

EXPANDED PUBLIC OUTREACH PROGRAM
ON RESPONSIBLE CARE
APPROVED BY BOARD OF DIRECTORS
November 5, 1990

BACKGROUND

The Public Perception Committee of the Board was formed in the fall of 1987 to address a rising concern among industry leaders that the public's view of the industry had reached an all-time low and, that it was unlikely to improve unless direct action was taken.

Following consultation with experts and observers inside and outside the industry, the committee focused its attention in two areas: an initiative to improve the industry's performance in the management of chemicals and chemical processes (Responsible Care); and identification of opportunities for improving public understanding of the chemical industry and its contribution to society.

Responsible Care implementation is well underway with all member companies having signed the statement of principles. Four management practice codes have been approved by the Board. Initial self-evaluations have been completed for two of the codes - CAER and Waste and Release Reduction. Training seminars for the codes are being given across the country. Program implementation is on schedule, experiencing normal and expected growing pains.

Changing public perception has always been dependent on improving performance in ways the public sees as improvement.

Since public awareness and understanding and public input to the Responsible Care initiative are critical to its success, the Public Perception Committee developed a proposal to accelerate outreach to ten key audiences.

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| o employees | o plant communities |
| o local activists | o local and state officials |
| o federal officials | o media |
| o national public interest groups | o shareholders and analysts |
| o educators and students | o the general public |

PUBLIC OUTREACH DEVELOPMENT

In January 1990 the Board approved initiating outreach with a pre-Earth Day announcement of the industry's commitment to Responsible Care.

The announcement reached 31 million households (62 million readers). According to a 2000-person survey utilizing the Simmons National Data Base, 36% said "yes, the chemical industry is headed in the right direction." An additional 15% said they would "wait and see."

In April the Board asked the Public Perception Committee to further develop plans for accelerating outreach. Discussions and development continued throughout the summer and into the fall through:

- o Multiple written communication to all members.
- o A series of regional meetings for Executive Contacts in May.
- o A meeting for all Executive Contacts at the Greenbrier.
- o Presentations and discussion at two full Board meetings.
- o Work of over 50 representatives of 27 companies on six public outreach task groups.
- o Four meetings of the Public Perception Committee.
- o A letter from CMA Chairman Gene McBrayer to all Executive Contacts inviting specific comments on the proposal.

In September the Public Perception Committee presented a recommendation proposing a series of outreach activities to reach all audiences, except the general public, at a cost of \$7.4 million over five years. The Committee withheld a final recommendation on the tenth audience - the general public - pending further research.

The Board approved the Committee's preliminary recommendations, but requested the list of activities to reach the first nine audiences be refined and prioritized. Additional work was requested to determine whether positive opinion about the industry was deteriorating so rapidly that there was "a closing window of opportunity" to communicate with the tenth audience, the general public, which necessitated immediate action.

NOVEMBER BOARD PRESENTATION

The Public Perception Committee initiated reviews that resulted in the list of proposed outreach activities to the first nine audiences being cut by 20%, with \$2.6 million being shaved from the original \$7.4 million, five-year budget. The remaining activities for the first nine audiences were prioritized in order of importance to aid members in planning implementation.

Many of the activities will assist plant managers in achieving the already existing outreach requirements of Responsible Care, i.e. communication with employees, plant communities and local activists. Included will be training seminars, management code information packages, manuals, videotapes and sample community and employee questionnaires.

Activities planned for other important audiences include plant visitations, media tours, speakers bureaus, mailings to state, local and federal officials, state public advisory panels, congressional delegation briefing breakfasts, an annual Responsible Care report and press conference, interaction with national public interest groups, expanded contacts with educators and students and preparation of company financial officers for communication with shareholders and analysts.

Additional information was presented for consideration of outreach to the tenth audience, the general public, through advertising. The following questions were addressed:

1. Is the "window of opportunity" closing?
 - o From 1979 to 1989 those holding an unfavorable opinion of the chemical industry increased from 40% to 58% (Cambridge Reports)
 - o From 1965 to 1989 a separate Du Pont tracking study indicates a decrease in favorability from 56% to 14% and an increase in unfavorability from 4% to 37%.
 - o According to a Public Pulse, Inc. ten-year study in 1980, 57% of the public thought the chemical industry was under-regulated; by 1988 that percentage had grown to 68%. At the same time the percentage of the public that felt the chemical industry was essential fell from 49% to 38%.
 - o New data from Roper Polls and Chiat/Day research suggest that those feeling the industry was under-regulated grew to 72% in March 1990 and 74% in October 1990. The rate of deterioration was accelerating.
 - o At the same time resources available to industry critics was increasing dramatically. The National Wildlife Federation membership and budget went from 4 million and \$25 million in 1980 to 6 million and \$100 million in 1990. Between 1989 and 1990 membership in three organizations, Environmental Defense Fund, World Wildlife Foundation and the Sierra Club increased by a total of 405,000.

- o Finally, the cost of fighting an anti-proposition campaign has increased dramatically. In 1986 industry spent \$5 million to oppose Proposition 65 in California; in 1990 industry spent nearly \$15 million to oppose Proposition 128.

THE "WINDOW OF OPPORTUNITY" IS CLOSING!

2. Will outreach through advertising really change attitudes?
 - o The U.S. Army, faced with shifting from the draft to an all-volunteer force, began advertising at the end of the Vietnam War to change attitudes about military service. The campaign, according to plan, evolved through three stages:

"The Army Wants To Join You"

"Join The People Who Joined The Army"

"Be All That You Can Be"

The G.I.'s image changed from a Bill Mauldin baggy-pants doughboy to a youthful, high-tech, action, adventure soldier. Enlistments went up 38%; combat arms enlistments were up 728%. The image of the Army relative to other services went from below the Navy and Air Force to above the Navy and equal to the Air Force.

- o Dow Chemical's campaign, "Dow Helps You Do Great Things", has also tracked changes in attitudes. A Yankelovich survey between 1986 and 1988 noted increases in "very positive ratings" of government officials of 8% for Congress; 21% for federal agencies; 21% for state legislators; 15% for state agencies. Approval of interest groups dropped 1% in the same time frame.

Since Dow is actively lobbying in only five states, and the tracking covered all states, the improvement there is credited to the advertising campaign.

3. How will messages be developed? Several options were investigated. Fourteen focus groups were asked to react to four different categories of messages:

- o Chemicals are essential.

"Better living through chemistry is truer today than it ever was."

- o Remind the public of the economic importance of the industry.

"A strong chemical industry helps build a strong America."

- o Responsible Care.

"Handle with Responsible Care."

- o Let the public know what they can do.

"Ten things we're doing to clean up the environment. OK, your turn."

A combination of the final two categories is evolving as most effective in answering the public's concerns about the chemical industry. That message is:

"We're taking action on chemical responsibility and so can you."

4. How will we know we are succeeding?

- o Initially conduct a benchmark survey of public attitudes as of December 31, 1990.

- o Track continuously, and report twice annually to the Board:

Awareness of the program.
Attitudes toward the advertising.
Attitudes toward the chemical industry.

- o We're looking for measurable improvement in:

The feeling that the chemical industry is more environmentally conscious and responsible.
The feeling that the chemical industry is more open/ honest/ communicative with the public.
A slowing in public desire for regulation.

MANAGEMENT

Public outreach activities, already underway as far as preparing materials for facility managers to use, will begin in earnest in the first quarter 1991. The annual Responsible Care report, a key event in public outreach, is planned to be issued immediately before the next Earth Day, April 22, 1991. Outreach to the general public through advertising will begin toward the end of the first quarter.

As far as possible, implementation of outreach activities will be folded into the existing CMA committee and task group framework. A new advertising task force, made up of advertising professionals from member companies, will be created to guide outreach to the general public.

The Board Public Perception Committee will continue to provide program oversight and will report to CMA Officers, the Executive Committee and Board of Directors on a regular basis.

BUDGET AND COSTS

At its November 1990, meeting CMA's Executive Committee and Board of Directors approved an accelerated public outreach program for Responsible Care, together with a recommended funding package. The Board voted for a five-year commitment with funding for the first two and a half years.

The program, a refined and prioritized version of the September Public Perception Committee recommendation, is already getting underway. The majority of activities, however, will not be ready for implementation until the first and second quarters of 1991.

CMA's Finance Committee recommended a funding mechanism for the proposal last March. The recommendation, approved by the Executive Committee in April and the Board in November, is based on a special assessment.

The program will cost \$4,067,700 during the balance of the current fiscal year, which ends May 31, 1991. An assessment at the rate of .0053% on already reported 1989 member sales will be sent to you in the next month. The cost for the next two fiscal years (June - May) will be approximately \$10 million a year, a rate of approximately .013%. Members will be sent their assessments at the same time dues are mailed (June 1991 and June 1992).

CMA STAFF CONTACT

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