

SHAREHOLDER RESOLUTION REGARDING BHOPAL

Resolved: shareholders request Dow Chemical management to report to shareholders by October 2006, at reasonable cost and excluding confidential information, descriptions of any new initiatives instituted by management to address specific health, environmental and social concerns of Bhopal, India survivors.

Supporting Statement

On the night of December 2-3, 1984, a Union Carbide plant in Bhopal, India released a gas cloud, which killed at least 7,000 people within days and at least 15,000 more in the years that followed. Records show that Union Carbide decided to store bulk quantities of ultra-hazardous methyl isocyanate in Bhopal and did not equip the plant with some of the corresponding safety features.

Dow Chemical has acquired Union Carbide, thus becoming a focus of both the Indian government efforts to remedy environmental contamination and the survivors' ongoing need for health care and economic relief.

Although a civil case over the disaster was settled by Union Carbide and the Indian Government for \$470 million, it was done without consent of most survivors. Numerous unresolved legal issues remain. Suits are pending in an Indian criminal court and the New York District Court.

International attention to corporate social accountability regarding human rights continues to grow. Even if not legally binding, the UN Norms set forth human rights responsibilities applicable to business including:

- respecting human rights in international, as well as national, laws of countries in which a company operates, in particular rights of affected local communities, such as rights to life, adequate drinking water and highest attainable standard of health; and
- assessing impact of disposal of hazardous and toxic substances on environment and human health and ensuring that the burden of negative environmental consequences does not fall on vulnerable groups.

In November 2004, an expert panel evaluated contamination of the Bhopal site and concluded there are approximately 25,000 tons of onsite contaminated soil. This contamination has polluted the drinking water of the surrounding community and contributed to health problems. Money from the \$470 million civil settlement may not be used for environmental clean-up.

Union Carbide is criticized for not cooperating with the investigation and, at the time of the disaster and currently, for withholding information vital to victims' medical treatment, e.g. information on reaction products released on the day of the gas leak. Such

information could help assess long-term health consequences of remaining contamination.

Amnesty International has reported that over a hundred thousand people across two generations still suffer from violations of their economic and social rights. According to a prominent corporate social responsibility organization, in addition to any legal liability, the Bhopal issue presents a “moral” liability for Dow that can affect its reputation.

Dow, in its Global Public Report, noted that sales and operations in Asia account for \$3.3 billion in revenues. Proponents believe the Bhopal disaster may continue to damage Dow's reputation, which, in our opinion, may reasonably be expected to affect growth prospects in Asia and beyond.