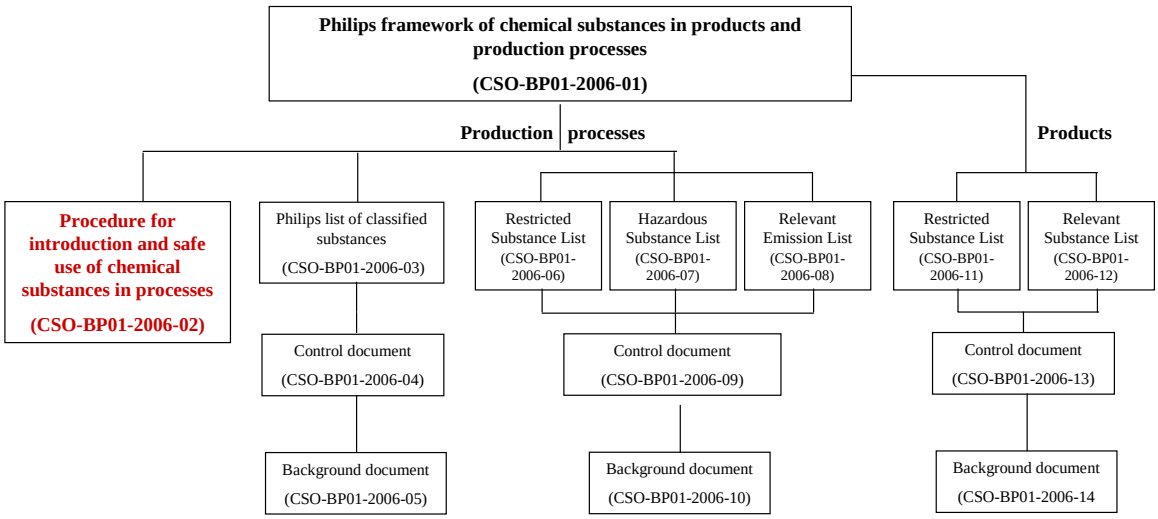
1. Introduction

The production and use of chemical substances are increasingly controlled by strict regulations (e.g., REACH) due to concerns for the environment by the general public and concerns about the potential short and long term effects on employees working with chemical substances. Although legal obligations may vary from country to country, Royal Philips, as a company which values its sustainability performance, assumes responsibility to comply with all legal requirements and proactively assumes ownership and responsibility for dealing with chemical substances. This document establishes the "Philips Way of Working" when introducing and using chemical substances in manufacturing processes. The Philips Task Force Process Chemicals (TFPC) will guide and monitor this process for all its Divisions. Local Operational Management is responsible for fulfilling the tasks and responsibilities as outlined in this procedure. The assessment of chemicals and preparations should be included in process procedures at the Philips Sites.



2. Scope

This document establishes the procedure to be followed when purchasing chemical substances and using chemical substances in manufacturing processes within Philips Product Divisions (PDs). This procedure is part of the Philips policy and framework of chemical substance management. This procedure is not a substitute for requirements established by local regulatory agencies. Any applicable local laws, rules and regulations, which may be more stringent than this procedure, must be complied with through appropriate management and operational controls. Although this procedure is mandatory for the use of chemicals in manufacturing processes, it is recommended for use of chemicals in research and development, laboratory and analytical operations.

3. Objectives

The objectives of this document are to:

- Outline the 'way to work' when purchasing and using chemical substances at sites;
- Address the responsibilities for chemical management; and
- Provide users of chemical substances and preparations with relevant environmental, health and safety information.

4. Definitions

Article:
Article: means an object which during production is given a special shape, surface or design which determines its function to a greater degree than does its chemical composition.

Chemical Substance:
A chemical substance is a chemical element and its compounds in the natural state or obtained by any manufacturing process. The term "chemical substance" applies to chemicals used for the manufacturing processes. The term does not apply to reaction products (by-products) generated from production processes.

Chemical substances are commonly registered and identified by the Chemical Abstract Service (CAS) with an assigned number.

Dispensation
Royal Philips and PD permission to use a chemical substance that is normally restricted by Philips in manufacturing processes under specific conditions.

Registration (only for new, non-registered substances):
The base set of documents with the requisite information, presented to the competent authorities to comply with applicable requirements regarding the introduction of new substances within a specified territory. (See Annex 1 for more information)

Philips List of Classified Substances (CSO-BP01-2006-03):
This is the consolidated Philips list of classified substances having **C**arcinogenic, Mutagenic or Reproductive toxic **(**CMR) and/or Persistent, Bioaccumulative and Toxic (PBT) properties. See control document (CSO-BP01-2006-09) for more information. Most of these substances will be classified as substances of very high concern under the upcoming REACH legislation.

Royal Philips Electronics List of Restricted Substances in Production Processes (CSO-BP01-2006-06):
Philips list of Restricted substances, which shall not be intentionally used at Philips without due consideration. See control document (CSO-BP01-2006-09) for more information.

Royal Philips Electronics List of Hazardous Substances in Production Processes (CSO-BP01-2006-07):
Philips list of Hazardous substances, for which use and emissions need to be limited and/or monitored at Philips. See control document (CSO-BP01-2006-09) for more information.

Preparation:
Mixtures or solutions composed of two or more chemical substances.

5. The "Way of Working" (Procedure)

The following actions are mandatory except where noted required for using chemical substances. These actions should be written into site procedures.

5.1. Purchasing Chemical Substances

a. The site or purchase department requests the following information from suppliers of chemical products or articles that are containers of chemical substances:

- **An up-to date M**aterial **S**afety **D**ata **S**heet (MSDS) from the manufacturer or supplier
- Product Data Sheet from supplier (recommended where MSDSs are not available as in the case of articles, e.g. batteries);
- Preferable Disclosure of all ingredients of a preparation. If necessary, a disclosure agreement may be signed with the supplier. If the supplier cannot disclose all ingredients the supplier must sign a declaration restricted and hazardous substances are not supplied in concentrations greater than the identified thresholds (see CSO-BP01-2006-/06/07
- Preferably have a statement on the MSDS or directly from the supplier that the chemical substance or all ingredients of the preparation are registered in the country in which they are put on the market. (e.g. in EINECS for Europe and TSCA for the USA)
- A statement from the supplier that the chemical is pre-registered or will be registered for its particular application, when applied in the European Union under the REACH legislation.

b. The site or business Environmental Health and Safety (EHS) expert or competent designee shall check the following:

- The supplier-information for completeness, consistency and the information need to be up-to-date. The supplier information can be checked against the information in a chemical database, such as efasim4you and the EINECs and TSCA inventories. Request supplier for improved MSDS when the MSDS is not complete, not up-to-date or inconsistent The Dangerous Goods Department (DG) can support this process.
- The Philips list of classified substances (CSO-BP01-2006-03) and lists of restricted and hazardous substances for processes (CSO-BP01-2006-06/07)

- Local and national EHS laws and perform risk assessments according to industrial hygiene and safety principles and site procedures.

c. Coding

- Assign a 12 nc code number (preferably with the "1322" code) to the chemical or preparation. These code numbers are provided by DG within 2 working days. Local code numbers are still allowed for PMS USA sites, but are not preferred.
- No 12 nc code number is given when a substance is restricted for use by legislation or when a substance is not listed on the international inventories EINECS and TSCA. When the chemical is not listed in EINECS and TSCA inventories, a 12 NC will be made available only temporarily for usage of the chemical in Research and Development. Coding is not mandatory when the substance is solely used in Research and Development.
- Discontinuation of usage must be reported to DG. DG will withdraw the 12 NC code number

Rules for coding are defined in procedure GDMN-D-1700, which can be found on the website of Group Data Management at: http://ehvuas02.diamond.philips.com/apps/g_dir/e3380601.nsf/data/homedocuments

d. Shipping/trading

- When the purchased chemical must be shipped, Classification for Transporting Dangerous Goods and Export Control and applicable international shipping laws such as International Air Transport Association requirements must be followed. Such information is e.g., available in eFasim4you.
- Harmonized System (HS) codes, an international method of classifying products for trading purposes, is used by customs officials around the world to determine the duties, taxes and regulations that apply to the product.

e. Compliance

- Dispensation by the PD for use in manufacturing process is needed for use of Philips restricted substances in CSO-BP01-2006-06. In the future authorization will be needed under the EU Reach legislation for class 1 and 2 substances, which are listed in the The Philips List of Classified Substances (CSO-BP01-2006-03).

f. Chemicals solely used in R&D, laboratory and analytical applications

- If a substance will be used solely for R&D, laboratory and analytical purposes, a check of (e.g. by DG) relevant substance inventories (e.g. TSCA, EINECS) and Philips class 1 and 2 substances (Philips classified substances (CSO-BP01-2006-02) and Philips restricted and hazardous substances CSO-BP01-2006-06/07) is required. Based on this check, necessary actions and/or precautions must be carried out in accordance with local requirements.

5.2. Usage

a. Safety and Health

- Sites and businesses should develop and maintain work instructions or procedures for safely using, handling and storing chemical substances.
- These industrial hygiene and safety work instructions or procedures should be communicated to the chemical users and handlers.
- Site/business health and safety experts are responsible for helping to ensure that employees use, handle and store chemicals safely in accordance with local requirements.
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b. Usage

- Sites should keep an inventory locally of the type and quantity of chemical substances used on site as required by legislation.
- Emissions of restricted, hazardous and relevant substances must be reported in the Ecovision Monitoring database. For Philips Lighing also usage of restricted and hazardous substances needs to be reported

6. Responsibilities

- TFPC is owner of the procedure for introduction of chemicals within the Philips organization.
- TFPC proposes additions and changes to the procedure to PSSM.
- PSSM approves the content of the procedure.
- PSSM members are responsible for internal PD alignment and approval.
- Businesses (PDs / BUs / BLs, etc) are responsible for integration of this Standard without changing its content, into their own PD requirements and are responsible for the actions required for the introduction of new chemical substances and preparations (See Section 5)
- PD management shall be responsible for monitoring compliance to this mandatory Standard
- PD and or plant management shall appoint responsible persons at plant level.

7. Dispensation procedure

- Requests for dispensation (waiver) are needed for use of Philips restricted substances in CSO-BP01-2006-06)
- These requests shall be submitted to the PD management and will be reviewed by the PD Sustainability Officer. (For Form see Annexes of the mentioned CSO documents)
- Dispensations for legal violations are not possible
- No requests for dispensation are needed, where an exemption is defined in laws and regulations.
- Business management grants dispensations, only if there is no technically or economically feasible alternative or substitute and the Form “Request for Dispensation” is well documented and provides strong convincing reasons, corrective actions plans and proper measures for safe use, addressing any human- or eco-toxicity risks
- Dispensations will be granted for a maximum of 3 years. After that period a new request must be submitted
- The number and type (i.e., substance and application) of waivers are internally reported in EcoVision monitoring on PD level
- Dispensations will be communicated to the TFPC members

8. History

Version	Date	Author	CSO-Number	Description of changes
1.0	Draft 08-08-2006	H. van der Wel, A. Willemsen	CSO-BP01-2006-02	First version
1.1	Draft 22-05-2007	H. van der Wel, H. Brandsma	CSO-BP01-2006-02	Second version
1.2	Final 01-01-2008	H. van der Wel	CSO-BP01-2006-02	Third version

9. List of abbreviations

Organizations/meetings

BL: Business Line
BU: Business Unit
PD: Product Division
Customs&Transport Services/Dangerous Goods: The department Dangerous Goods is a state-of-the-art knowledge centre and gives support in all matters concerning use, handling, storage, safety, security and transport of hazardous substances or articles. This is done by offering; access to our chemical database efasim4you with information on more than 20.000 chemicals and preparations, help-desk for chemical problems and questions, consultancy by certified transportation safety advisors, tracking and tracing by a unique 12-digit codenumber and tailor made solutions for customer specific situations.
Philips Environment & Safety Department: Consultancy Department responsible for the registration of substances in the EU, for checking risks and compliance.
PSSM: Philips Sustainability Support Managers Meeting
TFPC: Task Force Process Chemicals. Team composed of chemical experts of each PD representing the PD interest

Others

efasim4you: the corporate database containing the coding information and the verified and validated EHS information on chemicals and regulated articles at the address: http://pww.efasim4you.philips.com
CMR: Carcinogenic, Mutagenic or Reproductive toxic
REACH: The acronym used for a proposal on a EU regulation that comprises a complete set of rules regarding the manufacturing, importation and use of chemicals (REACH = Registration Evaluation and Authorisation Chemicals)
EINECS: European Inventory of Existing commercial Chemical Substances. This inventory lists and defines over 100.000 single chemical substances identified as present on the European Community market between 1971-01-01 and 1981-09-18. Preparations are regarded to be mixtures of single chemical substances and are as such not listed in EINECS
ELINCS: European List of notified Chemical Substances
PBT: persistent, bioaccumulative and toxic.
POP: Persistent Organic Pollutants
vPvB: very persistent, very bioaccumulative
TSCA Inventory: Toxic Substances Control Act Chemical Substance Inventory (commonly referred to as the TSCA Inventory or just the Inventory). It lists the 75.000 industrial chemical substances currently produced in or imported into the United States

Annex I

Registration of New Chemical Substances

In general, a premarketing registration must be carried out if a chemical substance is not listed on the relevant regulatory inventory (e.g. EINECS or TSCA). Pre-manufacture registration is highly discouraged in the USA and every effort should be made to find an alternative to using a chemical substance not listed on the TSCA inventory. A chemical requiring pre-manufacture notification may be used in the USA only when it is **absolutely essential to the manufacturing process and no alternative exists.**

The level of notification/registration depends on the level of tonnage and on the intended use. The obligation to register rests upon all manufacturers and importers placing a new chemical substance on the market. Each regulation such as TSCA or EINECs has its own exemptions for pre-market registration and these should be investigated before making a determination of whether or not the chemical needs to comply with pre-market registration requirements.

Registration means the base set of documents with the requisite information (physical-chemical parameters, toxicological and eco-toxicological studies) presented to the competent authorities / Chemicals Agencies to comply with applicable requirements regarding the introduction of new substances within a specified territory. The more volume of substance produced the more test data must be submitted (for substances solely intended to be applied for R&D purposes, a reduced test package will be sufficient). Registration makes it possible to evaluate the potential hazards of new chemical substances to humans as well as the environment.

New industrial chemicals registration and assessment schemes have been established in most countries or territories creating a wide range of registration and assessment requirements. The following Regulatory Inventories exist:

Asia-Pacific:

- Australian Inventory of Chemical Substances (AICS);
- Japanese Existing and New Chemical Substances (ENCS);
- Korean Existing Chemicals List (ECL)
- Philippines Inventory of Chemicals and Chemical Substances (PICCS)

Europe:

- European Inventory of Existing commercial Chemical Substances (EINECS)
- European List of Notified Chemical Substances (ELINCS)
- No longer Polymers list (NLP)
- Swiss Regulated Chemicals Lists: INVENTORY of Notified New Substances in Accordance with the Ordinance on Substances, September 2000 and the Giftliste 1, June 2000

North America:

- Canadian Domestic Substances List (DSL)
- Canadian Non-Domestic Substances List (NDSL)
- Toxic Substances Control Act (TSCA) Inventory

In general substances not listed on the relevant Inventory are new for a territory. They must be registered before placing them on the market..For EU countries registration will be done by Philips Environment & Safety Department. Registration in other countries must be made according to the requirements set forth by the applicable law.

For more information consult http://pww.standardization.philips.com/ at service area: “Chemical Substances”. Information on the new EU Reach directive is available at the EU website: http://ecb.jrc.it/