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FROM: T. G. Grumbles  
DATE: September 13, 1989

Interoffice  
Communication

SUBJ: RECENT DUPONT STATEMENTS ON "CORPORATE ENVIRONMENTALISM"

VISTA

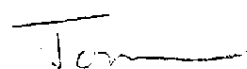
For those of you who haven't seen them, a copy of an article from the CMA News and the chairman's page from Dupont's 2nd quarter report is attached.

Key points in the article include:

1. The real environmental challenge is not in responding to the next regulatory proposal but to achieve better environmental performance. Compliance may not be a benchmark of good performance.
2. Corporate Environmentalism is defined as an attitude and a performance commitment that place corporate environmental "stewardship" in line with public desires and expectations.
3. The most powerful environmentalist group in society today is the general public. Environmentalism is the "mainstream".
4. Industry must restore credibility and that can only be done by performance.
5. In the future, decisions cannot be made on a technical or scientific basis only.

The points made in the article are not new, but further emphasize the profile these issues are beginning to have in chemical companies we compete with and do business with.

A continued commitment to implementing our newly adopted environmental policy and subsequent actions taken should allow us to improve our performance and maintain a viable business in the future. As we enter a period of restricted financial flexibility we must keep the environmental expenditures and programs in a proper perspective and assure the long term needs and benefits are considered as well as immediate compliance needs.

  
T. G. Grumbles

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Attachment

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From : 2<sup>nd</sup> Qtr. Report

## HIGHLIGHTS

|                                         | Three Months Ended<br>June 30 |         | Six Months Ended<br>June 30 |          |
|-----------------------------------------|-------------------------------|---------|-----------------------------|----------|
| (Dollars in millions, except per share) | 1989                          | 1988    | 1989                        | 1988     |
| Sales                                   | \$9,278                       | \$8,342 | \$17,952                    | \$16,200 |
| Net Income                              | \$ 714                        | \$ 639  | \$ 1,450                    | \$ 1,229 |
| Earnings Per Share of Common Stock      | \$ 3.02                       | \$ 2.67 | \$ 6.10                     | \$ 5.12  |
| Dividends Per Share of Common Stock     | \$ 1.05                       | \$ .95  | \$ 2.10                     | \$ 1.80  |

## TO DU PONT STOCKHOLDERS

As reported on the next page, we had a strong second quarter. The increase in earnings reflected continued strength in worldwide demand in a broad range of the company's businesses, with particularly good results for industrial products and petroleum.

During the quarter, we also focused anew on the role of Du Pont as a corporate environmental steward. I stressed this responsibility during a recent speech to the American Chamber of Commerce (U.K.) in London.

Public awareness and concern over the environment have been building worldwide during the past two decades. During much of that time, however, many in business looked at environmentalism as a kind of fringe activity outside the political and cultural mainstream. Consequently, industry too often remained insensitive to public opinion in environmental matters, and when we dealt with the issues, we frequently did so from a strictly technical or scientific viewpoint—as if public concerns were somehow less important.

Now environmentalism is the mainstream, so companies that lack credibility in the environmental affairs arena must work hard to change that perception and earn the public's trust.

Du Pont has had its share of environmental problems; we still do. But some key actions, such as our CFC phaseout and replacement program and our efforts to come to grips with the plastic waste issue, demonstrate the course we've charted for the future. At Du Pont, we

won't be content to be part of the problem. We intend to be part of the solution.

For example, during the 1980s we reduced the amount of waste generated at our plants by nearly 35 percent. We're going to at least duplicate that level of progress during the next decade. Du Pont will also expand its existing wildlife habitat enhancement program to include at least 1,000 square miles of land managed to support wildlife. And we'll be stressing community involvement at plant sites to make sure that our neighbors are fully informed and understand company activities that relate to public health or the environment.

I call these and other things we're doing corporate environmentalism, by which I mean an attitude and a performance commitment that place corporate environmental stewardship fully in line with public desires and expectations. In the future, the companies that succeed in increasing their value to customers, shareholders, employees, and society will be those that have made the commitment to operate in an environmentally sound manner. We intend Du Pont to be among them.

Edgar S. Woolard Jr.  
Chairman

# Toward corporate environmentalism

*When E. S. Woolard recently became chairman of the Du Pont Company, he also became the company's "chief environmentalist." His remarks are adapted from a speech before the American Chamber of Commerce in London.*

As I begin my tenure as Du Pont's chairman and look ahead to the challenges Du Pont faces in the next decade and beyond, I see one of our chief concerns being environmental stewardship.



Mr. Woolard

The environmental issues that industry faces around the world are at this point pretty clear cut. The Valdez spill did not fundamentally change the issues, rather it demonstrated again that avoiding environmental incidents remains the single greatest imperative facing industry today.

This realization has been too slow in coming, including to my own company. The real environmental challenge is not one of responding to the next regulatory proposal. Nor is it making the environmentalists see things our way. Nor is it educating the public to appreciate the

benefit of our products and thus tolerate their environmental impact and that of the processes used to make them.

Let me state plainly the fundamental environmental challenge to companies like Du Pont: Our continued existence as a leading manufacturer requires that we excel in environmental performance and that we enjoy the nonobjection—indeed even the support—of the people and governments in the societies where we operate around the world.

What's at stake is the ability of much of our present manufacturing industry to continue to serve well the growing needs of society.

Environmentalism is now a mode of operation for every sector of society—industry included. We in industry have to develop a stronger awareness of ourselves as environmentalists. I am personally aware that as Du Pont's chief executive, I'm also Du Pont's chief environmentalist.

I will probably never be in agreement with all that Greenpeace or the Green Party believes. And I don't think for a minute that by adopting a more proactive environmental attitude we're going to see the criticism of industry by activists disappear.

In fact, it is probable that as industry becomes more proactive, environmental groups may become more extreme in their positions in order to maintain their identity. In any case, there will continue to be numerous cases of controversy and many situations in which reasonable people can disagree.

But at the same time there are points where our interests are the same, and we in industry in no way compromise our responsibility to shareholders when we admit it. We should seek out those opportunities to align ourselves with the environmental community and demonstrate where environmental and industrial goals are compatible.

In other words, I'm calling for corporate environmentalism—which I define as an attitude and a performance commitment that place corporate environmental stewardship fully in line with public desires and expectations.

What historically has stood in the

way of corporate environmentalism becoming a reality?

First, our corporate insensitivity to public opinion has gotten in the way. For a long time there was a perception in industry that environmentalism was somehow a fringe activity, out of step with the mainstream of society.

Beyond the small population of executives who dealt with environmental issues, many manufacturing executives saw environmentalism as a nuisance and environmentalists as radicals of one variety or another.

But the most powerful environmentalist group in every modern society is now the general public which has declared in opinion polls and in election that the environment will be protected. Environmentalism is the mainstream.

The second thing that's gotten in the way of developing a legitimate corporate environmentalism is industry's lack of credibility. It has probably never been lower than it is right now in the wake of the Valdez accident.

***"Credibility is directly tied to performance. We must adopt even greater safeguards to avoid incidents."***

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I recall one headline in a major metropolitan daily that ran an editorial the week after the spill. The headline read "Trust us, they said." We can expect to hear echoes of that for a long time to come.

How do we build credibility? One thing is certain: Credibility is directly tied to performance. We must adopt even greater safeguards to avoid incidents. When problems do occur, we must swiftly and effectively respond. The Alaskan oil spill is stark evidence of the reality.

third obstacle that can get in the way of our becoming corporate environmentalists is the technocracy of modern industrial corporations. Science and technology are marvelous things. No one knows this better than those of us who work at Du Pont where we have witnessed the many good things that science and engineering make possible in our lives.

But the flip side is that we sometimes position ourselves on an environmental issue on the basis of available technical or scientific data alone. We have been too inclined to act as though public wishes and concerns matter less than the technical opinions of scientist and engineers. But in fact public opinion must be dealt with regardless of the technical facts.

I don't mean to say that industry

*Indicative of Du Pont's waste minimization efforts, this operation at its Sabine River Works in Orange, Tex., recaptures for reuse granules of polyethylene that otherwise would go into the waste stream.*



## Du Pont sets environmental agenda

Du Pont has developed a corporate agenda for environmental leadership for the next decade. To fulfill its goals, the company will:

- reduce total hazardous waste by 35 percent at manufacturing facilities by 1990 and duplicate that level of progress during the next decade. Waste reduction will be a primary technical objective during the 1990s.

- manage at least 1,000 square miles of land to enhance habitat for wildlife, with a special emphasis on wetlands.

- eliminate heavy metal pigments used in the manufacture of some plastics.

- take an increasing responsibility for the efficient and environmentally acceptable disposal of the plastic portion of the global solid waste stream. Du Pont's first plant to reclaim and recycle high-value polymers from municipal wastes will start up early next year.

- involve community representatives at all manufacturing sites in all major planning activities relevant to public health or the environment.

- consider environmental performance in determining compensation for executives from middle management to senior officers.

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should roll over and play dead every time someone makes a protest. The recent scare in the United States over a chemical growth regulator used in apples points out that economic decisions should not be made on the basis of an alarmed public's reaction to overstated news stories.

But neither can they always be made solely on the technical merits. There is a point at which every company should have the good sense to know whether persisting with a particular position is in the best interest of society at large, whatever the technical merits of the argument.

To develop the understanding of when that point is reached will require a new corporate sensitivity to public concerns and an opening of new channels of communication with the public.

We will also have to change some corporate attitudes. For example, the truly farsighted manager will not spend just what is necessary to meet minimum technical requirements of the law.

Where reasonable improvements can be identified that will bring long-term environmental benefits and enhance public acceptance, we must have the vision to implement such changes—even at cost penalties beyond what is necessary for mere compliance.

In the environmental arena, the issues

are beyond the scope or ability of any one company or any one country to correct. That's no excuse for not embarking on individual or unilateral action.

But we have to keep in mind that the economic consequences of environmental action in terms of trade-offs, standards of living and industrial competitiveness affect the whole world, and thus we need more international mechanisms for addressing environmental issues.

The United Nations Environment Programme is doing good work. And the efforts to build an environmental consensus in the European Community will set important precedents.

The primary point for a manufacturer is that industry needs to maintain the same high environmental performance standards regardless of the country of operation. The actions of any one company will continue to reflect on industry as a whole, and it's fair to say that manufacturers around the world are in this together.

Industry has a checkered past of successes and failures in environmental matters, and as a result, manufacturers have been painted many colors in recent years. That will have to change.

In the future we will have to be seen as all one color. And that color had better be green.