



Global Manufacturers at Risk of Product Environmental Regulations

Brussels/Washington DC (2011-02-23) - Increasing regulatory pressure requires new management approaches. Global Manufacturers are increasingly exposed to new product regulations. Environmental issues are, more than ever, making it to boardrooms. These are some of the conclusions drawn by Enhesa, a regulatory environment, health and safety (EHS) consultancy based in Brussels and Washington DC, after a detailed analysis of the environmental regulatory and policy developments that occurred globally in 2010.

During 2010, Enhesa reviewed the environmental regulatory and policy developments in 90 countries and 68 regional jurisdictions and identified just under 11,000 environmental regulatory and policy developments relevant to business. This represents an 18% increase compared to 2009. Since Enhesa produced its first annual regulatory forecast, five years ago, there has been a consistent increase in regulatory and policy developments throughout the world. 2010 saw almost 3 times more regulatory developments than in 2006 (see Figure 1).

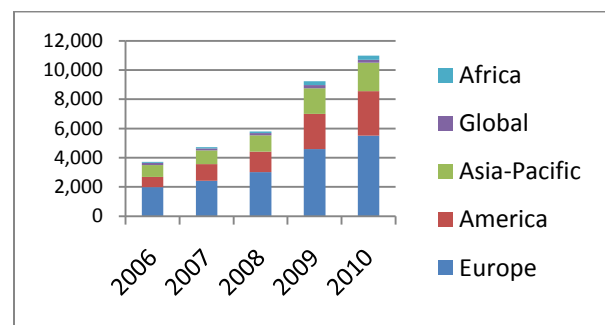
As Thierry Dumortier, Enhesa's Managing Director puts it, *"The regulatory pressure on business with regard to environmental issues is increasing year after year and prompting many companies to revisit how they ensure regulatory compliance, avoid business disruption and financial liabilities. Assuming that local employees have the appropriate knowledge and resources to ensure compliance is a dangerous assumption in a globalized economy. Sustainability issues are increasingly perceived as competitive issues and becoming part of corporate strategies."*

Enhesa's 2011 Forecast research covers around 250 EHS themes including corporate reporting, environmental permitting, emissions reporting, air emission restrictions, energy efficiency requirements, waste water, waste disposal, chemicals classification, hazardous materials transport, safety management, machinery safety, emergency response, occupational health and product related issues.

© Enhesa 2011

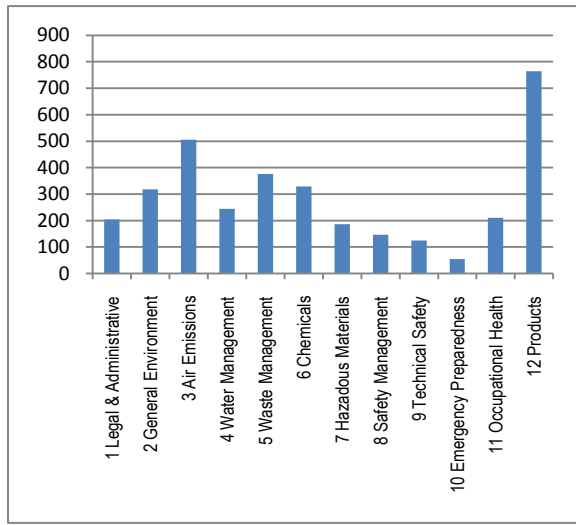
Reproduction is authorized, provided Enhesa is identified as the source and a copy is emailed to info@enhesa.com

Figure 1 - Global Environmental Regulatory and Policy Developments 2006-2010



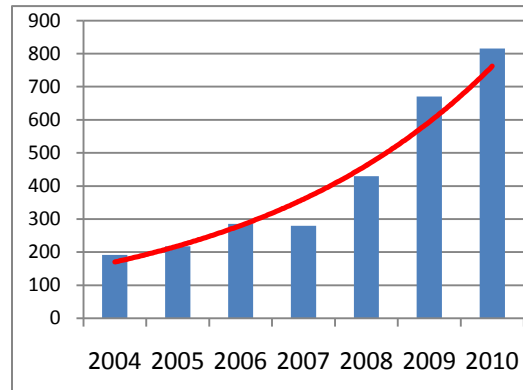
As well as looking at the pace of regulatory change in the past, at the start of 2011 Enhesa also counted over 3460 outstanding regulatory proposals and initiatives that are likely to result in new regulatory obligations for business in the coming years. Product requirements, air emissions/energy efficiency and waste management are the areas where most new legislation and policy is being developed (see figure 2).

Figure 2: Regulatory Proposals Pending on 2011-01-01 Worldwide by Theme



In terms of product-related regulations in particular, Enhesa has identified a rapid increase in the number of regulatory developments over the past 7 years. There is not a single product that is not regulated in at least one country. Surprisingly, Enhesa's research indicates that certain products, considered safe in one country, can be prohibited in another. Countries increase the administrative burdens facing manufacturers and importers through, for example, product registrations, annual reporting and product labeling requirements. New in 2010 were the regulations on nanotechnology in France, and related developments in the European Union and the Netherlands. France will oblige manufacturers of products containing nanomaterials to report annually. The Netherlands is focusing on worker protection against exposure to nanomaterials within the existing legal framework, while the European Union is working on a legal definition.

Figure 3: Number of Product Environmental Regulations Worldwide 2004-2010



About Enhesa - Enhesa is an international environmental, health and safety consulting firm, providing regulatory compliance assurance support to businesses worldwide. Over the past 20 years, Enhesa has developed a range of products and services tailored to business' needs. Its team of highly trained and experienced, multilingual consultants is in a unique position to keep you ahead of the latest regulatory and policy issues as they unfold in over 150 countries and states around the globe.

For more info:

- about Enhesa visit www.enhesa.com or
- about the Enhesa Monitoring Service: <http://www.enhesa.com/en/service/monitoring.aspx>

To register for the free Enhesa Flash newsletter which provides an update on the latest EHS regulatory developments:

<http://www.enhesa.com/en/service/publications.aspx>

Contact:

Gaye van der Eerden, gv@enhesa.com,
Tel: +1 202.552.1090
1411 K Street NW, Suite 503, Washington, DC 20005

Cecile Baudon, cb@enhesa.com,
Tel +32-2-775.97.97
Rue du Mail 15, 1050 Brussels, Belgium

Annex – Examples of 2010 Regulatory Change

The Chemical Challenge

A lot has been published on chemicals and the regulatory changes being made. In the European Union, according to European Chemical Agency (ECHA), over 3 million hazardous chemical notifications have been submitted for 24,529 substances placed on the European Union market. Never before have data on chemical classifications been collected by a government agency on this scale in view of harmonization. Implementation of the regulatory changes is another issue, since the adoption of revised chemicals regulation has a huge impact not only on the country adopting the regulation, but on trade with foreign countries.

The proposed Californian Safer Alternatives Regulation is a major step for the state's broader Green Chemistry Initiative, aimed at requiring manufacturers and importers to replace dangerous substances in consumer products with safer alternatives. The proposed regulation specifies the processes to scientifically and systematically identify and prioritize chemicals and consumer products, for manufacturers to conduct alternatives assessments, and to impose regulatory responses for alternatives selected by manufacturers.

As the European Union REACH Regulation is being rolled out, several countries are copying the initiative or taking similar initiatives. After the spread of the European Union RoHS Directive, we now see a China REACH and a Korea REACH appear, while the United States is revisiting its Toxic Substances Control Act (TSCA).

Air Emissions – Energy Efficiency

Portuguese Decree Law 39/2010 aims to promote the sale and use of electric vehicles and encourage the establishment of a network of charging points for these vehicles. As of 1 July 2010, new or re-build buildings with parking areas must have a charging point for

electric vehicles. This is the first country that introduces an obligation to foster the provision of charging point for electric vehicles.

In the United Kingdom, The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is designed to catch medium sized companies such as office based organizations which have high energy usage but are not affected by the European Union Emission Trading Scheme. By including all subsidiaries under the parent UK organization, it means that even though only one site is using enough electricity to qualify for inclusion, once in the scheme, the whole parent company's energy usage from any source will be subject to the requirement to purchase allowances.

Also less developed countries take innovative initiatives. On 24 June 2010, the draft Energy (Solar Water Heating) Regulations, 2010 were published. Pursuant to the proposed regulations, premises, including commercial buildings, with hot water requirements of a capacity exceeding 100 liters per day would have to install and use solar water heaters, subject to certain exemptions. Kenya would be the first country in Africa implementing the mandatory use of solar water heaters in private buildings. At international level, a cabinet directive made hot water supply mandatory for all Government buildings in Namibia already in June 2007. Comparable legislation for private buildings entered into force in Hawaii in January 2010.

Products Requirements Boom

Under threat of a regulatory initiative and in collaboration with industry, the European Standardization Bodies CEN-CENELEC and ETSI issued harmonized standards for mobile phone chargers in December 2010. This will allow the manufacture of data-enabled mobile phones compatible with a new common charger. Incompatibility of chargers for mobile phones is not only a major inconvenience for users, but also a considerable environmental problem. Users who want to change their mobile phones must usually acquire a new charger and dispose

of the old one, even if it is in good condition. The European Commission expects the first common chargers and mobile phones compatible with the new standards to reach the European market in the first months of 2011. It is the first time that a government takes an initiative to harmonize mobile phone chargers across brands and models to avoid waste. Argentina immediately copied the initiative but with the intention to make it mandatory to provide universal phone chargers.

Also, the European Union is the first to set out requirements for battery capacity labeling. The capacity of portable secondary (rechargeable) batteries and accumulators must be expressed in milli-ampere hour(s) (mAh) or ampere hour(s) (Ah). The capacity of automotive batteries and accumulators must be expressed in "ampere hour(s)" (Ah) and "Cold Cranking Amperes" (A). These abbreviations must be used on the capacity label. The minimum size of the label must be determined according to the type of the battery and accumulator.

The European Union Directive on Restriction of Hazardous Substances (RoHS) is likely to be extended to medical devices, monitoring and control instruments but also to all types of EEE including cables, consumables, and accessories. The approach will be different, instead of checking if a new product fits into one of the categories, it would be assumed to be covered by RoHS. The provision mainly aims to cover new products and technology, which would hardly fall into one of the set list of categories.

Taiwan is the first government to promote carbon footprint labels on products. Although the initiative has been delayed, France is the first country to foresee a compulsory label on the environmental cost of products. The display of the "carbon price" (prix carbone) will be further defined in an upcoming Decree, but is introduced as an experiment as of 1 July 2011. It aims to inform consumers on the content of CO2 equivalent of products and their packaging as well as their consumption in natural resources or their impact on natural media

during their whole life cycle. Besides, any person marketing or organizing the transport of persons or goods must provide to its customers data on the quantity of carbon dioxide emitted by this transportation mode.

Hazards in Work Organization

In addition to the more traditionally regulated work at night, repetitive work, or lone work, the International Agency for Research on Cancer (IARC) Working Group found out that shift-work which involves circadian disruption is probably carcinogenic to humans. The circadian rhythm is a roughly 24-hour cycle in the biochemical, physiological, or behavioral processes of living entities, including humans. A circadian disruption is a disruption to these rhythms, typically resulting in negative effects: e.g. jet lag, with its associated symptoms of fatigue, disorientation and insomnia. Although the immediate effects of such disruption are well known and studied, it is rather new to associate it with the risk of cancer. 2011 will see the first court cases on the subject: regardless of the specificity of the work, it is not tolerated that work shall increase exposure to cancer.

Public Information

Naming and shaming companies, is increasingly common. The Argentina National Register of Environmental Offenders (RUIA) is established in Law 1333 of 2009 as an enforcement measure, whereby legal and natural persons infringing environmental law are registered. The RUIA carries records on environmental offenders, infractions, place of the environmental infringement, sanction, dates, environmental authority imposing the sanction, and the legal representative of the offenders.