



MYTHS REALITY

"Automotive industry is a large market, substances have already been registered according to the earlier deadlines"

FALSE – Some substances are used in small quantities¹ (eg: some pigments, additives for rubbers and plastics...)

"Let the market regulate itself"

TRUE, but what about the risk of: supply disruption, material reformulation, revalidation, extra cost / sales margin reduction

"REACH: we have been dealing with it and speaking about it since 2007. It's all under control, isn't it?"

FALSE – REACH is a step by step and continuous process. Many obligations are implemented on a rolling basis

"2018 registration deadline: «I do not want to speak about it with my customer because I'm afraid to lose the business"

TRUE, but the risk exists as long as the stakeholders are not aware of this context. the customer relationship could be more affected if the topic is mentioned too late, couldn't it ?

"Registration is the job of the upstream suppliers"

FALSE - Although registration is the responsibility of European substance importer or manufacturer, the security of supply remains the shared responsibility in the supply chain

⁽¹⁾ : between 1 and 100 t/year, manufactured or imported in Europe.

RECOMMENDATIONS RISKS, DIALOGUE, COOPERATION

These recommendations aim to facilitate the communication in the supply chain.
As far as possible, the decision whether or not to register a substance should be a shared decision between the customer and its supplier.

These recommendations apply to each actor in the supply chain.

n.b.: if I am a distributor, I should refer to the first two boxes

I AM Substance/Mixture Importer / Manufacturer in the EU (registrant)

- I communicate as soon as possible with my customer on whether I will register my substance or not
- I assess the substance importance for my customer and ask him
- I take my registration decision based on technical and economic impacts and my customer's opinion. I inform him once I have made my decision.

I AM material/mixture compounder or formulator

- I check my importer status. If I am an importer, I read the above recommendations.
- I check that the substances I use are registered. If not,
 - I check if a supplier will register it for my uses.
 - I assess the substance importance in my material formulation
 - I share my risk assessment conclusion with my customer.

I AM material/mixture downstream user or I assemble or make articles⁽¹⁾

- I pay close attention to the risk assessment conclusions my supplier shares with me
 - ⚠ A supplier raising a risk should not be stigmatized. This risk could also exist for other suppliers.
 - I mention REACH 2018 when I meet my suppliers : "How do you manage the risk ?", "Did you ask your own suppliers?","...
- I foster a climate of trust and transparency with my suppliers

⁽¹⁾:mixture: product composed of 2 or more substances. E.g: grease, oil

IN ALL CASES.....

- If a risk is identified, I assess the options with my customer / my supplier :
- the cost/benefit of a new formulation (substitution, validation, approval...). In this case, make sure that the substitute is sustainable.
 - the cost/benefit of the registration (security of the supply).



Risks of supply chain disruption

How to get ready
How to avoid it



REACH 2018



BACKGROUND / ISSUES

Why should you be interested in REACH (1) 2018 ?

"NO DATA = NO MARKET" :

Without registration, the substance (2) can no longer be put on the market

31 May 2018 is the last opportunity to register substances. This deadline concerns businesses which produce or import substances in small amounts in Europe, that means between 1 and 100 tons per year.

An unprecedented quantity of registration

- **Potentially 28.000 substances will need to be registered** (since 2008, 8.000 substances have been registered).

Risks of supply chain disruption in the automotive industry.

Several substances won't be registered

- **Because of ignorance** of REACH, 1 out of 3 manufacturers doesn't know that they are affected by REACH 2018. 97% of importers are from very small businesses
- **For economic reasons** : the registration cost makes the substance unprofitable.

(1) : REACH = European Regulation (EC 1907/2006)

(2) : Example : pigments used as an additive in paint, anti-UV, anti-oxidant, filler

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CONSEQUENCE ANALYSIS AND PRACTICAL CASES

PRODUCTION INTERRUPTION DUE TO REACH 2018

Polymers (rubber and plastic raw materials) are complex formulations. Some additives are added in small amounts to give them special properties. They can be heat stabilizers agents, antioxidant, optical agents, pigments, lubricants, antistatic agents, anti-fogging agents, antinucleating agents, flame retardants.

TRIBUTU, an example of non-registration/stoppage of production

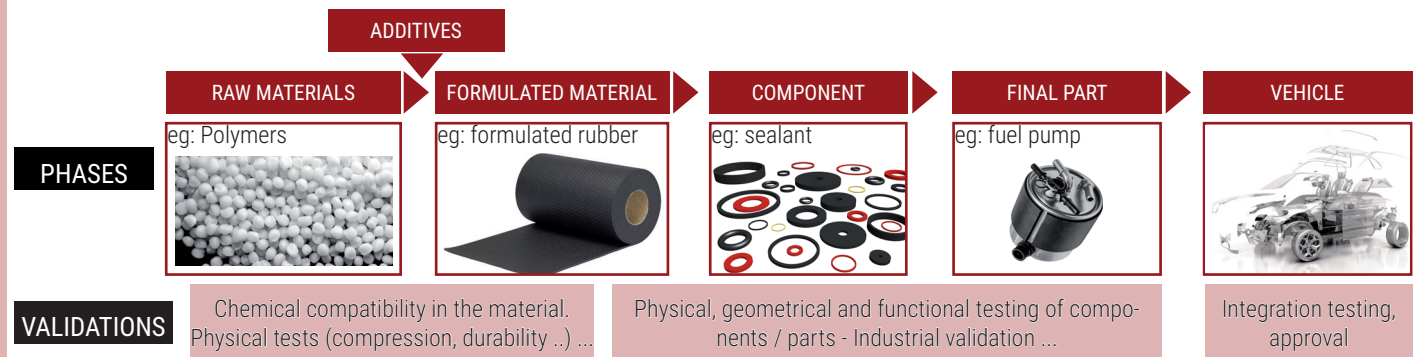


Rubber mixtures are complex formulations made from elastomers and several other ingredients. Thioureas are vulcanizing agents of chlorinated elastomers (chlorinated rubber e.g. epichloridrin) and secondary vulcanization agent of EPDM. Thioureas give anticorrosion properties and mechanical strength to elastomers which are used in automotive parts (fuel tank coating).

Among these thioureas, TRIBUTU will not be registered in 2018 for economic reasons !

SUBSTANCE REGISTRATION OR SUBSTITUTION: CONSEQUENCES

The non-registration of a substance will lead to its market exit. Consequently , materials in which the substance is incorporated have to be reformulated or will exit the market. In case of reformulation, substitution can be transparent (without technical and economic consequences) or may require expensive product/process validation at all levels in the supply chain



It is necessary to clearly identify these cases in order to take the right decision (registration or substitution) without forgetting to assess the sustainability (regulatory, supply ...) of the alternative substance.

The late identification of these cases may generate significant additional costs or irrelevant choices.