

Subject: “REACH Readiness” Program SABIC Innovative Plastics (November 2008 update)

To: SABIC IP customers of polymer preparations and articles

Dear Madam or Sir,

Background

REACH is the new European legislation aimed to regulate the Registration, Evaluation, Authorization, and Restriction of Chemical Substances. The REACH regulation has been in effect since June 1 2007. The first critical REACH program milestone is pre-registration. The pre-registration period runs from June 1 through December 1 2008. Substances not timely pre-registered can no longer be manufactured in or imported into the European Union (EU) until a full substance registration has been completed. Under REACH, monomers of polymers must be pre-registered to allow manufacture in the EU or import of the polymers into the EU.

Scope

The SABIC Innovative Plastics (SABIC IP) “REACH Readiness” program is designed to ensure continued availability of finished goods (compounded products, film, and sheet) for SABIC IP customers. The program focuses on those finished goods that SABIC IP produces within the EU or imports into the EU as importer of record.

Product Management

SABIC IP products can be divided into two main categories: polymer preparations (compounded products such as a Lexan *, Noryl * or Valox * grade/colour combinations) and articles (sheet or film). Individual raw material substances comprising a polymer preparation (plastic pellets produced in the EU or imported into the EU) must be pre-registered. The substances used to produce articles in the EU must also be pre-registered prior to December 1, 2008.

A registration of substances in articles imported into the EU is generally only required if the substances are intended to be released from the article during normal and foreseeable conditions of use. However, certain minimal notification and information communication requirements apply to articles manufactured in or imported into the EU that contain so-called Substances of Very High Concern (SVHC) above 0.1 % (w/w) based on total article weight.

Raw Material Management

SABIC IP’s raw material substances for the production of polymer preparations and articles can be divided into two main categories as well: self-produced polymer precursors (intermediates and monomers) and sourced substances. By October 31 2008, SABIC IP had (pre)-registered more than 90% of its self-produced polymer precursors that it manufactures within the EU or imports into the EU. SABIC IP will not communicate ECHA substance pre-registration numbers since this potentially could imply revealing business confidential details of the SABIC IP material technology.

Furthermore, SABIC IP continues to evaluate its current raw material supplier base to ensure that suppliers will (pre)-register raw materials produced within or imported into the EU for SABIC IP. This part of the program is designed to identify any potential implications of REACH on the availability of sourced raw materials. By October 31 2008 the supplier evaluation initiative was at 85% of its completion. So far no raw materials have been identified that under REACH will no longer be available for the manufacture of SABIC IP products within our REACH Readiness program. The supplier compliance validation process will continue through critical milestones in advance of (pre)-registration deadlines.

Substances of Very High Concern

Through a press release on October 28 2008, ECHA confirmed the identification of 15 Substances of Very High Concern that may become subject to authorization. SABIC IP reviewed its database of approved raw materials and has not identified the use of any of these candidate substances as a raw material to produce finished goods within the EU or to produce finished goods which SABIC IP brings into the EU as importer of record. As required by the REACH legislation additional information will in future be conveyed through updated Material Safety Data Sheets.

Customer Imports of Polymer Preparations

Polymer preparations (compounded products such as Lexan *, Noryl *, or Valox * grade/colour combinations) sold by SABIC IP outside of the EU cannot be imported into the EU unless the importer (pre)-registers the substances in the polymer preparation. SABIC IP will not support any customer pre-registration program to facilitate imports into the EU of SABIC IP polymer preparations. In situations, that a customer currently imports a SABIC IP polymer preparation into the EU, SABIC IP will on a case-by-case basis entertain supplying customers from within the EU to help off set our customer(s) having to meet REACH chemical obligations.

As our "REACH Readiness" program progresses, we will take measures either with our suppliers or internally in an attempt to ensure continued availability of our raw materials in compliance with the REACH requirements. If necessary, we will also begin to qualify substitute materials that are REACH compliant with the overall priority to ensure future availability of SABIC Innovative Plastics products for our customers. While SABIC Innovative Plastics will continue to update our customers regarding implementation of our "REACH Readiness" program throughout the pre-registration and registration phases, our customers remain responsible for complying with their obligations under REACH.

I trust this information is of use to you. Yours sincerely,



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