

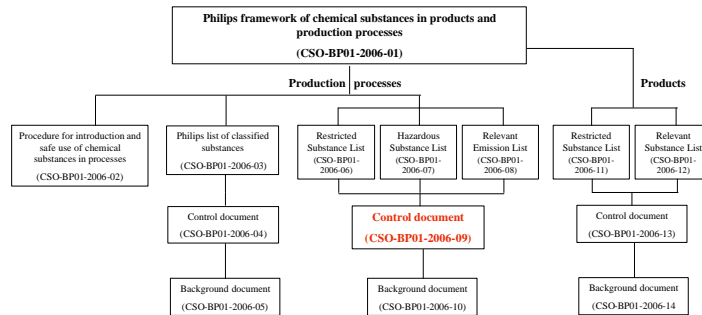
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Authorisation: Extended Sustainability Board  
 Dispensation authority: PD/BU/BL (business) management  
 Drafting and maintenance: PSSM, TFPC

Keywords: mandatory corporate standard, mandatory, restricted substances, hazardous substances, relevant substances, environment, greening of supply chain

## 1. Introduction

As an environmentally conscious company, Philips is committed to comply with all environmental laws and regulations. Philips has established this Policy regarding the use of substances in order to ensure that Philips does not use and emit substances, which are restricted by law and regulations. In addition, Philips is committed to reduce the use and emission of other not restricted, but hazardous and relevant substances. This document establishes Philips chemical substances policy and describes procedures for applying and maintaining the Restricted and Hazardous Substances Lists and Relevant Emissions Lists for production processes and for requesting dispensation for deviations from the Restricted Substances List, as needed. Royal Philips Task Force Chemical Substances (TFPC) monitors the contents of the Lists as well as this process for all Philips Product Divisions (PD). This document is part of the Philips framework of substance



management

## 2. Scope

This document is mandatory Philips-wide. It includes the Philips Policy with respect to the use and emission of chemical substances in manufacturing processes, as determined in the Corporate EcoVision Program. This document applies to all chemical substances used in production processes, which take place at Philips.

### Limitations in scope:

- analysis and laboratory applications not included.
- R&D not included.
- unintended use (e.g. undesired impurities in main chemistry) not included.
- uses in construction and building materials not included.

For these applications the advice is to apply safe alternatives and to adhere to local requirements.

## 3. Objective

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The objectives of this document are to:

- give guidance on maintaining the Restricted and Hazardous Substances List and Relevant Emissions List for production processes.
- provide a generic approach for dispensation.
- help Philips to be environmentally proactive, responsible and anticipate future legislation.

#### 4. Definitions

##### Chemical substances:

A chemical element and its compounds in the natural state or obtained by any manufacturing process, including any additive necessary to preserve its stability and any impurity deriving from the process used, but excluding any solvent which may be separated without affecting the stability of the substance or changing its composition. The term chemicals substances applies to chemicals used for the product creation process (directly and indirectly). The term does not apply to reaction products from these production processes.

##### Hazardous substances in processes:

Hazardous substances are those substances, which use and emissions need to be limited and/or monitored at Philips. These substances are placed on the, "Royal Philips Electronics List of Hazardous Substances in Processes". Examples of the reasons for the inclusion of these substances on this List are as follows:

- health risks during use (CMR; Philips class 3-5; as listed in the *Philips List of Classified Substances, which will be finalized in 2006*)
- occurrence on Philips Relevant Substances List for products
- environmental impacts (e.g., high global warming impact for PFCs – perfluorinated compounds)
- Philips/PD policy
- upcoming legislation
- listed by OSPAR and NGO organizations such as Oxfam, WWF and Greenpeace

In 1-1-2006, monitoring the emissions of these substances above a certain threshold, which can be found on the List itself, will begin. Monitoring the use of these substances will start at a later date. (Only the PD Lighting will start at 1-1-2006). Specific threshold declaration limits will be part of the List itself.

##### Philips list of Classified Substances:

*This list contains substances of 'Very High Concern'. Such substances have one or more of the following hazardous properties:*

- CMR
- PBT
- High GWP
- Endocrine disruptors
- Substances under attention of NGO's in the public debate
- no data on possible risks and hazards

*The Philips classification list will be finalized in 2006 and will be part of the procedure for the introduction and safe use of chemical substances within the Philips Organisation.*

**Preparation:** Mixtures or solution composed of two or more known chemical substances.

**Production process:** Any process related to the production of a product. Including e.g. maintenance.

##### Relevant substances in processes:

Relevant substance is a substance with significant local environmental impact. Emission monitoring or assessment of these substances will only take place above a certain declaration threshold value. This value can be found on the list. The substances are listed the Royal Philips Electronics Lists of Relevant Emissions.

**Restricted substances in processes:** Restricted substances are those substances, which shall not be intentionally used at Philips without due consideration. These substances are listed in the Royal Philips Electronic List of Restricted Substances for Processes. The reason for placing a substance on this List can be one or more of the following:

- legislation for process chemicals, and if relevant, for chemicals that may be present in end-products

- Philips/PD policy
- occurrence on Philips Restricted Substances List for products
- Royal Philips classification as CMR category 1 and 2
- other chemicals of high concern to humans and the environment (PBT's (persistent, bioaccumulation, toxic), substances with a high eco-toxicity value, ...)

(A Philips List of Classified Substances, which lists the CMR, PBT and other substances, will be finalized in 2006)

**Dispensation procedure:** A request for dispensation (waiver) is needed for intentional use of substances on the restricted substances list. In that case monitoring of use and relevant emissions arising from these substances is mandatory, so a mass balance is to be provided. No reporting of use and dispensation is necessary for preparations if the concentration of a particular substance is below 0.1% (weight).

## 5. Philips Policy on use and emission of certain substances in production processes

### Restricted Substances

The intentional use and emission of substances, identified in the Royal Philips Electronic List of Restricted substances for production processes is restricted for all production processes taking place at Philips. In case of dispensation under specifically described conditions, Royal Philips will monitor use and emissions arising from these substances.

### Hazardous and Relevant Substances

The policy is to limit the use and emissions of these substances, and therefore monitor the emissions of the hazardous substances and the emissions of the relevant substances, above a certain threshold value mentioned in the Royal Philips Electronics Lists of Hazardous Substances and Relevant Emissions. .

## 6. Responsibilities

- TFPC is owner of the Royal Philips Electronic Lists of Restricted and Hazardous Substances and Relevant Emissions in processes and for the accompanying Control Documents on their maintenance.
- TFPC proposes additions and changes to the Lists to PSSM.
- PSSM decides the content and frequency of review (minimum review once per year), unless legislative changes necessitate more frequent review.
- PSSM members are responsible for internal PD alignment and approval.
- The Philips Extended Sustainability Board has to give final approval.
- Businesses (PDs / BUs / BLs, etc) are responsible for implementation of this Standard without changing its content, into their own PD procedures/systems.
- PD management shall be responsible for monitoring compliance to this mandatory Standard
- Business or Site management is responsible for evaluating / granting requests for dispensation (see Paragraph 9 of this Standard)
- All PD's and CSO have authority to review a specific PD dispensations (as each dispensation is notified obligatory in EcoVision monitoring system.
- In case other PD's or CSO has conflict of interest with a PD's decision on dispensation, they have authority to place this on TFPC or TFCS agenda to solve the issue. If needed other PD's or CSO can escalate to PSSM or Sustainability Board Meeting.

## 7. Maintenance of the chemical lists

The Form used to request that a substance be added to the Restricted and Hazardous Substances Lists and Relevant Emission Lists is provided in Annex 1 of this Standard.

The PD representatives should send their completed Forms to the TFPC for discussion.

Decision criteria and limitations of the content of the Lists can be found in Chapter 5, definitions. Further criteria can be found below:

- Restricted List**
  - If a substance is authorised for specific application(s) or restricted in certain applications, these applications are mentioned in the Philips Restricted Substance List.
  - The threshold levels are based on those mentioned in the relevant legislation. If several different legislative documents apply, the lowest threshold will be used. Where no threshold is given in the

legislation or Philips wants to be more stringent than the legislation, Philips will establish a threshold considering business impacts and risks. In the background document clarification on the chosen threshold level is given.

- Future restricted substances (meeting above criteria) that are anticipated to be restricted in coming years are placed on the Restricted Substances List with the remark: "future restriction dd/mm/year".

**Note :** A single PD shall not change the format or the content of the Restricted, Hazardous and Emitted Relevant Substances Lists.

## 8. Dispensation procedure

- Requests for dispensation (waiver) from this mandatory Corporate Standard shall be submitted to the Business management and will be reviewed by the PD Sustainability Officer. (For Form see Annex 2 of this Standard).
- Dispensation requests that lead to legal non-compliances cannot be granted by PD Management
- In case of exemptions for the use of substances in certain applications in current and future external regulations, these exemptions will be mentioned in the list of restricted substances in products, no specific dispensation requests are required.
- Business or Site management grants dispensations, only if the Form "Request for Dispensation" is well documented, provides strong convincing reasons and corrective actions plans.
- A dispensation will be granted for a maximum of 3 years. After that period a new request (or prolongation) is needed.
- Within 7 days after a dispensation is granted the PD Sustainability Officer must notify the dispensation (with documentation on number, type application, period and evidence documents) in EcoVision monitoring system.
- The overview of current dispensations is available in EcoVision monitoring software for all TFPC and TFCS members.

## 9. History

Version	Date	Author	CSO-Number	Description of changes
1.0	Draft 10-03-2006	H. van der Wel	CSO-BP01-2005-08	First version
1.0	Final 01-01-2006	H. van der Wel	CSO-BP01-2006-09	First version
2.0	1-1-2007	H. van der Wel	CSO-BP01-2006-09	Second version

## 10. List of abbreviations:

**BL:** Business Line

**BU:** Business Unit

**CSO:** Corporate Sustainability Office

**PD:** Product Division

**PSSM:** Philips Sustainability Support Managers meeting

**TFPC:** Task Force Product Chemicals. Team composed of chemical experts of each PD representing the PD interest

**CAS:** Unique chemical identification numbers

**CMR:** carcinogenic, mutagenic or reproductive toxic

**NGO:** Non Governmental Organisation, e.g. Greenpeace, WWF or Oxfam

**OSPAR:** The 1992 OSPAR Convention is the current instrument guiding international cooperation on the protection of the marine environment of the North-East Atlantic. It combined and up-dated the 1972 Oslo Convention on dumping waste at sea and the 1974 Paris Convention on land-based sources of marine pollution.

**PBT:** persistence, bio-accumulation, toxic to the environment

## 11: Annexes

Annex 1: Application form for new restricted, hazardous or relevant substances

Annex 2: Request for dispensation form

## Annex 1

Application form to add a substance to the Lists of  
Substances in Production processes

Request for:  List of restricted substances in production processes  
 List of hazardous substances in production processes  
 List of relevant emissions from production processes

Date Request: ..... Name of Applicant: .....  
Product Division: ..... Contact info: .....  
Document number: .....

**IDENTIFICATION OF SUBSTANCE**

What is the substance name? .....
What are the related CAS numbers and names .....

**RATIONALE BEHIND REQUESTED SUBSTANCE**

Is there basis for the restriction? e.g. Legal or external (NGO) pressure, customer request, client, supplier, etc .....
What is the environmental relevance of the substance (e.g. toxic, high impact, carcinogenic, scarcity, etc) .....
Which region is applicable? EU/ Latam / USA / Japan / China / Asia, .... .....
What is the legal date of entry (if applicable)? DD - MM - YYYY
What is the proposed threshold for Philips? ..... ppm
What is the rationale for the threshold? e.g. minimal testing threshold, .....
Are there any (legal) exemptions relevant? .....
What is the proposed date? .....
What is the proposed testing method? .....

**BUSINESS RELEVANCE**

Particular use of the substance? (In a preparation, as solvent, what application, ...) .....
Which PDs are relevant? ..... And decision of the relevant PD? .....
Cost evaluation of the restriction? For non legal restrictions a cost evaluation per relevant PD might be necessary ..... (low /medium /high)

Final decision of TFPC:  Accepted /  Not accepted for placing on the list;

Reason:

Date: ..... TFPC number: ..... (200x-y)

