

**Responsible Care and Current Status of
Initiative in Europe**

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Success experiences in Responsible Care® implementation

Although many of us understand the principles and the aims of Responsible Care® it would be fair comment to state that in many cases we find it difficult to quantify exactly how we can measure the successes achieved with this programme

It is important that we can measure those benefits, because without knowing what can be achieved it is often difficult to motivate everybody involved to implement Responsible Care® and to do the right thing.

In the early introductory days of Responsible Care® many companies were reluctant to join the initiative, because they thought that the programme was merely another cost factor - something companies could not afford to get involved in at times where cost cutting is one of the most important issues.

In the meantime we know better and extensive experience in countries where Responsible Care® has been practised for some time has shown us that there are very real and quantifiable benefits and today I would like to highlight just some of them.

Insurance premium savings

Because of the increased recognition of the positive SHE initiatives taken by companies who implement Responsible Care®, many insurance companies offer reduced premiums to Responsible Care® participants. In the US for instance some companies have reported reductions of up to 38% in insurance pay-ins. In Canada, where the Responsible Care® Programme originated, one major risk insurer has indicated that it will reduce premiums by up to 50% if sound EH&S management systems, such as Responsible Care® are in place !

Cost of financing

Financing costs are another area in which benefits can be expected. By being able to explain to financiers that the implementation of Responsible Care® has reduced the likelihood of potential environmental liability, these companies have been able to get a reduction of **several points** off their project financing rates.

Regulatory

In many countries governments are recognising the fact that chemical producers who do implement the principles of Responsible Care® are committed to SHE excellence and that they do everything within their power to achieve these aims. Should an incident occur in spite of all the precautions, experience has shown that governments are likely to reduce the fines to those companies who they know subscribe to Responsible Care®.

In the USA many companies have found that there has been a significant improvement in their relationship with regulators such as the EPA. Through their commitment to the Pollution Prevention COMP, they have found that they can use Responsible Care® to help them with permit issues, TSCA rules and to get DOT exemptions. By convincing EPA that they have a well-defined Product Stewardship programme, one company was able to

save \$ 2.3 million on certain toxicological tests. Other companies report similar savings. As part of the Responsible Care® ethic another company voluntarily reports non-compliance issues, which has nearly eliminated enforcement actions.

I am sure that you aware that in the USA commitment to Responsible Care® is a condition to CMA membership. It may interest you to know that although the numbers of notices of violation and permit non-compliance from EPA have increased since 1994, the actual fines paid have decreased by 90%, which indicates a significant decline in the seriousness of the reported violations.

Many companies also report significant reductions in the time needed to get relevant permits, in many cases from months to weeks.

PRODUCT STEWARDSHIP

The commitment to Product Stewardship expects us to take responsibility of our product from the moment it is conceived in the R&D stage to when the time comes to dispose of the finished article.

Liability

Because of this approach there is a tendency to develop our products in a more efficient way and our decisions are based on interactions with our customers. Careful development will also avoid problems with regulators at a later stage, if we ensure that the products we intend to produce do not pose any unnecessary danger to the environment. This includes developing products, which pose a minimal of danger during processing by our customers, and as a result our customers will perceive our commitment to Product Stewardship as added value to the product.

Customer relations

By ensuring that we make our customers aware of the potential dangers associated with our products, where relevant and by providing appropriate regulatory information (all of which is part of a standard MSDS), we can help our customers reduce accidents and additionally limit their exposure to fines due to emissions of pollutants into the atmosphere or the effluent. As part of their Product Stewardship initiatives, one company technical manager was able to suggest changes in the operating procedures at a customer, which resulted in immediate and substantial reductions in worker exposure risks and of course associated savings. By further changing handling procedures and exposure risks over a longer period of time, while increasing the plant's productivity, this Product Stewardship exercise resulted in further savings.

One company reported that as a result of their Product Stewardship activities they were able to significantly reduce shipping problems caused by leaking packages, by standardising drums and using returnable tote tanks. This action not only saved money, but also resulted in a considerable improvement in supplier-customer relations. In many

cases these combined Product Stewardship efforts result in a Responsible Care® participant reaching the status of **“Preferred Supplier”**

Process/resource management and waste reduction

As a result of life-cycle analysis, which is a component of Product Stewardship, one business developed a recoverable container, that improved storage, handling and disposal at the manufacturing site, resulting in savings for both containers and disposal.

Adhering to the principles of Responsible Care® in this area has resulted in measurable reductions in non-hazardous waste generation. Let me remind you that waste is **exactly what the word says**: you are wasting something. Disposal of hazardous waste not only potentially puts a burden on the environment - it is also expensive! By reducing hazardous waste, savings will be realised. In many countries where Responsible Care® has been established for some time it is recognised that the reductions in hazardous emissions is to a large extent the result of adhering to the Responsible Care® Pollution Prevention COMP. For instance relocating surface tanks to underground tank storage has reduced the number of spills at one company. In their efforts to meet the demands of the Pollution Prevention COMP many companies have examined those stages of their processes which are potentially hazardous. In a large number of cases, the process changes, which have resulted from these studies, can be translated into direct cost savings either through savings in resources or indirect savings resulting from reductions in waste disposal costs.

Image improvement

Meeting the demands of the distribution COMP has improved compliance to the requirements of transport regulations, resulting in fewer fines and cost savings, due to *reductions in accidents*. Many companies take the requirements of the distribution COMP outside their own operation and carry out inspections of warehousing and transport contractors. This has resulted in cost savings at contractors and an improvement in public image of the company involved due to reduced transport accidents *involving the company's products*. Remember if there ever is a serious accident involving a chemical - nobody cares who the transport or warehousing company is; the papers and TV crews will concentrate on the company who manufactured the product!

Shareholder value

A number of companies have reported that adhering to the principals of Responsible Care® has improved their image in the eyes of potential investors. As a result stock buyers prefer shares from companies which implement Responsible Care®.

Current status of ICCA recognition in the Region



RESPONSIBLE CARE[®]

OBJECTIVES

- * Meet community expectations for protection of people and environment**

- * Retain longterm license to operate**
 - with appropriate regulations**
 - without consumer avoidance of beneficial products**

APPROACH

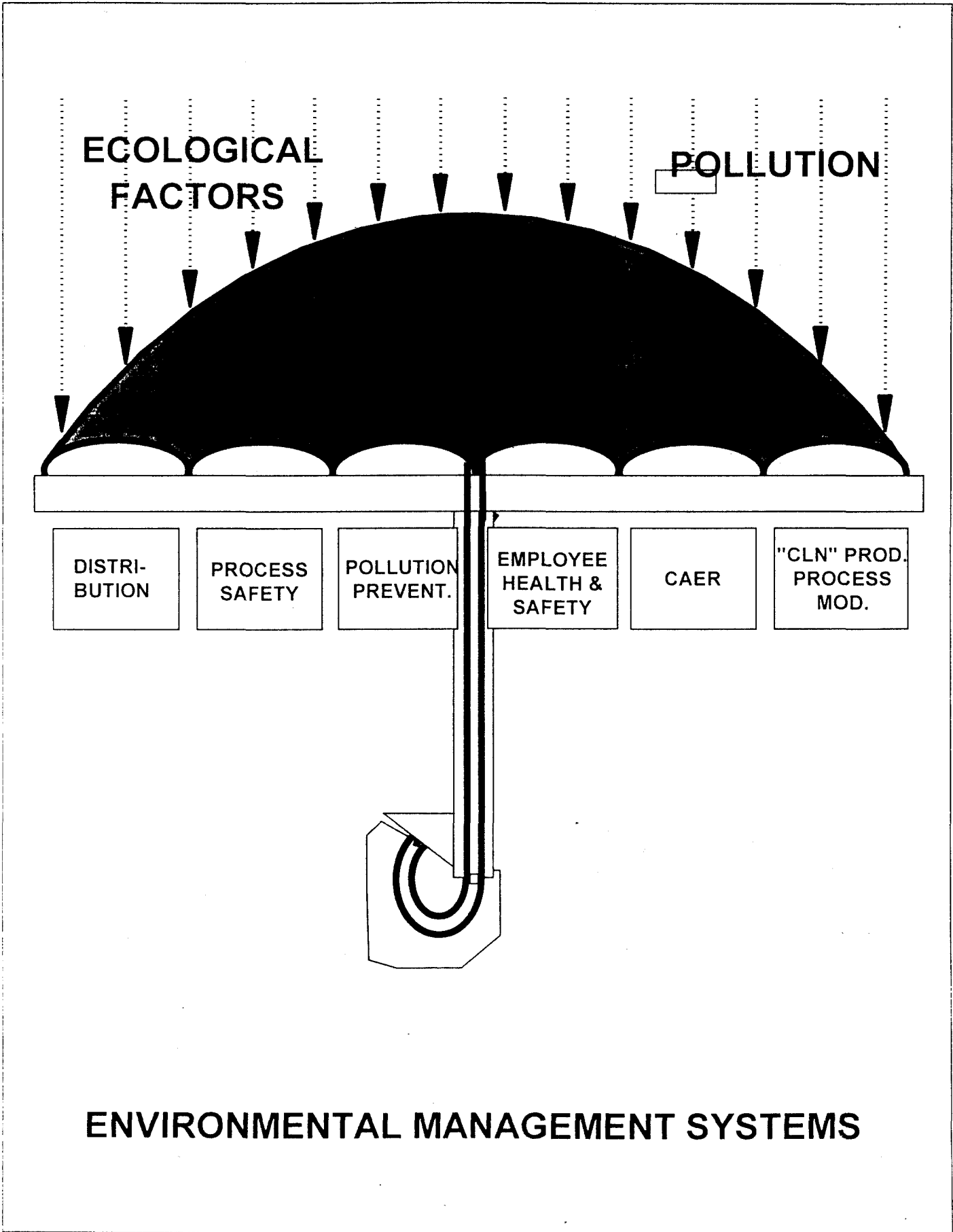
- * Continuous improvement in health, safety and environment**
 - company operations**
 - product and disposal**

- * Community openness and involvement**

- * Reduced costs of injuries, incidents, emissions and compliance**

DOES RESPONSIBLE CARE[®] PAY?

- Insurance**
- Financing Rates**
- Pollution Prevention**
- Voluntary Approaches**
- Faster Permitting**
- Crisis Management**
- Marketing Advantage**
- Cleanup Costs**
- Management Systems Improvements**
- Costs of ill Repute**
- Supporting Company Growth**
- Rational Priority Setting**
- Efficient Training**
- Making Better Informed Decisions**
- Opening Channels of Communication**
- Stock Valuation**



BENEFITS OF RESPONSIBLE CARE[®]

I

- HSE ROAD MAP AND EXPERIENCE

SHARING

- AUDIT MODEL FOR HSE

MANAGEMENT SYSTEM

- GROWING COMPANY AND

INDUSTRY HSE PERFORMANCE

BENEFITS OF RESPONSIBLE CARE[®]

II

- MORE COMMUNITY CONFIDENCE

AND INPUTS

- MORE WILLINGNESS FOR BEST

PRACTICE REGULATORY MIX

- REDUCED COSTS OF ACCIDENTS,

WASTES, RESOURCES

- PART OF PRODUCT DUE DILIGENCE

- EMPLOYEE PRIDE AND RETENTION