

REACH

a strategic business issue

The European REACH (Registration, Evaluation, Authorization of Chemicals) regulation came into effect on June 1, 2007. The aim: to better protect public health and the environment without impairing the competitiveness and innovation potential of Europe's chemicals industry.

Under the new, more powerful and wider ranging system, the onus is on the chemical industry – instead of the authorities – to demonstrate that the risks attached to the manufacturing and importing of chemicals and to their marketing and use throughout the product life cycle are under control. Integrating over forty separate items of legislation into a single regulation will also ensure greater consistency. The new regulation will revolutionize the chemicals world and its many partners in the distribution chain. In practice, producers and suppliers will be required to register the thousands of existing chemicals they put on the market in Europe before 1981 and which are produced or imported in quantities of more than one tonne a year. The most dangerous of these will be gradually withdrawn as a system of permits and restrictions comes into force which will encourage their substitution whenever technically and economically feasible.

Strategic impact on the whole production and usage chain

The application of the REACH regulation will have a major impact on the entire chemicals industry and its partners. Unregistered substances will be banned from production and will disappear from the European market. This will obviously affect many companies, Solvay among them, who use these substances in their manufacturing processes. This is therefore a major challenge for the entire production and application chain. Products may disappear from the markets where manufacturers conclude it is not worth paying the cost of the registration procedure. The application of REACH is redistributing the cards, requiring certain products to be withdrawn and creating opportunities for others. The challenges are therefore very clearly strategic. For every substance produced or imported in quantities of more than one tonne a year a registration dossier will have to be submitted to the new Helsinki-based European Chemicals Agency. This dossier will



fully document the properties of the substance and assess the risks to health and the environment associated with its production and application. To promote innovation, legislators have decided to exempt new substances at the development stage, providing that production is less than 1 tonne a year (previously 10 kg). The first date the chemicals industry must mark in its diary is June 1, 2008. Within a tight six month window, every existing substance must be pre-registered. After this it will have to be registered by a set date during the next 11 years depending on tonnages and the nature of the substances. This pre-registration – a simple declaration of the substances already manufactured in or imported into the European Union – is therefore a critical step. Substances not pre-registered by December 1, 2008 will be viewed as new substances and will need to be registered without delay. The ensuing interruptions in production or importing could seriously jeopardize the continuity of supply in the distribution chain.

For more problematic substances, in particular those that are carcinogenic or reprotoxic, REACH introduces a permit regime governing their placing on the market, similar to the one covering, for example, the sale of pesticides. Authorization will be given if the risks associated with production and usage are shown to be under control. Where no substitute solution exists, authorization is still possible providing that the substance's socio-economic benefits in its particular application are clearly

demonstrated. An analysis of substitution possibilities will need to be supplied, and where applicable, a realistic substitution plan proposed.

SBU's in action

Solvay businesses need to take action to ensure compliance with the new regulation. Each SBU's REACH coordinator is responsible for deployment following the guidelines and timetables defined by the *REACH Management Team*:

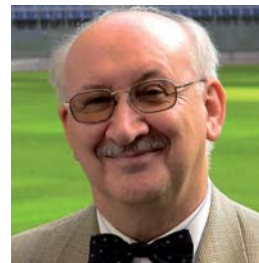
- **Second and third quarters 2007:** Compiling and validating the preliminary inventories drawn up by the REACH Management Team, listing substances for (pre-)registration;
- **First quarter 2008:** Finalizing pre-registration dossiers;
- **Between now and June 1, 2008:** Contacting suppliers and customers to assess REACH's impact on the distribution chain;
- **Between now and June 1, 2008:** Integrating the strategic impact of REACH in the business plan;
- **Last quarter 2008:** Defining priority actions resulting from a study of REACH's impact on purchased substances, coordinated by the Competence Centres DIA (Corporate Purchasing Network) and HSE (Health, Safety and Environment).



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REACH and the plastics industry

Walter Claes is Director Health, Safety and Environment of European Plastics Converters (EuPC), the European association which groups the national and sectoral federations for the plastics processing industry. He assesses REACH's impact on the 50 000 enterprises represented by the EuPC, most of them SMEs. *"There will inevitably be an impact on our SMEs, in particular in the form of additional work load. Each company will have to at least check how far it is concerned. First it will need to draw up an inventory of the substances it uses. After this – and this is truly the spirit of REACH, it will need to communicate with clients and suppliers to gain total clarity about its entire production chain. But also inside the enterprise, to make sure that all*



Walter Claes, Director Health, Safety and Environment of European Plastics Converters.

departments concerned and senior management are correctly informed and act in a coordinated fashion... It is important to demystify REACH: it is an entirely manageable challenge. It will ensure better protection of human health while limiting the environmental impact of manufactured and imported substances and preparations. In the long term it is the entire European industry that will benefit."

Solvay and REACH: a long story already...

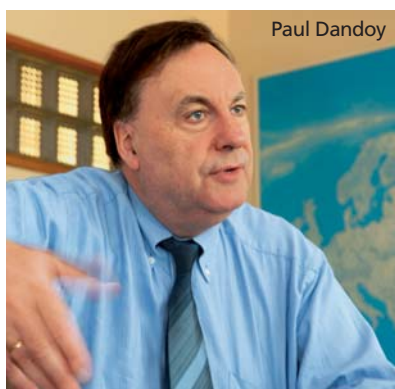
Christine Defourny, REACH Manager in the Competence Centre HSE, has managed the regulatory compliance of Group products for many years. Christine has followed the REACH debate since 1998. Together with Paul Dandoy, manager of SBU Advanced Functional Minerals (AFM), Christine Defourny answers our questions.

Solvay live: At what point did REACH's strategic impact become clear?

Christine Defourny: Once the White Paper came out in 2001, Solvay management grasped the strategic impact of REACH on the Group's activities and entrusted the dossier to CC-HSE. We had already prepared for this by closely following the legislative process and by intervening with the national and European authorities in concert with other industry players to try and modify certain options which seemed to us unrealistic and to make sure that the system introduced would be really effective.

S.L.: What will happen at SBU level?

C.D.: Operational implementation will be up to the SBUs: they will need to prepare the inventory of substances and the registration dossiers, assess how REACH will impact their activities and draw strategic conclusions. They will have available to them the expertise of the Group's *REACH Management Team**. This will help ensure a consistent approach to the



Paul Dandoy

many different partners, supplier and customers, with whom we will need to cooperate, in particular in putting together joint registration files.

Paul Dandoy: One thing is for sure: the registration procedure will cost: research to generate missing information, the resources and expertise required to put together the registration dossiers and discuss approaches with partners in *consortia* for shared dossiers, registration fees... A priori, I know of no Solvay products in danger of being restricted or banned. It is even possible that REACH's impact on our competitors' production will open up certain opportunities for us.

S.L.: Can we already place a figure on these costs?

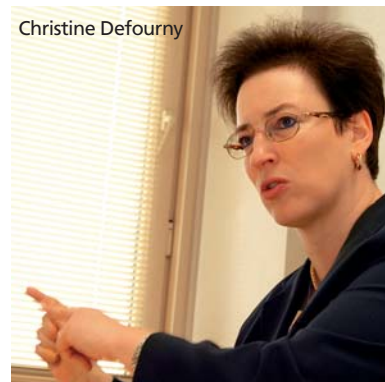
P.D.: The costs to our SBU could reach EUR 50 000 per registration. With 40 to 50 registrations to be done between now and 2010.

S.L.: Where are you with REACH right now?

C.D.: To mobilize the troops, a REACH Convention was held in early 2007. Attended by a hundred or so European and US representatives of all SBUs and Competence Centres, it was an occasion to present the "REACH Management Team" and to insist on the very concrete impact on the Group's activities. Several national sessions have already been organized. Others are still to come. At the same time, a pre-registration working group was set up in each SBU.

P.D.: We have already contacted our suppliers and customers on the registration issue.

My main fear concerns SMEs which produce



Christine Defourny

or use a vast range of substances in their products. Will they have the resources to meet the registration obligations and costs? Nothing is less sure... And the disappearance of substances could be damaging to our downstream customers.

S.L.: What is the exact role of the REACH Management Team?

C.D.: The *REACH Management Team* is there to manage and support the REACH coordinators in each SBU, providing them with guidelines and combining the diversified expertise which has to be gathered from the various Competence Centres. It is also coordinating the intervention of purchasing, logistics and IT specialists. Right now, what we are looking for from the SBUs is that they correctly fulfil their obligations

*The *REACH Management Team* is made up of Christine Defourny (CC-HSE), Jacques de Gerlache and Giuseppe Malinverno (CC-COM&GPA) and Richard Verlaque (CC-Legal & Compliance).

Key dates of REACH

DECEMBER 18, 2006
The REACH Regulation is adopted by the Council and Parliament of the European Union.

JUNE 1, 2006
Immediate registration of new substances, start of pre-registration of all substances produced in amounts of more than one tonne a year.

DECEMBER 1, 2008
End of pre-registration.

DECEMBER 1, 2010
End of registration of substances produced in quantities of more than 1 000 tonnes a year, of CMR 1&2 substances produced in quantities of more than one tonne a year and environmentally hazardous substances (R50-53) produced in quantities of over 100 tonnes a year.

JUNE 1, 2013
End of registration of substances produced in quantities of 100 to 1 000 tonnes a year.

JUNE 1, 2018
End of registration of substances produced in quantities of 1 to 100 tonnes a year.