

MINUTES of the three hundred sixtieth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at The Broadmoor, Colorado Springs, CO on September 9-10, 1996. There were present:

Directors:

J. Lawrence Wilson, Chairman
 John E. Akitt
 Phillip D. Ashkettle
 William G. Bares
 Michael R. Boyce
 William R. Cook
 David J. D'Antoni
 John R. Danzeisen
 Earnest W. Deavenport, Jr.
 R. Keith Elliott
 Michael J. Ferris
 Darryl D. Fry
 Michael C. Harnetty
 Richard A. Hazleton
 Peter R. Heinze
 Alan R. Hirsig
 Gerald L. Hoerig
 Jack L. Howe, Jr.
 Jon M. Huntsman, Jr.

William H. Joyce
 James A. Mack
 John E. Peppercorn
 Thomas E. Reilly, Jr.
 Arthur R. Sigel
 F. Quinn Stepan
 S. Jay Stewart
 Robert O. Swanson
 R.M.J. van der Meer
 Jeroen van der Veer
 George A. Vincent
 Eggert Voscherau
 J. Virgil Waggoner
 H. A. Wagner
 Frederick L. Webber
 Helge H. Wehmeier
 J. Lawrence Wilson
 Ronald H. Yocum

Secretary: John P. Connelly
 Treasurer: Gary C. Herrman
 General Counsel: David F. Zoll
 Executive Vice President: Charles W. Van Vlack

Other Participants:

Godfried Akorli, Bayer Corporation
 David S. Alcorn, Crompton & Knowles Corp.
 Michael Baldwin, Quantum Chemical Co.
 Hal Bozarth, Chemical Industry Council of New Jersey
 W.F. "Walt" Buchholtz, Exxon Chemical Co.
 Timothy F. Burns, CMA
 Vincent A. Calarco, Crompton & Knowles Corp.
 John DiFazio, Dow Chemical USA
 Richard M. Doyle, CMA
 Charles M. Donohue, Akzo Nobel
 William Driscoll, Allied Signal
 E.J. (Jake) Garn, Huntsman Corporation
 Edward D. (Ned) Griffith, ARCO Chemical

Thomas R. Jacob, DuPont
 Donna Jennings, Velsicol Chemical Corp.
 Daniel Johnson, Chevron Chemical Company
 D. Lynn Johnson, Eastman Chemical Co.
 Nancie Johnson, DuPont
 Louis H. Kistner, SCM Chemicals
 Donald Lamb, Bayer Corporation
 Raul Millares, ANIQ
 James D. McIntire, CMA
 Jack Mongoven, Mongoven Associates
 Jose Montemayor, ANIQ
 Morton L. Mullins, CMA
 Mark D. Nelson, DuPont
 Don Olsen, Huntsman Chemical Corporation
 Charles Rund, Charlton Research Associates
 Angela T. Spicer

Jon C. Holtzman, CMA
Geoffrey B. Hurwitz, Rohm and Haas Co.

A. Wayne Tamarelli, Dock Resins Corporation/SOCMA
Timothy J. Wonnell, Reilly Industries, Inc.

1. WELCOME AND MINUTES OF JUNE 5, 1996, BOARD MEETING

Chairman Wilson called the meeting to order at 9:00 a.m. and the Minutes of the Board's June 5, 1996, meeting were approved as distributed. Mr. Wilson reviewed the results of a survey of Board members and provided several examples of improvements to the Board meeting process as a result of Board members' suggestions.

2. NOMINATING COMMITTEE REPORT

Mr. Sigel, on behalf of the Nominating Committee, recommended several individuals to serve on the Board Responsible Care[®] Committee.

ON MOTION, duly made and seconded, it was

VOTED: To approve a the members of the Board Responsible Care[®] Committee as noted in Exhibit A.

3. REPORT OF THE BOARD RESPONSIBLE CARE[®] COMMITTEE

Mr. Sigel presented the Board Responsible Care[®] Committee's charter for Board consideration.

ON MOTION, duly made and seconded, it was

VOTED: To approve the Board Responsible Care[®] Committee's charter as described in Exhibit B.

Mr. Sigel reviewed the activities of the Board Responsible Care[®] Committee. He emphasized that the Committee's efforts would be to examine how to increase the pace of member company implementation of the Responsible Care[®] initiative, including participation in the voluntary management systems verification system.

4. RESPONSIBLE CARE[®] DISTRIBUTION CODE IMPLEMENTATION REPORT

Mr. Wonnell reviewed the status of member companies' implementation of the Responsible Care[®] Distribution Code and challenges members face as they continue to implement the Code. He reported that the members' self-evaluations indicate 74 percent of the membership have achieved practice-in-place for the Code. He also noted that the members have previously indicated that 95 percent of the membership will achieve practice-in-place by the end of 1997. Mr. Wonnell identified the steps CMA was undertaking to help members implement the Code.

Mr. Wonnell noted that CMA was using the Department of Transportation incident database to track industry performance, but that the database was only about 50% accurate. He stated CMA was working closely with DOT to improve the quality of the records. As a potential interim step, Mr. Wonnell stated that CMA may develop a temporary process which

CMA 078078

would facilitate members submission of distribution performance data. Finally, Mr. Wonnell highlighted the skeptical views some carriers have about Responsible Care®.

The Board had a spirited discussion of how to further progress by CMA member's safe distribution of products.

5. PUBLIC PERCEPTION COMMITTEE REPORT

Mr. Stewart reviewed the deliberations of the Public Perception Committee. He noted that that Public Outreach Program was in the fifth year of an initial five year effort and that the Committee was examining how the program performed against its goals. He also stated that research on how to craft an outreach effort emphasizing the benefits of chemicals and chemical products continued. Mr. Stewart reminded the Board that at its November meeting he would report on the status of the tracking of public attitudes toward the chemical industry. Finally, Mr. Stewart indicated that the Public Perception Committee was considering a strategic communications framework that would encompass an integrated approach to public outreach and CMA's communications advocacy efforts.

6. RESEARCH ON PUBLIC ATTITUDES ABOUT THE ENVIRONMENT

Mr. Rund reported on the public's attitudes toward the economy, the chemical industry and a number of specific environmental, health and business issues. He emphasized that overwhelmingly the public believes it has a right to know the chemical composition of products it buys. He also stressed that chemical industry spokespersons are viewed to be the least credible but that academicians are among the most believed by the public.

Mr. Mongoven reported on the strategies, tactics and targets of various environmental activists groups. He noted that activists were moving toward a campaign linking chemicals to a broad array of illnesses, including children's and women's health concerns.

7. REPORT ON THE BOARD COMMITTEE ON HEALTH AND ENVIRONMENTAL EFFECTS RESEARCH (BDCHEER)

Mr. Akitt reviewed the status of the development of a CMA research initiative. He stressed that the BDCHEER strongly endorsed the principles that CMA-sponsored research should be conducted openly and that results be peer reviewed and made available to the public. He also stressed the need to ensure research that CMA sponsors is aligned with its priorities. Mr. Akitt also discussed funding and management issues related to the potential CMA research initiative.

8. REPORT OF THE BOARD INTERNATIONAL COMMITTEE

Mr. Calarco reported on the deliberations of the Board International Committee (BIC). He stated that the BIC's emphasis during the coming year would include efforts to ensure passage

of fast track negotiating authority for trade agreements, helping spread a consistent Responsible Care® ethic to countries with significant chemical industries and ensuring senior level representation at major global meetings where the chemical industry could be impacted.

9. REPORT ON THE NORTH AMERICAN CHEMICAL ASSOCIATIONS MEETING AND INTERNATIONAL COUNCIL OF CHEMICAL ASSOCIATIONS MEETING

Mr. Wilson reported on the recent meeting of the North American Council of Chemical Associations. He noted that the Council approved an administrative modification to the Memorandum of Understanding that created the Council, discussed at length Responsible Care® and distribution issues, and would develop a common approach to dealing with the Commission on North American Environmental Cooperation that was created by the NAFTA.

Mr. Wilson also reviewed the agenda for the upcoming International Council of Chemical

13. FURTHER DISCUSSION ON DISTRIBUTION CODE

Mr. Doyle reviewed steps CMA had taken to facilitate information exchange about the safety of chemical carriers. He encouraged members to take advantage of the carrier assessment protocol.

14. REPORT ON FEDERAL LEGISLATIVE ACTIVITIES

Mr. Nelson reported on several federal legislative activities, including the status of Superfund reform, legislation authorizing EPA authority to track chemicals use and proposed legislation to bring about customer choice of electricity supply.

15. STATE LEGISLATIVE AND REGULATORY ACTIVITIES

Ms. Johnson reported on the purpose and processes of various state public policy groups. Specifically, she highlighted the National Governors Association, the National Conference of State Legislatures, and the American Legislative Exchange Council. She explained that CMA participates in these public policy groups to represent the chemical industry's views on the Association's priority issues.

16. RESPONDING TO THE POLITICAL CHALLENGES THE CHEMICAL INDUSTRY FACES

Mr. Burns reviewed various tools CMA members can take advantage of to become more politically active. Specifically, he explained the Grasstops and Grassroots programs, CMAPAC, the Washington Fly-in, fundraisers and "Meet and Greets." Mr. Webber exhorted the Board members to become more politically active, noting that those that oppose many of the chemical industry's initiatives are much more organized politically. The Board discussed what tools could be used to encourage greater participation in the Association's political programs.

Messrs. McIntire and Bozarth explained how members can become involved politically at the state level. Specifically, they noted that several states allow corporate contributions to political action committees (PACs) and political campaigns for state offices. They also highlighted those chemical industry councils that have PACs and encouraged Board members to support those efforts.

17. REPORT OF THE BOARD STATE INITIATIVES COMMITTEE

Mr. Peppercorn reported that the Board State Initiatives Committee recommended against activating the State Initiatives Contingency Fund to counter an initiative in Montana that would bar corporate contributions to initiative campaigns. He recommended that those members with interests in the Montana initiative become active in the issue.

18. PROPOSED POLICY ON THE TRADE IMPLICATIONS OF ECO-LABELING PROGRAMS

Mr. Burns, representing the International Trade Committee, presented a proposed policy on the trade implications of eco-labeling programs.

ON MOTION, duly made and seconded, it was

VOTED: To approve a policy on the trade implications of eco-labeling programs as outlined in Exhibit C.

19. MEMBERSHIP COMMITTEE REPORT

Mr. Yocum presented the Membership Committee's recommendation to elect three members into the Association.

ON MOTION, duly made and seconded, it was

VOTED: To elect Texas Petrochemicals Corporation, Kuehne Chemical Company and Flocryl Inc. to membership in CMA.

20. PROGRAM COMMITTEE REPORT

Mr. Webber reminded the Board members of the CMA Chemical Industry Conference, scheduled for November 13-14, 1996, in Washington, D.C., and encouraged members to attend.

21. EPA ROOT CAUSE PROJECT

Mr. Zoll reported on the purpose and status of the EPA Root Cause Project. He encouraged members to participate in the project if requested by EPA.

22. TREASURER'S REPORT

Mr. Herrman presented the Treasurer's Report, noting that for the portion of the fiscal year through July 31, 1996, the Association had revenues of \$25.1 million and expenses of \$3.3 million. He noted that variances were within expected ranges. Mr. Herrman further noted that the audited financial statements for the previous fiscal year indicated that CMA had revenues of \$29.6 million, expenses of \$28.7 million and that CMA contributed \$854,000 to reserves. He noted that the reserves were approximately at \$10 million.

23. RIGHT TO KNOW ISSUES

The Board briefly discussed the challenges the chemical industry faces through EPA's materials use accounting plans and other proposals. Mr. Holtzman noted that CMA's strategic communications research also highlighted the challenge that the public feels very strongly that

they have a right to know nearly all aspects of a business' processes and materials usage. Mr. Van Vlack noted that CMA has formed a multi-disciplinary member and staff team to develop ideas on how to address this challenge.

The meeting adjourned at 11:40 a.m.


John P. Connelly
Corporate Secretary
Director, Member Relations


Certified by:
J. Lawrence Wilson
Chairman, CMA Board of Directors