

"Managing the Impact of REACH on the Oils and Fats Supply Chain"



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Content of Presentation



- **REACH in Brief**
 - The Design of REACH
 - REACH: Important Timeline
- **REACH & the Supply Chain**
 - Potential Issues
 - Information & position in the Supply Chain
 - Impact of REACH
 - Supply Chain Implication
 - Consequences of inaction
- **In Preparation for REACH**
 - The Oils & Fats Sector
- **In Summary**
 - Compliance may be difficult but is required



REACH in Brief (1)

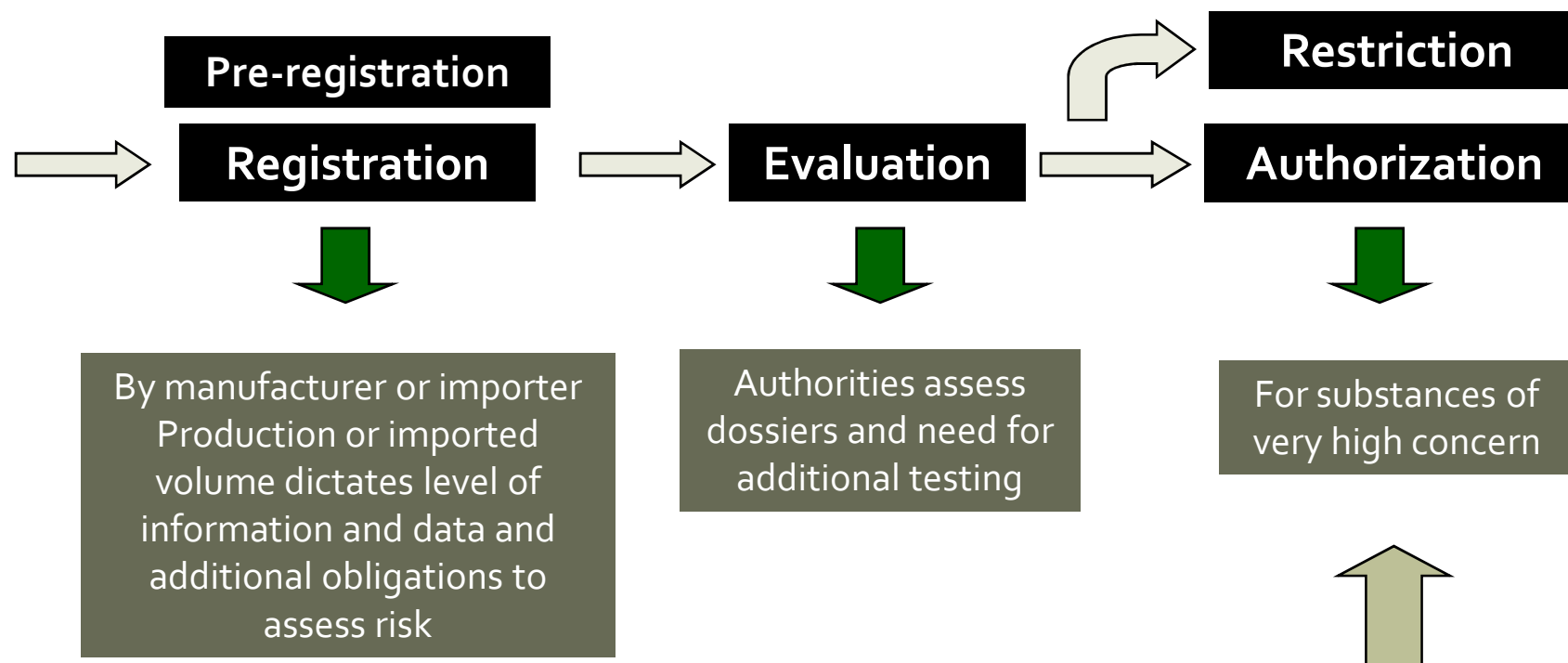
- R** *Registration (notification process)*
- E** *Evaluation (Risk screening process)*
- A** *Authorization (use – restriction process)*
- Ch** *Chemicals*
- A Chemical legislation for Europe
 - Impacts the way manufacturers, importers, formulators and end users conduct business in Europe & globally
 - Industry is
 - Responsible for generating and evaluating substance data
 - Required to assess exposure associated with each identified use against the substance data
 - Appropriate Risk Management Measures (RMM) need to be agreed between Suppliers & Downstream Users (DU)



REACH in Brief (2)

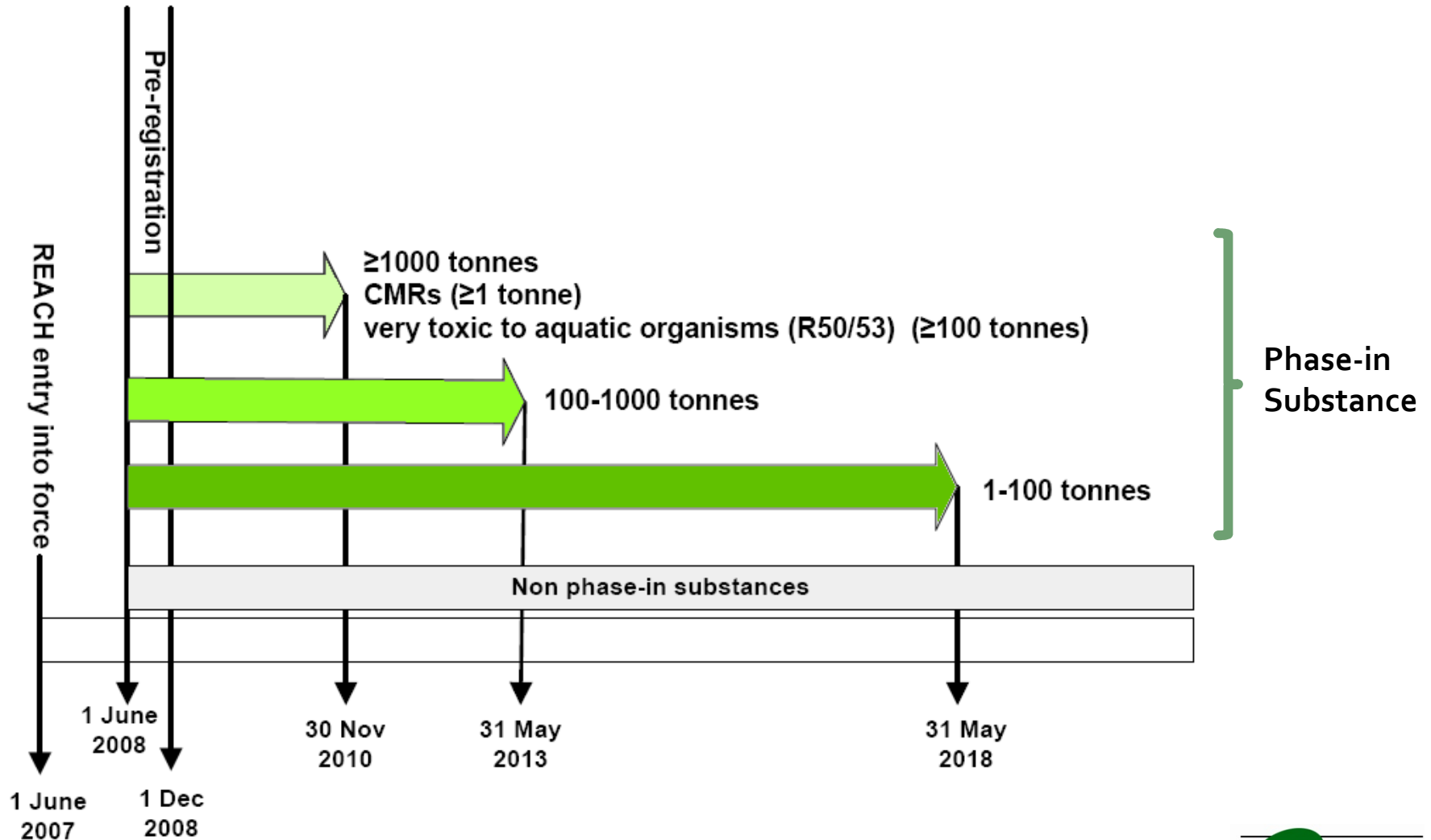
- **With the introduction of REACH:**
 - Need for a usable solution to bridge a company's current processes/systems
 - Deliverables required by REACH is created
- **DUs are required to identify use of each substance and ensure it is communicated up the supply chain**
- **Cost to Industry**
 - EU Commission estimates a cost to industry between €2.8bn to €5.2bn over 11 years.
 - Testing costs alone are estimated at €2.6bn.

The design of REACH



CMR: carcinogenic, mutagenic, reproduction toxic
PBT: persistent, bioaccumulative, toxic / vPvB: very persistent, very bioaccumulative
Substances of equivalent concern such as endocrine disruptors

REACH: Important Timeline



REACH & the Supply Chain

- Did you know
 - Certain chemicals could be banned under REACH?
 - Your use of a chemical raw material may need to be registered under REACH?
- Companies that understand the business implications and impacts of REACH, and develop strategic action plans, will gain a competitive edge over those that do not.
- However, the inherent complexities of REACH cannot be underestimated!

Potential Issues

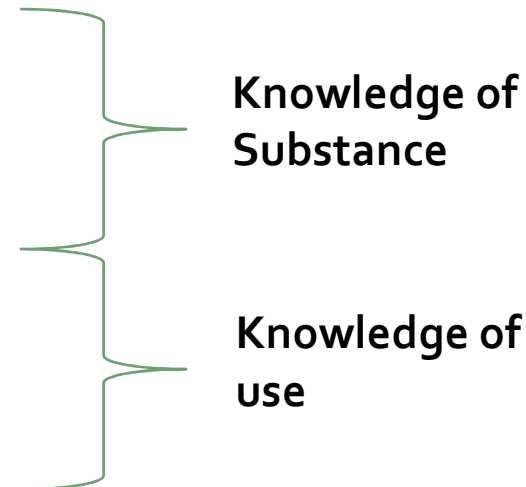


- **Complex Communication Networks**
- **Potential Rationalization of Substances**
 - Loss of a supplier
 - Loss of a raw material
 - Loss of a functional element of a material / consumable
 - Loss of a product
- **Loss of a customer**

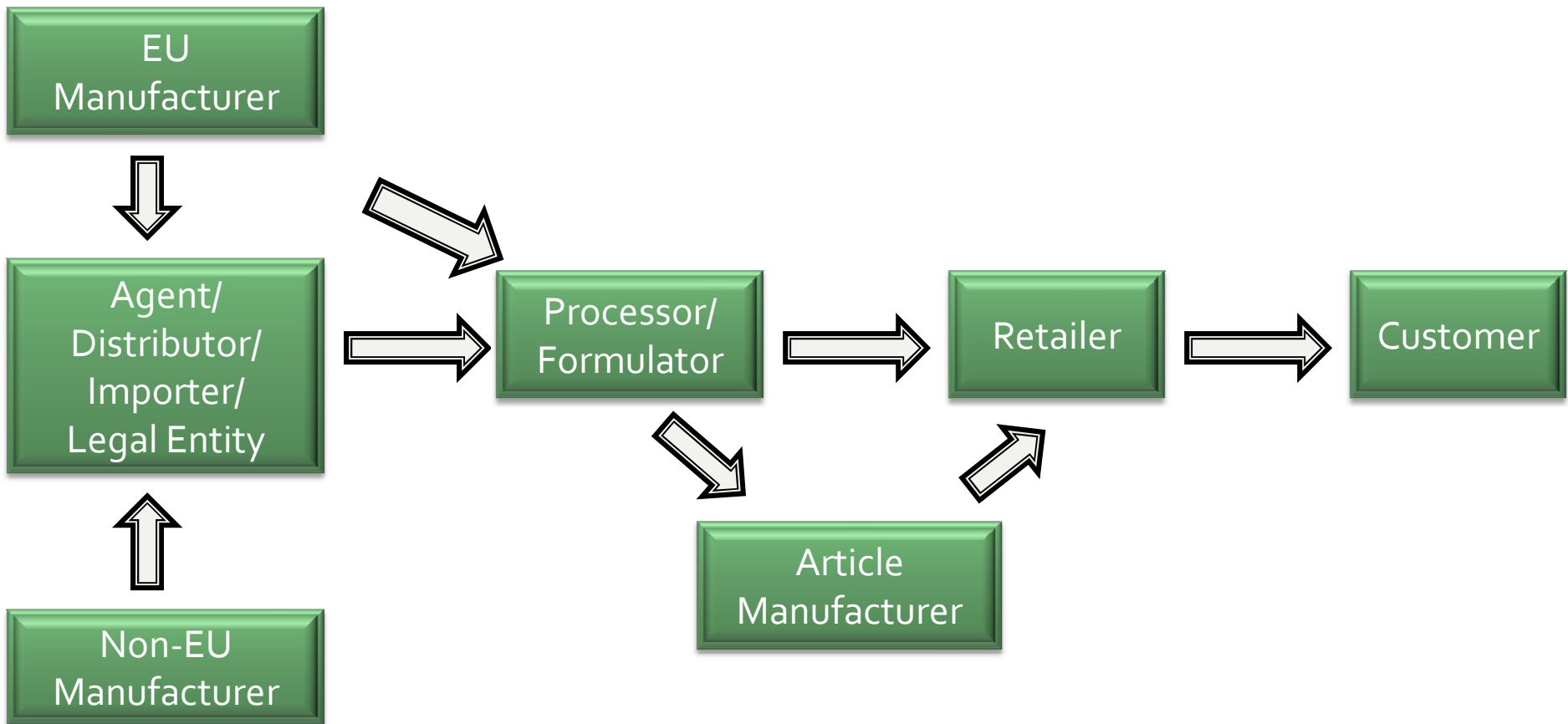


Information & Position in the Supply Chain (1)

- The issues to be addressed may be different depending upon your position in the supply chain
- Manufacturers
- Importers
- Agents / Distributors
- Processor / Formulator
- Article Manufacturer
- Retailer



Information & Position in the Supply Chain (2)



Within the Supply Chain: Manufacturers

- **Pre-registration**
- **Data Evaluation**
 - Assessment of hazard data
 - Determination of value and ownership of data
 - Testing program must be initiated
- **Data Sharing**
 - Working within SIEFs
 - Must have access rights to hazard data required for volume band
- **Development of Exposure Scenarios**
 - Identification of use
 - Level of detail –specific versus generic
- **Registration**
 - Compilation of CSAs/ CSRs
 - IT tools and processes
- **Risk Assessment and Communication**
 - Risk Management Measures with Downstream Users

Within the Supply Chain: Importers

- **Identify all substances within preparations**
 - Substance imported in quantity >1tpa must be registered
- **Understand specific requirements for imported materials**
- **Non-EU Manufacturers Nominate 'Only Representative' within EU**
 - Who will bear the costs (importer / supplier)?
- **Pre-register all substances**
 - Substances must be pre-registered to take advantage of phase-in status
- **Register with SIEF**
 - Access to the data required for a specific volume band
- **Communicate with downstream users**
 - Registration and communication issues as per manufacturers

Within the Supply Chain: Agent/Distributor

- No obligation to register
- Communication within the supply chain
 - Suppliers will require information on use and exposure scenarios
 - Customers will require confirmation suppliers will pre-register, register and support use
 - Duty to pass information on hazards & safe use down the supply chain
- Timeframes dictated by suppliers registration timeframes
 - May be higher volume and sooner than downstream users anticipate
- RMMs assessed by suppliers need agreeing with downstream users
- Potential for becoming bottleneck in communication process

Within the Supply Chain: Processor / Formulator

- **Potential for loss of raw material**
 - Supplier competence
 - Costs to supplier
 - Substance properties
 - Unsupported use
- **Communication through supply chain**
 - Own and downstream uses to be supported by supplier
 - Suppliers may be working to different timescales
 - Consolidation of multiple suppliers
 - Customers are likely to be less aware of REACH
- **Costs of raw materials may be affected**

Within the Supply Chain: Article Manufacturer

- Article is exempt from registration
 - However, substances used in its manufacture are not
- Potential for release needs to be considered
 - Substance that can be released under reasonable conditions of use needs to be treated as a preparation
 - Use of the article covered as an exposure scenario for that substance
- Availability of raw materials
- Costs of raw materials
- Variability in supplier timescales
- Standardization of exposure scenario communication to multiple suppliers of a number of substances
- Potential loss of function as forced to substitute
- Knock-on effects of substitution vs performance specifications

Within the Supply Chain: Retailer

- **Driven by**
 - Price
 - Media
 - Consumer Perception
 - Consumer Purchasing Power
- **Availability of substances or products**



Impact of REACH (1)



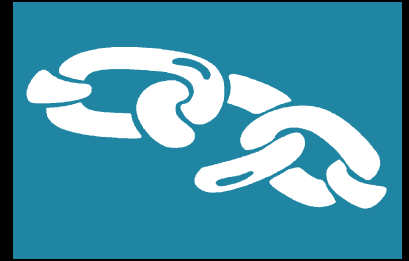
- Environmental Compliance
 - Eco-toxicity Tests
- Business Compliance
 - Companies with EU operations that consume chemicals
 - Companies elsewhere that utilize chemicals from the EU
- Manufacturers of articles to be sold in the EU, regardless of where the articles were manufactured
- Manufacturers of chemicals or preparations sold in the EU Chemical companies
- Manufacturers who sell reagents used in their products

Impact of REACH (2)

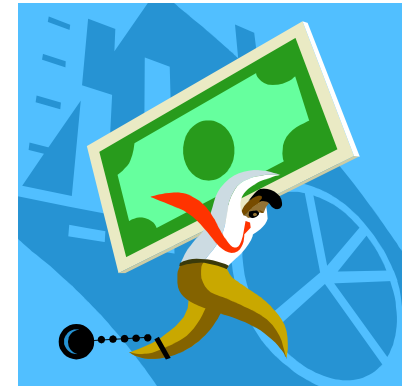


- Suppliers may want to know how you use their substances
- Certain identified uses may not be supported
- Some substances may disappear from the EU
- There may be a need to reformulate your product or re-engineer your process
- Cost increases throughout the supply chain should be anticipated
- Possible unauthorized changes to materials

Supply Chain Implication



- Companies can only purchase substances from a registered supplier.
- Many suppliers may not support low margin products (raw materials) resulting in supply chain disruption or cessation.
- Need to confirm that all substances in formulations are registered, (especially imported).
- New need for full disclosure of supplied formulations.



Consequences of Inaction



- If substance is unregistered, it will be illegal to put it on the market in the EU
- Risk of disruption to raw material supply chain and manufacturing operations
- May come under increasing scrutiny by customers and non-governmental organizations
- Chemical risks and impact to company liability may not be addressed
- Companies may absorb costs they shouldn't have to bear
- Potential for fines and penalties
- Potential for product liability claims





In Preparation for REACH: The Oils & Fats Sector (1)

- Understand how REACH applies to the company and business partners
- Identify business risks including vulnerability of supply chain to disruption
- Identify gaps in data and processes that will be needed to support REACH compliance
- Begin communicating up and down the supply chain



In Preparation for REACH: The Oils & Fats Sector (2)

- Determine registration obligations and pre-register if applicable
 - Be aware of the timeline which is dependent on the tonnage band
 - Determine compliance dates that will drive compliance and implementation
- Understand the implications of REACH regulations in terms of:
 - Annexes IV & V & the implication of the new drafts
 - Substances excluded from REACH



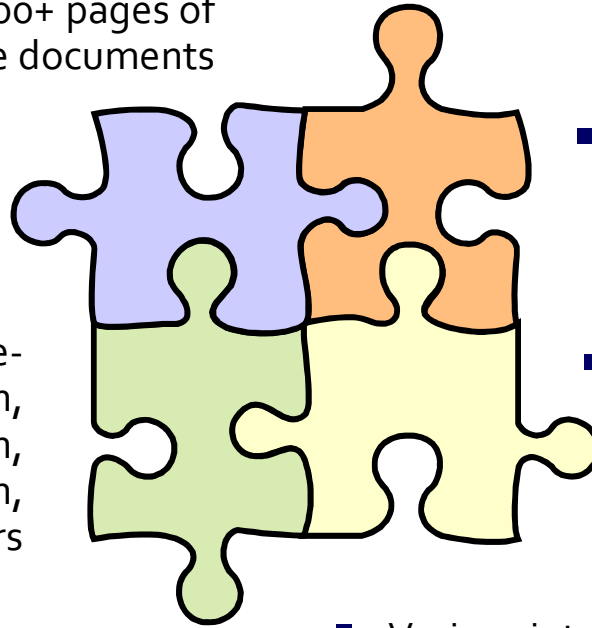
In Preparation for REACh: The Oils & Fats Sector (3)

- Prepare who is going to handle the registration of your products
- Working with respective associations or organization
- Ownership of data & test results
 - Which can be done individually
 - Which can be bought
 - Which is compulsory to share

In Summary: Compliance may be difficult but is required

Preparing for REACH is a major undertaking,

- Regulation is 800+ pages long with 2000+ pages of guidance documents
- SIEF participation of the players involved in REACH
- Multiple requirements: Pre-registration, Registration, Notification, Evaluation, Authorization, Restriction, CSAs, CSRs, Technical Dossiers
- Specific requirements for Manufacturers, Importers, Producers, Downstream Users, Distributors
- New opportunities to learn abt. new applications from customers
- Opportunities for companies that are most prepared
- Separate Responsibilities & Phased time-line which are dependent on tonnage band & hazard classification
- Various interpretations of intentional release, article, complex supply chain issues





Thank you for your
attention

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