

Compliance Systems and Programs

Do yours support an audit?

Utilizing Environmental Quality Assurance™ (EQA™)

Items to discuss

- ▶ What is *EcoTech* legislation?
- ▶ Compliance Failures – government, customer
- ▶ Starting, maintaining, sustaining an EcoTech compliance program
- ▶ Audit Survival Tips
- ▶ EQA™ Process
 - Sample cost savings

EcoTech Legislation

- ▶ Europe – EU
 - RoHS – 2003, '06
 - WEEE – 2003, '05
 - REACH – 2007, '08, '09, '10
 - EuP – 2006, '08
 - RoHS/WEEE Recast 2008, 2010
- ▶ Asia
 - China RoHS – 2006, '07, '09
 - S. Korea RoHS/ELV/WEEE 2007
 - Japan JGPSSI
 - Japan – JAMP
 - Taiwan RoHS – 2006
- ▶ USA
 - CPSIA
 - State level:
 - Several states/municipalities with e-waste legislation
 - Several states with hazardous substance restrictions/bans
 - CA-Prop65
- ▶ South America
 - Argentina, Brazil, Chile, Columbia, Venezuela w/e-waste legislation



Compliance Failures for EcoTech

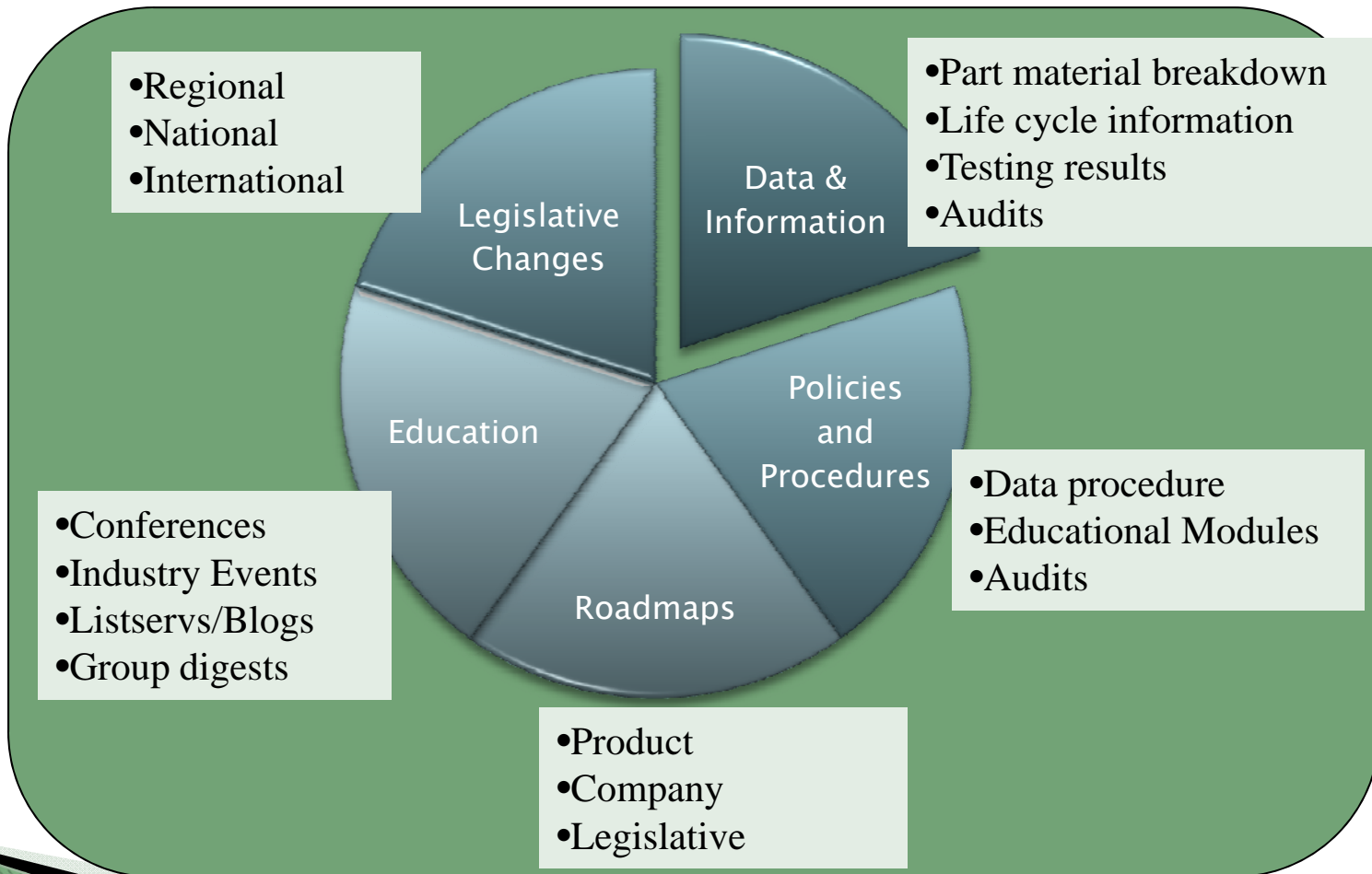
- ▶ Over 50% of companies fail government audits
- ▶ Over 90% of companies fail customer audits
- ▶ Most audits are competitive in nature
- ▶ Where are the obstacles?
 - Definition of Due-Diligence
 - Misinterpretation/Misuse of exemptions, exclusions, definitions
 - Program sustainability
 - Responsiveness



Implementing a “Auditable” Program

- ▶ Instrumentation of the program
 - Cross functional
- ▶ Risk evaluation
 - Supplier, manufacturers,
- ▶ Metrics gathering
 - Internal/external auditing, supplier audits
- ▶ Evaluation of tools
 - Software, news & data, audits
- ▶ Self-evaluation criteria
 - Who is in charge?
 - Will data stand alone – or is interpretation needed?

Total Compliance



Audit Survival Tips

- ▶ Assume nothing
 - Auditor will not familiar with your company or products
- ▶ Be responsive
 - Provide information in a timely manner
 - Provide complete technical compliance file; not just materials information
- ▶ Prepare for/Anticipate questions

EQA Philosophy

- ▶ Reduces cost through better utilization of resources
- ▶ Removes burden of tedious audit work from over-qualified engineers
- ▶ Utilizes Industry Best Practices from multiple segments
- ▶ Uses detailed process analysis of systems and data
- ▶ Drives Quality throughout the supply chain
 - ▶ Begins with High-Risk Suppliers who are unable/willing to give sufficient data
 - ▶ Allows for escalation to on-site audits
 - ▶ Standardizes Supply Chain Expectations

Example Cost Savings

▶ Internal Costs

- Staff Engineer/Auditor
 - \$250k/year burdened
 - \$50k+ /year Training
 - Need up to 10 employees for successful program
 - Results uncertain
 - No cross-pollination of experience

▶ Internal Cost (10 employees)

- ▶ Over \$2.5 Million annual

▶ Out-Sourced

- External Audit Service
 - \$1k/audit Bulk rate
 - \$2500 List
 - Guaranteed Results
 - Standardized Report generation
 - Supplier improvement plan tracking
 - Follow-up audits at discount

▶ Out-Sourced Cost (300 Audits)

- ▶ \$300k

Savings: \$2 Million in Year One

Additional savings possible by sharing expense with supply chain

EcoTech compliance



- ▶ It's a Conscious Corporate Decision
 - Changing critical thinking
 - Go beyond substance restrictions and waste management
 - Compliance not chaos
 - Risk elimination
 - Business based solution
 - Crisp presentation of corporate environmental stewardship

... but the rewards are tremendous.



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