

Managing Supply Chains under REACH

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The intricacies of REACH pose new supply chain management challenges for companies trading with the EU, as well as those operating within the EU. Many companies require information from their suppliers to comply with REACH. This need for transmitting product information through international supply chains has triggered the first legal challenge to REACH.

Just establishing roles and responsibilities within a supply chain can prove onerous. A company selling a product to the EU may need to ascertain whether components of the product have already been registered. While certain input materials may either be exempt or compliant with regards to REACH Registration, actual uses of a final formulated product may not. Figure 1 illustrates the sort of information that a company may need to track for the purpose of Registration.

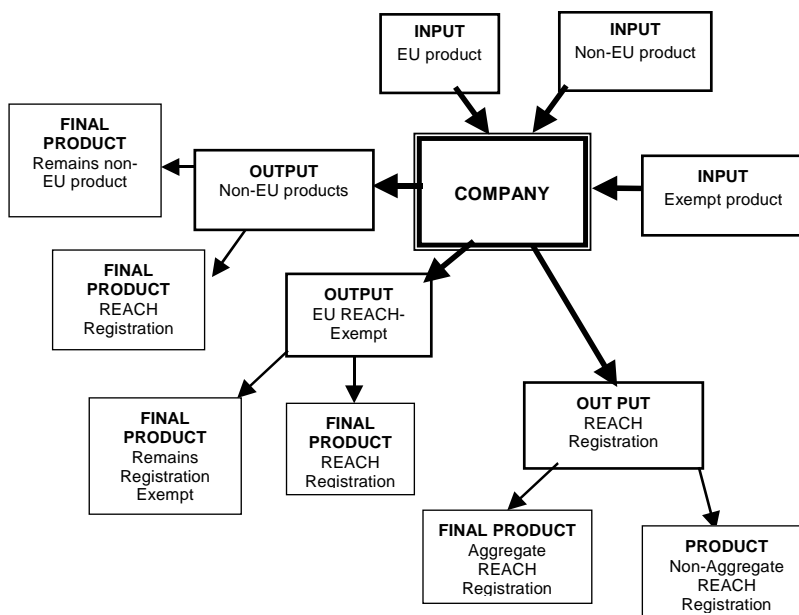


Figure 1. Example of REACH Registration-relevant information

A key issue in registration is managing confidential business information. Sensitive data typically revolves around product composition, product use, supply source and supply volume. As a first step, confidential data must be identified and clarified by a company so as to ensure it is not unintentionally communicated during implementation. In practical terms, this will often mean marking it accordingly in any database or IUCLID5 file used for REACH implementation or compliance.

REACH-compliance validation can be expected to range from self-declarations to third-party audited product test certificates. Recent experience with product recalls due to non-compliance demonstrates just what potential impact the new requirements of REACH may have. It is important to note that under REACH, in parallel to Registration, the presence of any 'Substance of Very High Concern' that appears on the 'Candidate List' above 0.1% w/w in a product must be communicated. Following a consumer request, such information must be supplied to the consumer within 45 days.

Companies are developing new policies, tools and management structures in response to REACH. Systematic engagement of supply chain partners is critical and the first step is to create channels for information flow. Because such procedures and practices take some time to develop, companies are finding they need to act quickly to respond to this complex regulation.