W. R. CORBY - B2SA

December 27, 1971

PCB/PCT IMPLEMENTATION PROGRAM

TO : C. P. Cunningham

cc H. S. Bergen
T. L. Gossage - B2SL
E. Greene - C3SA
J. Mason
C. Paton - B2SH
E. J. Putzell - D1T
J. F. Stapleton - C1HA
G. T. Wingard - C3SA

Attached is the worldwide implementation program which we have adopted to conform with the Corporate Management policy with respect to the discontinuation of all sales of PCB's (other than for dielectric use such as in transformers and capacitors) and the discontinuation of all sales of PCT's.

The program for U.S. domestic sales has been completed, time schedules have been established, and all customers have been notified of our decision except for formal notification to PCT customers who will be notified on December 31, 1971.

Programs with respect to export sales of PCB's and PCT's have been finalized and effective dates for all actions are embodied in the attachment.

Plans to implement Monsanto's worldwide policy in the U.K. have been completed and they will be executed as outlined in the attachment.

So far as Japan is concerned, PCB's are manufactured by a joint venture with NMK. The last section of our worldwide plan discusses actions we plan to take in this world area.

You will note all actions are consistent on a worldwide basis but the dates for completion of some of these actions on U.S. export sales and Ex-USA manufacture and sale are slightly different from those of the U.S. This is necessary in order to properly coordinate all of the communication channels involved so that we can properly notify our worldwide customers.

The most significant deviation from our U.S. time schedule pertains to our continued sale of PCB's for dielectric use. We plan to continue sales Ex-USA subject to the same restrictive policies as we have adopted in the U.S.A.

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However, in negotiating hold harmless agreements with foreign subsidiaries of U.S. companies and with other foreign customers it is necessary for us to explore the government regulations which may pertain in foreign countries and, in addition, we must understand the legal aspects of hold harmless agreements executed in foreign countries. For this reason we have established, with your approval, March 31, 1972, as the date by which we will have concluded hold harmless agreements under which we will continue U.S. export sales, as well as sales from our U.K. facility.

I would appreciate your informing me whether you approve of this overall program, and whether you and Monsanto Corporate Management will permit us to have until March 31, 1972, to complete our arrangements for future sales of PCB's as dielectrics Ex-USA.

WRC

W. R. COREY

/jf

Attachments.

With
OK to proceed as planned
[illegible]

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PCB/PCT IMPLEMENTATION PROGRAM 12/27/71

U.S. DOMESTIC PROGRAM

I. Discontinue sales of PCB's for heat transfer applications

A. Formal notification by letter December 15, 1971.

1. Effective on date of letter -- no further sales.

2. Offer consultation by team of engineers on alternatives. Assistance only -- customer to decide which alternate route to take.

3. Offer to provide directions on handling and disposal of spent PCB's.

B. In case of unusual hardship cases where conversion is difficult.

1. Offer consultation by team of engineers on alternative routes.

2. Offer further sales for minimum possible time to effect conversion -- provided --

-- Customer signs hold harmless letter satisfactory to Monsanto, and further ~~provided~~

-- Customer has, in Monsanto's opinion, sufficient financial responsibility to make such indemnification agreement meaningful.

C. Team of trained engineers to be directed by Dr. Cumming Paton. They will:

1. Visit customer plants upon request.
2. Discuss possibility of using other Monsanto fluids giving proper warnings as to possible fire hazards.
3. Make customer aware of other possible alternatives but make no recommendations as to their use. In such cases customer will be referred to manufacturer of alternative.
4. Make arrangements with customer for proper handling, packaging and return of spent PCB fluids to Monsanto for incineration.
5. The engineering team's role is solely to consult with and assist customers in making conversion away from PCB's. Any questions with respect to Monsanto management's decision to discontinue sale of PCB fluids for heat transfer use are to be referred to Dr. Paton for proper answer.

II. Further sale and delivery of PCB's for use as dielectric fluids for such as transformers and capacitors will be made in conformance with certain restrictive policies adopted by Monsanto management.

A. Effective January 15, 1972, Monsanto will sell and deliver PCB's for such use only to manufacturers who have entered into agreement to indemnify and hold harmless Monsanto in the use of these products, consistent with contract provisions.

B. Acceptance by Monsanto of such an agreement is subject to the customer having the financial responsibility necessary to make the agreement meaningful in Monsanto's opinion, as judged against previously established criteria.

C. The determination of the customer's satisfactory financial responsibility will be made by a review board consisting of:

Howard S. Bergen - Business Director
John F. Stapleton - Law Department
Donald S. Ellis - Treasury Department
George Wingard - International (where International matters are involved)

This board will use the attached general criteria. In the event the review board is in disagreement on a particular case, further review and decision will be made by:

E. J. Putzell, Jr.
W. R. Corey

in consultation with J. J. Kerley if the latter would appear in order.

D. All transformer and capacitor customers will be notified of the foregoing restrictive policy on further sales no later than December 31, 1971.

III. Discontinue all sales of PCT's (polychlorinated terphenyls) no later than June 30, 1972. The program calls for 75% of such sales to be terminated by March 31, 1972, with the remainder to be terminated during the second quarter of 1972.

A. Discontinue all sales of PCT's for plasticizer use by March 31, 1972; notification letter to be mailed December 31, 1971. Responsibility for this action is with J. E. Springgate, Business Director.

B. Discontinue all sales of PCT's for use in hydraulic fluids by June 30, 1972. This program will include the substitution of Monsanto phosphate esters and/or phosphate ester-oil blends. Responsibility for this action is with Howard S. Bergen, Business Director,

C. In case of unusual hardship cases where conversion is difficult:

1. Offer further sales for minimum possible time to effect conversion, provided

---customer signs hold harmless letter satisfactory to Monsanto, and further provided

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---customer has, in Monsanto's opinion, sufficient financial responsibility to make such indemnification agreement meaningful.

2. The determination of the customer's satisfactory financial responsibility will be made by the review board established under Paragraph II-C using the attached general criteria.

U.S. EXPORT PROGRAM

Policy with respect to U.S. export sales of PCB's and PCT's will be identical to the policy adopted for U.S. domestic sales. However, timing with respect to these export sales will be as follows:

I. Discontinue all sales of PCB's for all uses other than as dielectric fluids in such as transformers and capacitors no later than January 31, 1972. Effective date of discontinuance shall be date of letter giving formal notification.

II. Further sale and delivery of PCB's as dielectric fluids will be made in conformance with the restrictive policies adopted by Monsanto management.

1. Effective March 31, 1972, Monsanto will sell and deliver PCB's for such use only to manufacturers who have entered into an agreement to indemnify and hold harmless Monsanto in the use of these products consistent with contract provisions.
2. Acceptance by Monsanto of such an agreement is subject to the customer having the financial responsibility necessary to make the agreement meaningful in Monsanto's opinion as judged against previously established criteria.
3. The determination of the customer's ability to satisfactorily meet the financial responsibility will be made by the review board established in "II-C" (under U.S. Domestic Program).

III. Discontinue all sales of PCT's (polychlorinated terphenyls) no later than June 30, 1972. The program calls for 75% of such sales to be terminated by March 31, 1972, with the remainder to be terminated during the second quarter of 1972.

1. Discontinue all sales of PCT's for plasticizer use by March 31, 1972; notification letter to be mailed December 31, 1971. Responsibility for this action is with J. E. Springgate, Business Director, MICC, in conjunction with the International Division.

2. Discontinue all sales of PCT's for use in hydraulic fluids by June 30, 1972. This program will include the substitution of Monsanto phosphate esters and/or phosphate ester-oil blends. Responsibility for this action is with Howard S. Bergen, Business Director, MICC, in conjunction with the International Division.

3. In case of unusual hardship cases where conversion is difficult:

   a) Offer further sales for minimum possible time to effect conversion, provided

      -- Customer signs hold harmless letter satisfactory to Monsanto, and further provided

      -- Customer has, in Monsanto's opinion, sufficient financial responsibility to make such indemnification agreement meaningful.

   b) The determination of the customer's satisfactory financial responsibility will be made by the review board established under Paragraph II-C using the attached general criteria.

IV. It is planned to implement the same policy with respect to sale and delivery of PCB's from the Newport facility

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in the U.K. Since there is no manufacture of PCT's in the U.K., the policy on these products will be controlled by the policy adopted for U.S. domestic and U.S. export sales.

Action on PCB's will be as follows:

1. Discontinue all sales of PCB's for other than dielectric uses by January 31, 1972.
2. Further sale and delivery of PCB's for dielectric uses will be subject to the same restrictive policies adopted for U.S. domestic and U.S. export sales and the effective date for implementation will be March 31, 1972.

V. With respect to Japan, the International Division will work through Dr. John R. Durland to discontinue by January 31, 1972, exports of PCB's from MMK's facility in that country for all uses other than as dielectric fluids.

Exports of PCB's for dielectric uses from Japan will be subject to the same restrictive policies adopted for the U.S. and the U.K. Effective date for implementation will be March 31, 1972.

In addition, Dr. Durland will convey to the MMK Board Monsanto's worldwide policy on PCB's and he

will keep us informed on MMK's actions on the sale and delivery of PCB's within Japan.

GENERAL

Any exception to this PCB/PCT Implementation Program, whether domestic, U.S. Export, or foreign, shall be made on a case-by-case basis by the Managing Director of NICC and so recorded.