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March 2022

Message from the President



Dear readers.

The global pandemic acted as an innovation accelerator for many industries – and the lubricant industry was no exception. Digitalization had been on the rise for more than a decade, but the crisis certainly accelerated its

disruptive potential.

One area in which we have observed a clear impact of digitalization is the change to sales models. As companies could no longer rely on in-person sales due to movement restrictions, the pandemic eliminated *de facto* the competitive advantage of companies with an extensive sales coverage. This opened up unprecedented opportunities for SMEs, as virtual technology enabled a geographic reach that would put them on a par with larger competitors.

The "zooming" of interpersonal connections forced by a prolonged period of social distancing and travel restrictions has opened up new business opportunities to SMEs and has prompted us to rethink our sales strategies and expand our potential market.

Another aspect of the impact of digitalization on sales is e-commerce. E-commerce of lubricants already existed prior to the global pandemic, but it has undoubtedly increased over the past two years, with several SMEs setting up an e-commerce platform or being in the process of doing so.

But how will we benefit from digitalization and how will we avoid the risk of

commoditization that could come from the adoption of e-commerce?

To answer these questions and to help us develop a strong sales and marketing strategy, we have dedicated a full session of our <u>2022 UEIL Annual Congress</u> to Innovation in Sales and Marketing.

Join us in the beautiful city of Athens, Greece, from October 19 to October 21 to hear more about tailoring your sales approach based on your customer needs, and about strategic and tactical aspects of e-commerce, to optimize resources, improve customer experience, and increase profitability.

I am looking forward to meeting you all there to shape together the future of our industry.

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Valentina Serra-Holm President

UEIL Congress 2022

As we all know, Europe's recovery requires the acceleration of the twin green and digital transitions, so that we build a more sustainable and resilient society and economy. These two trends present a unique opportunity to the lubricant industry – but we will only be able to capture the benefits if we take the right strategic decisions. For this reason, the theme for the 2022 UEIL Congress will be "**Driving innovation – the lubricant industry on the move**".

From October 19 to October 21 in the beautiful city of Athens, Greece, we will explore the topic of innovation along different stages of the value chain, with the aim of understanding the regulatory environment and the tools at hand – as well as being inspired by success stories and case studies presented by the brightest European lubricant manufactures.

Registrations for the UEIL 2022 Congress will open in early April – so be sure to keep an eye on the <u>UEIL website</u> and <u>LinkedIn page</u> for updates and to secure the early bird rate.

You can also take a look at the <u>programme</u> – we have many exciting speakers secured already – and at the <u>sponsorship brochure</u> – there are still some opportunities available!

Get in touch with the Congress team directly at info@ueilcongress.org to find out more.

Sustainability Committee

Since the launch of <u>UEIL's new Sustainability page</u> in February 2022, the Sustainability Committee has been working on developing new content for its visitors, providing insights into the growing efforts of the industry to advance on its sustainability journey.

The White Papers section of the page offers readers two new documents, introducing the key performance indicators and the basics of sustainability reporting for companies. Moreover, the page has been expanded with the Toolbox section, which offers guidance documents for members on the different steps of implementing sustainable practices in their business activities. The Company CO2e Value Guideline introduces the first steps for lubricant companies to measure, account for, and reduce the carbon footprint of their activities (corporate carbon footprint) and products (product carbon footprint) aiming to motivate companies to join UEIL on its path towards sustainability.

For more information about UEIL's efforts to provide guidance on sustainability to its members and others in the industry, visit the FAQ page with many interesting insights. If you or your company wishes to contribute to the lubricant industry's sustainability journey, or have any inquiries, please contact the UEIL Secretariat at secretariat@ueil.org.

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Technical and Competition Committees

The Technical and Competition Committees continue to make progress on a number of cases. OEM Bulletins were released in the last months and on several cases a complaint has been filed to the national type approval authority.

The Committees have also been in contact with the European Commission's DG GROW. The interaction has been encouraging. In their response they highlighted that article 61 of Regulation (EU) 2018/858 already gives a right to independent operators to obtain access to the relevant repair and maintenance information which comprises the technical specifications with regard to spare parts and products to be used for maintenance. This includes access to information on technical specifications of the lubricants to be produced and used for the maintenance of motor vehicles. This response is a positive and supportive clarification regarding the current regulatory situation which would help the lubricant industry to take even stronger actions in cases where access to technical information is not provided.

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Health, Safety & Environment Committee

On Halogenated Chemicals – MCCP (medium-chained chlorinated paraffins) and PFAS restriction: authorities still do not distinguish polyfluorinated hydrocarbons and fluorocarbons from other functional groups such as fluorinated carboxylic acids. If many of the latter are indeed toxic, polyfluorinated hydrocarbons used in greases and other high-performance lubricants do not react at all and, therefore, are used.

The Committee continues its discussions with other associations and authorities to explain why this type of molecules can hardly be replaced. Similar attempts are made for MCCP. For environmental reasons, the whole group of molecules is about to be restricted, although MWF fluids are circulated in a closed system. HSE members recently participated in an EU consultation process and provided their input on the use and safe handling of these substances.

The Committee is still looking for active members to join its newly established working group on label and food grade products. If your company is a member of UEIL and would like to bring your expertise to one of

these groups, please contact us at secretariat@ueil.org.

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Taxation Task Force

The EU co-legislators are currently negotiating the revised Energy Taxation Directive that the European Commission published last year. This revised Directive is important for the lubricant sector to promote a level playing field in Europe.

Furthermore, related to UEIL's objective to prevent the inclusion of lubes under the Excise Movement and Control System (EMCS), certain EU Member States are concerned about increased fraud with lubes across Europe and are once again increasing the pressure to include lubes under EMCS. UEIL will continue its outreach to EU Member States in the coming weeks to express its concern and will discuss with the European Commission the option of a definition of 'light lubes' that might be included under EMCS in the second half of 2022.

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GEIR Update

2022 started with positive policy developments for the regeneration industry. In February, the European Commission published the roadmap on the revision of the Waste Framework Directive (WFD), which will include measures to promote waste oils regeneration at EU level. GEIR welcomes the policy direction envisaged by the Commission in the roadmap, as it recognises the need to increase the amounts of waste oils regenerated – including though targets – and stresses the fact that waste oils used as fuel contribute more to climate change and resource depletion. GEIR also provided feedback on the roadmap highlighting the importance of restricting the use of waste oils suitable for regeneration in energy recovery and urging Commission to prioritize a better enforcement of the current legislation with regards to the collection of waste oils.

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JOIN **DR. VALENTINA SERRA-HOLM,** UEIL FOR
"THE IMPACT OF THE COVID-19 PANDEMIC ON THE EUROPEAN
LUBRICANT INDUSTRY AND THE WAY FORWARD"



WWW.WPLGROUP.COM/ACI/EVENT INFORMATION AND TICKETS: IPAIN@ACIEU.NET

You can register and learn more about this event here.

EU UPDATE

<u>Ukraine-Russia crisis is causing oil prices to soar while discussions on a Russian oil ban are still ongoing</u>

On 24 February 2022, Russia launched a military invasion on Ukraine. The list of economic sanctions in the EU and globally against Moscow <u>escalated quickly</u>, leading to an investment ban on projects in Russia involving the exploration or production of coal, oil and gas. EU Member States are still discussing whether to follow the US-led oil embargo on Russia since purchasing energy from Moscow contributes to the financing of Russian military operations in Ukraine for €1 billion per day according to some experts. The German Vice-Chancellor Robert Habeck highlighted that it was a difficult decision to take as it would impact the chemical industry and their supply chains.

<u>Chemicals regulations are undergoing new developments: Commission opens</u> consultation for REACH revision and publishes Sustainable Product Initiative

The consultation period on the revision of the REACH Regulation to help achieve a toxic-free environment <u>is closing</u> on 15 April 2022. The objective of the revision is to ensure that the REACH regulation reflects the Commission's standpoint on innovation as well as an effective level of protection of health and the environment as stated in the Chemicals Strategy for Sustainability adopted on 14 October 2020.

On other developments affecting chemicals regulations at the EU level, the Sustainable Products Initiative (SPI) was <u>published</u> on 30 March. The initiative is designed to revise the Ecodesign Directive and includes additional legislative measures aiming to make products placed on the EU market more sustainable.

Council agrees on the Carbon Border Adjustment Mechanism (CBAM)

On 15 March, the French Presidency of the Council of the European Union <u>reached</u> an agreement on the CBAM, one of the main components of the European Union's "Fit for 55" package.

The measure seeks to avoid carbon leakage and encourage partner countries to set up carbon pricing policies in order to fight climate change. The CBAM will focus on imports of carbon-intensive products manufactured in non-EU countries where climate change policies are less stricter than in the EU and will seek to prevent the products from compromising the EU's greenhouse gas emissions reduction targets. The products from the following sectors will be taken into account: cement, aluminium, fertilisers, electric energy production, iron and steel.

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Call for sponsorship of the UEIL Newsletters

Dear Members and Partners of UEIL,

As you know, this is our association's showcase publication and therefore represents an excellent opportunity for regular exposure and profiling your organisation. We would like to put out a call for interest for any members who are interested in sponsoring the 2022 editions of the UEIL newsletter.

Sponsorship of the newsletter includes your logo featured prominently on the newsletter, with a hyperlink taking the reader to your organisation's homepage.

If you'd like to find out more about this opportunity, please do let us know by sending an email to secretariat@ueil.org

Thank you and best regards, UEIL Secretariat

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