or activities with similar exposures.

Risk: Risk is the potential for adverse affect. The term encompasses its components -- hazard, potency and exposure. As used in this statement, risk information can also include information about those component parts.

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KEY PRINCIPLES FOR SUPERFUND REAUTHORIZATION

Superfund is broken and needs to be significantly improved. CMA supports making meaningful changes in the Superfund law to make it fairer, faster, and more effective. Support for a strong Superfund program is embedded in CMA's Responsible Care[®] initiative. It commits us to work with others to resolve problems created by past handling and disposal of hazardous substances, and to participate with government and others in creating responsible laws, regulations and standards to safeguard the community, workplace and environment.

It is time to put Superfund back on track—to remediate old sites and return them to productive use. We call on the 105th Congress to make Superfund reform a top priority. We believe that incorporating the following principles will go a long way toward making meaningful changes in Superfund.

I. REMEDY SELECTION

- A. Superfund's top priority must be to protect human health and the environment. The current process for selecting remedies should be changed to assure that remedies are appropriately protective, cost-effective, and technically practicable.
- B. Superfund should address current and reasonably foreseeable risks. The process for assessing and managing risks under Superfund should follow CMA's approved "Policies on Risk Assessment, Risk Management, and Risk Communication."
- C. Remedial decisions should be site-specific and risk-based, account for the actual or reasonably anticipated future use of land and water resources, allow for reasonable and appropriate natural attenuation, and recognize the limits of remedial technology.
- D. Artificial impediments to appropriately protective, cost-effective, technically practicable, site-specific, remedial decisions should be removed. These include Superfund's requirement that remediation meet "legally applicable or relevant and appropriate requirements" (ARARs), other than State "applicable requirements," and the law's "preference" for "permanent solutions" and "treatment." In practice, these requirements impede cleanup and lead to arbitrary and wasteful remedial decisions.
- E. A remedy review board should be codified in Superfund, to assure that cleanups are appropriately protective, cost-effective and technically practicable. To assure that such a board is an integral, effective, and useful part of the remedy selection process, Superfund should 1) allow Potentially Responsible Parties (PRPs) the opportunity to request a review, based on established criteria, and express their views; 2) specify that board review comes early enough in the remedy selection process to be meaningful; and 3) require board decisions to be documented in written, publically-reviewable documents. The board should be mandated, upon petition and adequate showing, to review approved RODs to correct

mistakes, alter operation and maintenance programs, and revise selected remedies where it can be demonstrated that another appropriately protective remedy would be significantly more cost effective.

II. COMMUNITY PARTICIPATION

Early and informed participation by the local community, including meaningful dialogue, should be encouraged throughout the remedial process. This may best be done by establishing formal community groups.

III. LIABILITY

A. Superfund's existing standard of joint and several liability should be changed to require that all liable parties, including de minimis parties, at sites pay their share of cleanup costs. Any acceptable proposal to establish an allocation system to equitably divide cleanup responsibilities should include the following:

- Mandatory procedures to fairly and quickly divide shares in a non-binding allocation of liability at sites for remedial actions or significant removal actions for which construction has commenced on or after October 1, 1994, for which all PRPs have not already finally resolved all liabilities among themselves and the government. Natural resource damages may be allocated in a separate procedure as timing and other restrictions require.
- Requirements that each PRP at a site pay its allocated share of response costs, including natural resource damages, and that the Superfund Trust Fund pay the shares belonging to unknown, defunct, insolvent, and recalcitrant PRPs, and any other parties whose liability is limited or eliminated by Congress (so-called "orphan shares"). Recalcitrant PRPs remain subject to joint and several liability.
- Requirements that the government identify all PRPs that can reasonably be identified and bring cost-recovery actions against all recalcitrant PRPs.

B. Changes to the existing liability standard for any group of PRPs should be permitted only as part of comprehensive reauthorization. Any limitation on the liability of any group of PRPs should be borne by the Trust Fund and not shifted to other PRPs. No group of PRPs should be selectively exempted from Superfund liability on a piece-meal basis, outside the framework of a Superfund legislative reform package.

IV. FEDERAL AND STATE ROLES

A. Conflict and duplication between local, state, and federal remedial programs should be eliminated. Sites should be governed by only one authority.

Similarly, conflicts and duplications between Superfund and other federal environmental programs should be eliminated.

- B. Federal program authority and funding to states at non-federal NPL sites to carry out response actions and enforcement activities under Superfund should be provided. The states would administer reformed federal remedy selection and liability requirements along with other elements of a reformed federal program.

V. NATURAL RESOURCE DAMAGE ASSESSMENTS

- A. Superfund should be clarified so that the existing \$50 million limit on natural resource damage awards applies to each site, and not to each release.
- B. Superfund should not allow compensation for the loss of so-called "non-use" values provided by natural resources. The only method currently available to calculate such losses, contingent valuation methodology, is totally unreliable. CERCLA should be further clarified to prevent double recovery for injuries to a resource.
- C. Natural resource damages should be assessed based on the loss of services actually provided by the public natural resource immediately prior to the injury. Thus, any restoration or replacement alternative should be based on restoring or replacing these lost services, depending on which is most cost-effective, and must be technically feasible. Superfund should ensure that selected restoration measures do not duplicate, and are consistent with, other response activities, e.g., Superfund remediation.
- D. Natural resource damage activities and claims should be consolidated under the auspices of one lead trustee. Trustees should be required to prove causation and damages before they can receive monetary judgments, and should not have the benefit of the statutory rebuttable presumption.

VI. FUNDING

- A. The Superfund taxes that expired December 31, 1995, should be reinstated prospectively, but only as a part of comprehensive legislative reform of the program. There should not be a renewal of the Superfund taxes that expired December 31, 1995, without program reform.
- B. Amounts in the Superfund Trust Fund should only be used for activities within the program.
- C. Any prospective change in the Superfund tax structure that expired December 31, 1995 should be from more broad-based revenue sources from the business community.

VII BROWNFIELDS REDEVELOPMENT

- A. Superfund should be reformed to encourage the creation, development, and expansion of state programs that can be used to remediate and redevelop brownfields. Such reform would significantly increase the pace of remediation at sites at reduced costs and benefit the public health, welfare, and environment by returning sites to economically productive use.
- B. Brownfields legislation should include all sites that could benefit from redevelopment, excluding those sites listed on the National Priorities List (NPL) and those sites with RCRA Part B permits.
- C. Brownfields redevelopment legislation should allow any party who wishes to voluntarily remediate a site to qualify for the program.
- D. States should be allowed to use their own flexible remediation standards. Remediation standards should protect human health and the environment, be site-specific, risk-based, and cost-effective.
- E. Liability should address finality and extend future liability relief to good-faith sellers and buyers of brownfields.
- F. Federal state grants for brownfields redevelopment should be provided, however, this should not be funded out of the Superfund Trust Fund.

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**CMA STRATEGIC PLAN
RECOMMENDED ADVOCACY AREAS, ADVOCACY PROGRAMS
AND OTHER PROGRAMS
IN WHICH CMA WILL BE ACTIVE THROUGH MAY 2000**

ADVOCACY AREAS

Environmental, Health, Safety and Operations Advocacy Areas

1. Air Advocacy Area
2. Engineering Operations and Community Issues Advocacy Area
3. Hazardous Waste Cleanup Advocacy Area
4. Hazardous Waste Management Advocacy Area
5. Management Systems and Standards Advocacy Area
6. Occupational Health and Safety Advocacy Area
7. Product Stewardship/Pollution Prevention Advocacy Area
8. Public Health Advocacy Area
9. Regulatory Reform Advocacy Area
10. Risk Assessment, Management and Communications Advocacy Area
11. Water Advocacy Area

Business Advocacy Areas

1. Distribution Safety, Emergency Response and Economics Advocacy Area
2. Energy and Petrochemical Feedstocks and Global Climate Change Advocacy Area
3. Enforcement Policy Advocacy Area
4. Liability and Legal Reform Advocacy Area
5. Taxation Advocacy Area
6. Trade and Intellectual Property Advocacy Area

ADVOCACY PROGRAMS

1. Economic Analysis and Impact Program
2. Grassroots, Grasstops and Political Activities Program
3. International Chemical Organizations Program
4. Media Advocacy Program
5. State Chemical Organizations & Coalitioning in Non-CIC States Program

OTHER PROGRAMS

1. Responsible Care® Management and Coordination
2. Responsible Care® Community Awareness and Emergency Response (CAER) Code
3. Responsible Care® Distribution Code
4. Responsible Care® Employee Health and Safety Code
5. Responsible Care® Pollution Prevention Code
6. Responsible Care® Process Safety Code
7. Responsible Care® Product Stewardship Code

8. Executive Management and Coordination
9. Finance and Administration Coordination
10. Human Resources Services
11. Information Technology Services
12. Legal Support Services
13. Strategic Outreach and Communication Program
14. Health and Environmental Effects Research Program
15. Member Relations and Services

**CMA ADVOCACY AND RESPONSIBLE CARE® ISSUES
RECOMMENDED PRIORITIES FOR FY 97/98**

Critical Issues

1. Provide support for achieving Responsible Care® implementation and measurement, with particular emphasis on assistance to low achievers. Includes support for coordinating responses to community concerns at the plant level
2. Achieve electricity customer choice
3. Ensure market access for chemical industry products by:
 - Ensuring favorable chemical industry treatment in international trade agreements and implementing rules; influencing the World Trade Organization and regional trade groups (exclusive of Free Trade of the Americas Agreement); and engaging China in the world trade system
 - Reducing administrative burdens to exports; ensuring continued deferral of foreign subsidiary tax income; protecting favorable foreign sales corporation tax provisions; ensuring continued favorable treatment of export source rules for sales inventory
4. Achieve Superfund reform, including support for RCRA remediation programs
5. Achieve reasonable rules on Clean Air Act Amendments air toxics and residual risk programs
6. Achieve science-based resolution of the endocrine modulation debate
7. Achieve systematic reforms that promote reaching risk-based environmental, health and safety goals while simplifying requirements and reducing burdens
8. Achieve risk-based product management as credible alternatives to toxic use reduction (TUR), including advocacy on: materials use accounting proposals; right-to-know issues; prior informed consent convention; persistent toxics that bioaccumulate and persistent organic pollutants; TSCA; and challenges to confidential business information.

Extremely Important Issues

1. Spread Responsible Care® through the chain of commerce, domestically and internationally
2. Achieve chemical industry objectives in global climate change debate
3. Achieve chemical industry objectives in Hazardous Materials Transportation Act reauthorization
4. Represent CMA on distribution economic issues, including rail mergers
5. Achieve systematic legal reform and protect chemical industry objectives in legal reform debate
6. Achieve administrative reforms to RCRA and represent chemical industry objectives in new RCRA rulemakings and Basel Convention implementation
7. Ensure reasonable Clean Air Act National Ambient Air Quality Standards and implementing regulations
8. Achieve fast track negotiating authority for trade agreements, particularly for Free Trade of the Americas Agreement

Significant Issues

1. Achieve and sustain audit privilege and enforcement reforms
2. Represent chemical industry interests on distribution safety issues
3. Ensure imposition of no unreasonable trade controls, including those that would be imposed if the Chemical Weapons Convention is not ratified
4. Ensure continued favorable accelerated depreciation tax treatment
5. Represent chemical industry interests in discussion of Clean Air Act Reauthorization
6. Develop and advocate positions on regulations and legislation which affect occupational safety and health activities in the chemical industry
7. Achieve legislative and regulatory reforms to ensure a risk-based approach to water quality, including representing chemical industry positions on contaminated water quality sediment and innovative watershed management control approaches, such as the Great Lakes Initiative and Gulf of Mexico Program
8. Achieve fair, efficient science-based harmonization of chemical testing and registrations
9. Develop and harmonize hazard communication system, domestically and internationally

Monitor Issues

1. Represent chemical industry interests in development of ISO 14000 standard
2. Represent chemical industry interests in development of electrical codes and standards

**COMMITTEE ASSIGNMENTS
APPROVE REPLACEMENT NOMINEES**

BACKGROUND The purpose of this tab is to approve nominees to fill vacant CMA standing and special committee assignments.

RECOMMENDATION Appoint the following individual to the following committee:

Energy Committee

Steven C. Schultz, 3M (Term expires May 31, 1999)
(Replacing Ronald T. Hagkull of the same company)

ACTION REQUESTED Approve the recommendation.

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