



Product Risk Characterization, Prioritization and Management Process Summary

I. Purpose

Our products are essential to modern life and we recognize the need to thoroughly evaluate product risk management as part of our responsibility to our internal and external stakeholders. The Grace Product Risk Characterization, Prioritization and Management Process (Product Risk Management) considers the full product life cycle and is used to identify, reduce, manage and communicate environmental, health and safety impacts associated with our products. Our process is based on the following globally accepted best practice principles:

1. Risk based evaluations
2. Uses existing, available information
3. Involves suppliers, customers and other stakeholders in the supply chain
4. Transparent, dynamic, quality driven process

As part of Grace's product risk management, we expect that members of our supply chain conduct similar evaluations of their products and identify the potential impacts their products have on the environmental, health and safety aspects of the global economy.

Grace's product risk management has been designed to comply with internal and external management practices, including those outlined by the American Chemistry Council's Responsible Care® program and similar Responsible Care type requirements in countries outside of the United States.

The following sections provide detailed information on the application and mechanics of this process.

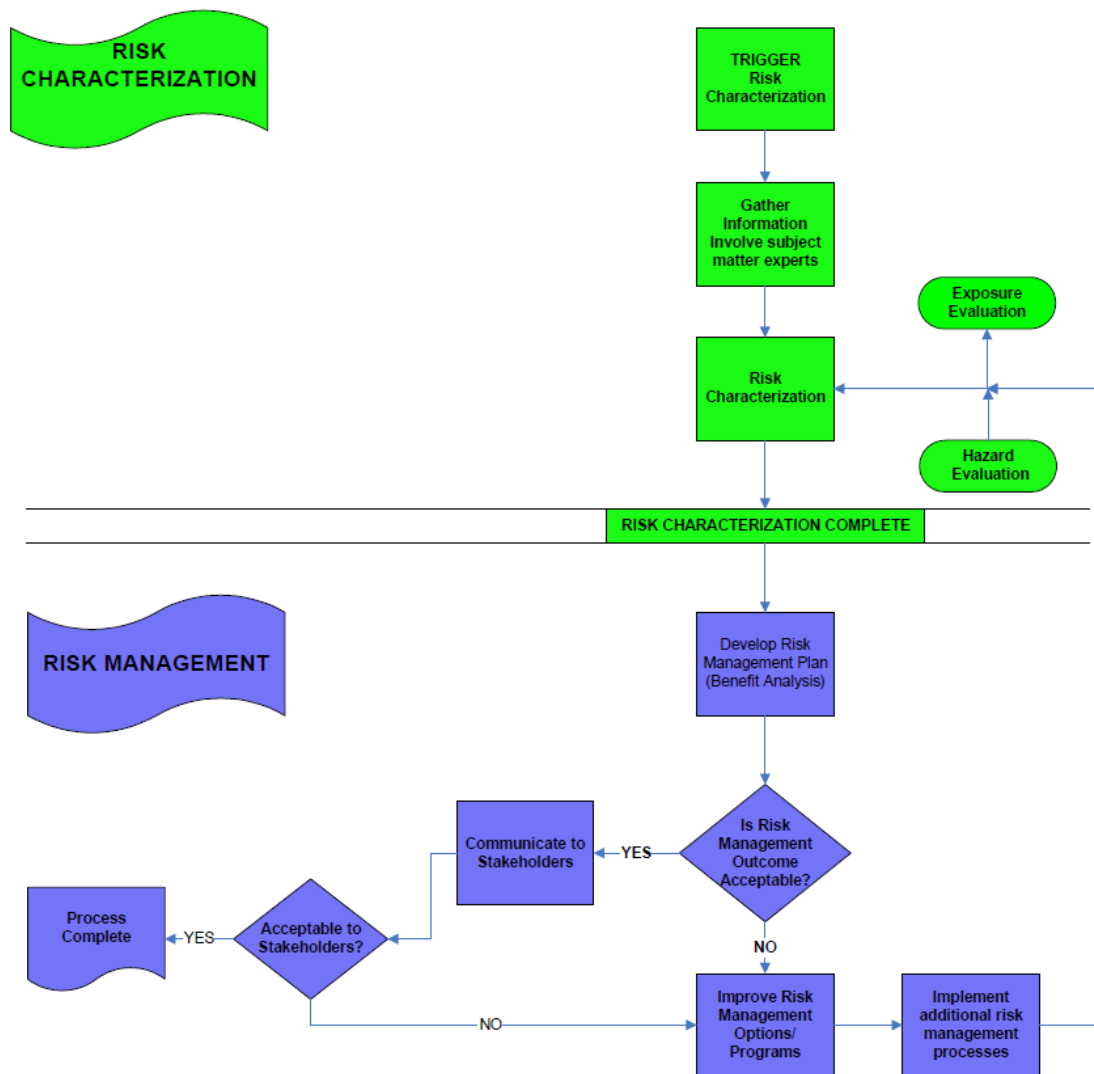
II. Overview

Grace is committed to evaluate the potential environmental, health and safety risks of our products and weigh them against anticipated benefits when making business decisions. Our program is risk based and is founded on accepted scientific principles with the goal of ensuring that our products do not present an unreasonable risk to any segment of the population or environment.

The trigger, or initiation point, for implementation of the Product Risk Management Process may include one or more of the following criteria:

- Introduction of new products

- New distribution channels or markets
- New intended use
- Sales into a new/different market segment
- Change in product ingredients or formulation
- New or changed production process
- New safety, health or environmental information
- Change in government requirements or regulations



When one of the implementing triggers has been activated, the appropriate information is gathered and reviewed to support the environmental, health and safety risk characterization. Criteria used throughout the characterization process include, but are not limited to, an evaluation of the potential impact the new information will have on the life cycle of the product and what, if any, new or modified risk management practices will be required. The results of the Product Risk Management evaluation will be made available to appropriate stakeholders.

Grace will periodically review the process to ensure that new information or opportunities are considered in the decision making process.

Product Risk Characterization, Prioritization and Management Process

The following is a high level overview of the process that is used by Grace to evaluate product hazards and risks.

This process, in addition to other business tools, is used to develop sufficient data to conduct the risk characterization and to develop appropriate risk management practices.

Application & Use

Each Grace business unit adheres to the procedures and processes contained in the Product Risk Management Process. The process should be used and documented whenever one or more of the implementing triggers, previously discussed, are activated. The application and use of this process provides a risk based approach that is transparent, clear, consistent and reasonable and that can communicate appropriate information to our employees, customers and stakeholders.

Summary

Grace's Product Risk Management process is intended to provide a framework for ensuring that our products, whether new or modified, are properly evaluated and that the following criteria are met:

1. Grace stakeholders and the environment are protected from unreasonable risk resulting from exposure to our products.
2. Assurance that the risks associated with the manufacturing, distribution, use, disposal and recycling processes are properly addressed and managed.
3. There is a balance between innovation and the global social, economic and environmental requirements.
4. Information is available to the public and their concerns are addressed in a timely and appropriate fashion.