



A Chemical Industry View through an EHS&S Lens

An Environment, Health, Safety and Sustainability Market Update by Antea™ Group | July 2012



In an effort to bring additional value to The Chemical Company network, Antea Group will provide monthly contributions to "View from Jamestown" focused on topical and industry current environment, health, safety and sustainability (EHS&S) issues. In this addition, we review basic steps to identifying and managing your supply chain vulnerabilities.

You may be on top of EHS regulations directly impacting your operations, but are you aware of regulations impacting your products and supply chain? Some companies found out the hard way that existing and emerging EHS and other foreign trade regulations can restrict critical raw materials in their supply chain leading to fines, legal fees, product withdrawals, and interrupted production or sales. Outlined below are some examples of supply chain risks and best practices for supply chain management and operational assurance.

Exhibit 1: The Lacey Act and Gibson Guitar Corp. The Lacey Act—enacted in 1900—originally protected birds and unlawfully killed game, but was expanded in 2008 to protect plants and plant products. Gibson Guitar Corp was recently subjected to two forfeitures by the Justice Department in 2009 and 2011 over allegations that Gibson imported wood in violation of the laws of Madagascar and India. Gibson ultimately settled the allegations in August through a "criminal enforcement agreement" in which it paid a \$300,000 fine and agreed to establish a comprehensive compliance program (170 DEN B-1, 9/4/12). While there are no Federal compliance guidelines, the Gibson case offers good insights on US company obligations with regard to protected natural resources in its supply chain.

Exhibit 2: Chemical Regulations Restricting Critical Chemical Reagents, Ingredients. EU and UN directives restricting substances of very high concern (SVHCs) are emerging in the Middle East, Asia-Pacific, Latin America, Canada and in individual US states. While these regulations are similar to the EU REACH and RoHS, they are not identical, so knowledge of which chemicals critical to your products will be restricted in which countries under the various REACH- and RoHS-like regulations is critical to planning for supply chain or product formulation modifications needed to maintain compliant products. Antea Group identified supply chain risks and mitigation measures for its New England-based client producing and leasing postal machines with non-compliant inks.

Exhibit 3: New SEC Conflict Minerals Regulations and Medical Devices. In August, a divided SEC adopted a rule that requires US public companies to disclose their use of tantalum, tin, gold, or tungsten from the Democratic Republic of Congo (DRC) and surrounding areas because of armed conflict in the region (163 DEN A-7, 8/23/12). The rule basically requires these companies to make a "reasonable country of origin inquiry," exercise due diligence on the source and chain of custody of any "conflict minerals," and file a report with the SEC. Antea Group discovered the need for "reasonable country of origin inquiry" when performing acquisition due diligence reviews for its healthcare client and is developing compliance review procedures compliant with SEC conflict minerals regulations and OECD guidelines.

For more information about supply chain management solutions, contact Antea Group.

About the Author

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About Antea Group

Antea Group is an international engineering and environmental consulting firm specializing in full-service solutions in the fields of environment, infrastructure, urban planning and water.

By combining strategic thinking and multidisciplinary perspectives with technical expertise and pragmatic action, we do more than effectively solve client challenges; we deliver sustainable results for a better future.

With more than 3,000 employees in over 100 offices around the world, we serve clients ranging from global energy companies and manufacturers to national governments and local municipalities.

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