Material Disclosure Best Practices

Are there toxic chemicals in the charm bracelet I bought for my daughter? Is there lead in this paint? These days, manufacturers and suppliers must disclose materials information to regulatory agencies and, often, to the public. The process is appropriately called material disclosure, and regulatory compliance depends on it. A decade ago, people asked: Should manufacturers disclose their secret ingredients? Now everyone wants to know: Can they? In other words, do manufacturers have the business intelligence on their products to report—at a granular level—what's in those products?

For example, does the factory that manufactured the car you drive know exactly what chemicals and substances (and how much of them) are in the welding solder in the smallest gearbox? The gearbox manufacturer changes suppliers all the time, as does the car manufacturer. How do they keep up? Most manufacturers do not know all the ingredients in their products. It is the real—and scary—answer.

So when public interest and regulatory agents come knocking, how do manufactures find out what's coming up through their supply chains? And how can they manage the detailed product information, while safeguarding their secrets and sharing relevant intelligence?

For the past 10 years, Actio Corp. has been making software that gathers information from all suppliers, so large manufacturers with a global supply chain network can audit and manage all the chemicals, substances and mixtures in their product, from the finished good through all its components and elements. The real trick is to then take that chemical-level product data and screen it against known toxins, suspected toxins, and all environmental, health and safety regulatory lists from all parts of the globe. Actio Corp. recently distilled its vast experience down to a simple bulleted list in three sections: supplier communication, data monitoring and regulatory tricks.

Supplier Communication

- Visibility into product, part and chemical substance data is key.
- Clear, regular communication with suppliers gets results.
- Automating communication with suppliers is best, so nothing slips through the cracks.
- Working closely with suppliers accelerates the development of greener materials.
- Communicating with customers is a sophisticated challenge and requires tools.
- Big-picture vision statements must be constantly reiterated—internally and to the supply network.

- Setting team and individual goals creates a shared commitment.
- Training suppliers helps clarify requirements and motivate them towards data collection.
- Collecting supplier data can inform future supplier and material selection, as long as data is tracked and stored in a sensible way.

Data Monitoring

- Constantly updated visibility into as many details as possible is essential.
- Leveraging existing data in enterprise resource planning, product lifecycle management and procurement systems is critical.
- Providing an easy-to-use web-based portal for chemical data entry facilitates data collection.
- Bill-of-material multi-level simulators allow manufacturers to see cheaper, greener, more compliant component and chemical alternatives.

Regulatory Tricks

- Benefits are to be found in pursuing and supporting government green and safety efforts.
- Offering an easy-to-use web-based portal for up-to-date regulatory lists facilitates compliance.
- Collecting data on chemicals of emerging concern is as important as data on known toxics.
- Regulatory tracking software becomes paramount as modern product development suffers under a patchwork of global chemical regulatory systems.
- Hazard data on mixtures can be hard to find, thus finding a trusted source is necessary.
- Verification of supplier compliance is critical for an audit trail.

Most Importantly ...

Share material disclosure best practices with peers—the field is young and sharing helps it mature. While all of these best practice suggestions make sense when you read them, they may seem overwhelming to execute. However, more and more companies are choosing a sensible program to manage material ingredients and environmental compliance issues, including disclosure.

For real results, regulatory and compliance software must be relational database driven because there is no other way to keep track of so much data and keep it current, consistent and clean. Only a relational database platform with substance tracking, and workflow and collaboration functionality can address the material disclosure challenges in the modern global supply chain.

Global environmental regulatory compliance, including REACH, RoHS, WEEE and many others, both local and national, remains a challenge for manufacturing

companies. A material disclosure software solution automates and centralizes substance information exchange between manufacturers and their supply chain network. With or without this type of software, however, the best practices listed in this article must still apply in principle.

Actio Corp. is a software as a service company. For more information, please visit www.actio.net *[1].*

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