

Ciba Specialty Chemicals



# *The Palette*

Vol. 1, No. 2 Fall 2006



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Value beyond chemistry

The second half of 2006 has been a busy one for Ciba Specialty Chemicals as a business, a manufacturing operation and as a member of the Newport community. In addition to our continuous operations to provide the finest quality pigments for our customers,



we have a serious commitment to reducing waste, managing our emissions and maintaining a safe operating environment. This copy of the Community Palette focuses on our SARA Title III report, which provides information on our efforts to minimize, manage and reduce

the waste from our site. In addition, we discuss our efforts to address the rising cost of energy and our efforts to reduce the amount of energy consumed by our activities.

Of great importance is the fact that our company continues to demonstrate its commitment to Delaware by approving investments for two new capital projects in Newport. One will improve and modernize our finishing department; the second will bring a new process to the site to support our effect pigment business.

Also in this issue of the Community Palette, we discuss the public opinion poll that Ciba performed to better understand the community and our role in it. From this poll we are able to guide our outreach activities to focus on the areas that matter most to our community. We continue to focus on programs that support education, human services and safety and emergency response.

As we quickly approach the final weeks of 2006, I want to extend my best wishes to our readers for a happy holiday season and a safe and healthy new year.

Sincerely,  
Rudy Merstetter, Site Manager  
Ciba Coating Effects, Newport

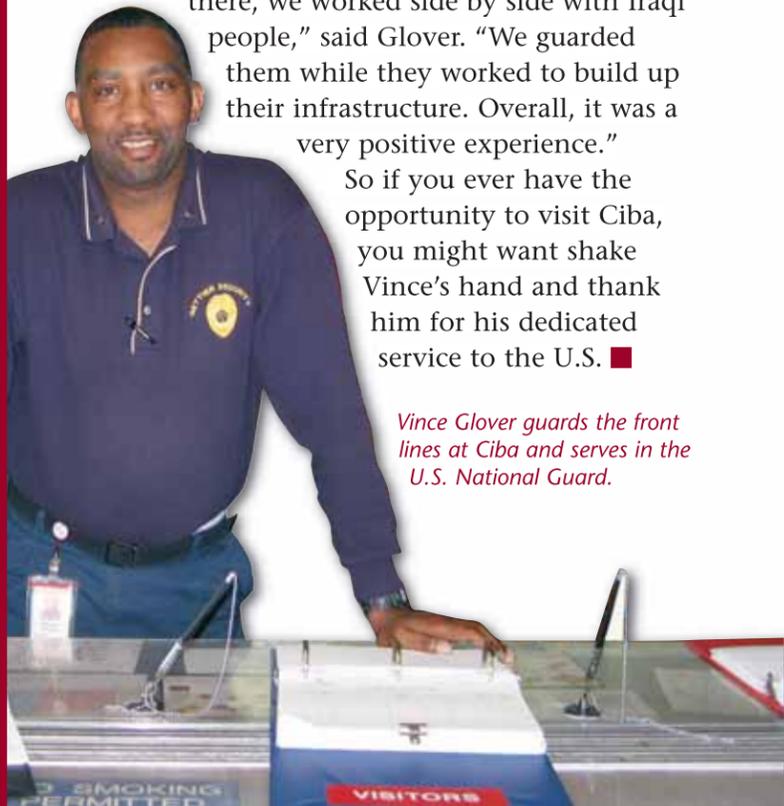
### Securing America, at Home and Abroad

Security Guard Vince Glover is one of the first people that visitors to the Ciba site meet when they enter the facility. But he's not one to be taken for granted. In addition to his work at Ciba, Staff Sergeant Vince Glover serves with the 280<sup>th</sup> Signal Battalion of the Delaware National Guard, based in Seaford.

Earlier this year, Vince returned from a nine month service tour in Baghdad, Iraq, where he and his unit were responsible for establishing field communication networks for the Army, Marines, and other armed services. Though primarily in a support role, Vince's unit did see some mortar fire during their stay, but nothing too serious.

Vince has been working at Ciba Specialty Chemicals Newport for four years. He originally decided to join the National Guard to learn a trade and ensure that while doing so, he got the best training possible. Besides the technical training he received, Vince also had some light combat training at Fort Dix, New Jersey.

Vince believes that the work being done in Iraq is making a difference. "While we were there, we worked side by side with Iraqi people," said Glover. "We guarded them while they worked to build up their infrastructure. Overall, it was a very positive experience."



So if you ever have the opportunity to visit Ciba, you might want shake Vince's hand and thank him for his dedicated service to the U.S. ■

Vince Glover guards the front lines at Ciba and serves in the U.S. National Guard.

### Rebuilding Lives One Year Later

One year after Hurricane Katrina pummeled the Gulf Coast of the US and devastated homes, businesses and individual lives in its wake, life is still difficult and progress there is slow. Though time eventually heals all wounds, many physical reminders of nature's power still remain—homes are still uninhabitable; businesses have closed their doors permanently; and many people still suffer emotionally. Despite the grim picture, there is much good to be found. One example is Ciba Newport employee Brian Killough who recently traveled to Pascagoula Mississippi to help with the rebuilding process.

Brian made the journey with a group of 38 other adults and high school students (including his own 15-year-old daughter) with the support of the Janes United Methodist Church in Rising Sun, Maryland. The purpose of the trip was to aid in the repair and rebuilding of peoples homes damaged during Hurricane Katrina.

In preparation for the trip, the group raised \$30,000 (including a donation from Ciba Specialty Chemicals) to pay for travel expenses, food and lodging as well as the materials for the designated projects. They held several fund raisers, but much of the money was donated by the church congregation.

Once in Mississippi, the specific projects were set up and supervised by a group called Mission Encounter headquartered in a local Pascagoula church. The

church gymnasium and a separate building (for ladies) served as home for approximately 200 volunteers for the duration of the week-long mission. The group worked on projects which included tearing off and replacing the roof of a house, general repairs inside and out of two other homes and cleaning up flood damage and putting things back in order in an elementary school.

"The work was sometimes grueling, and the temperatures were extreme, but the experience was truly rewarding," said Brian. "I was completely taken aback by the amount of devastation that still exists in these areas one year after the storm."

Many people in the area are still in FEMA-provided campers, as their homes are gone, or uninhabitable. Mountains of garbage and rubble still sit in areas where homes and businesses used to stand.

"I was quite impressed by the 'can do' attitudes of the residents we encountered, and by their gratitude for the time and effort that we gave them in the short time we were there," said Brian. "Everyone we encountered talked of how blessed they were to receive our help. However it is I that feels blessed to be able to help not only with the physical work, but with the spiritual healing of these people. I cannot remember a more fulfilling trip." ■



From top: Houses were marked for demolition or to be saved. This one is in the process of being rehabilitated.

Brian Killough (front right) and his crew at a local elementary school where they did work.

Putting the finishing touches on a newly replaced roof.



This was our transportation while in Mississippi (I was voted the driver) courtesy of Camp Pascagoula.

## At Ciba, Your Opinion Matters

As a Responsible Care® Company, Ciba Specialty Chemicals is very committed to operating facilities that are safe and protective of the environment and to maintaining open communications with the local community. The company welcomes input and suggestions on how to improve its community outreach efforts. In order to assess how we are doing, Ciba recently conducted a public opinion poll; the results of which are reported here.

Ciba will use the information from the poll to develop stronger communications with the community. Currently, the company has a telephone hotline number for anyone who has questions about the site's operations. That number is 302-992-5600. In addition, Ciba has a community advisory panel (CAP) that is

comprised of local citizens who meet twice a year to discuss topics of mutual interest regarding the company and its operations. Anyone interested in joining the CAP should contact the company.

### About The Poll

This poll was developed and conducted by Southern Media & Opinion Research, Inc., and Harris, DeVille & Associates, Inc. The poll was designed to gather the opinions of residents in Newport, Delaware and local vicinities. It included opinions on local conditions, local industry growth and development, the environment, information sources, and a rating of Ciba Specialty Chemical's performance.

Interviews were completed by telephone with 300 adult residents in the study area. Of the 300

respondents, 133 were from the Newport/Stanton area. The interviews were conducted from July 5-13, 2005. The sample error for the poll is plus or minus 5.6 percentage points at the 95 percent level of confidence.

### Follow up Survey Confirms Original Results

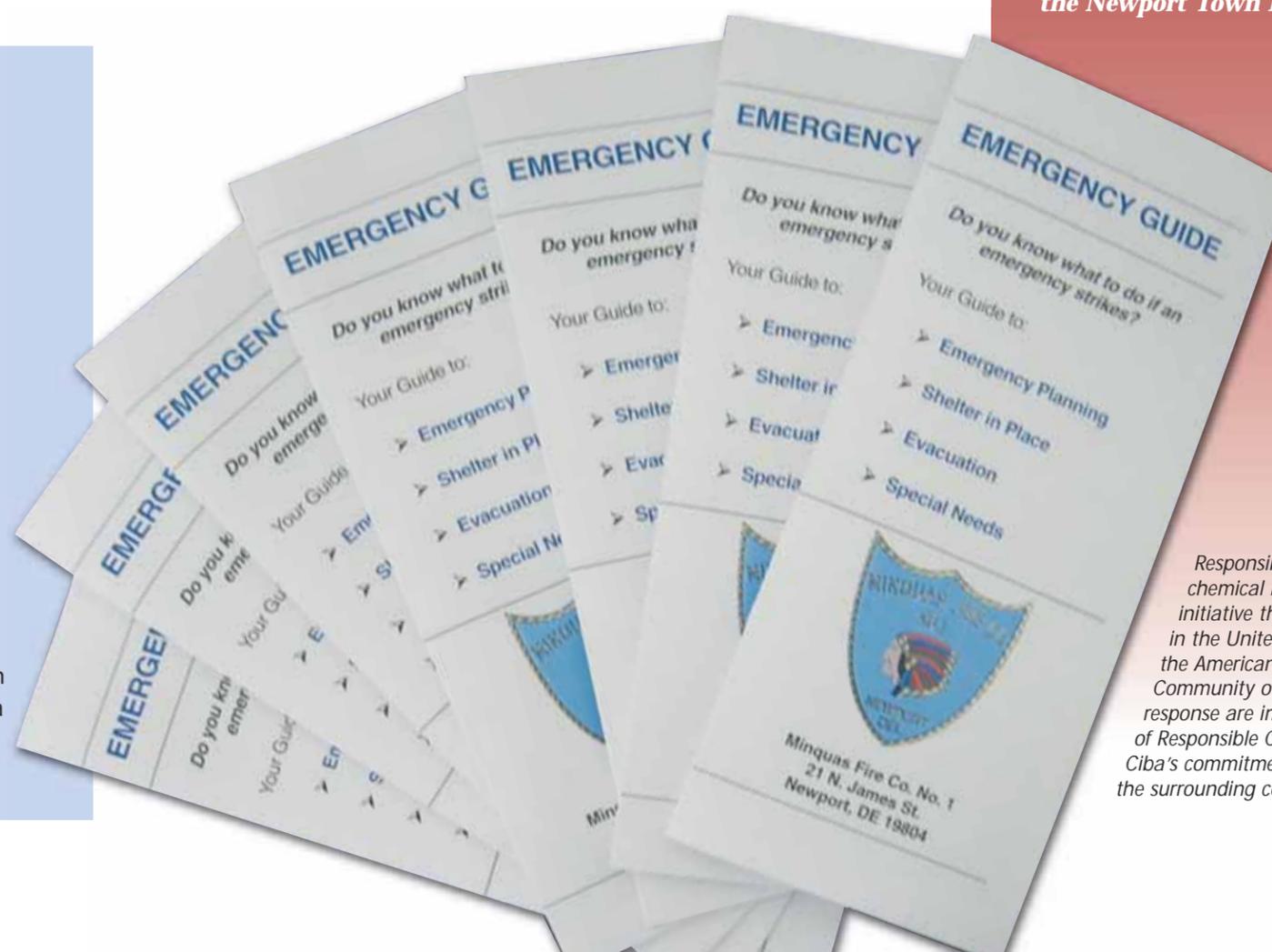
In the year since the initial broad community poll, Ciba also conducted a mini-survey of the Newark, DE community. In the spring, short direct mail surveys were mailed to local households to remind residents of Ciba's commitment to the community, gain their feedback and provide contact information so they know how to reach us with questions or concerns. For further information about Ciba Specialty Chemicals or the Community Public Opinion Poll, contact Donna Jakubowski at 302-992-5776. ■

## Are You Prepared for an Emergency?

Since one of the findings of the Community Public Opinion Poll indicated that less than half of Newport residents feel they know what to do in the event of an emergency, Ciba has partnered with Minquas Fire Department to develop an Emergency Guide that is available free of charge. The brochure was handed out during the recent Fire Prevention Week open house at the Minquas Fire Station. Copies are available to any one who stops by the fire station or through the Newport Town Hall.

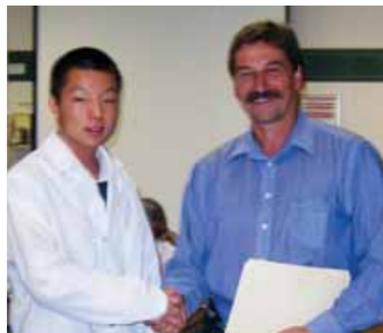
### Key Findings

- Respondents—especially those in Newport—felt that things in their community are going in the right direction.
- When asked what the biggest problems were facing the community that they would like to see something done about, there was no major issue identified. Drugs and crime received the most mentions but even those were relatively low.
- Data indicated that respondents thought job/skills/training, affordable housing, better schools and health care services would do a lot to improve the quality of life in their community.
- More than half of the respondents favor continued development and growth of local industry primarily because of the jobs it provides.
- Respondents also thought the chemical industry can expand and still remain protective of the community and the environment.
- Half of the respondents in Newport and the vicinity think they have a way to communicate their concerns to local industry.
- More than half of the respondents were unfamiliar with Ciba Specialty Chemicals, but of those that were familiar with Ciba, more than half viewed the company favorably and one in eight thought the company helped make the community a better place to live.
- While respondents indicated a strong trust and confidence in the local response team, less than half of Newport and near neighbors felt they have enough information to know what to do if a chemical emergency event occurs. Measures will be taken to increase the level of awareness.



Responsible Care® is a global chemical industry performance initiative that is implemented in the United States through the American Chemistry Council. Community outreach and emergency response are important components of Responsible Care® and are part of Ciba's commitment to its neighbors and the surrounding community.

## Ciba Inspires the Next Generation of Scientists and Engineers



Victor Choi of Glasgow HS pictured with Rudy Merstetter.

Glasgow High School Student Victor Choi was among twenty-four inquisitive young teens who recently participated in the 17<sup>th</sup> annual Ciba Specialty Chemicals High School Chemistry Institute (HSCI), a signature program of the Ciba Foundation. This is a rigorous two-week college level course in chemistry designed for students entering their senior year

of high school. This summer, the nationally recognized program included students from schools near Ciba Specialty Chemicals' major US operations -- in Alabama, Arkansas, Delaware, New York, North Carolina and Virginia.

As part of the program the students spent a day at the Coating Effects site in Newport learning first hand how chemistry in theory translates to chemistry in reality. After a brief welcome message by Site Manager Rudy Merstetter, the students broke out into smaller groups to explore exactly what goes on at Newport on a daily basis. Each of the three groups got to see the Plastics lab, the Inks lab, the Coatings lab, and the Synthesis area.

In the plastics lab, the students learned just some of the myriad applications in which our pigments are used for plastic products. They got a lesson in color matching and saw how polypropylene is extruded and eventually put through an injection molder.

Another stop on the mini-tour was the Inks lab, where students got to see how receptor coatings are developed for premium photo paper. They even got to take home printouts of digital pictures they took in the lab.

Next, students toured the spray out booths in the Coatings Lab where they learned about industrial automotive applications and why the quality and

consistency of a pigment are crucial to the commercial viability of a color shade in car paint.

Finally, participants toured the synthesis area of the site and learned about the DPP and QA pigment manufacturing process from beginning to end.

Victor Choi, who represented the State of Delaware gave the program high marks: "My overall experience at the Ciba HSCI is parallel to a small spark growing into a blazing inferno. I will utilize the things I learned to not only better my life, but to help the people of the world."

The HSCI is one of the premiere programs of Ciba's science education outreach efforts, and is an important component of our community relations outreach and, longer term, ability to develop a pool of scientists for the future.

"Through first-rate programs like this, we hope to inspire, develop and train the next generation of scientists who will guide the future of the specialty chemical industry and deliver breakthroughs that will continue to improve the quality of all of our lives," said Colin Mackay, NAFTA Region President. ■



The 2006 High School Science Award Winners who visited the Ciba site included (from left) Nadia Shobnam, Joseph Richichi and Anna Peng.

## Ciba Recognizes Science Stars of the Future

Each year, Ciba provides awards to deserving high school seniors who have shown great interest and promise in the field of science. Five local students were invited to an award ceremony at the Newport site this past spring where, in addition to the awards, they were given a tour of the business line labs where they had an inside view of the science that is performed here. The High School Science Award winners were:

- Julianne Lucas – John Dickinson High School
- Justin P. Mendelson – Brandywine High School
- Anna Peng – Newark High School
- Joseph Richichi – Delcastle Technical High School
- Nadia Shobnam – William Penn High School

The award presentation was held during a Community Advisory Panel (CAP) meeting on May 24. In addition to the students, attendees included their parents, teachers, site neighbors and Ciba representatives.

The awards are provided through the Ciba Specialty Chemicals Foundation which works to create new partnerships among schools, businesses and communities that bridge the often times difficult transition between school and career.

Many of the programs sponsored by the Ciba Specialty Chemicals Foundation provide students with an opportunity to see how lab-based chemistry relates directly to the innovative and essential products they use every day. We congratulate the outstanding Delaware students who have demonstrated academic excellence and earned their place among the honorees from Ciba. ■

## Ciba Supports MOE – The Miracle of Engineering

Meet MOE, (aka: The Ter-MOE-nator), a robot designed, built and operated by a team of high school students from the Delaware region and sponsored in part by the Ciba Specialty Chemicals Foundation. MOE stands for the Miracle of Engineering and the team members are known as the Miracle Workerz. One team member was Jessica Sun, daughter of Ciba Newport employee Charlene Sun.

The Miracle Workerz team participates in the FIRST Robotics program. FIRST (For Inspiration and Recognition of Science and Technology) is a multinational non-profit organization, that aspires to transform culture, making science, math, engineering, and technology as cool for kids as sports are today. The program provides teens with the opportunity to explore science in a fun, wildly successful competition in which thousands of students participate. Every



year, a new game with new challenges is presented to the teams, who then design and build the perfect robot to compete. In addition to demonstrating proficiency in science and math, the team members are also required to perform community services, mentor new teams and act as ambassadors for the program.

Jessica Sun became involved in FIRST in 2004 when a representative from DuPont visited her high school, the Charter School of Wilmington, to recruit students for a Women's Engineering Program. "I knew a lot of the guys who were already involved with the team," she says. "In my first year, I was an ambassador, which meant that I did a lot of different things to promote the group. This year, I made it as a member of the Pit Crew."

The Pit Crew is divided up into teams to focus

on the various disciplines required to build the robot including computer programming, engineering, mechanics and electrical. Jessica helped develop the computer programs that operate the Ter-MOE-nator, a robot that could pitch balls through a hoop at a rate of one per second. In addition, the robot needed to be able to scoop up and store 30 balls, move from one side of the game court to the other and block competitors' robots. The Ter-MOE-nator competed extremely well in regional competitions in Pittsburgh and Philadelphia leading to the team's participation in a national competition in Atlanta, Georgia that featured 300 to 400 robotics teams from across the U.S.

"FIRST is a great program," according to Jessica, "You learn so much on the job, more than you would ever get out of a classroom." The program has certainly made a difference to Jessica, who entered the University of Delaware engineering program this semester. ■

## Capital Expenditure Projects Get the Green Light



*Making way for the new effects pigments project, contractors demolished the old A205 building in late September*

Newport is the main production site supporting the Coating Effects business line in the NAFTA region. As such, it continues to receive significant capital investments to sustain and enhance the level and quality of production at the site.

Building Blocks is an initiative to modernize the current finishing operation at Newport. Finishing is the process in which Quinacridone (QA) pigment is transformed into various shades of red pigments for the paints, plastics, synthetic fibers, and inks industries. Over 30 different products are produced by a process that operates 24 hours, 7 days a week. The main components of the process include milling, semi-finishing, drying and blending.

While a significant investment had recently been made to upgrade the synthesis area, the finishing department continues to utilize older technology that results in higher costs, longer cycle times and limitations in what we can offer to our customers. In August, the site received approval for Phase One of

the Building Blocks Project which will be integrated in the Quinacridone synthesis building. Once completed, the Building Blocks Project will reduce QA finishing costs by 30% and expand capacity by 20%. It currently takes two weeks to produce a QA pigment; that time will be cut to 3-4 days.

Newport has also received approval for a new Effect Pigment project. Ciba Specialty Chemicals purchased the business in March of 2005 from Wolstenholme International. The product line includes a range of highly reflective vacuum-metalized aluminum pigments giving high-quality, high value-added effects in end uses such as packaging, paints, inks (e.g. car wheels, labels, cellular phones) and cosmetics that shimmer.

The operation will create new jobs when production begins in late 2007. Demolition is now underway on site to make room for the new process. Together with Building Blocks this represents a great business opportunity for Ciba. ■

## Ciba Welcomes Visitors from our Joint Venture in Xiangtan City, China

Ciba was pleased to host representatives from XCP Xiangtan Chemicals and Pigments, a company with whom we have had a joint venture partnership to manufacture QA pigments since 1998. In addition to Mr. Wang Qinghe, General Manager of XCP and Mr. Zhou Zuonian, Assistant to the General Manager, we were honored to also meet with Mr. Peng Xianfa, Mayor of Xiangtan City. In addition to an exchange of production information, we were able to learn about the rapid industrial growth that has been occurring in China over the past few years. For example, the demand for red pigments in China has risen significantly year over the past two years, driven mostly by the needs of the plastics industry.

The country has found itself in a position where it must rapidly adapt to the burgeoning growth in technology and industry and finds that they are dealing with many of the same issues as U.S. based companies. Their raw material costs are influenced by rising oil prices, government funded business tax support that helped to establish new companies is being phased out over time and businesses are faced with a constantly growing number of competitors.



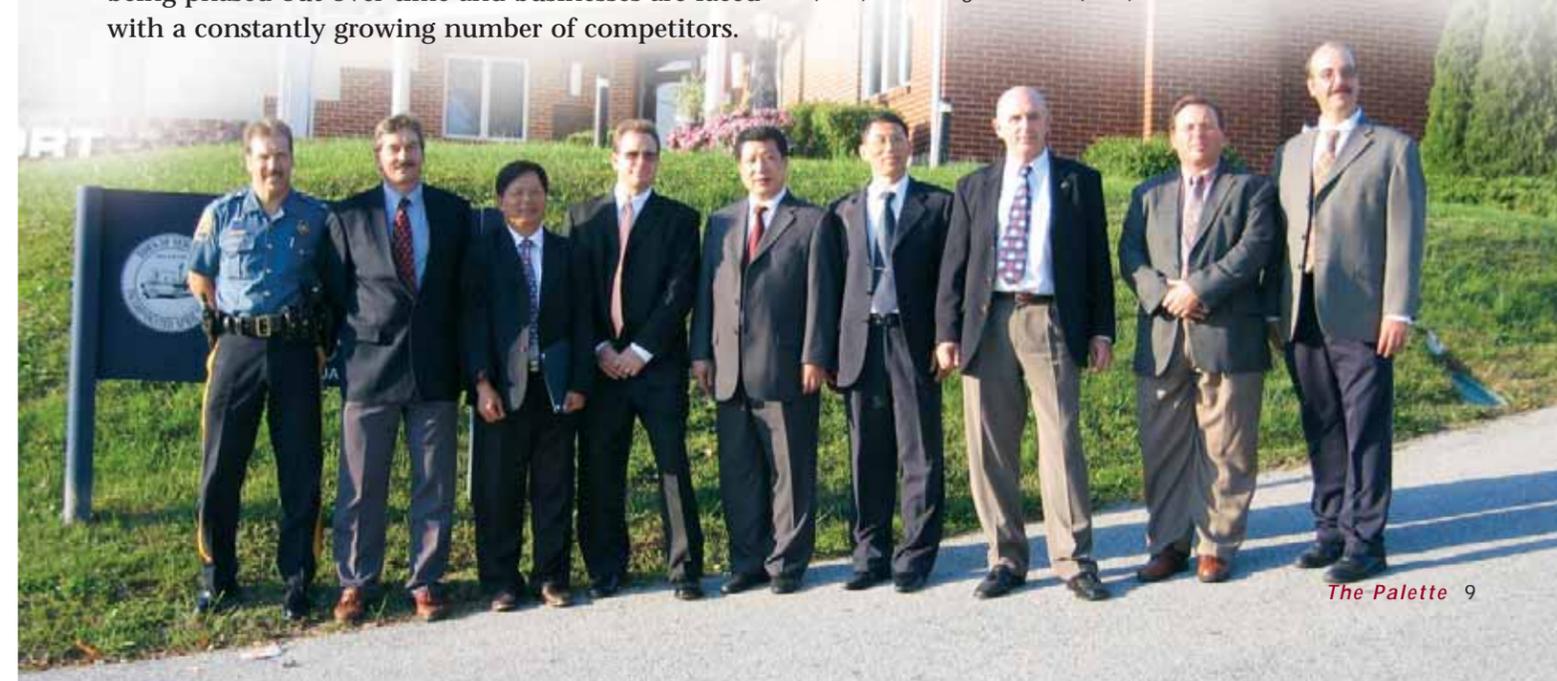
*Manager to Manager: Wang Qinghe, General Manager of XCP shakes hands with Rudy Merstetter of Ciba.*

In addition to the challenges of producing high-quality QA products that meet Ciba's stringent specifications, XCP is taking measures to recycle and reuse wastewater, convert their boilers from coal to natural gas and introduce aqueous dispersion processes. Not only will these initiatives help the company to control costs, they are also required by the local government who is taking a progressive view of environmental protection.

"The city government is very committed to protecting the environment," Mayor Peng said. "Natural gas lines are being installed and it is expected that all production will switch to from coal to natural gas within the next year."

A highlight of the visit was a meeting with Newport Mayor Michael Spencer, who presented Mayor Peng with a ceremonial key to the city and, along with Police Chief Michael Capriglione, gave the guests a tour of the town. ■

*Visitors and Newport representatives who gathered at the Town Hall included (from left) Police Chief Michael Capriglione, Rudy Merstetter (Ciba Site Manager), Mr. Wang Qinghe (XCP General Manager), Mayor Michael Spencer, Mr. Peng Xianfa (Mayor of Xiangtan City), Mr. Zhou Zuonian (XCP), Peter Liebermann (Ciba), Kevin Gerzevske (Ciba) and Doug Crawford (Ciba).*



### SARA Title III: Responsibility Matters

#### What is SARA Title III?

SARA Title III, also known as the Emergency Planning and Community Right-to-Know Act, is an element of the Superfund Amendments and Reauthorization Act (SARA) of 1986. It was designed to provide information to community members about the chemicals being produced and handled by industries in their communities, thereby improving emergency preparedness.

#### Why SARA Title III?

SARA Title III guides dialogue between the community and businesses. It encourages partnership between emergency responders, neighbors, community groups, and industry. Ciba Specialty Chemicals is committed to working closely with the community, local officials, and emergency responders to ensure everyone understands the technical information in our SARA Title III Report.

The *Community Palette* is just one example of how we interact with the community. We also hold at least one town meeting per year in the Town Hall, and we conduct plant tours for school groups and local organizations. In addition, we support a number of local community organizations

including, Delaware Science and Math Education, the United Way, the Delaware Nature Society, the Christina Conservancy and the MAKE-IT Manufacturing Camp.

#### Major components of SARA Title III

##### Emergency Planning

While our primary focus is to operate a safe plant, we must also have contingencies to address emergency readiness and response. The New Castle County Local Emergency Planning Committee (LEPC) has developed plans to minimize the impacts of emergencies, and help educate the community in chemical-related hazards and protective measures.

As a member of the LEPC, Ciba is responsible to notify them of any changes to our plant that could affect our emergency response plan. We also work with the local fire departments to improve response capabilities. Many employees are part of our on-site fire brigade, first aid, confined space, and HAZMAT teams. We also have fully equipped emergency response vehicles, with personal protective gear, breathing apparatus and spill containment equipment that we make available to the LEPC to support their own community response needs.

**A 24-hour hotline (302-992-5610) is available for questions from members of the community and general public regarding our operations at the Newport site.**

##### Emergency Notification

Ciba is required to notify the National Response Center in the event of a spill or release of specified amounts of the chemicals listed under Sara Title III as well as other regulations.

##### Community Right-to-Know

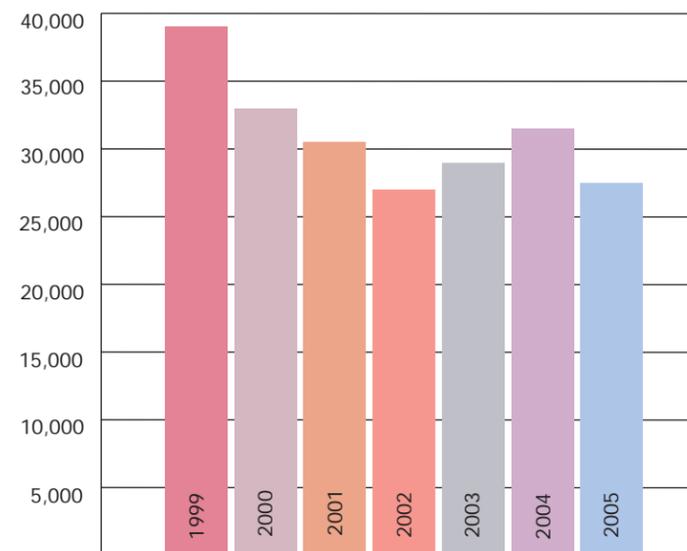
Material Safety Data Sheets (MSDS) on all chemicals used and produced at the Ciba site are available to the public upon request. An MSDS contains information about the properties of a particular substance and is designed to provide both workers and emergency personnel with the proper procedures for handling or working with the material.

A 24-hour hotline (302-992-5610) is available for questions from members of the community and general public regarding our operations at the Newport site.

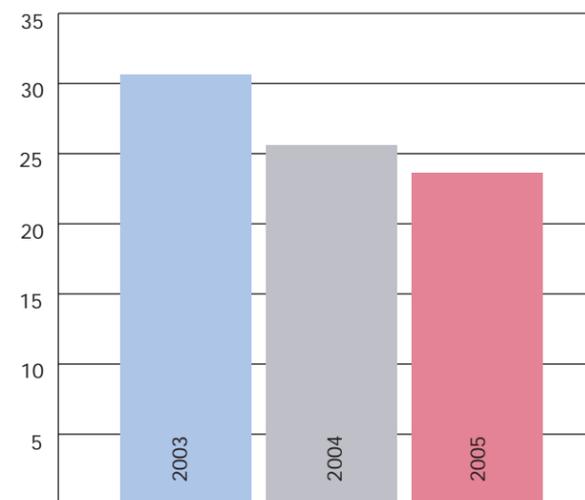
##### Toxic Chemical Release Reporting

Section 313 of SARA Title III requires facilities that produce or use specified amounts of over 300 chemicals report all environmental emissions to the air, land and water to the US Environmental Protection Agency (EPA) and state officials. The report covers a calendar year and must be filed by July 1 following the year just completed. The data published in here references on-site air emissions during the period 1999 - 2005. ■

POUNDS



*This graph shows the amount (lbs) of volatile organic compounds (VOC) released into the air by the Ciba Newport site over a period of seven years. Ciba Specialty Chemicals is dedicated to environmental stewardship at all its sites around the world.*



*Carbon dioxide is a so called "greenhouse gas" that has been scientifically linked to contributing to global warming. This graph shows the steady decrease in output of carbon dioxide (CO2) per metric ton (tonne) of finished product. There has been a 22% reduction since 2003.*

### Taming the Energy Beast

It is no secret: Energy is more expensive than ever before. Ciba, like many U.S. industries, has sharply felt the effects of this rise in costs because its processes rely heavily on energy. In fact, more than 20 percent of the site's operating costs are allocated to energy. But, a dedicated team of Newport employees is tackling the difficult task of mitigating the effects of skyrocketing energy costs. Creative brainstorming, good old fashioned sleuthing and a lot of hard work is starting to pay dividends.

In 2003, site leadership and some engineers sat down and came up with an Energy Conservation Plan designed to control the increasing costs associated with energy consumption. Out of that initial meeting came a proposal to tackle a long list of potential savings projects without sacrificing production capacity. Since then, almost half of the originally identified projects have been completed.

The projects range from the simple to the complex, from manufacturing to infrastructure; but they all have one goal—to conserve and/or reduce Newport's energy usage and thus, control costs.

Since the program was implemented, the site has realized significant energy savings—on the order of \$2 million per year. Natural gas consumption is down 6 percent since 2002 and total water usage is down more than 25 percent during that same period. All of these reductions were achieved despite a most impressive 50 percent increase in production output.

"It is a constant battle," said Peter Liebermann, head of Site Technical Services and sponsor of the energy savings project. "We are always looking for new ideas on how to conserve energy. We are reviewing many of our processes to identify opportunities, and whilst switching off lights and controlling building temperatures is important, we need to find energy reductions to achieve a step change in energy consumption."

Energy prices may be on the rise, but so is the determination and ingenuity of many Newport employees who are making it their mission to tame the energy beast. ■

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We do business in more than 120 countries and have sales representatives and technical expertise available for our customers around the world.

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