SUPPLIERS PARTNERSHIP FOR THE ENVIRONMENT™

Prepared Statement of
Dr. Patricia Beattie, Director
Chemical Risk Management, Environmental Services
General Motors Corporation
and
Ms. Barbara Boroughf
Vice President
Global Environmental, Health & Safety
Lear Corporation

on behalf of
The Suppliers Partnership for the Environment
in Support of the
Material Assessment Strategy Program
for the
North American Automotive Industry
at the
CEC Sixteenth Regular Council Meeting
June 24, 2009

Good Afternoon, Administrator Jackson, Minister Prentice, and Secretary Elvira, we appreciate the opportunity to speak with you this afternoon. My name is Patricia Beattie and I am the Director of Chemical Risk Management at General Motors Corporation. With me today is Barbara Boroughf, the Vice President of Global Environmental, Health and Safety for Lear Corporation.

We regret that we cannot participate in this meeting in person, due to the economic situation, including cost reductions and travel restrictions facing automobile manufacturers and their suppliers.

This afternoon, we would like to share with you some approaches and a specific recommendation on ways to enable innovation in automotive products through a common chemical assessment and management strategy in North America. We believe the automotive industry is facing a wide range of chemical management challenges that are critical to our environment and to our own commitments to sustainability.

We will summarize some specific work that has been created by a leading group of automotive companies with their supply chains. We will also share a specific recommendation for your consideration on a way that the CEC and its member governments can collaborate and cooperate to enable the North American auto industry to be greener in the chemicals that it uses, more innovative, more competitive and more economically viable.

We are here today on behalf of the Chemical Issues Work Group of the Suppliers Partnership for the Environment (SP). SP is an association of 40 automotive OEM's, suppliers and service providers both large and small, dedicated to sharing best practices, technologies and processes that improve the environment while also improving the economic viability of the automobile industry.

We might add that this effort of SP and our supporting companies has been undertaken voluntarily because we all want to make our

products as safe as possible for all of our consumers as well as our own employees.

In 2007, SP created the Chemical Issues Work Group that identified the need to develop a common screening process for assessing and prioritizing potential health and environmental impacts of chemicals in vehicle parts.

For the past two years, the SP Chemical Issues Work Group members and collaborators have worked to establish a framework for the evaluation and assessment of chemicals used in automotive products. The result of that collective work is a "Materials Assessment Strategy" Program, or "M-A-S."

The Work Group participants include: General Motors, Ford, Chrysler, Lear, Johnson Controls Inc, Quaker Chemical and Chemico-Mays from SP and Honda, Hyundai, Nissan and Subaru from the Association of International Automobile Manufactures (AIAM). We have also worked closely and collaboratively with senior representatives of The Office of Prevention, Pesticides and Toxic Substances, of the United States Environmental Protection Agency. Administrator Jackson, we very much appreciate and thank you for the collaborative, supportive working relationship we have had with EPA on this program and with SP.

The idea for developing the M-A-S came from the self-identified business strategy that recognized that companies in the auto industry increasingly need to make proactive decisions about the materials in products based on better chemical hazard and risk information.

But to move toward a better understanding of how to "green" the chemicals used within the automotive supply chain, there must be an understanding of a number of key requirements that include:

- Addressing formulations and chemical constituents of articles and products;
- Providing reliable, understandable and actionable output for managers;

- Offering solutions that are cost-effective for companies of all sizes;
- Employing solid science using accepted methodologies; and
- Protecting proprietary business information.

There are many companies within the automotive supply chain that need a systematic approach like M-A-S to address not only existing and potential regulatory requirements, but also the increasing demands of a wide range of stakeholders, internal governance requirements and addressing diverse customer needs.

Administrator Jackson, we believe you summarized a key part of these drivers in a statement where you emphasized that science needs to be the "compass guiding environmental protection decisions" and that chemical assessments of products is an important priority for your Agency. We know that these goals are also important for Canada and Mexico.

To meet this challenge and enable better evaluation and management of product chemicals in the auto industry, the creators of the M-A-S examined options, which revealed a striking gap between what is available and what is needed.

The conventional approach to toxicology, while thorough and detailed, is extremely labor and time intensive, resulting in inefficiencies that make a manual approach very costly, especially for small to medium-size companies in the supply chain.

Currently available automated chemical compliance solutions are either focused on basic compliance to existing regulatory lists or are far too complex for use as a management tool by non-experts.

So as the Work Group established the M-A-S process framework, we also worked with a team of experts as they developed an automated solution to implement the M-A-S in a secure, web-based software application.

We believe the auto industry is a very favorable environment for innovation on chemical assessment and management. Some key

factors have created a culture of product chemical tracking that does not exist in other business sectors.

Over 70,000 companies that supply automobile materials and components register the vast majority of their product chemical information into a global data system.

But despite the auto industry's progress on tracking product chemicals, many challenges need to be overcome in taking action toward more comprehensive chemical assessment, management and innovation.

The concept of moving beyond basic tracking of product chemicals and actually processing assessments of these substances for hazard and risk is new to most industries.

Even as a basic screening exercise, product chemical assessment is a sophisticated procedure, and most manufacturers of articles do not have processes or systems developed for this type of work on a large scale. Often, automotive OEMs and the thousands of suppliers have limited or no toxicological expertise, and outsourcing that kind of work is cost-prohibitive, particularly given the state of the global economy.

Moreover, most experts in this area are used to addressing chemicals in formulations as chemical mixtures, but not in specific articles such as rigid polymers and textiles.

In addition, beyond the auto sector, there is limited chemical information on the specific chemicals in these articles.

At the inception of the M-A-S project, we collected and refined a set of key characteristics and principles that the team concluded would be essential to the success of the M-A-S process.

In addition, the SP Work Group made it clear that the process must be capable of reviewing products and their chemicals in the context of their use and potential exposure – resulting in a risk assessment – in addition to looking at the basic hazard characteristics for screening. A

risk assessment enables companies to prioritize where they can take beyond-compliance action on chemicals in their products.

This additional task of performing risk assessments on product chemicals is complex. The M-A-S team has been able to establish an approach that is credible, effective and can be performed on a large scale for the many chemicals, materials and products flowing through the automotive supply chain and into vehicles.

The M-A-S Work Group has now formalized the material assessment process in four printed Guideline documents that support companies in their effort to evaluate and manage their product chemicals.

With the help of the M-A-S consulting team, Science Strategies, LLC, we are working through a pilot program, to deploy the web-based, automated version of the M-A-S, a software product called "SciVera Lens™", to dramatically reduce the cost and improve the timeliness of implementing more comprehensive chemical assessment and management in the auto industry.

By deploying the automated solution for M-A-S, the SciVera Lens™ system can enable the secure and reliable processing of assessments on a large scale in the auto industry. In addition, companies in other product sectors such as toys, electronics, and footwear are exploring similar strategies for the assessment and management of chemicals in their products.

This new architecture that has been created for the SP Work Group, enables ways to efficiently import a company's product data in "Bill of Materials" form so that it can then be concurrently evaluated in an automated process to address hazard and risk assessment.

GM is committed to this M-A-S program for three primary reasons:

1. It will level the playing field thru-out the supply base by providing all of our suppliers with a common, automated, scientifically-based screening system that allows for protection of their confidential business information;

2. It will allow for a more proactive and comprehensive assessment of chemicals that go into our vehicle parts and products; and
3. It will provide GM, assessment reports of potential hazards and risks, as opposed to just a list of chemical constituents – much more valuable information.

For GM, the M-A-S Program helps to support our product stewardship and sustainability efforts in a new way that leads right into improving customer satisfaction. At the end of the day, that is what this is all about.

For Lear, the M-A-S is important for the following reasons:

1. We want to find innovative ways to identify opportunities to improve the health, safety and ecological impact of the products that we manufacture;
2. The M-A-S program and SciVera Lens™ provides us a way that we can engage our supply base more effectively in an assessment of chemicals in a format that is revealing yet protects formulation propriety; and
3. M-A-S creates an improved environment for collaborative efforts to minimize or eliminate potential hazards and contribute to market-driven competitive momentum toward environmentally friendly material implementation.

We are improving our products every day to stay competitive in an increasingly challenging business environment. M-A-S and its accompanying automated solution, SciVera Lens™, will help us to cost effectively execute in each of these areas.

In summary, the Suppliers Partnership supports the Sector Approach under consideration by CEC as a path toward Sound Management of Chemicals, and their role in implementation of the Strategic Approach to International Chemicals Management (SAICM).

The auto industry provides fertile ground for achievement in this area and is well positioned to make significant progress toward product innovation and competitive advantage in the context of environmental

improvement within North America. This progress could also support similar initiatives in other industry sectors.

With the support of the CEC and its member governments, the automotive industry can make use of the work done by the Suppliers Partnership to enable innovation in automotive products through a common and streamlined chemical assessment and management strategy.

We would respectfully recommend that the CEC support and coordinate with the SP an effort to provide a web-based, automated chemical assessment solution to all automotive original equipment manufacturers and their suppliers in North America for two years.

The creation of such a program in North America for the automotive industry will provide leadership in chemical materials assessments and establish a system that can be applied around the world in both the automotive and other business sectors.

We look forward to your support of this important program and offer to you our ongoing commitment in enabling this type of innovation in the automotive supply chain through a common chemical assessment and management strategy.

On behalf of General Motors Corporation, Lear Corporation, the Chemical Issues Work Group of SP and all of our SP members, we thank you for this opportunity to share these comments with you today.

We would be pleased to address any questions you may have about our recommendation.

Thank You.