Aims

I - In order to achieve successful REACH Compliance there are several steps to be taken by everyone involved in trading activities within the company. It is important that these steps are followed by all employees, to successfully achieve complete compliance with REACH and CLP rules. So the main aims are:

I.1 - To explain the procedure and steps related to REACH Compliance to everyone involved in:

a) trading of chemical substances and mixtures placed on the market of the EEA (European Economic Area – The 27 European Union Member States plus Iceland, Liechtenstein and Norway) market; and

b) commercializing of chemical substances and mixtures being part of articles sent to the EEA market;

I.2 – To inform the staff of their responsibilities; and

I.3 – To guarantee that information will be readily available as required by the Regulations (inclusive CLP) and their inspections.

II - Records of all trading operations ("inventory of trading deals") must be kept and they need to have the appropriate internal controls in place which will evidence the REACH Compliance:

II.1 - A written record must declare and be kept in a form of a spreadsheet with all trading deals ("inventory of trading deals") and containing the following information: AFT number, substance, registration number used, volume and destiny. Besides, a copy of SDS or e-SDS must be provided and kept annexed to the records. Such procedure shall be supervised for a nominated employee.

II.2 – Employees are encouraged to raise concerns about any issue or doubt regarding the REACH Compliance at the earliest possible stage. If they are unsure of any particular aspect of how REACH should be treated, and by whom, they must, as an employee, contact your branch representative of REACH, or use the contact tool at REACH link at Petrobras web site.

Legislation origin and its aspects

I - REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a regulation of the EEA, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EEA chemicals industry. It also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals. REACH cares about chemical substances, per se, as mixtures and in articles.
II - Chemical substances, per se, as mixtures or in articles, receive special treatment by the countries of European Union. The regulation concerning such products can be found at Regulation (EC) no. 1907/2006 (REACH) and Regulation (EC) no. 1272/2008 (CLP – Classification, Labelling and Packaging of Chemicals). Non-compliance with such legislation is punishable for companies and individuals with fines or even imprisonment. The trading branch therefore shall take its legal responsibilities very seriously.

III - REACH has exemptions for some substances (for example: Crude Oil, LPG, Coke, Natural Gas etc), but not CLP. REACH brings the necessity to register substances, while CLP is concerned with risk classification, labelling and packaging of chemical substances, thus requiring notifications to ECHA.

IV - From 1st December 2010 all chemical substances per se, as mixtures or in articles, placed on the market within the EEA must have been registered with ECHA (The European Chemicals Agency) by European Manufacturers, Importers and non-European manufacturers represented by European Only Representatives. Also the new EU Legislation on classification, labeling and packaging (CLP) of chemical substances came into force. Suppliers must communicate the identified hazards of these substances to their customers, including to consumers. The most common tool for hazard communication is the labeling on packaged substances, but also the Safety Data Sheet (SDS) which is provided by other companies in the supply chain.

V – Petrobras Group has registered substances through Petrobras Europe Ltd. – non European manufacturer (having PEL as Only Representative), and PGT BV – European Importer, hereinafter called Petrobras Registrants. All REACH registrations are available at http://www.petrobras.com.br/minisite/reach.

VI - REACH Compliance is a sequence of actions and steps resulting in legal compliance, with the adequate proofs and evidence in case of any requirement, question or inspection by ECHA (European Chemicals Agency) and Europe Union Member-States inspections.

VII - It is not acceptable to:

a) Circulate or import a cargo within / to the EEA customary territory without REACH Registration (if necessary) or the SDS or e-SDS, related to the substance or mixture; and

b) Conclude any deal / agreement / contract without the CAS number of the substance, the REACH Clause or not to prepare the “inventory of trading deals”.

VIII - Failure with REACH Compliance can bring sanctions to the company and its administrators, therefore any employee who breaches this procedure may face disciplinary action, which could result in dismissal for gross misconduct.
Addressees

I - Trading and Commercialization Branches/Areas: AB-MC/CEO CB, AB-MC/CPC, AB-MC/CPE, AB-MC/BIO, AB-MC/CPPI, AB-MC/CPE, AB-MC/RSP e AB-MC/RNN, AB-MC/PEL, AB-MC/PGT, AB-MC/PSPL, PAI/DWST/TRAD, (traders, trading operators, finance and commercial supporters /controllers, contract administrators);

II - Logistic Branch: AB-LO/OL/QP, AB-LO/TM/CMX, AB-LO/TM/OC.

Trading

I - Buying Procedure

Step 1: For Traders

Traders must ask for the CAS number (Chemical Abstract Substance number – individual identification of chemical substance) of the substance to be negotiated during the negotiation phase and check if the substance is exempted, or not, of registration according to REACH. If substance is not exempted of registration, Traders must check if Supplier has registered the substance:

- If the Substance has been registered by the Supplier, the deal can be done;
- If the Substance has not been registered by the Supplier, Trader shall check if Petrobras Registrants have registered the substance which allows it to be placed on the market by the buyer;
- If substance has not been registered neither by Supplier nor by Petrobras Registrants, Trader should seek an alternative Supplier who has registered the substance.

CAS numbers to be used, together with all other negotiation details required by Petrobras standards, shall be registered in the RECAP (summary of the trading basis) and Contract.

If Traders have any doubt about the condition of a substance to be or not under REACH regulation, they can find information with Petrobras REACH Team. The same step shall be taken if the Traders have doubts about Petrobras Registrants having REACH registration for any substance.

Bonded Custom Warehouse cargo in the European Storage Tanks, not intended to be nationalized into the EEA, is not subject to REACH requirements, as it is considered not placed on the EAA market. Once the product is nationalized, REACH will apply.

Step 2: For Trading Commercial Supporters

All incoming RECAPs must be checked for Substance CAS number.

All incoming contracts must be checked for REACH Contractual Clauses and substance CAS number. In case of doubt about such clauses, Trading Commercial Supporters must send them to the Petrobras REACH Team for evaluation. All recommended changes must be sent to Supplier for correction.
Trading Commercial Supporters shall prepare the inventory (hereinafter called “inventory of trading deals”) of all deals done, AFT number, the origin, name of Supplier, product name, CAS number, their volumes, destiny in EEA and copy of SDS/e-SDS. Such information shall be kept in spreadsheets for control purposes. Besides that, they shall keep Contracts and RECAPS stored at the “contract database” and ready for inspection, if required.

Step 3: For Trading Operators

All cargoes entering (“placed on the market” of) the EEA must be accompanied by the SDS or e-SDS as per requirements of the substance classification status on REACH & CLP regulations.

Trading Operators must check and make sure that all documentary instructions sent to suppliers contain the request for these documents to be place on board the vessel at the loading port and copies sent to them for actions.

In the EEA, SDS or e-SDS of chemical substances are required. The latter involves only substances under REACH Registration and differs from SDS, as they are extended-SDS including information about the exposure scenarios to those substances. The e-SDS is required for substances manufactured or imported in the European Union above or equal 10 tonnes/year and which are classified as dangerous.

Incoming SDS and e-SDS must be checked for consistency with RECAP and Contract, including the name of substance, CAS number, Registration number (if applicable), name of Supplier and numbers of items. In case of doubt, Trading Operators must send them to the Petrobras REACH Team for verification. A copy of SDS or e-SDS shall be kept for meanings of proof/compliance.

After evaluation of SDS presented by Supplier, Trader Operator shall take the following procedures:

- If the SDS/e-SDS is correct, it must follow the cargo and a copy must be kept for their files / spreadsheet (inventory) and sent to group key (UKS1 or sds@petrobras.com). It can be forwarded to the supply chain, if required, when the cargo is object of a new deal;
- If the SDS/e-SDS is not in accordance with REACH and CLP requirements, any request for amendments must be sent to the supplier for compliance. After corrections have been made, the operator can follow the above procedure;
- If for any reason the supplier failed to correct the SDS/e-SDS, the operator must inform the Petrobras REACH Team for appropriate action. All correspondence must be archived and ready for inspection, upon request.

Suppliers may, from time to time, send copies of SDS/e-SDS they have just updated. So, the Trading Operator must inform the Petrobras REACH Team regarding appropriate action copying the group key (UKS1 or sds@petrobras.com). All correspondence must be archived and ready for inspection, upon request.
II - Selling Procedure

Step 1: For Traders

Concerning substances and mixtures to be placed in the EEA, Traders can only sell substances that have been registered by Petrobras Registrants or if they are exempt from registration. Alternatively, the Trader can also sell the non-registered substance to a buyer (European Importer) who has already registered the substance itself.

CAS number, together with all other negotiation details required by Petrobras standards, shall be registered in the Recap (summary of the trading basis) and Contract.

If Traders have any doubt about the condition of a substance regarding its status under REACH regulation, they can find information with Petrobras REACH Team or by consulting the List of Substances registered by Petrobras Registrants on the Petrobras REACH Website.

Bonded Custom Warehouse cargo in European Storage Tanks, not intended to be nationalized into the EEA, is not subjected to REACH requirements, as it is considered not placed on the EEA market.

Step 2: For Trading Commercial Supporters

All incoming RECAPs must be checked for Substance CAS number.

All outgoing contracts must contain Petrobras standard REACH Contractual Clause and substance CAS number. In case of buyer demands for minor changes to the contractual REACH clauses, Trading Commercial Supporters must send them to the Petrobras REACH Team for evaluation.

Trading Commercial Supporters shall prepare and keep updated the inventory (hereinafter called “inventory of trading deals”) of all deals done, AFT number for origin, name of buyer, product name, CAS number, their volumes, destiny in EEA and copy of SDS/e-SDS sent to buyer. Such information shall be kept in spreadsheets for meanings of control. Besides that, they shall keep Contracts and RECAPs stored at the “contract database” and ready for inspection, if required.

Step 3: For Trading Operators

All cargoes entering (“placed on the market” of) the EEA must be accompanied by the SDS or e-SDS as per requirements of the substance classification status on REACH & CLP regulations.

“Trading Operators” must check and make sure that all documentary instructions sent to buyers contain the request for these documents to be placed on board the vessel at the loading port. Copies of SDS/e-SDS must also be sent via email to buyers copying the group key (UKS1 or sds@petrobras.com) and must be kept on files / spreadsheet (inventory).

In the EEA, SDS or e-SDS of chemical substances are required. The latter involves only substances under REACH Registration and differs from SDS, as
they are extended-SDS including information about exposure scenarios. The e-SDS is required for substances manufactured or imported in the European Union above or equal 10 tonnes/year and which are classified as dangerous.

Most of the SDS/e-SDS for substances registered by Petrobras Registrants are available on the intranet Petrobras SMES site for consultation and ready to be copied and sent to buyers. If in doubt regarding which SDS/e-SDS to be used consult Petrobras REACH Team.

Copies of SDS/e-SDS for substances registered by Petrobras Registrants must be updated. Therefore Trading Operators should always refer to the Petrobras intranet site for the latest version available for these documents. All exchanges of correspondence with buyers regarding SDS/e-SDS must be archived and ready for inspection, upon request.

Commercialization

The commercialization of substances by Petrobras or its affiliates for clients, which place mixtures or articles on the EEA market, can be affected by REACH. As REACH places the burden of responsibility of communication on the supply chain, Petrobras can be required to supply information regarding substances and their registration. In case of any of such demands, the Petrobras REACH Team must be contacted.

Petrobras REACH Team Coordinator is responsible for any statement related to the registration of substances and other aspects of Petrobras REACH Program (REACH and CLP).

For REACH Compliance Internal Auditing and Training

I – Auditing

Every six (6) months, each year, nominated employees, members of Petrobras REACH Team, shall audit the process of REACH Compliance and report any verified problem to the trading branch authority for immediate corrective action.

The process of REACH Compliance is structured in the REACH Compliance Directives and in this Step-by-Step not excluding the definitions and legal duties expressed through REACH and CLP legislation.

Auditing reports must be produced and archived by Petrobras REACH Team and be ready for inspection if required. The auditing program shall take place in the Petrobras Registrant offices based on inventory of deals, copies of SDS/e-SDS and other documents concerning the trading operations. The Auditing has also to check registrations maintenance and follow ups, SIEF / Consortia related matters (payment of annual fees, changes on CSR – Chemical Safety Report, compliance of members participation conditions and letters of access).

The auditing report shall be sent to the Petrobras Head Quarters’ trading branch authority (General Managers) with copy to the Marketing and Trading Executive Manager at the Downstream area and Managing Directors of Petrobras Registrants. The report will be also used as the basis for future auditing procedures and as part of the critical analyses and auditing program monitoring and development.
Copy of auditing report shall be kept by the Petrobras Registrants for purposes of internal and external inspections in the compliance folder, which must also contain:

1. Only Representative Agreement;
2. SIEF / Consortia Agreements;
3. Invoices;
4. SDS /e-SDS;
5. Records of communication with manufacturers, suppliers, clients and authorities;
6. Registration reports (REACH-IT dossier summary);
7. Dossier updates record; and
8. Inventory.

II - Training

Twice a year, the employees involved with Petrobras’ trading and commercialization of substances placed on the market of the EEA shall be trained in REACH compliance and CLP rules.

Employees attendance lists must be kept in training compliance folder.

The training shall be performed to coincide with auditing periods.