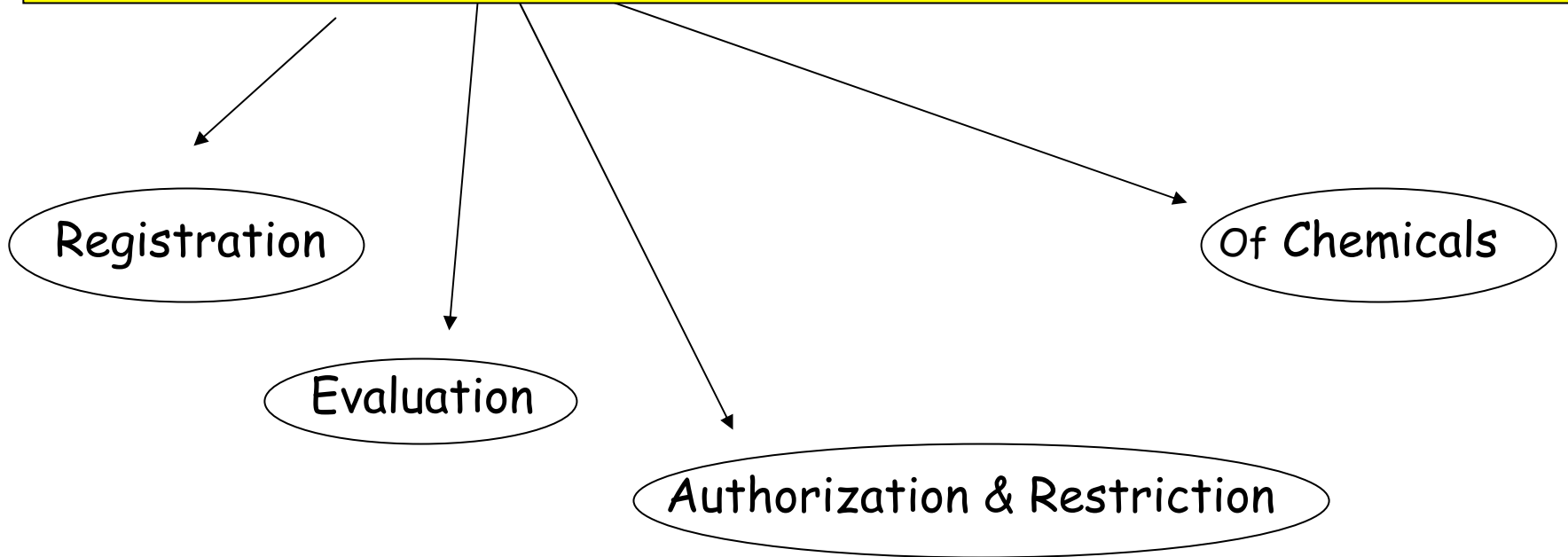




REACH COMPLIANCE LSS Project



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Overview of REACH Regulation

- **European Regulation Signed into Force June 07.**
- **Applies to chemical substances in Commerce in Europe**
 - Imported in volumes > 1 Metric Ton (MT) annually and/or
 - Classified by EU as a "Substance of Very High Concern" (SVHC),
- **Applications of the Chemical Substances**
 - Used in Manufacturing Processes in Europe and/or
 - Ingredients of Products imported to Europe for Commerce
 - ☑ Applicable Xerox "Products" include toners, solid inks, developers
 - ☑ Identity of Substance of Very High Concern" (SVHC) in articles
- **Coordinated by EU Chemical Agency (being formed)**
- **Regulatory Phases: Pre-Registration for Phase-In/Registration/Authorization**

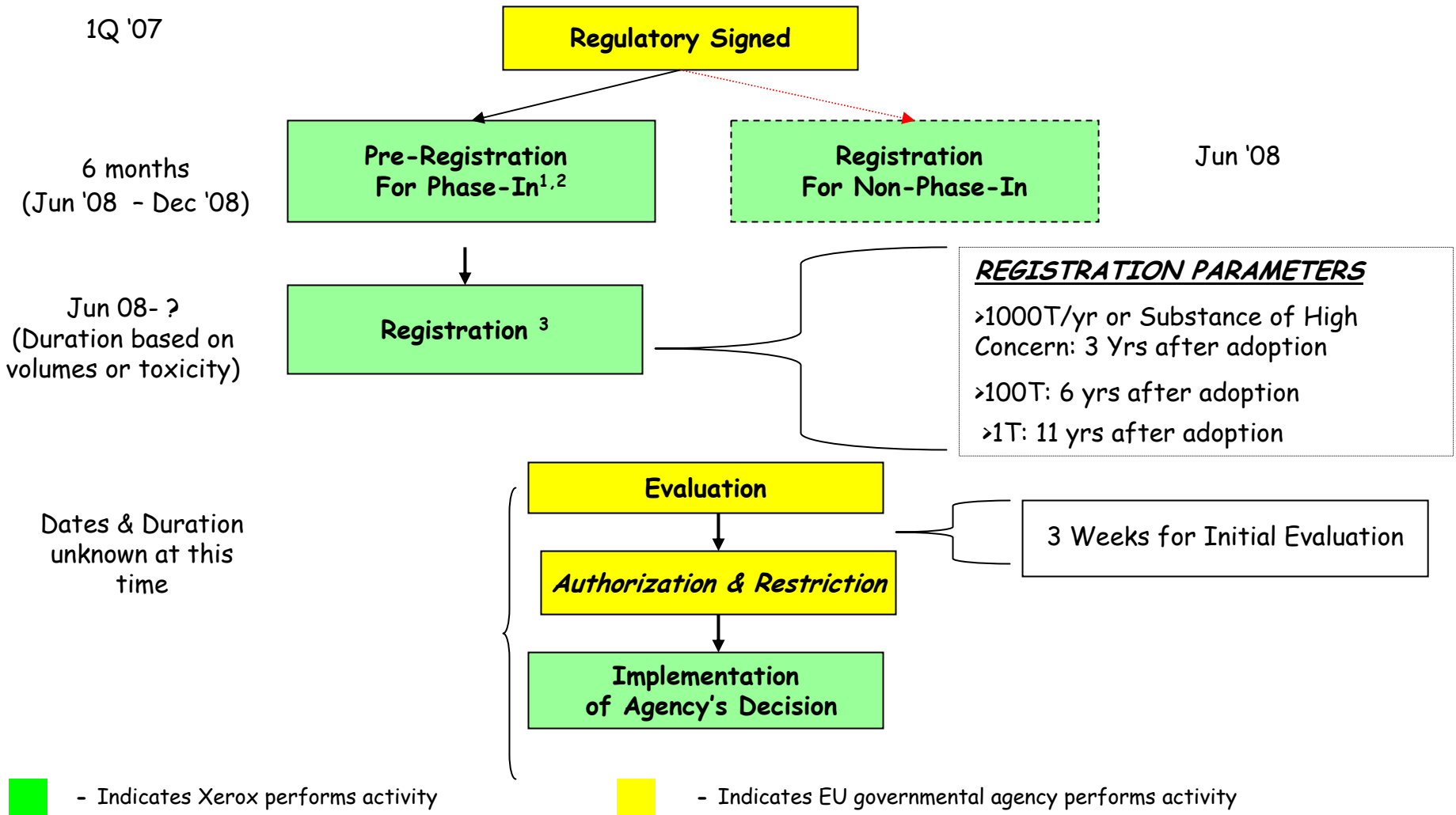
Ramifications for manufacturers, importers and downstream users of chemicals who do business in Europe

Intent of REACH Regulation

- **To standardize processes to evaluate and regulate all chemicals**
 - Establish formal assessment with test requirements specified by volume and/or hazard prediction
 - No grandfathering (applies to current & future chemicals in commerce unless on ELINCS)
- **To implement “Precautionary Principle”**
 - Precautionary Risk Management- Allows regulatory chemical restrictions based on concern for potential problems, even if no direct evidence
- **To Extend Producer's Responsibility**
 - Private sector will absorb costs for the generation, collection, and dissemination of data through the *supply chain*

EU may restrict or not approve a particular application of a chemical based solely on concern for potential risks. Liabilities apply through entire supply chain.

REACH Compliance: High Level Process Map



¹Required information is Chemical Name, Supplier Name & Address, and estimated date for registration

²Manufacturers & importers who fail to pre-register will be required to complete full registration regardless of annual volumes.

³May require additional testing

Potential Issues & Obstacles

DATA

- No single source for data regarding procurement and import of process materials and marketed products ...necessitates the need for multiple contacts and potential data inaccuracies
- Existing data has required significant manipulation, dissection and augmentation
- Maintaining & updating data (annual usage, newly procured chemicals, reformulations, new sources, etc)
- How will the data be managed

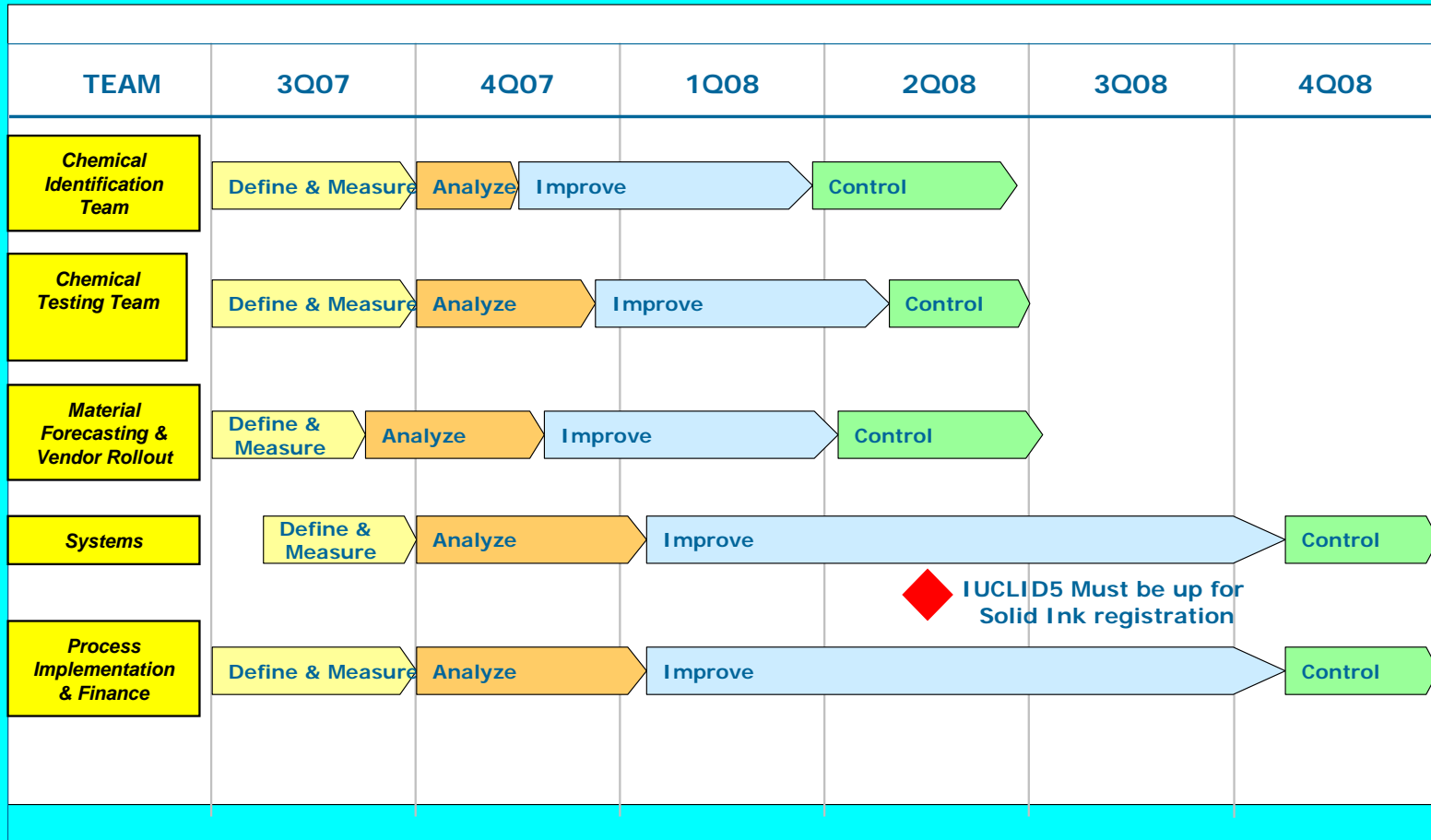
REGISTRATION PROCESSES

- Management of intellectual properties and other proprietary information
- Failure to pre-register will result in accelerated schedule for full registration
- Difficulty in estimating date of registration in the Pre-registration application until total volume of chemicals in commerce are tabulated (i.e. not based on volumes that individual companies place in commerce)

RESOURCES

- Competing Demands for Existing Personnel
- Current information management systems inadequate

REACH Project Timelines



Teams are developing processes in support of ongoing Reach Compliance

ACCOMPLISHMENTS

Initial Analysis of Xerox Chemicals in Commerce

- Complete itemization of Part Numbers containing chemical materials and forecast future volumes.
- Converted Part Numbers to CAS numbers.

Results:

PRE-REGISTRATION (Phase In)

- Identified Xerox & non-Xerox materials for pre-registration phase.
- Approximately "X" chemicals will require pre-registration.
(and eventual registration)

REGISTRATION (Non-Phase In)

- Identified Xerox & non-Xerox materials for registration phase.
- "Y" Chemicals will be >10mt ton and require registration in June 2008.
- "Z" Chemicals will be > 1 mt ton and require registration in June 2008.

Systems

- Created a prototype database which contains all information that will be required for pre-registration.
- Review of IUCLID requirements and end-user documentation underway.
- Local, no-cost instantiation of IUCLID operational for investigation purposes.

On-Going Potential Risks to Xerox

Risk/ Mitigation	Potential Impact	Probability
Xerox Suppliers in Europe do not Pre-Register Chemicals Used in our Application <i>Mitigation: Communication to All Vendors</i>	High	Low
Xerox Fails To Pre-Register Chemical <i>Mitigation: Expand Review Process</i>	High	Low
Xerox Pre-Registered Chemical Appears on SVHC (Ingredients) <i>Mitigation: Seek alternatives, Seek approval, Testing</i>	High	Low
Vulnerability of Proprietary Information <i>Mitigation: Encryption of all information; use tools provided by EU</i>	High	Med
"Business Partners" importing to Europe do not Pre-Register Their Chemicals (3 rd Party Suppliers) <i>Mitigation: Ensure T&C reflect responsibilities</i>	High	Med
Understate Volumes, Registration Required Earlier Than Planned <i>Mitigation: Monitor volumes and develop plan to ensure costs for registration dossiers is in business plan</i>	Med	Low
Suppliers Want to Increase Cost of Materials Due To REACH Compliance <i>Mitigation: Utilize negotiation strategies, financial plan</i>	Med	High
Unexpected Testing Outcome <i>Mitigation: Completed risk analysis of product</i>	High	Low
Registration of Non-Phase In Substances not submitted by June 1, 2008 <i>Mitigation: Lab Selection, Project Management</i>	High	Med