

ROHM AND HAAS COMPANY

INDEPENDENCE MALL WEST
PHILADELPHIA, PENNSYLVANIA 19105



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REPORTING OF ENVIRONMENTAL PROCEEDINGS AND FUTURE ENVIRONMENTAL EXPENSES

Source of Rule: Securities and Exchange Commission

Citation: Securities and Exchange Commission Releases:
33-6130 of September 27, 1979; 34-26950 of
July 2, 1980 in the matter of Occidental Petroleum,
and 16-223 of September 27, 1979 in the matter of
United States Steel Corporation.

Basis for Rule: The SEC requires companies to report on
all environmental proceedings in the belief that
environmentally interested investors may use such
information in choosing investments.

Description of Problem: The SEC requires quarterly
reporting of all "Environmental Proceedings." The
Agency's releases on the reporting requirements are
very confusing, and as a result, many companies are
going beyond whatever the SEC may have intended for
fear of enforcement action. All forms of agency
citations, orders, etc. are being reported, even
though their cost might be zero, and no action is
required. The number of such "proceedings" is more
likely to be related to the location of a company's
facilities and the nature of its permits than to its
attitude or thoroughness in meeting environmental
laws and regulations. Some jurisdictions routinely
hand out citations for minor, short duration violations
considered de minimus by other jurisdictions. Many
infractions companies now report do not give meaningful
information about either the companies' attitude towards
the environment or the effects of its discharges. The
reporting has now reached the stage where a laundry
list of non-problems may confuse the investor rather
than identify the significant problems for his
consideration.

Estimated Cost: The rule has required creation and maintenance
of a detailed internal reporting system and files to
collect and report this information. We estimate one
week of time from our legal, environmental and management
personnel is required to comply with this rule each year.
This is \$2,000/year for Rohm and Haas or \$2,000,000/year,

Estimated Cost: (Continued)

assuming the top 1,000 U. S. corporations are familiar with this regulation. The cost is not large, but the present detailed reporting is a nuisance, of no use to corporations, the agency, or investors.

Proposed Solution: The agency's guidance in this area should be revised to eliminate reporting of minor and insignificant proceedings.

Originator: L. D. Johnson, Rohm and Haas Company, Independence Mall West, Philadelphia, PA 19105, (215) 592-3166.