FROM THE DESK OF

MICHAEL A. PIERLE

9/21/92

D. R. Bishop - A2SP
L. J. O'Neill - G4WA

Note WGK example in item #2.

MAP
Attachment

Lewis - note. You may want to share with Bill Boyle

Jerry 9/24

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SEP 16 1992

CHEMICAL MANUFACTURERS ASSOCIATION

Robert A. Roland
President

TO EXECUTIVE CONTACTS OF CMA MEMBER COMPANIES

Dear Executive Contact:

My March 2, 1992, letter to you emphasized the importance of keeping the financial community informed about Responsible Care®. You may find the attached useful as your company prepares its 1993 annual report.

According to a recent Wirthlin Group survey, 77% of Americans are convinced they can have environmental improvement and economic growth at the same time. Your shareholders and investors share those views and interests.

There is great potential for environmental improvement measures taken under Responsible Care® to result in adding value to a business. The examples given show how some CMA members are finding cost savings by applying the principles of Responsible Care®. With your own examples identified, you can make a powerful and important statement to the financial community.

I encourage you to show these examples to officials in your organization who can identify similar kinds of relationships. Again, the annual report provides an excellent way to communicate your company's environmental investments to the financial community.

Sincerely,

Robert A. Roland
President

DSW 134617

2501 M Street, NW, Washington, DC 20037 202-887-1106 Telex 89617 (CMA WSH)

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Financial Messages
Responsible Care®

1. Responsible Care® is an industry-initiated response to public concerns about chemical company performance standards and ethical conduct. Responsible Care® is important to investors and the financial community because it represents voluntary actions to improve safety and the environment. Such voluntary steps can reduce the costs associated with legislation and regulations.

2. Complying with environmental regulations and even taking voluntary steps to handle environmental issues have historically been a cost of doing business for the chemical industry. The challenge in this decade is to move environmental issues from being a cost of doing business to adding value to a business. This move toward adding value through environmental initiatives is fostered by Responsible Care® and its emphasis on innovation in meeting common goals. A number of CMA companies are seeing cost savings from their efforts under Responsible Care®. For example:

    * Monsanto Company's W.G. Krummrich Plant in Sauget, Ill., developed a program to burn scrap tires as fuel in the plant's steam-generating boilers. The scrap tires replace some coal in fueling the boilers, and the blend burns more cleanly than coal. Because the cost of scrap tires is less than the coal it replaces, fuel costs have been substantially reduced.

    * A major waste from the manufacture of acrylonitrile at DuPont's Beaumont, Texas, plant is ammonium sulfate. By changing its operating conditions to favor waste reduction rather than yield, the plant was able to reduce the amount of ammonium sulfate generated by 70 million pounds per year. While DuPont originally thought this change would result in an increase in operating costs, it actually has resulted in a savings of approximately $1 million annually in the cost of raw materials and in hazardous waste taxes.

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* At a Dow Chemical plant in Plaquemine, La., waste generated in the manufacture of chlorine cell diaphragms, used for separating chemicals and gas, was reduced by more than three million pounds a year. This translates into savings of $1.1 million a year.

* Since 1985, Nalco Chemical Company has invested $115 million in its advanced PORTA-FEED® chemical delivery system, which replaces traditional 55-gallon drums with returnable stainless-steel containers in a range of sizes. About 55,000 PORTA-FEED® units in use in 25 countries have eliminated the need for 1.2 million drums and the potential release of 18 million pounds of chemical waste into the environment. The potential savings exceeds $120 million by eliminating the cost of drum purchase, transportation and storage, cleaning, reprocessing and disposal.

3. A company's performance under Responsible Care® can have a significant financial effect. New Clean Air Act Amendments will raise total pollution abatement costs from about $4 billion in 1991 to nearly double that amount by the late 1990s. Certainly, the financial community is watching how these and other expenses related to the environment are affecting the industry. Yet environmental issues can be more than a short-term cost. Handling them properly and responsibly can lead to a long-term gain. For example, one CMA member company had indicated that its environmental program saved it $500 million over about 15 years. Responsible Care® can have a positive effect on the bottom line.

4. Additional examples of source reduction activities at a range of organic chemical manufacturing plants can be found in "Environmental Dividends: Cutting More Chemical Wastes," INFORM (a nonprofit research organization). INFORM, Inc., 381 Park Avenue South, New York, NY, 10016-8806. Tel: 212 689-4040. Fax: 447-0689.

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