8/20/84

ALLIED CORPORATION
HEALTH, SAFETY AND ENVIRONMENTAL STEWARDSHIP

Allied Corporation is a large ($11 Billion sales, 110,000 employees) diversified Corporation with major product interests in chemicals, health care, aerospace, automotive, electronics and energy resources. Allied operates over 450 plants worldwide. In the State of New Jersey alone, Allied has over 6,800 employees and operates eight (8) major facilities, including the Morris Township World Headquarters site, which is shared by one of Allied's major research laboratories.

POLICY

Allied believes that world competitive business success depends on several factors including managing and properly protecting the human resources of the Corporation and the neighborhoods within which the plants and locations operate. Consequently, the Chairman and Chief Executive Officer, Edward L. Hennessy, Jr., communicated the Corporation's Health, Safety and Environmental Policy to all employees. The policy states: "It is the policy of the Corporation to design, manufacture and distribute all products and to handle and dispose of all materials safely and without creating unacceptable risks to health, safety or the environment. The Corporation will:

- Establish and maintain programs to assure that laws and regulations applicable to its products and operations are known and obeyed;
- Adopt its own standards where laws or regulations may not be adequately protective, and adopt, where necessary, its own standards where laws do not exist; and
- Stop manufacturing or distributing any product or carrying out any operation if the health, safety or environmental risks or costs are unacceptable."

This policy is reproduced on page 2.

PLF EXHIBIT NO 31 FOR ID DEFT TRN

ALLIED

Health, Safety and Environmental Policy

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- Stop manufacturing or distributing any product or carrying out any operation if the health, safety or environmental risks or costs are unacceptable.

To carry out this policy, the Corporation will:

1. Identify and control public health, safety and environmental hazards stemming from its operations and products;
2. Conduct accident prevention, product safety and integrity, occupational health and pollution control programs to safeguard employees and the public from injuries or health hazards, to protect the Corporation's assets and continuity of operations, and to protect the environment;
3. Conduct and support appropriate research about the health, safety and environmental effects of materials and products handled and sold by the Corporation and share promptly any significant findings with others, such as employees, suppliers, customers, government agencies or the scientific community; and
4. Work constructively with trade associations, government agencies and others to develop equitable and realistic laws, regulations and standards to protect public health, safety and the environment.

Every employee is expected to adhere to the spirit as well as the letter of this policy. Managers have a special obligation to keep informed about health, safety and environmental risks and standards and to advise higher management promptly of any adverse situation which comes to their attention.

Edward L. Hennessy, Jr.
Chairman of the Board
and Chief Executive Officer

June 1984

HEALTH, SAFETY AND ENVIRONMENTAL ASSURANCE

Allied has a long established Health, Safety and Environmental Assurance System with which to carry out this policy. The system includes adopting health, safety and environmental standards within accepted environmental, occupational and public health standards of excellence.

The major objectives of the Health, Safety and Environmental Assurance System are:

- o To control recognized health, safety and environmental hazards;
- o To assure that Allied's products, plants, laboratories and distribution facilities are in compliance with all existing regulations and are capable of remaining in compliance in the future;
- o To encourage employees and managers to report any adverse health, safety or environmental situation so that prompt corrective action can be taken.

Professional Resources

To carry out these objectives, Allied has evolved over a period of years a management system staffed by over 400 expert environmental, safety and health professionals (91 of whom are located at the Morris Township site, 18 of whom spend full time on Corporate R&D Laboratory and Morris Township site matters). This system integrates health, safety and environmental matters into the mainstream of the Corporation from the Board of Directors to the daily activities of the plant operators and R&D research scientists.

Corporate Responsibility Committee

Allied's Board of Directors has identified health, safety and environmental matters as priority management issues and has established a Corporate Responsibility Committee of the Board to review substantive matters to assure continued

understanding of commitment of company management to the Health, Safety and Environmental Policy. The Committee periodically reviews Health, Safety and Environmental matters directly with the Vice President of the Corporate Health, Safety and Environmental Sciences organization and his staff. In addition, as will be discussed in more detail later in this summary, the Corporate Responsibility Committee receives regular reports from an independent internal group and an outside independent consulting organization on the status of Allied's Health, Safety and Environmental program.

Assurance Letters

To verify understanding and reinforce commitment of line managers to the Health, Safety and Environmental Policy, the Chairman requires annual Health, Safety and Environmental Assurance Letters signed by the Senior Executives, including the Senior Vice President of Technology, who is responsible for the Corporate Technology Center. These Assurance Letters require senior managers to personally confirm the state of compliance with the Policy as well as the degree to which appropriate health, safety and environmental systems are in place and functioning. These letters serve to reinforce the Corporation's strong belief that managers at all levels have direct and important responsibilities for making the Health, Safety and Environmental system function effectively. This means that attention to health, safety and environmental matters must continue unabated and that if deficiencies exist, managers must report these so that appropriate and timely corrective actions can be taken. These annual Health, Safety and Environmental Assurance Letters are reviewed with the Corporate Responsibility Committee.

Organization

Allied's Health, Safety and Environmental function is headed by a Corporate Vice President, reporting to the Senior Vice President of Technology, who reports directly to the Chairman of the Board. The staff is grouped into the following technical disciplines:

- o Pollution Control - assuring control of air and water pollution and solid waste;
- o Safety and Loss Prevention - assuring safety of people and preventing loss to property;
- o Product Safety - identifying and managing the risks to safety, health and the environment from the company's products;
- o Medical Services - providing preventative and therapeutic health care services to employees;
- o Industrial Hygiene - monitoring materials used in the workplace and laboratories to recognize, evaluate and control health risks;
- o Toxicology - identifying and evaluating toxic hazards to health and the environment;
- o Environmental Compliance - managing Corporate Technology's health, safety and environmental organization and troubleshooting in environmental emerging areas of interest, including international.
- o Surveillance - independently verifying the performance of the plants and laboratories to assure compliance with health, safety and environmental regulation and corporate policy.

The Corporate staff establishes policy and develops guidelines, provides professional hazard evaluation and risk management control expertise, and monitors the operations and laboratories for compliance with Federal, State and Local regulations and corporate policy. The Corporate Department identifies and deals with health, safety and environmental risks, including emerging issues, and assists the operating units and laboratories to adequately plan for instituting proper controls.

Responsibility for day-to-day compliance of the Corporate Technology Center with health, safety and environmental requirements is assigned to an eight person Safety and Industrial Hygiene unit and a Director of Product Safety who report to the Director - Environmental Compliance within Corporate Technology. They are assisted by three environmental and safety coordinators for the Morris Township site, two safety and health specialists in the Plastics Research unit, and a five person Medical Clinic on the Morris Township site. These groups manage the employee safety, employee health, air pollution control, water pollution control, hazardous waste management and product safety programs of the Morris Township laboratories. (See organizational chart on page 7.)

CORPORATE TECHNOLOGY - HEALTH, SAFETY AND ENVIRONMENTAL ASSURANCE

The Health, Safety and Environmental Assurance System for the Corporate Technology Center is designed to recognize health, safety and environmental risks early in a project's consideration, evaluate the significance and seriousness of the hazards, and control those identified hazards to within accepted public and occupational health criteria of excellence. The Assurance System is based on careful, pre-project planning and scrutiny by health, safety and environmental experts, effective management control and reporting systems, and training of research personnel as to their responsibilities and expected actions. The programs that are integral to the Health, Safety and Environmental Assurance

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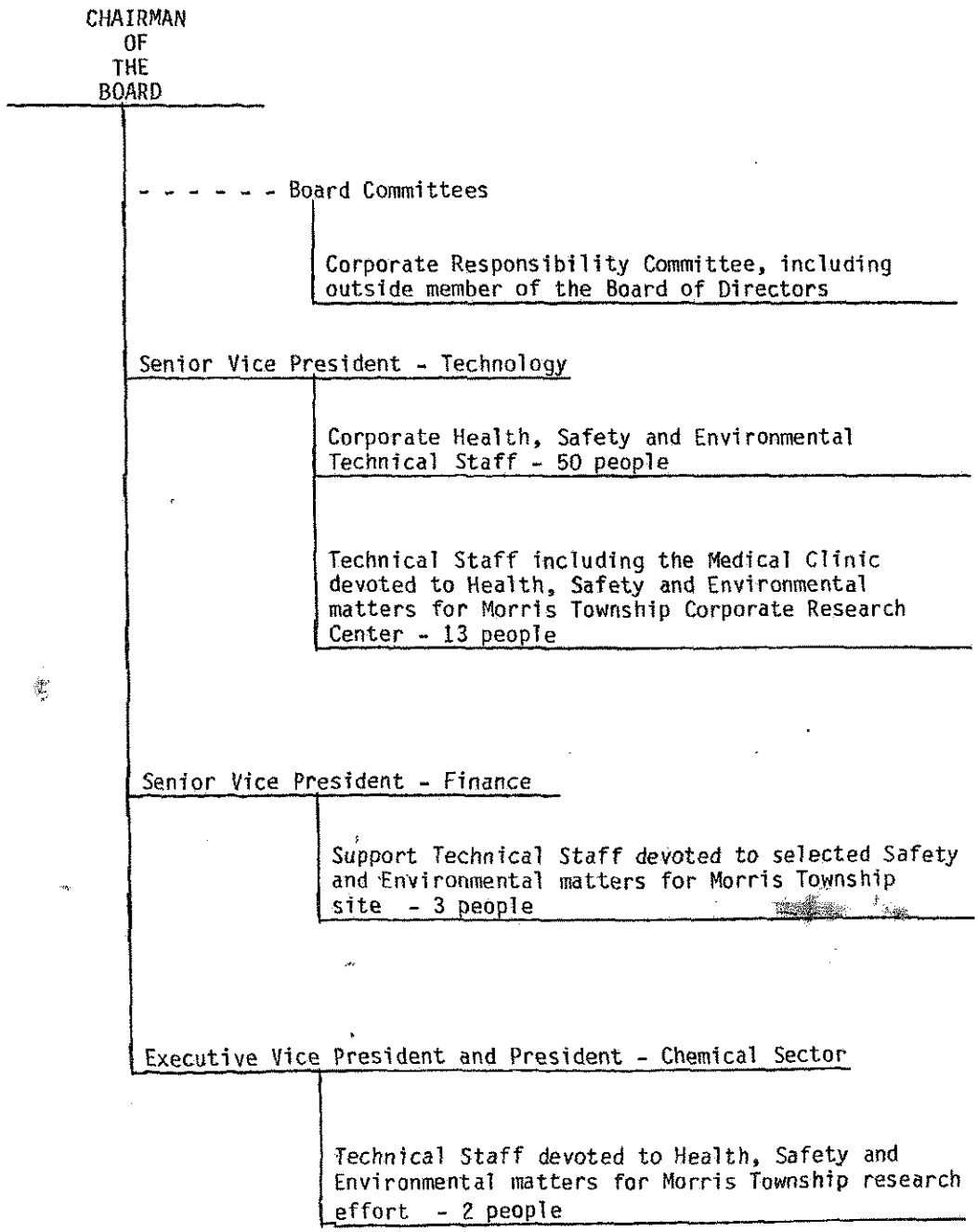

System for Corporate Technology (discussed below) include:

- o Product Responsibility - Tier System
- o Review of Incoming and Laboratory Generated Materials
- o Safety and Loss Prevention
- o First Aid
- o Industrial Hygiene
- o Medical Services
- o Air and Water Pollution Controls
- o Hazardous Waste Management
- o Security

Product Responsibility - Tier System

Allied believes that health, safety and environmental excellence starts early in the product life cycle before work is initiated in the Research Laboratory with proper planning and continual testing evaluation and scrutiny. The Product Responsibility Program which provides the details of this philosophy include:

- o New Product Reviews: evaluating a product's hazard potential early in the planning and development process;
- o New Process Reviews: evaluating the planned process for potential hazards early in the research and development cycle.

Review of Incoming and Laboratory Generated Materials

Consistent with the Product Responsibility Program, a management system has been in place at the Morris Township laboratories for several years requiring completion of a Safety and Industrial Hygiene Checklist for all laboratory projects prior to initiation of the project. This checklist is prepared by the project manager and reviewed by laboratory managers as well as by the Safety and Industrial Hygiene Department. The checklist covers the following areas and provides for

systematic review of health, safety and environmental considerations on each material purchased or generated specific to each laboratory project:

- o Chemical Identification - Purchased materials and laboratory generated materials
- o Review by Safety and Industrial Hygiene staff
- o Identification of hazards
- o Special safety procedures
- o Special medical precautions
- o Special air, water and solid waste procedures

As a double check on the system, the Safety and Industrial Hygiene Department also reviews chemical purchase requisitions to ensure that only materials consistent with those listed on the checklist are brought into the laboratory.

The checklist approach is supplemented with additional information acquisition and hazard evaluation steps, which is referred to as the Tier System. The Product Responsibility Tier Review System is designed to involve the researcher together with health, safety and environmental professionals in understanding the nature and identification of hazards prior to commencement of projects so that proper planning is conducted to preclude unreasonable health, safety or environmental risks. The Program is also designed to facilitate decision making to avoid undertaking projects that may present hazards that cannot be effectively controlled.

This system provides for comprehensive identification of hazards early in the development process so that those approaches in a project with appropriate environmental, health or safety controls and safeguards can be selected over others with

recognized hazards. The Tier System for Corporate Technology is coordinated by the Corporate Technology Safety and Industrial Hygiene and Product Safety Departments. The Safety and Industrial Hygiene Department addresses laboratory safety, health and pollution control matters. The Product Safety Department coordinates the interdisciplinary review on Risk Assessment, labeling, hazard warning, and toxicology testing.

The Tier Systems components include:

- o Project summary
- o Material identification
- o Process description
- o Employees involved
- o Identification of hazards from literature reviews
- o Results of health, safety and environmental hazard evaluation tests
- o Regulatory requirements
- o Initial risk assessment and risk management practices
- o Protective systems
- o Safety aspects
- o Monitoring plans
- o Special medical monitoring requirements
- o Employee Hazards Communication and Training Program
- o Air, water, and solid waste disposition procedures
- o Sign off by Safety, Health, & Environmental Staff

Safety and Loss Prevention

The Safety and Industrial Hygiene Department is responsible for implementing the Safety and Loss Prevention programs for the laboratories, including Allied's Corporate Safety and Loss program, "Strive For Excellence", which has received national recognition for its effectiveness in protecting people and property. The Safety and Industrial Hygiene Department conducts safety training for all new laboratory employees and arranges for specialized training, such as fire-fighting training given to all employees every three years. Safety Committee

meetings are held monthly in each laboratory department as are safety inspections. The Safety and Industrial Hygiene Department oversees these programs, monitors the results of the inspection, and provides staff assistance as needed. Allied has received many national awards for its safety record and Corporate Technology's safety record has consistently been appreciably better than the overall Allied safety performance.

First Aid Procedures

The Safety and Industrial Hygiene Department oversees first aid and emergency brigade programs within Corporate Technology. Volunteers are trained in first aid and emergency procedures to handle quick response situations until medical professionals arrive.

Industrial Hygiene

The Safety and Industrial Hygiene Department also manages the Industrial Hygiene program for the laboratory. This program includes periodic checks on laboratory hood performance, specialized industrial hygiene monitoring to assess exposure and assure no spread of hazardous materials, including modeling and evaluation of modeling results thereof, and hazard communication training to maintain a high level of awareness in health, safety and environmental procedures.

Medical Services

Allied's Medical Clinic is located on the Morris Township site adjacent to the research laboratory. This 4,200 square foot modern medical facility is staffed by a full-time physician, two part-time physicians, a nurse practitioner, and three registered nurses. The staff provides extensive medical services to Allied's Morris Township employees. Corporate Technology's Medical Program includes annual health examinations for laboratory personnel as well as specialized medical surveillance programs. Allied has initiated preventative Health

Awareness and Living Well Programs designed to encourage employees to be concerned for their health and to be active participants in maintaining good health such as by structured exercise and diet planning. In addition, the Medical Clinic offers an employee assistance program that channels employees into a broad spectrum of local health care resources. The results of the close scrutiny and intensity of the Medical Services Programs confirmed by epidemiology studies conducted on Allied's research personnel indicate that these employees are healthier than the general population for their age.

Air and Water Pollution Controls

All hazardous materials in the laboratories are handled under confined and controlled conditions. Small quantities of hazardous materials are handled in properly maintained and effective laboratory hoods with adequate air flow and hazard control. Risk assessments are conducted on experiments to assure that use of materials in laboratory hoods will not present a hazard to people or the environment external to the laboratory as well as internal to employees. There are a few situations which use hazardous materials where the air is scrubbed to prevent release of those materials. Special high efficiency and charcoal filters are also used in certain situations to preclude release of hazardous materials.

No chemicals are disposed of in sinks. Liquid wastes containing hazardous materials are accumulated for shipment off-site for approved treatment or disposal. Systems have been established for special cleanup of accidental spills to prevent release of hazardous materials to the environment and to accumulate materials for off-site shipment for approved treatment or disposal.

Hazardous Waste Management

The Safety and Industrial Hygiene Department is also responsible for implementation of the laboratories' hazardous waste management programs. A hazardous

waste storage facility, designed and operated to meet federal and state requirements, provides temporary storage of hazardous wastes awaiting transfer off-site for approved treatment or disposal. No hazardous waste is discharged to the local environment or wastewater treatment systems.

Security

Allied maintains security systems which control access to the Morris Township site and maintain tight restrictions on unauthorized access to Research Laboratories.

VERIFICATION - AUDIT AND CONTROL

Allied utilizes several audit and control systems to review Corporate Technology and other Operating Sector programs and to compare their performance against the expected and measurable requirements. It is the combination of these interlocking systems which provides the assurance. Examples of some of these systems are discussed in the following sections.

TRAC Risk Identification and Reporting System - Established in 1976, The Risk Assessment Committee (TRAC) operates to receive and act on adverse health and environmental effects information from employees through a system of co-ordinators. The risk reports are thoroughly reviewed as to the nature and seriousness of the risk and as to the reportability to the government. TRAC may also conclude that further action by Allied personnel is required. Employees have found TRAC to be a valuable means of having experts address their safety and health concerns. They also receive an objective report of findings and conclusions. The Federal Environmental Protection Agency has commended Allied for this risk management program and recommended its use by other companies.

Notification of Adverse Effect - As recently required by the Toxic Substances Control Act (TSCA), Allied maintains complete files of all allegations (proven or unproven) it receives from employees, neighbors, unions, customers or others that a product, emission, effluent process or operation is believed to have caused a significant adverse effect on health or the environment. This record-keeping system not only provides early warning of a developing concern, but triggers any necessary corrective action programs.

Surveillance Program - Allied's Health, Safety and Environmental Surveillance Program provides independent verification, including confirmation by outside independent experts, that the Corporation's operations are in compliance with the law and corporate policies, and that systems are in place to ensure continued compliance. Established in 1978, the Surveillance Program is widely recognized as one of the leading verification programs of its type in the country. Responsibility for the Surveillance Program is assigned to a separate, independent unit of full-time professionals within the Corporate Health, Safety and Environmental Sciences Department. The Surveillance Unit is assisted in conducting in-depth reviews by Allied senior professional staff. Additional expert staff assistance, as well as confirmation of objectivity, is provided to the program by Arthur D. Little, Inc., the international management and technology consulting firm.

Approximately 50 in-depth, on-site surveillance reviews are conducted each year at a sample of the Corporation's locations. During the last five years, three such reviews have been conducted at the Morris Township site to independently verify compliance with the law and corporate policy. Only minor

improvements were recommended as a result of the inspection findings, all of which were promptly instituted. The results of each surveillance review are reported to senior management. In addition, the Corporate Responsibility Committee of the Board of Directors receives periodic reports on Surveillance Program findings.

Other Health, Safety and Environmental Reviews - In addition to the detailed surveillance reviews, additional functional Oversight and Hazard Management reviews are conducted by the Corporate staff.

Safety Performance Reviews - On a monthly basis, Corporate Technology and other operating units safety performance statistics (OSHA recordable cases) are measured against a planned objective of improving safety performance. This review is conducted by Corporate Technology management and Allied Corporate management with oversight by the Corporate Safety and Loss Prevention Department. All OSHA recordable injuries, including minor injuries, are thoroughly investigated by the Safety and Industrial Hygiene Department of Corporate Technology to assure that corrective actions have been taken to prevent recurrence.

Insurance Company Reviews - Allied also utilizes external, independent sources for review of operations for compliance. For example, Allied uses insurance carriers' and brokers' technical engineering services for conducting independent verfication of compliance with Allied's Health, Safety and Environmental Policy and Guidelines. For example, Schirmer Engineering Corporation's loss control engineers inspect the Morris Township site twice per year testing fire pumps, sprinkler systems, fire alarms and evacuations warning systems. Schirmer also reviews all fire protection and control programs and issues reports with recommendations where improvements are felt necessary.

Travelers Insurance Companies' safety engineers also inspect the facility at least twice per year (e.g. 3 times in 1984; 10 times in 1983). They review

all safety programming and safety action plan progress as well as making a physical safety inspection of all buildings. They also issue reports containing any recommendations they feel pertinent to improved safety. Travelers also provides boiler and machinery inspection services to inspect all boilers, pressure vessels and heavy rotating machinery. This includes evaluation of safety relief devices and inspection of pressure vessels. As an authorized state inspection agency, they issue all necessary operating permits for this equipment. Again, the insurance companies issue comprehensive reports covering their inspection activity.

Insurance Company Reports - In response to insurance company recommendations, Allied has a documented tracking system to assure compliance. Operating management is obligated to either comply or respond in writing within 30 days after receipt of any recommendations. Any differences of opinion are resolved with assistance of the Corporate Safety Department and if agreement is not reached with operating management, issues are then brought up to Senior Sector and Corporate Management for resolution. No recommendation is permitted to go unresolved for any extended period of time.

New Jersey Right To Know

Allied has historically believed in maintaining open communications with employees on health, safety and environmental matters. Training programs to reinforce the Corporation's primary concerns for safety, health and the environment, including the proper handling of all materials, are routine. Thus, Allied already complies with the vast majority of the forthcoming requirements of the Federal Hazard Communication Regulation and the State of New Jersey Right To Know Law. Allied has initiated plans for its operations to complete the hazardous materials inventory forms when provided by the New Jersey Department of Environmental Protection. Appropriate copies will be sent to local emergency service personnel (e.g. Fire Department) and to employees.

Good and effective cooperation and communication has traditionally existed between Allied and the Morris Township service personnel. Allied's Training Programs for employees and others already meet the full intent of the New Jersey Right To Know requirements.

CORPORATE TECHNOLOGY CENTER - DESIGN BASIS

The new Technology Center will incorporate the above discussed Health, Safety and Environmental Assurance Systems as described. In addition, the current design concept is that the center would be divided into two classes of occupancy.

The Laboratory Module Wing will be classified as "B" occupancy under the New Jersey Building and Occupancy Code as an ordinary laboratory. Occupancy of this class by code precludes the use of explosives or high pressure reactions. The Process Development Wing will be classified "F" occupancy under the Code as "Industrial". Again, this is a classification which would prohibit "High Hazard" operations.

The amounts of flammable material in either section is restricted to small quantities by the National Fire Protection Association - Code 45 for the laboratory and Code - 30 for the Industrial Sections. Under the New Jersey Building and Occupancy Code, the entire complex will be equipped with automatic fire detection and alarm systems as well as full "Automatic Fire Suppression System" throughout.

SUMMARY

Allied takes seriously its responsibility to provide a workplace free from recognized hazards, to safeguard the Corporation's most precious resource - people, and to protect the environment and the communities within which plants

and laboratories are situated. Allied recognizes that not only does society demand this of the Corporation, but customers, neighbors and employees and their families also demand health, safety and environmental competence.

Many of Allied's Morristown employees are also neighbors. The Chairman, as well as many of the top officers and corporate staff, and many of the Research Laboratory staff and their families, reside within a 15 mile radius of the Morristown site. Effective health, safety and environmental programs have not only been found to be prudent business practices, but essential to attracting and maintaining good people who are concerned for the quality of life in the Corporation and in their own community.