ANNUAL REPORT 2019

American Coatings ASSOCIATION℠

CONTENTS

Dear Members,

I am pleased to report that 2019 was another successful year for ACA. Our 2019 Annual Report highlights many of the association's achievements and activities of the past year.

The report focuses on four areas in which ACA engaged on behalf of the industry:

- Member Compliance Guidance
- Federal Advocacy
- PaintCare®
- Science & Technology

These focal points underscore and align with the association's mission to act as industry's chief advocate; champion industry's commitment to environmental protection and product stewardship; showcase industry's science and technology advancements; and support the industry as it navigates its varied and complex compliance obligations. Collectively, they emphasize ACA's concerted and cumulative efforts to serve as the industry's voice and premier representative.

The Annual Report also includes ACA's 2019 Accomplishments, showcasing the breadth and successful results of ACA's engagement.

In the year ahead, we will work to ensure the welfare and advancement of industry. Undoubtedly, 2020 will bring additional challenges and opportunities; your support and that of your fellow members makes it possible for ACA to meet them, and we thank you.

Andy Doyle

President and CEO
American Coatings Association

MEMBER COMPLIANCE GUIDANCE

In 2019, ACA expanded its compliance support, offering both written guidance and webinars to help members navigate the increasingly complicated and demanding regulatory landscape. This compliance support provides practical guidance for members to understand their obligations under multi-agency regulations that impact their day-to-day operations. As part of its Member Webinar Series, in 2019, ACA hosted 22 webinars for hundreds of members on topical regulatory issues, including the following: CARB's SCM development; TSCA rulemakings; Green Building Standards; PFAS Risk Assessment and Strategy; and a VOC Exempt Compound Update, among others.

In November 2019, ACA published its revised *Guide to Training Hazardous Materials Employees Involved in Transportation*. Developed with oversight from its Transport Committee, the guide asssists paint and coatings manufacturers in complying with U.S. Department of Transportation (DOT) regulations pertaining to hazardous materials employee training. DOT requires that training of hazmat employees must include general awareness/ familiarization training, function-specific training, safety training, security awareness training, and if applicable, driver training and in- depth security training. ACA's 150-page guide addresses all of these requirements in detail, offering practical tips, examples, and key takeaways in pictorially illustrated training modules.

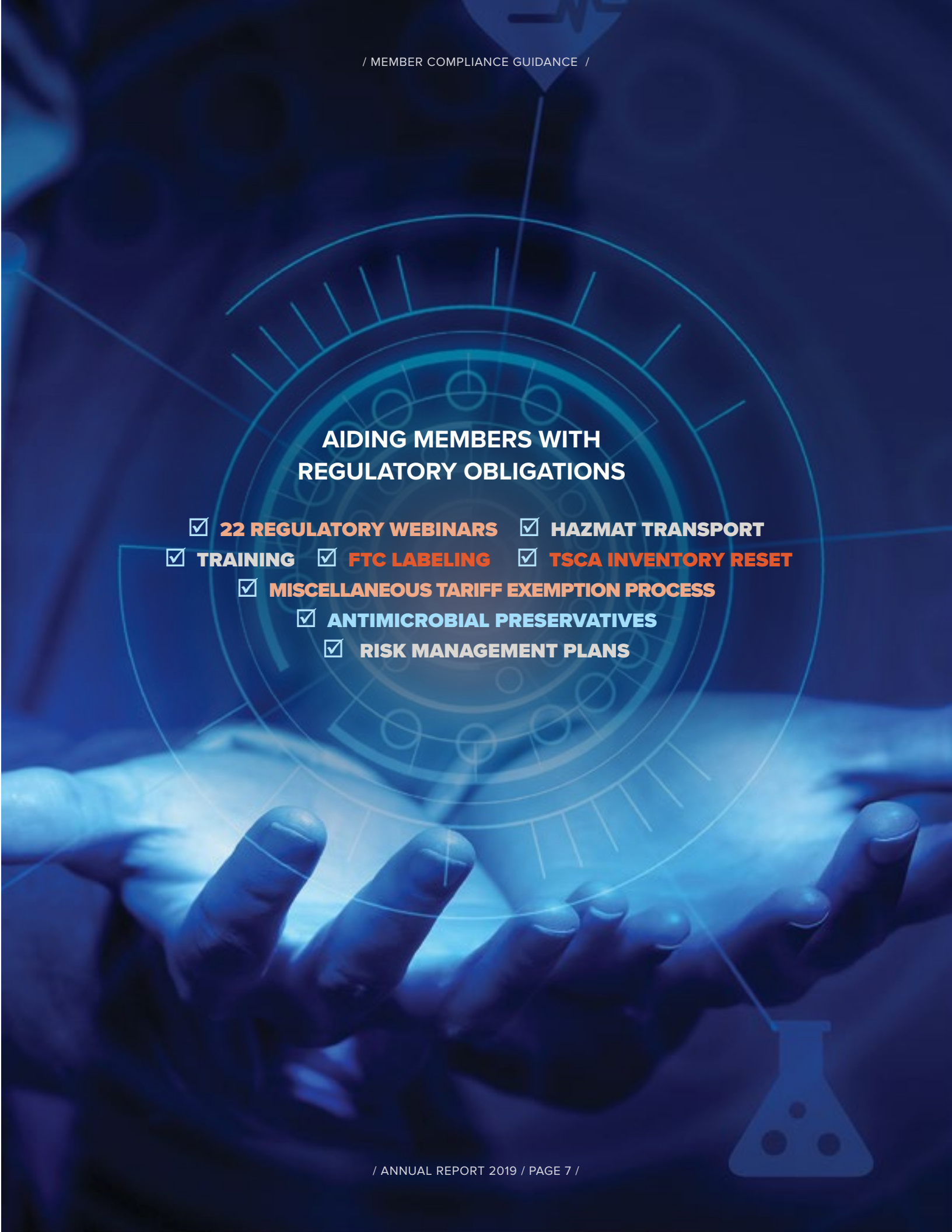
ACA ALSO DEVELOPED A MEMBER GUIDANCE DOCUMENT FOR THE FEDERAL TRADE COMMISSION (FTC) LABELING REQUIREMENT FOR HEALTH AND ENVIRONMENTAL MARKETING CLAIMS AND CERTIFICATIONS. FTC applies its requirements related to consumer deception to claims related to health and/or environment; marketers conveying such statements or certifications must evaluate messaging carefully using FTC's principles related to deception. Notably, ACA's guidance includes "Practice Notes," designed to assist marketers, product managers, and legal departments with understanding FTC's primary considerations when evaluating marketing claims.

Additionally, ACA developed timely guidance for members on EPA's Inventory Reset Rule. The manual serves as a processors guide for confirming TSCA inventory status of chemicals. EPA's TSCA Inventory Reset Rule establishes the process by which substances on the TSCA Inventory are designated as "active" or "inactive" in commerce. Once the TSCA Inventory has been "reset," no one is permitted to manufacture or process an inactive chemical substance without first submitting a notification to EPA. As of Aug. 5, 2019, companies must notify EPA prior to initiating commercial activity with a chemical designated as "inactive" on the TSCA Inventory. ACA's guidance addresses company obligations, including challenges presented where a manufacturer has listed a chemical on the TSCA Inventory as confidential.

Given the hyper-activity in the U.S. tariff realm, in 2019, ACA provided resources to members on the 2020 Miscellaneous Tariff Bill (MTB), including a webinar designed to provide an overview of the process and tips for developing and applying for an exclusion request. The current law (2019 MTB), eliminated taxes on products not made or available in this country, included more than 1,600 products, and contains several chemicals of interest to coatings manufacturers, including industrial-grade nitrocellulose and heat-curable epoxy resin mixture. Companies that received a temporary duty reduction or suspension under the 2019 MTB will need to reapply during the upcoming process to extend the measure beyond Dec. 31, 2021, when the current batch of tariff reductions/suspensions expires. ACA's webinar, for which it enlisted counsel from some of the country's top international trade lawyers, was timed to help members through the MTB application process, which opened for submissions on Oct. 11, 2019.

In advance of the May 31, 2019 effective date for Canada's ban on octhilinone (OIT) as a material preservative in paint, ACA provided several updates to members, addressing all the details surrounding how finished paints containing OIT preservatives cannot be manufactured or sold in Canada, nor imported into Canada. Working with the allied Canadian Paint and Coatings Association for continuity of information sharing, ACA expanded its OIT guidance to further detail how other biocides are considered by Health Canada's Pest Management Regulatory Agency (PMRA), which administers activities of Canada's Pest Control Products Act. That law requires that all antimicrobial preservatives be registered with PMRA. Although there are exemptions for article registrations, ACA's guidance details how such articles remain subject to regulatory oversight. Generally, paints treated with antimicrobial preservatives require registration of the pesticide but not the article itself. PMRA allows the article itself to be exempt from registration if the antimicrobial preservatives used to treat the article is registered under the Pest Control Products Act; the article is treated according to the antimicrobial preservative's approved uses; and the use is limited in preventing degradation or damage to the product from organisms.

Finally, ACA developed a comprehensive overview of U.S. EPA's Risk Management Plan (RMP) Final Rule Amendments to assist industry compliance with the revised provisions. ACA's guidance focuses on these RMP requirements: 1) Prevention Program; 2) Emergency Response Preparedness; and 3) Information Availability. Facilities are required to update their RMPs to comply with new or revised provisions by March 14, 2022, but the compliance date for several RMP Amendment provisions is March 15, 2021. ACA's guidance will help members put their programs in place to ensure compliance with these deadlines.



AIDING MEMBERS WITH REGULATORY OBLIGATIONS

- ☑ 22 REGULATORY WEBINARS
- ☑ HAZMAT TRANSPORT TRAINING
- ☑ FTC LABELING
- ☑ TSCA INVENTORY RESET
- ☑ MISCELLANEOUS TARIFF EXEMPTION PROCESS
- ☑ ANTIMICROBIAL PRESERVATIVES
- ☑ RISK MANAGEMENT PLANS

FEDERAL ADVOCACY

Chemical Facility Security

In early 2019, ACA lobbied and ultimately persuaded Congress to pass H.R. 251 — the Chemical Facilities Anti-Terrorism Standards (CFATS) Program Extension Act — which reauthorized the CFATS program for an additional 15 months, until April 2020. The bill was signed by President Trump on Jan.18 — one day before CFATS authorization was set to lapse.

Over the next 11 months, ACA continued to urge Congress to adopt long-term authorization for CFATS, as well as potential improvements to the program. ACA provided written testimony to the House Committee on Homeland Security on HR 3256, which would reauthorize CFATs for an additional five years.

ACA has repeatedly advocated industry's support of long-term authorization for CFATS, a critical program aimed at preventing chemicals from being stolen, diverted, sabotaged, or deliberately released by terrorists or other bad actors. The U.S. Department of Homeland Security (DHS) implements the CFATS program under a variety of short-term authorizations by Congress. ACA has continually told Congress that long-term authorization would give industry regulatory certainty and stability to make prudent risk-management decisions and investments.

But, while supportive of the program, ACA has sought improvements that would lessen the CFATS regulatory onus and questions for industry. These enhancements include the following:

- Greater transparency for CFATS tiering determinations and security plan review;
- Focus on risk-based determinations for personnel surety requirements;
- Improved coordination for CFATS with other federal chemical security and safety regulatory programs; and
- Regular review of the "Chemicals of Interest" list.

Regarding the latter, ACA has underscored to Congress how, since CFATS inception, the program's chemicals of interest (COI) list has unreasonably expanded to cover relatively low-risk chemicals. As such, ACA has sought comprehensive review and re-evaluation of the list, so it better reflects only hazardous chemicals that could be a terrorism threat in the wrong hands. Specifically, ACA has cited desensitized nitrocellulose, which continues to be interpreted as nitrocellulose proper, even though its desensitized nature has rendered it non-hazardous via dilution and dampening. Moreover, aluminum paste continues to be interpreted as aluminum powder, even though the paste presents a lower risk profile than the powder. Not only has ACA urged deregulation of both desensitized nitrocellulose and aluminum paste, but also that the COI list be re-evaluated to prevent other unnecessary burdens on our facilities.

ACA continues to press Congress to amend H.R. 3256 to require DHS to regularly review its COI list to make chemical determinations based on risk, not only to relieve companies of the burden of unnecessary compliance obligations for low-risk chemicals, but to best counter terrorism.

At this writing, Congress was expected to reauthorize CFATS for an additional five years, and also consider the improvements to the program ACA has sought.

Coatings Role in Infrastructure Legislation

As Congress considers comprehensive legislation to upgrade and rebuild the nation's infrastructure, ACA has advocated for policy development that will allow coatings to remain key materials in any legislative infrastructure package. To that end, in 2019, ACA worked with a coalition to develop federal legislative language that will highlight innovative technologies for infrastructure projects.

ACA FOCUSED ON ENSURING THAT THE DEFINITION OF "INNOVATIVE MATERIAL" INCLUDES COATINGS, advanced insulating materials, highly functional adhesives, or other corrosion-prevention strategies.

ACA's efforts to spur Congressional action were successful: in February 2019, a group of bipartisan senators introduced a bill, S. 403, to encourage the research and use of innovative materials and associated techniques in the construction and preservation of the domestic transportation and water infrastructure system, and for other purposes. Companion legislation, H.R. 1159, was introduced in the House one week later. Known as the Innovative Materials for America's Growth and Infrastructure Newly Expanded (IMAGINE) Act, the bills would encourage investing in new techniques and materials, including coatings, that would help to extend the life of critical public works.

Importantly, this legislation will empower localities in coastal and rural areas to build structures which meet the critical performance they need but lack the resources to construct. The legislation also calls for an "Innovative Materials Hub." The Secretary of Transportation, in coordination with leaders of other agencies, would create and designate, through a competitive selection process, the development of innovative material hubs located throughout the United States to further drive research and development of different innovative materials for use in infrastructure projects.

Notably, ACA labored to ensure that "innovative materials" is defined in the bill to include coatings, asphalt mixtures and concrete formulations, geo-synthetic materials, advanced insulating materials, advanced alloys and metals, reinforced polymer composites and advanced polymers, nanocellulose and wood-based composites, highly functional adhesives, and other corrosion-prevention methods used in conjunction with those materials, and any other material or aggregate materials as determined by the relevant agencies. ACA was also instrumental in drumming up larger bipartisan support, specifically convincing Rep. Rodney Davis (R-IL) to become a bill sponsor.

ACA continues to champion the legislation, arguing that driving research and incentivizing investments in technologies will enhance the durability and extend the service life of our built environment.

U.S. Trade Policy

United States-Mexico-Canada Agreement

Over the course of 2019, ACA repeatedly advocated a "do-no-harm" approach to the U.S.-Mexico-Canada Agreement (USMCA) with the U.S. Trade Representative (USTR), noting the immense benefits the trade agreement has borne the U.S. coatings industry over the last two decades: the U.S. coatings manufacturing base exports a significant portion of its production to Mexico and Canada — some $1.85 billion in 2019 — accounting for nearly two-thirds of the industry's exports.

The USMCA maintains and augments many benefits for the United States and its varied industries: promoting U.S. exports, boosting manufacturing, addressing changes in the modern economy over the last 25 years, including digital trade; and it also expands labor and environmental provisions in the original North American Free Trade Agreement (NAFTA) for trading partner countries, among

many other enhancements. Moreover, the USMCA includes provisions that will facilitate customs processing within the trading bloc that ACA advocated for in the NAFTA renegotiation process.

Under NAFTA, the routine exchange of substantial trade information between Canada and the United States resulted in the waiver of certain procedures (e.g., U.S. export declarations), which simplify and facilitate the border-crossing process considerably. However, the import and export administrative procedures between Mexico and the United States were more cumbersome, requiring more paperwork. These extra steps result in longer clearance and border-crossing times.

The USMCA simplifies the overall process of importation since trading partners must establish or maintain a single-window system enabling the electronic submission through a single point of the documentation and data necessary for importation. This single-window system's electronic submission coupled with transparency procedures supports the use of blockchain for global supply chains. Blockchain may increase the efficiency and security of customs and product safety supply-chain traceability.

ACA had also sought changes to the NAFTA 'Rules of Origin.' The USMCA effects these changes, which will provide significant relief for industry, since the previous NAFTA requirements placed a considerable administrative burden on manufacturers who had to solicit supporting certificates from suppliers of raw materials.

With the USMCA before Congress, ACA has lobbied hard for Congressional approval: sending a comprehensive *Issue Backgrounder,* touting the trade deal's augmentation of the U.S. trade position; and repeatedly sending letters to Congressional members urging support for USMCA. At this writing, all parties were on board for an amended trade agreement that should continue to benefit industry.

Tariff Exclusion Process

In the midst of the ongoing tariff disputes with China, ACA successfully argued to the USTR that a product exclusion process should be developed for all products subject to the Section 301 tariffs. Many raw materials for the coatings industry are supplied by firms in Asia, including China. Since the release of the Section 301 report indicating that China has engaged in unfair trade practices, the United States has imposed tariffs on a multitude of products.

ACA stressed to that USTR that significant tariff increases on Chinese imports under Section 301 will almost certainly impose costs on the U.S. coatings industry that will not only harm consumers and end-users — including downstream U.S.-based manufacturing customers — but will also damage the currently strong competitive position internationally of the paint and coatings industry. ACA argued that an exclusion process is vital to the American economy and will ensure continuous flow of goods where there are no alternative suppliers or other special circumstances exist.

ACA underscored to the USTR that the coatings industry is global in nature and specific inputs to the finished product are not always available domestically. Without such a process, ACA argued, U.S. coatings manufacturers will not be able to identify and secure the seamless integration of new inputs and new suppliers, and that there will be significant negative financial impacts and the potential loss of jobs.

ACA urged USTR to include a process to allow some products that are only available from China to be excluded from these tariffs. The USTR has agreed to conduct product exclusion processes and has already published the list of excluded processes for Tranches 1, 2, and 3.

PAINTCARE®

Program Milestones

A trailblazer in industry product stewardship, ACA launched PaintCare in 2009 — the industry-led end-of-life management program for post-consumer paint. In 2019, PaintCare celebrated its 10th anniversary, with an incredible success story: to date, PaintCare has collected and recycled (or responsibly managed) nearly 39 million gallons of post-consumer paint — managing nearly 600,000 gallons monthly. Of that total, approximately 78 percent was latex paint, and 22 percent was oil-based paint.

In the eight states where the program is enacted — Oregon, California, Colorado, Connecticut, Maine, Minnesota, Rhode Island, Vermont and District of Columbia — PaintCare has established 1,765 year-round post-consumer paint drop-off sites, most of which are paint retailers. In addition to year-round sites, PaintCare has held more than 200 paint collection events in underserved areas and managed paint from more than 4,500 household hazardous waste events. But that's not all. PaintCare has performed more than 3,600 large-volume pickups for businesses and residents with at least 200 gallons of paint, measured by container size.

PaintCare is an incontrovertible industry stewardship success story that underscores the coatings industry's environmental leadership, and that's being recognized across the country. In September 2019, PaintCare received the North American Hazardous Materials Management Association's "Outstanding Industry Partner Award," in recognition of 10 years of successful paint stewardship programs that support local government efforts to manage post-consumer paint.

To grow program engagement, in December 2019, PaintCare launched its first Innovative Recycling Grant Competition in three states where it has operations: California, Colorado, and Connecticut. The grant program will support new ideas for using the portion of latex paint collected that is ineligible for recycling. The competition resulted in two awardees announced in June 2019: Sacramento, Calif.-based Visions Recycling, and Englewood, Colo.-based GreenSheen, each were awarded grants of $100,000 to develop their ideas for recycling unused latex paint that is not currently used to manufacture new paint products. Visions intends to use the grant support to conduct testing, market analysis, and operations expansion to commercialize the production of pre-cast concrete products using unwanted latex paint. GreenSheen will use the grant support to formulate and test a new acrylic polymer admixture made of waste latex paint that will act as a partial replacement for mix water in the production of concrete.

Growing Across the Country

PaintCare's success has not only been noted where programs are in place, but because of ACA's advocacy efforts to grow the paint stewardship program across the country, states without the program are eager to adopt it. In addition to PaintCare's obvious environmental advantages, PaintCare saves local governments millions of dollars annually by partnering with municipal household hazardous waste (HHW) and recycling programs and relieving them of the financial burden of managing leftover paint generated by households and businesses.

Following intense ACA lobbying, in May 2019, Washington became the ninth state to pass a paint stewardship law, signed by Gov. Jay Inslee. Although ACA had attempted to pass this legislation in prior years, the decision was made to halt the effort in 2018, so that all stakeholders could come together to agree on language and strategy. This exercise resulted in a successful coordinated legislative strategy. Following enactment, PaintCare immediately began planning a program for the new state, which will launch later in 2020.

Shortly after Washington's bill was signed, New York's legislature passed a paint stewardship bill that was introduced more than one year before, following several years of advocacy work. This effort cannot be understated — there were several efforts throughout the year to substitute ACA's bill for a strict extended producer responsibility (EPR) bill. The Senate, the first house to pass the bill, is responsible for delivering it to Governor Cuomo for signing. This has not yet occurred, despite several requests from ACA and other stakeholders. But all reports at this writing indicate that the bill will be enacted by the end of 2019.

In 2019, ACA continued to develop inroads in other new states, with a long-view strategy to engage with the state legislators to increase understanding of Product Stewardship and become champions of PaintCare legislation. Bills to establish the paint stewardship program that were introduced last year continue to make progress in New Jersey and Massachusetts. ACA has had encouraging discussions with New Jersey Gov. Phil Murphy and the state Department of Environmental Protection, and at this writing, is cautiously optimistic that the bill will be signed into law. In Massachusetts, which is in the first year of a two-year session, hearings on the bill went well and the bill is awaiting hearings in the budget committee.

In addition to encouraging new states to embrace PaintCare, ACA worked in 2019 to protect state programs already in place. In Rhode Island, where PaintCare program operations have been in place since June 2014, ACA was successful in convincing the Rhode Island Senate to reject a bill that would have required the oversight agency to allow for public bids to operate the paint stewardship program.

10 paintcare®

10 YEARS OF PAINT STEWARDSHIP

PROGRAM STATS, TO DATE

39+ million Gallons
post-consumer paint collected

591,000 Gallons
Paint Collected each Month (estimate) in Nine Programs

208 Registered Manufacturers

4,593 HHW and Other Events, including ...

206 PaintCare-run events

3,600 Large-volume Pickups

1,765 Year-round Paint Drop-off Sites

SCIENCE & TECHNOLOGY

2019 CoatingsTech Conference

ACA hosted a successful 2019 CoatingsTech Conference that attracted 300 scientists from the industry who participated in technical forums centered around the industry's contribution to sustainable development.

Held on alternate years with the American Coatings Conference, the CoatingsTech Conference presents coatings professionals the most innovative technologies and applications shaping the industry, as well as regulatory trends and networking opportunities. The 2019 conference embraced the theme, "Making Sustainability Ideas Happen: Coatings for the Future," bringing together individuals from coatings manufacturing companies, their suppliers, universities, and government to share technological advances critical to the coatings industry and its growth.

Special short courses addressed emerging training needs. In an effort to help develop future coatings technologists, the conference's student poster session featured advance research from 22 graduate students representing seven academic institutions.

At the 2019 conference, ACA recognized four presenters — including two students — with awards for their work advancing coatings technology.

Big Data Project

In 2019, ACA's "Big Data" Project — conducted in concert with the Center for Innovation Management Studies (CIMS) at North Carolina State University — completed the second year of a 3-year research and development plan, which is expected to provide a new resource for the ACA membership. It aims to help companies monitor information sources on important raw materials used by the paint and coatings industry. By using this new resource, companies can develop an "early awareness" of information that may have an impact on innovation and product stewardship efforts.

ACA undertook this project because reports from scientific studies can inform research and development efforts, and reports from other sources — government, advocacy groups, and media — can impact decisions on the selection and use of materials. Awareness of information early in the development process can help organizational planning in terms of raw material use in production and support downstream users. Overall, the availability of critical information from a variety of sources is very likely to advance innovation by reducing uncertainties, helping to control cost, and promoting product stewardship.

Efforts in 2020 will center on populating the database to allow for trend analysis on chemicals of interest. The additions to the resource have refined existing analytic tools including a "Scorecard," "Heat Map," and "Source Analysis," to help users develop actionable intelligence. Social media content via Twitter and Google Trends is also being added. ACA expects the resource to be offered under a subscription service to the ACA membership in 2020.

Industry Research Report

In 2019, ACA formed a new Science and Technology Steering Committee to develop a report profiling the coatings industry's essential research needs. This report will present "technology roadmaps" that help inform research efforts by academics, raw material suppliers, and coatings manufacturers, with the report publication likely having very real, and measurable short- and long-term benefits.

The steering committee identified research themes for five categories:

These themes will be explored in 2020 and the final report will encompass and address the following: the value of coatings; the importance of research to coating development; industry research needs, for both the short- and long-term; current technology gaps and challenges; and opportunities and recommendations for addressing these challenges.

2019 ACCOMPLISHMENTS

In addition to the areas of focus above, the association achieved success with other industry-related endeavors in 2019.

Clean Air & Environment

Following years of ACA pressure, EPA proposed modifications to the outdated and burdensome "once-in-always-in" policy. This is a huge win for industry — the rulemaking would eliminate the former policy that required major source facilities to continue to utilize add-on controls, even if the facility fell below the major source threshold. When adopted, this rule will allow several coatings, ink and adhesive manufacturing operations to discontinue the use of these very expensive add-on control devices.

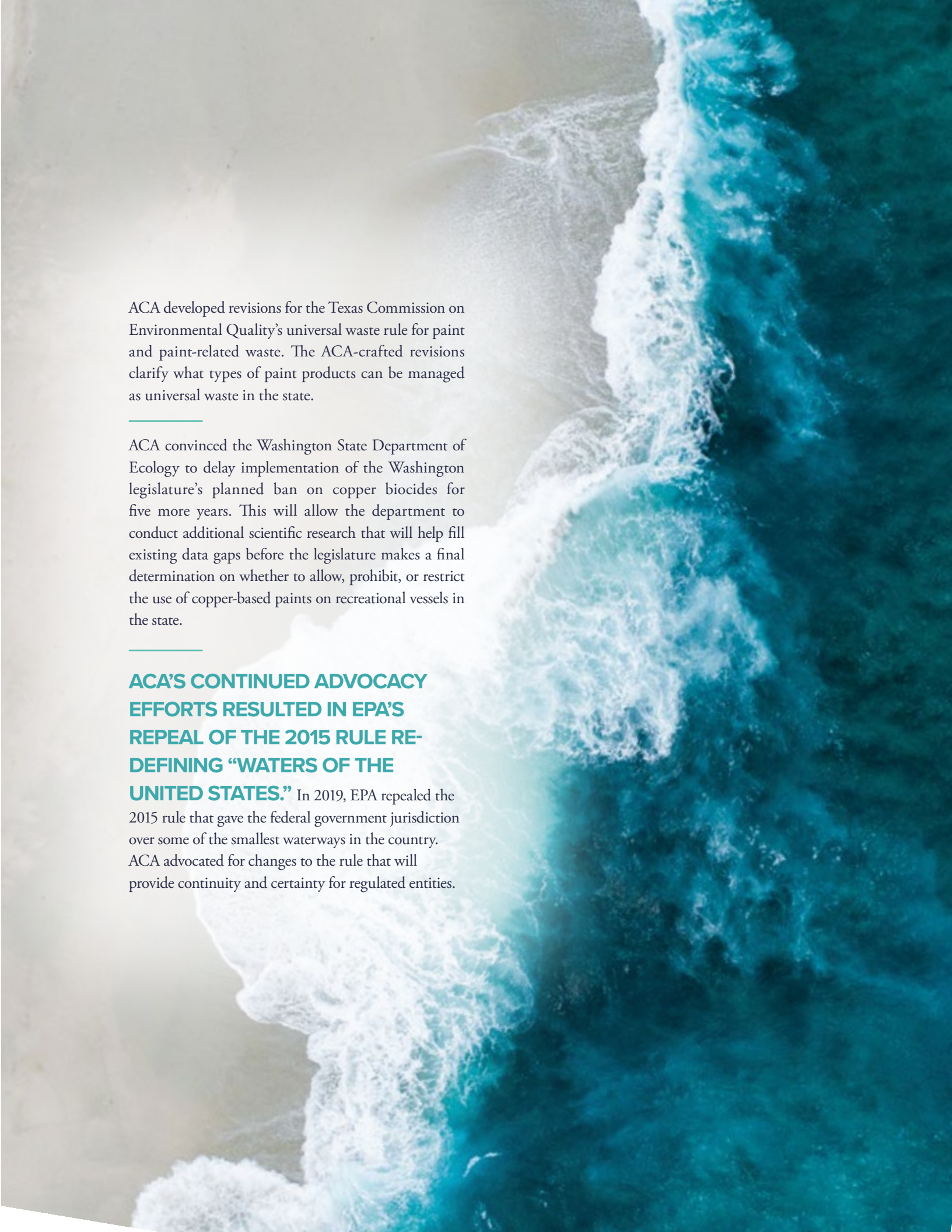
Because of ACA's advocacy efforts, EPA abandoned their efforts to increase the stringency of the Miscellaneous Coatings Manufacturing MACT standard. EPA had been contemplating making changes to the existing standards, including more stringent and costly stationary process tank and particulate control requirements, which would have resulted in millions of dollars of increased cost to industry. ACA was also successful in demonstrating to EPA that increasing the stringency of the industrial surface coating MACT standards is neither necessary nor cost effective.

At ACA's behest, in 2019 California's South Coast Air Quality Management District (SCAQMD) released the draft "Exclusion Pathway," which will potentially allow certain compounds to be "excluded" as a Volatile Organic Compound (VOC). The first compound that will likely be excluded is Pentaethylene Glycol, which is used in architectural coatings and colorants.

ACA convinced the California Air Resources Board (CARB) to retain the current VOC limits for several coatings categories — Industrial Maintenance, Zinc Rich Primers, Metallic Pigmented, Rust Preventative, Concrete Cure, and Graphic Arts — in the new 2019 Suggested Control Measure (SCM) for Architectural and Industrial Maintenance (AIM) coatings. Moreover, because of ACA's advocacy efforts, CARB did not lower the Stain and Colorant limits below the current SCAQMD limits and adopted a higher limit for wood coating colorants.

ACA convinced the Colorado Department of Public Health and Environment and the Rhode Island Department of Environmental Management to align their consumer products rules with the Ozone Transport Commission model rule for consumer products; and to include a reasonable compliance date to give industry adequate time to adjust formulations and supply chain processes. ACA's advocacy efforts in both states ensures consistency in consumer products rules throughout the country.

ACA persuaded the Minnesota Pollution Control Agency to exempt smaller emitters — including certain auto-body shops and coatings facilities — from obtaining an air emissions permit under the state's current system of registration permits.



ACA developed revisions for the Texas Commission on Environmental Quality's universal waste rule for paint and paint-related waste. The ACA-crafted revisions clarify what types of paint products can be managed as universal waste in the state.

ACA convinced the Washington State Department of Ecology to delay implementation of the Washington legislature's planned ban on copper biocides for five more years. This will allow the department to conduct additional scientific research that will help fill existing data gaps before the legislature makes a final determination on whether to allow, prohibit, or restrict the use of copper-based paints on recreational vessels in the state.

ACA'S CONTINUED ADVOCACY EFFORTS RESULTED IN EPA'S REPEAL OF THE 2015 RULE RE-DEFINING "WATERS OF THE UNITED STATES." In 2019, EPA repealed the 2015 rule that gave the federal government jurisdiction over some of the smallest waterways in the country. ACA advocated for changes to the rule that will provide continuity and certainty for regulated entities.

Chemicals Management

ACA worked with a coalition in the state of Oregon to defeat an EPR bill for household hazardous waste, which would have included aerosol coatings and other paint products. While architectural coatings were exempted from this bill due to an existing PaintCare program, other paint products would have been captured. ACA also worked with a coalition in Vermont to halt progress on a similar EPR bill in the statehouse.

ACA's participation as an intervenor on EPA's behalf in litigation filed by the Environmental Defense Fund for the D.C. Circuit to review EPA's Inventory Reset Rule helped persuade the court to rule in EPA's favor on nearly every issue. Notably, ACA's intervenors briefs buoyed EPA's arguments against EDF's challenges to EPA's interpretations for substantiation of Confidential Business Information (CBI). The court decided in favor of EPA on most issues related to this point, preserving important CBI protections for manufacturers and processors.

ACA educated EPA about problems caused by EPA delays of pre-manufacture notice (PMN) evaluations under the Toxic Substances Control Act. ACA's comments along with comments received from industry and other trade associations motivated EPA to bring down the overall number of delayed PMN's, implement new procedures for PMN review, and implement enhanced tracking of PMN being evaluated.

ACA helped persuade the California legislature to hold off on a bill, SB 392, that would have amended the California's Safer Consumer Products Act. The bill would have expanded the candidate chemicals list, and established a procedure for California's Department of Toxic (DTSC) Substances Control to bypass 'Alternatives Analysis,' rather than requiring manufacturers submit one. This would've created a pathway for DTSC to mandate phase-out and replacement of specific chemical/product combinations with less industry feedback on the technical or commercial feasibility.

ACA comments and testimony to Maryland's Legislature on a proposed ban of DCM (methylene chloride) there, persuaded the legislature to not proceed with the ban; and instead to allow EPA to fully evaluate DCM and implement restrictions according to its evaluation. Regarding the EPA ban of methylene chloride paint-stripping products for consumer use, ACA's efforts to educate EPA about compliance challenges with the ban led EPA to address these issues in an EPA guidance document.

International Affairs

Working through the World Coatings Council, at the 54th session of the UN Subcommittee of Experts on the Transport of Dangerous Goods, ACA convinced members states to agree on a working document it developed that clarifies and provides relief from the requirement to supplement shipments of environmentally hazardous goods with technical chemical names.

ACA continued to work with the U.S. Department of Commerce's International Trade Administration to raise the issue that the potential classification of titanium dioxide (TIO_2) as a Category 2 Carcinogen — or a substance suspected of causing cancer *by inhalation* — by the European Chemicals Agency (ECHA) was a technical barrier to trade. Because of ACA's engagement, the U.S. agency's additional voice in this debate assisted the World Coatings Council and European association partners as they engaged directly. As a result of these efforts, a new proposal has emerged that recognizes that TIO_2 bound in a liquid mixture does not present the same hazard as TIO_2 dust.

ACA worked with the World Coatings Council on biofouling management efforts to provide expertise to the International Maritime Organization, and continued to assist the IMO and UN Development Program as a strategic partner of the GloFouling Initiative. The GloFouling project supports better and more effective biofouling management globally, especially in developing countries.

Early in 2019, ECHA released a proposal to restrict microplastics use in products manufactured and/or sold in the EU. ACA reached out to its EU counterparts to establish a supporting international position on the definition of microplastics, and how its adoption could inform on intentional industry use. The international position emphasizes that any intentional use of microplastics in paints and coatings results in the material being embedded in the resin or film and no longer available for exposure.

Sustainability & Green Building

In 2019, ACA completed the development of a Product Category Rule (PCR) for Resinous Floor Coatings and is currently working on the development of a PCR for Powder Coatings. PCRs are important tools members can use for publication of verifiable Environmental Product Declarations.

ACA is also developing a third-party, multi-attribute Architectural Coating Sustainability program that would be incorporated into LEED through pilot credit 112. This program will allow members to achieve maximum credits under LEED by streamlining testing requirements and also help neutralize problematic programs that were developed without industry input.

Graffiti Resource Council

GRC unveiled a mural it commissioned and donated to California's Carson Senior High School, hosting an event at the school to promote its mural arts program before more than 60 students, staff, and special guests. GRC dedicated the mural to the school to serve as an educational and inspirational piece for young adults as a counterpoint to graffiti.

As the sole source of information on regulations for the display and sale of spray paint, GRC remains an important resource to members. During 2019, GRC added more than 1,200 new records to its "Retail Guide to Regulations for the Sale and Display of Aerosol Coatings." In addition, GRC provided over 400 hours of research to members for specific geographic areas or specific retail outlets.

American Coatings ASSOCIATION™

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