

Dear Supplier:

Last Dec. 13th the European Parliament approved the final document for the new European Legislation on Chemical Substances, known as REACH. This legislation introduces a new regulatory process that will come into effect 1<sup>st</sup> of June 2007.

The legislation will affect to 30.000 chemicals currently produced or imported in the EU in quantities over 1 ton, even though only supplied in mixtures or preparations. These substances will require a registration at the European Agency created in Finland for this purpose. Additionally, for 3.000 substances considered dangerous, a previous authorization will be mandatory.

This important and complicated piece of legislation will regulate the use of chemicals in the EU and substitutes more than 40 different pieces of legislation and aims to increase the protection of Environment and Human Health to the exposure of chemicals.

### PRE-REGISTRATION UNDER REACH

REACH (that means Registration, Evaluation, Authorization of Chemicals) establishes that **all substances meeting the criteria for “phase-in” should be pre-registered in order to benefit from the transitional periods provide by pre-registration under REACH** which range from 3 to 11 years.

Pre-registration and further registration of your substances (or substance contained in your preparations) for specific uses and applications can only be made through European Legal Entities. You have to register either through your European subsidiary or through a designated European agent (which could be also your distributor). This legal entity will hold the rights to import your products in the EU. Pre-registration data will have to be entered via an internet website within 18<sup>th</sup> month after implementation of REACH.

The real cost of registration under REACH will remain unclear, till the Agency is fully operating. The legislation is providing instruments so that testing requirements are minimized and companies selling the same product can associate and share data, although how this will finally implemented (Consortia) rests unclear. This cost has to be paid by the producer and your company should budget it from 2007 to 2018. This cost has to be paid by producer companies and will have to be, sooner or later, collected through the price of your products.

It is clear that it will be cheaper to register a higher volume for the whole of Europe than a lower volume in every country. Registration deadlines are:

Substances sold from 1 – 10 tpy:	2007 – 2018
Substances sold from 10 – 100 tpy:	2007 – 2018
Substances sold from 100 – 1000 tpy	2007 – 2013
Substances sold over 1000 tpy	2007 – 2010

New substances and preparations will have to be **registered and authorized** previously to be commercial.

### HOW ARE WE PREPARING FOR REACH

OUR COMPANY has been actively participating in the discussion of REACH legislation, through our local Chemical Association (UFCC) and European Chemical Association (CEFIC) and the Federation Européenne du Commerce Chimique (FECC) following the development process of this new legislation and sharing our fears and objections. We

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have already invested in internal training for REACH and we are prepared to ensure that our principals can continue to sell their products in the European market.

Our LEL-group has integrated a REACH strategy that was decided by the LEL Managing Directors group and includes the cooperation and integration of our REACH task forces for the principals who are common to several or all LEL members, so that we can support you in your REACH management strategy through all the EU.

Additionally, Lavollée Chimie made available a separate company (Registreach SAS) who will help monitoring the management of REACH legislation for our principal. Registreach, as an independent company, can provide our partners the consultancy services to face all REACH requirements affecting their products and the legal presence to deal with the pre-registration, registration and communication with the European Agency. There is a complete description of the services associated with REACH available. Please ask for it.

The first task in which we are involved is to prepare the list of substances that we sell in our territory (pure or in preparations), their classification, uses by our customers and volumes forecasted from 2008 – 2018 to inform to our non-EU partners which will be the requirements when the legislation comes in place by 1<sup>st</sup> of June.

From this date, producers and/or importers will have 18 months to do the pre-registration that is mandatory to enable the sale of your products from 2009 to 2018. This will be the phase-in period where you will be allowed to sale your products whereas you deal with the Agency about the Test Data requested to register your product under REACH. The phase-in period will depend on the product and the volume, and will go from a minimum of 3 to 11 years.

REACH is certainly making us to face with more bureaucratic and non-productive work over the next years and will represent a serious challenge to the chemical industry but it has to be regarded at the same time an opportunity. Lavollée Chimie has determined to continue to drive sales growth in this environment of increased regulation by working closely to our customers and our principals.

There is a lot more to say and inform you about REACH and the difficulties that it may bring to our activity, than it is possible to communicate through this short notice. Chemicals producers, whether located in or out the EU, have to consider REACH when designing their future R+D and Sales strategies. Lavollée Chimie is convinced that, nevertheless the difficulties involved in the implementation of REACH, it will have overall benefits for the Society and consequently for the chemical industry.

Yours sincerely,

Hervé Ory-Lavollée

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