

GUIDING PRINCIPLES FOR INTERNATIONAL SUBSTANCE RESTRICTIONS POLICIES

BACKGROUND: The consumer electronics (CE) industry is widely recognized for its commitments and concrete achievements in the areas of environmental performance, energy efficiency and overall sustainability. Part of our industry's overall dedication to environmental and energy performance involves complying with materials content requirements across the globe, in jurisdictions as diverse as the European Union, China, South Korea, California and New York City.

CE manufacturers use certain materials, including heavy metals and flame retardants, because of their unique energy efficiency, safety or performance characteristics, and where no viable or environmentally-preferable substitutes exist. Through leadership and innovation, our industry has continuously improved our processes and products, and has successfully minimized or eliminated the use of materials of concern where feasible. In many cases, CE manufacturers exceed existing requirements and have developed innovative solutions and substitutes to reduce reliance on materials of concern. CE manufacturers have also developed numerous ways to support eco-responsibility that go above and beyond regulations mandated by various governments.

The CE industry has committed enormous time and resources to meet and often surpass materials content mandates. Our industry has collectively spent billions of dollars worldwide to redesign products and components; conducted comprehensive reliability testing on redesigned products using replacement materials; implemented materials declaration and due diligence processes; and overhauled inventory management and component tracking systems throughout a global supply chain that includes hundreds of thousands of companies.

Given the vast time, expense and resource requirements involved to comply with materials content requirements, the CE industry is designing, manufacturing and distributing products for sale in markets worldwide, each of which are compliant with regulations from a wide range of regions. In other words, even jurisdictions that have not enacted their own materials content requirements are already benefiting from the global overhaul of the CE supply chain. Regardless, numerous other jurisdictions – including Australia, some Latin American countries and individual U.S. states – are now contemplating their own versions of materials content regulations.

EVALUATION: The laws that have been enacted to date, while they differ in certain critical aspects such as labeling and certification, are fairly consistent in regards to the materials they regulate and the exemptions they allow. The CE industry is justifiably concerned that additional action in new jurisdictions or reviews of current regulations in place will prove inconsistent or will directly conflict with existing requirements. This outcome would obstruct market access and could prevent citizens of certain states or countries from enjoying full access to CE products. The CE industry remains concerned that approaches and requirements may diverge, leading to the same unworkable outcome.

CEA POSITION: CEA believes that, in an effort to have existing or planned hazardous substance restriction regulations streamlined, the following elements will need to be considered over time and in conjunction with industry guidance:

1: There is no need for additional jurisdictions to act on materials content requirements. While CEA recognizes that sovereign jurisdictions have the right to regulate in this area, products containing minimal to no hazardous substances are already being sold throughout the global marketplace. Additional action from new jurisdictions will not usefully alter or accelerate a process that is already

underway throughout the entire global CE supply chain, and would in fact detract from efforts among manufacturers which are already taking place to further this cause.

2: Jurisdictions with existing requirements should coordinate efforts as they review and look to amend their laws. In order to avoid a growing list of inconsistent or conflicting materials content requirements, it is imminently important for jurisdictions to actively coordinate and ensure that this outcome does not occur. Global coordination could include common definitions of product scope, exemptions and exclusions. Additionally, technical requirements such as test protocols should be based on and/or driven by internationally-developed and accepted standards.

3: Requirements must be based on sound science and must fully weigh the life-cycle impacts of proposed substitutes. Various jurisdictions (e.g., individual EU member states, individual U.S. states) are looking to go above and beyond existing requirements. If caught up in a “race to regulate” between various jurisdictions without regard to scientific justification or without a thorough evaluation of the availability of feasible and reliable substitutes, the CE industry and its customers stand to lose. No new materials or products should be regulated, no exemptions should be modified and no allowable concentration levels should be lowered without a clear demonstration that these changes are scientifically justified and feasible to achieve. There should also be clear and compelling evidence that potential substitutes are available, are reliable over the long-term and are preferable from a life-cycle perspective.

4: Requirements must provide sufficient time for compliance. Jurisdictions must recognize the time and resources required to not only redesign products but to test them for long-term reliability and to implement reporting, disclosure and inventory management changes throughout the entire supply chain.

5: Requirements must allow for sufficient exclusions. Consideration must be given for legitimate exclusions based on performance, reliability, power efficiency or other factors, including proof of scientific necessity for use of material or substance in question, or clear lack of safety involved in use of alternative substance.

6: Requirements must seek to coordinate with other established regulations not only for the regulated materials themselves, but on internationally-based testing and implementation procedures.

7: Jurisdictions should remain open, transparent and non-discriminatory when setting out requirements. Dialogue between governments or rule-setting organizations and industry should be ongoing and consistent. While the CE industry deems industry-led, voluntary best practices essential for environmental sustainability, collaboration and communication between governments and businesses globally is indispensable. Governments should take a holistic approach to such measures, work with industry to understand the effect of policies on business, and recognize the technical and implementation realities of any policy or regulation. Continued cooperation and knowledge sharing between government and industry will lead to better management of these issues that are both achievable and responsible.

For more information, please contact CEA at publicpolicy@CE.org or visit www.CE.org/governmentaffairs.