

**MINUTES** of the three hundred fifty sixth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at The Inn at Spanish Bay, Pebble Beach, California, on September 18-19, 1995. There were present:

Directors:

Vincent A. Calarco, Chairman	Jeffrey M. Lipton
John E. Akitt	Robert v.d. Luft
William G. Bares	James A. Mack
Richard A. Barth	E.J. Mooney
Michael R. Boyce	Hans C. Noetzli
William R. Cook	John E. Peppercorn
David J. D'Antoni	Thomas E. Reilly, Jr.
Michael J. Ferris	Whitson Sadler
James E. Fligg	Arthur R. Sigel
Darryl D. Fry	William S. Stavropoulos
Bob G. Gower	F. Quinn Stepan
Ron W. Haddock	S. Jay Stewart
Michael C. Harnetty	Robert O. Swanson
Richard A. Hazleton	William R. Toller
Peter R. Heinze	Jeroen van der Veer
Alan R. Hirsig	J. Virgil Waggoner
Jack L. Howe	H.A. Wagner
Jon M. Huntsman	O. Edward Wall
William H. Joyce	Frederick L. Webber
James A. Kennedy	Helge H. Wehmeier
Donald H. Kohnken	J. Lawrence Wilson
Dale R. Laurance	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**

David Alcorn, Crompton & Knowles Corporation  
 R.M. Julie Archuleta, Occidental Chemical Corporation  
 Paul R. Berry, Bayer Corporation  
 W.F. "Walt" Buchholtz, Exxon Chemical Company  
 Timothy F. Burns, CMA  
 Eugene C. Capaldi, ARCO Chemical Company  
 Richard M. Doyle, CMA  
 William E. Driscoll, Occidental Chemical Corporation  
 E.J. (Jake) Garn, Huntsman Chemical Corporation  
 Edward D. (Ned) Griffith, ARCO Chemical Company  
 John C. Haas, Chemical Heritage Foundation Development Committee  
 Jon C. Holtzman, CMA  
 Geoffrey B. Hurwitz, Rohm and Haas Company

Thomas R. Jacob, DuPont  
 Donna Jennings, Velsicol Chemical Corporation  
 Dennis C. Macauley, Union Carbide Corporation  
 James D. McIntire, CMA  
 Raul Millares, ANIQ  
 Morton L. Mullins, CMA  
 Mark D. Nelson, DuPont  
 Don H. Olsen, Huntsman Chemical Corporation  
 O. Keith Owen, BP Chemicals, Inc.  
 Michael A. Pierle, Monsanto Company  
 B. Fielding Rolston, Eastman Chemical Company  
 Brian Rushton, American Chemical Society  
 Larry Shushan, Chevron Chemical Company  
 Thomas G. Singley, Shell Oil Company  
 Harold A. Sorgenti, The Freedom Group/Chemical Heritage Foundation  
 Brian A. Spiller, Zeneca Inc.  
 Langley A. Spurlock, CMA  
 A. Wayne Tamarelli, SOCMA Board of Governors  
 Mike Tate, Tate-Francesca  
 Arnold Thackray, Chemical Heritage Foundation  
 Ben Woodhouse, The Dow Chemical Company

**Monday, September 18, 1995**

1. **WELCOME AND MINUTES OF THE JUNE 8-9, 1995. BOARD MEETING**

The meeting was called to order at 9:00 a.m. by Chairman Calarco and the Minutes of the June 8-9, 1995, meetings were approved as distributed.

2. **NOMINATING COMMITTEE**

Mr. Calarco presented two nominations of individuals to serve as CMA Directors and a nomination to serve on the Finance Committee.

ON MOTION, duly made and seconded, it was

VOTED: To elect Mr. Jeroen van der Veer of Shell Chemical Company a CMA Director through May 31, 1996. Also to elect Mr. Enrique Sosa of Amoco Chemical Company a CMA Director (effective October 1, 1995) through May 31, 1996. Further, to elect Mr. Robert Potter of Monsanto Company a member of the Finance Committee through May 31, 1996.

3. **STATE INITIATIVES COMMITTEE**

Mr. Peppercorn reviewed the purpose and background of the CMA State Initiatives Contingency Fund. He reported on pledges received to date and encouraged each Board Director to support the fund.

#### 4. RESPONSIBLE CARE® STATUS AND IMPLEMENTING ACTIVITIES

Messrs. Driscoll and Doyle reviewed the status of Responsible Care® and various implementing activities including the status of the Responsible Care® Partnership program and tests of the management systems verification protocol. They reviewed the Responsible Care® Coordinating Group's (RCCG) priorities, including: promoting the Responsible Care® ethic; energizing the Executive Leadership Groups; integrating Responsible Care® into environmental, health and safety practices; establishing the value of Responsible Care®, and; enhancing fulfillment of the Responsible Care® commitment.

Mr. Driscoll noted the challenges within member companies that the RCCG faces as it facilitates implementation of Responsible Care®. He identified the competition for resources and lack of recognition of Responsible Care® as a driving force as two significant challenges that members will need to address as they implement the initiative.

#### 5. RESPONSIBLE CARE® DISTRIBUTION CODE IMPLEMENTATION STATUS AND CHALLENGES

Mr. Rolston reviewed the status of member companies' implementation of the Responsible Care® Distribution Code and challenges members continue to face as they further apply the Code's practices. He reviewed the members' self evaluations which indicate that 65 percent of the membership have achieved practice-in-place for the Code. He noted that the members have indicated previously that 90 percent of the membership will achieve practice-in-place by the end of 1996.

Mr. Rolston also reviewed the contents of the Code elements and which of the elements the members have successfully implemented. He noted that in general members have implemented elements that are required by government regulation but that most have not achieved practice-in-place for voluntary elements.

Mr. Rolston encouraged Directors to: support implementation of the Responsible Care® Distribution Code of Management Practice; and specifically, help improve carrier performance through use of carrier assessments; and support the TRANSCAER® initiative.

#### 6. CHEMICAL HERITAGE FOUNDATION PRESENTATION

Mr. Thackray reviewed the background, purpose, structure, membership, governance and funding of the Chemical Heritage Foundation. He encouraged individual Directors to support the Foundation through financial and in-kind contributions.

#### 7. AMERICAN CHEMICAL SOCIETY PRESENTATION

Mr. Rushton reviewed the purpose and structure of the American Chemical Society (ACS). He highlighted several areas of cooperation between CMA and ACS. He asked Board

Directors to encourage their employees to actively participate in ACS and encourage CMA to continue collaborative efforts with the Society.

8. NORTH AMERICAN MEMORANDUM OF UNDERSTANDING

Mr. Luft reviewed a proposed Memorandum of Understanding (MOU) between CMA, the Canadian Chemical Producers Association (CCPA) and the Asociacion Nacional de la Industria Quimica (ANIQ). He explained implementation of the MOU would not require additional CMA staff nor outside resources.

ON MOTION, duly made and seconded, it was

VOTED: To endorse the Memorandum of Understanding for the North American Chemical Council as outlined in Exhibit A.

9. BOARD INTERNATIONAL COMMITTEE

Mr. Luft reported on the activities of the Board International Committee, including reviewing the agenda for the October 3, 1995, meeting of the International Council of Chemical Associations (ICCA).

10. REPORT ON THE MEXICAN CHEMICAL INDUSTRY AND ACTIVITIES OF ASOCIACION NACIONAL DE LA INDUSTRIA QUIMICA (ANIQ)

Mr. Millares reviewed the state of the Mexican economy, political situation and chemical industry. He also highlighted the priorities and activities of ANIQ, including its plans for greater coordination with CMA and CCPA.

11. REPORT OF THE OFFICE OF THE CHEMICAL INDUSTRY TRADE ADVISOR

Mr. Hirl explained the purpose and membership of the Office of the Chemical Industry Trade Advisor (OCITA). He reviewed the major issues OCITA is addressing, including: passage of fast track negotiating authority; expansion of the North American Free Trade Agreement and the World Trade Organization; reorganization of the Office of the United States Trade Advisor and Department of Commerce trade functions; reform of the generalized system of preferences, and; intellectual property protections.

12. CMA STRATEGIC PLANING PROCESS

Mr. Calarco reviewed the process by which the draft CMA strategic plan was developed including the significant amount of time the standing and special committees, the committee chairpersons, the Executive Committee and Officers have spent in developing the plan. He reviewed the revised CMA Visions and Mission Statements and highlighted the CMA and chemical industry situation analyses. Mr. Tate reviewed the three draft CMA strategic goals and supporting objectives.

The Board discussed the need to further examine the vision and mission statements and determine what entities would be encompassed by the plan. The Board discussed the need for the plan to encourage CMA to communicate the positive benefits of the chemical industry. Board members also stressed the need to refine the measurements so they reflect both process and output aspects.

Mr. Calarco encouraged Directors to submit written comments and suggestions for improvements to the plan by October 12, 1995.

The meeting adjourned at 12:00 noon.

\*\*\*\*\*

**Tuesday, September 19, 1995**

Mr. Calarco called the meeting to order at 9:00 a.m.

13. **EXECUTIVE COMMITTEE**

Mr. Wilson reported on items discussed and actions taken at the previous day's Executive Committee meeting. These items are summarized in Exhibit B.

14. **MEMBERSHIP COMMITTEE REPORT AND NOMINATION OF FLEXSYS AMERICA L.P.**

Mr. Toller reported that the Membership Committee was recommending one candidate for membership.

ON MOTION, duly made and seconded, it was

VOTED: To elect Flexsys America L.P. as a member of the Association.

Mr. Yocum also reviewed the recruitment status for CMA's high priority prospects. Individual Directors were encouraged to volunteer to help recruit the prospects profiled in Exhibit C.

15. **PROGRAM COMMITTEE**

Mr. Mooney reported on the deliberations of the Program Committee and its development of a program for the 1996 Fall Chemical Industry Conference. He strongly encouraged Directors to attend the meeting, accompanied by their senior management teams.

16. PROPOSED POLICY ON PRECAUTIONARY PRINCIPLE

Mr. Luft presented a proposed policy on the Precautionary Principle. He reviewed the need for the policy in light of international developments and the Principle's relationship to the International Council of Chemical Associations (ICCA) Risk Principles.

ON MOTION, duly made and seconded, it was

VOTED: To adopt the proposed policy on the Precautionary Principle as outlined in Exhibit D.

17. PROPOSED MODIFICATIONS TO ICCA RISK PRINCIPLES

Mr. Luft presented proposed modifications to the draft ICCA Risk Principles. He explained the modifications would make the ICCA Risk Principles more consistent with CMA's Risk Principles.

ON MOTION, duly made and seconded, it was

VOTED: To adopt the modified ICCA Risk Principles as outlined in Exhibit E.

18. AD HOC SCIENCE AND RISK ALLIANCES COMMITTEE

Mr. Joyce reviewed the activities of the *ad hoc* Board Committee on Science and Risk Alliances. He reported on the results of a membership survey indicating that member resources are spread over a large number of risk and science organizations. He also reviewed the results of a survey of Board members that further identified their company's research needs and willingness to participate in leveraged research. Mr. Joyce indicated that the results showed companies agreed on the need for research to help implement risk-based policies. He explained, though, that the survey indicated Board members differed on the mechanism to fund and manage such research. He also explained that due to retirements and other developments the committee size had been reduced dramatically.

Mr. Zoll reminded the Directors that the proposed research should not be regarded as a substitute for any product liability or product stewardship obligations a company might have for its individual products. He stated that while there may well be such spillover benefits, the primary purpose of the proposed research would be to help implement the risk-based approach that CMA has been urging government to adopt.

ON MOTION, duly made and seconded, it was

VOTED: To form a Board level committee that would: 1) Develop a funding approach for the chemical industry's research needs; 2) Prioritize research needs; 3) Develop means to share chemical testing and epidemiology/exposure data; and 4) Recommend appropriate ongoing roles for CMA and member companies in this area.

19. SUPERFUND REFORM STRATEGY

Mr. Capaldi reviewed the process CMA undertook to reexamine its Superfund Principles in light of political developments. Messrs. Nelson and Webber reviewed the political climate for Superfund Reform and the results Mr. Webber and others recently had with key legislators in the Superfund debate. Mr. Nelson stressed that CMA was well-positioned in the debate and the Association was considered a credible and constructive force in the Superfund debate. He noted the Federal Government Relations Committee continued to support a strategy of either repeal of retroactive liability or a fair share liability scheme, depending on budget and funding issues. Mr. Singley outlined the federal budget and tax impact of various Superfund liability reform proposals. He stressed that eliminating retroactive liability would create a budget shortfall for which compensating revenues would need to be identified if overall clean-up activities were to continue at or near the current pace, even considering substantial cost savings estimated at 35%. He also reviewed the implications of funding Superfund "off-budget" would have on other government programs funded with dedicated taxes. Mr. Spiller reviewed the result of various scenarios of Superfund reform.

The Board discussed extensively the potential for achieving a fully funded repeal of retroactive liability and tactics CMA and others might employ to bring the insurance industry into the funding equation. After considerable discussion, the Chairman noted that the Executive Committee had authorized Association representatives, in response to requests from key legislators, to provide several hybrid options aimed at achieving maximum liability reform for the funds available. The sense of the Board was that the insurance industry should be included in the funding mechanism to pay for any shortfall between the cost of the Superfund program and the appropriated resources.

20. PROPOSED POLICY ON PERSISTENT TOXIC BIOACCUMULATIVES

Mr. Hirl presented a proposed policy on persistent, toxic bioaccumulatives (PTBs). He reviewed international developments that accelerated the need for the policy, the process by which CMA and the Chlorine Chemistry Council (CCC) jointly developed the policy and the policy's implications. The Board discussed the need to inform the broader CMA membership about the PTB issue and policy. In response to a question, Mr. Hirl stated that approval of the policy was not an explicit approval of draft PTB criteria.

ON MOTION, duly made and seconded, it was

VOTED: To adopt the proposed policy on persistent, toxic bioaccumulatives as outlined in Exhibit F.

21. PROPOSED POLICY ON ELECTRICITY CUSTOMER CHOICE

Mr. Soles presented a proposed policy on customer choice of electricity.

ON MOTION, duly made and seconded, it was

VOTED: To adopt the proposed policy on customer choice as outlined in Exhibit G.

22. PROPOSED COMPLIANCE ASSISTANCE INITIATIVE PILOT PROJECT

Mr. Macauley presented a proposed compliance assistance initiative pilot project.

ON MOTION, duly made and seconded, it was

VOTED: To approve a compliance assistance initiative pilot project as outlined in Exhibit H.

23. STATE LEGISLATIVE AND REGULATORY ACTIVITIES

Mr. Owen reported on state legislative and regulatory activities. Topics covered included: environmental justice; state implication of the federal Superfund program and state voluntary remediation programs; risk; audit privilege, and; customer choice of electricity.

24. FEDERAL LEGISLATIVE ACTIVITIES

Mr. Nelson reported on the activities of the 104th Congress, including: product liability; Clean Water Act; RCRA, tax and appropriations issues, and OSHA reform.

25. GRASSTOPS PROGRAM STATUS REPORT

Mr. Nelson reviewed the purpose of Grasstops, a program designed to help identify and nurture relationships between senior chemical industry executives and key federal and state officials. He encouraged Directors to participate personally in the program and encourage other senior managers in their company to also participate.

26. REGULATORY REFORM AND RISK LEGISLATION

Mr. Webber reviewed the political climate for passage of legislation advancing risk in public policy decisions. He emphasized that CMA would work with various coalitions to ensure CMA's policies and advocacy positions are reflected in proposed legislation.

27. CONFIRMATION OF ANGELA T. SPICER AS CMA STAFF OFFICER

Mr. Webber introduced Angela T. Spicer as the new CMA Vice President for Human Resources.

ON MOTION, duly made and seconded, it was

VOTED: To confirm the appointment of Angela T. Spicer as a CMA Staff Officer-Vice President, Human Resources.

28. ALTERNATIVE DISPUTE RESOLUTION

Mr. Zoll briefly reviewed the concept of alternative dispute resolution and encouraged its use by individual companies to resolve intra-industry disputes.

29. TREASURER'S REPORT

Mr. Herrman reported that at the end of the fiscal year 1994/95, CMA contributed \$1.3 million to reserves. As of May 31, 1995, CMA had reserves of \$9.5 million or 35 % of operating revenue. He further reported that through the three months ending August 31, 1995, the Association had revenues of approximately \$27.1 million and expenses of approximately \$4.6 million, with the overall variances being within anticipated ranges.

The meeting adjourned at 11:52 a.m.



John P. Connelly  
Director, Member Relations  
Corporate Secretary



Certified by:  
Vincent A. Calarco  
Chairman, CMA Board of Directors