

Technical Seminar 14: Exploring information flow – how data is passed and reported in chemical management

(27 September 2023)

This online seminar invited industry experts from garment manufacturing and chemical supply chain to bring up discussions on:

- What's working and what's not working in the current chemical management system for garment manufacturers, and suggestions from the manufacturers' views on the improvement;
- What are the perspectives and approaches of chemical companies on sustainable chemicals and suggestions for improving data transparency.
- What are the key values shared by garment suppliers and chemical suppliers that could help to form a lighter, faster, and more traceable data reporting system to manage the chemicals in both value chains?

The two-panel members walked us through the different scenarios of chemical management and shared their insights on how to cope with the challenges:



Mian Saqib Sohail

Responsible Business Projects-Lead, Artistic Milliners

A lifelong learner with decades of diverse experiences in the textile and education industry. Currently, Saqib Sohail works at Artistic Milliners in Pakistan focusing on ESG and sustainable cotton projects.



Isabella Tonaco

Executive Director, Sustainable Chemistry for the Textile Industry

With 10+ years of experience in sustainability, Isabella Tonaco is the Executive Director for Sustainable Chemistry for the Textile Industry with the mission to empower and accelerate the value chain in the transition from chemical compliance to sustainable impact.

The online seminar comprised a lengthy panel discussion, followed by a Q&A.

On the operational level, chemical management is about having an effective system to trace and record data along chemical moving in the supply chain. Saqib Sohail profiled the challenges and issues when suppliers implement the current chemical management system such as:

- The chemical management standards and data reporting processes/forms vary in customers, which often makes the data work overwhelmed on suppliers' ends and blocks suppliers' capacity to proactively manage the chemicals.
- Chemical traceability is not fully implemented in the current system due to various reasons.
- Lacking clear communication between brands and suppliers causes slow and confusing reactions regarding chemical management.
- Lacking training programs on new regulations and rules puts suppliers in a less proactive position.

Some of the issues are specifically encountered by garment suppliers but the causes are, in fact, rooted in the whole supply chain. Saqib provided suggestions and measures of improvement on how to overcome these challenges and issues:

- The garment industry shall encourage clearer communications between brands/retailers and suppliers on the expectations of chemical management, as well as provide sufficient training programs on new regulations, chemical inventory management, and safe practices.
- The garment industry shall align with a call to set up single as well as unified expectations of chemical standards and wastewater discharge quality.
- Free garment suppliers' capacity from overloaded and repeated data work to proactively and regularly assess chemical risks and manage chemical purchases more effectively.

Some of those issues and challenges are shared with chemical suppliers too. Isabella Tonaco reflected her thoughts on those issues:

- Resonating to garment manufacturers' views, chemical suppliers often find themselves managing very fragmented, similar, but not identical guidelines and market requirements.
- Today's focus remains greatly on similar yet different documentation and documentation-checking which slows down the process of adopting sustainable chemistry as the norm instead of as a claim.
- The determination and understanding of sustainability may vary depending on the part of the value chain. Missing a shared determination of sustainability between the two value chains causes less time and resources spent on accelerating the ground changes for more sustainable practices.
- Data transparency is a dilemma for the industry in getting faster and more sustainable.

To address those issues and support the garment industry with a united and harmonized approach, Isabella introduced the project Sustainable Chemistry Index (SCI). The index is intended to contribute to the accelerated adoption of sustainable chemistry and responsible practices by:

- Focusing on three main areas such as due diligence & corporate governance, product data & safety, and sustainability attributes.

- Encouraging the industry to adopt mutual recognition of existing standards and further more to harmonize sustainable chemistry practices into 1 standard and a unified voice.
- Bringing new parameters that measure how products improve resource utilization on their own and in the processes in which they are used.
- Determining a shared and agreed scope of transparency within the value chain and between the two value chains to free the capacity into accelerating ground changes of sustainable practices.

In conclusion, the panelists agreed that creating conversations on a shared determination of transparency within the chemical industry and between the two value chains plays an important role in providing clear and accessible information to the industry without impacting the R&D efforts of chemical suppliers. Adopting mutual recognition is key to reducing the overwhelming data work and allocating more resources to developing more sustainable chemicals. Understanding what's working and not working in the current chemical management system for suppliers from both value chains helps us to find more effective measures to improve the chemical management system.

To learn more, watch the recording of Technical Seminar 14: Exploring information flow – how data is passed and reported in chemical management. The Presentations presented in this seminar are found in the appendix below. For more online seminars on similar topics, check out the [Asian Dialogues Series](#).

Published by:

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Author: Jessie Li
GIZ is responsible for the content of this publication.

Registered offices Bonn and Eschborn, Germany

Layout: Alsharq

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As at October 2023



Implemented by:
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

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DENTIM COMPANY OF THE FUTURE



REQUIREMENTS OF CMS

Use of Compliant Chemicals throughout the processes;

ZDHC Compliant

GOTS Compliant

GRS Compliant

Blue Sign

The Positive List (Inditex)

Preferred Chemical List

To upload monthly chemical consumption and stock on different portals like;

Clean Chain

BVE3

Bhive

To acquire different chemical certifications and approvals from chemical manufacturer i.e.

GOTS

GRS

ZDHC

Blue Sign

Chemcheck Reports

CUSTOMER DEMAND

Customer demands following documents or reports to fulfill CM requirements at their end.

ZDHC test reports.

Chemical IN-Check Reports

Vendor Declarations

RSL & MRSL Declarations

Chemical Inventories List

Chemical Certifications (GOT / GRS Approvals)

Chemical Management Objectives & Targets

CMS Implementation Challenges and Issues

- One of the biggest challenge is ensuring that all stakeholders are on board. This includes everyone from top-level management to line workers.
- Chemical management systems produce large amounts of data, which can be overwhelming for some companies.
- Increased stringent regulation and standards as well as different customer requirements

CMS IMPLEMENTATION CHALLENGES AND ISSUES

- Lack of awareness and understanding of chemical management among supplier and customer.
 - Poor communication of the CMS policy to suppliers which usually leads to lack of complete documentation from suppliers, which are usually compliance requirement
 - Insufficient labelling of chemical storage containers e.g. inappropriate label from supplier or distributor. Repacked material inside facility with inappropriate labeling, etc.
 - Missing and outdated TDS, MSDS /SDS (i.e they do not meet the regulation requirement (GHS) for each purchased products
 - Lack of certification, declaration letter from chemical supplier or a test report from a third-party laboratory (or from suppliers) to confirm their chemical formulation(s), in case the CAS is trade secret
 - The purchase procedure is too simple and lacks hazardous chemical control requirement

CMS IMPLEMENTATION CHALLENGES AND ISSUES

- Cost and resource constraints for small and medium-sized enterprises
 - Since purchase of chemicals becomes more costly companies usually purchase low cost chemicals without confirming its compliance to the standards and regulations
- Lack of regulatory frameworks and enforcement mechanisms in the local context
 - Lack of enforcement of regulations and number of small enterprises manufacturing locally without complying the standards
 - Insufficient knowledge and understanding of the suppliers regarding the emerging regulation and standard

Chemical Compliance in August 2023

Figure A

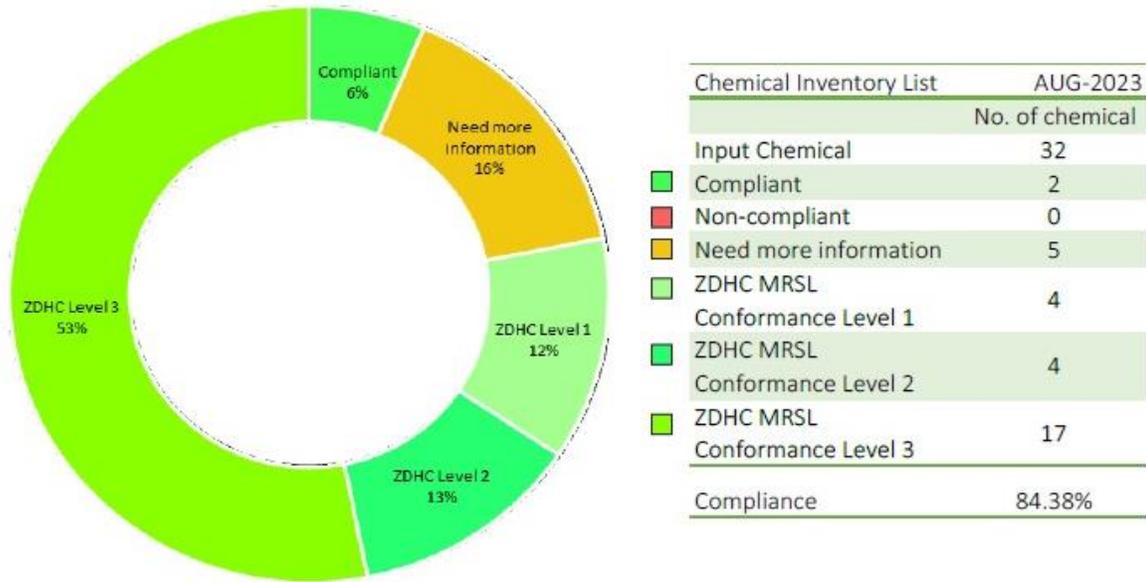


Figure A is calculated based on the number of chemicals in each categories and the total number of chemicals.

Definitions

Transparent chemical	Detail of chemical and/or its formulation as well as any hazardous information is fully disclosed in corresponding safety data sheet.
Compliant chemical	Transparent chemical that comply with ZDHC Manufacturing Restricted Substance List (MRSL) and evaluated by BVE ³ through safety data sheet.
Non-compliant chemical	Transparent chemical that does not comply with ZDHC Manufacturing Restricted Substance List (MRSL) and evaluated by BVE ³ through safety data sheet.
Need more information chemical	Non-transparent chemical that has missing information from safety data sheet.
ZDHC MRSL Conformance Level chemical	ZDHC Gateway chemical with ZDHC MRSL conformance indicator Level 1-3.

CMS Implementation Challenges and Issues

- Varying customer standards and requirements.
 - In international market the regulation and standards vary and are becoming more stringent with time.
 - Different inventory formats of different customers, makes it challenging to fulfill all, however most of them are now accepting Clean chain, B Hive and ZDHC inventory
 - Limited availability of safer alternatives to hazardous chemicals.
 - Over the time, many of the Hazardous chemicals have been banned although alternative to these chemicals are very limited which makes it challenging to comply and restrict the use of those chemicals.

CMS Implementation Challenges and Issues

➤ Lack of chemical traceability

- Chemical traceability is an important component however this has yet not been fully implemented
- Complete Traceability of chemical helps to trace back chemical in case of product RSL failure or non compliance of ETP discharge

➤ Inventory Management:

- Managing the complete data of each chemical is challenging, however there are tools available to help manage this data and turn it into actionable insights
- It helps to anchor the required traceability, the use, handling and storage of chemical products
- Detailed data requirements of the inventory which are usually incomplete due to lack of awareness or data from supplier.

CMS Implementation Challenges and Issues

➤ PPEs Implementation and Maintenance

- PPE is the last level of control, worn to minimize exposure to a variety of hazards in a manner capable of causing injury or impairment in the function of any part of the body through absorption, inhalation or physical contact
- However, in most of the case there is lack of implantation of safe practices among employees which may be due to lack of awareness, unavailability of PPEs or inefficient implementation of the same
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- Usually, use of inappropriate PPEs are found in practice
- There is no appropriate maintenance and record of PPEs used

HOW TO OVER COME THESE CHALLENGES

- Clear communication and education, i.e training program from internal and external partners and suppliers
- Industry alignment for a single, unified set of expectations for chemical standards and wastewater discharge quality
- Identify and encourage suppliers to ensure their chemical MRSL compliance to meet the regulations
- Collaboration with chemical suppliers

HOW TO OVER COME THESE CHALLENGES

- Purchasing Coordinator who understands the issues and standards of chemicals to ensure complete purchase of chemical with all its requirements
- Conduct periodic risk assessment to identify and eliminate the hazard, along with proper record keeping.
- Conduct internal audit of the CMS to ensure continual improvement.

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A close-up photograph of blue fabric, likely a textile, showing its texture and folds. The lighting is soft, highlighting the intricate patterns and shadows of the material.

Sustainable Chemistry for the Textile Industry



Our vision

- Empower the industry with a standard communication guide focusing on measurable sustainability attributes
- Go beyond current legal requirements and voluntary standards and prepare for upcoming regulatory demands
- Create measurable and impactful changes along the value chain in an inclusive and collaborative manner
- Support informed decisions about sustainability attributes of products that are used in textile and leather industries



Who we are

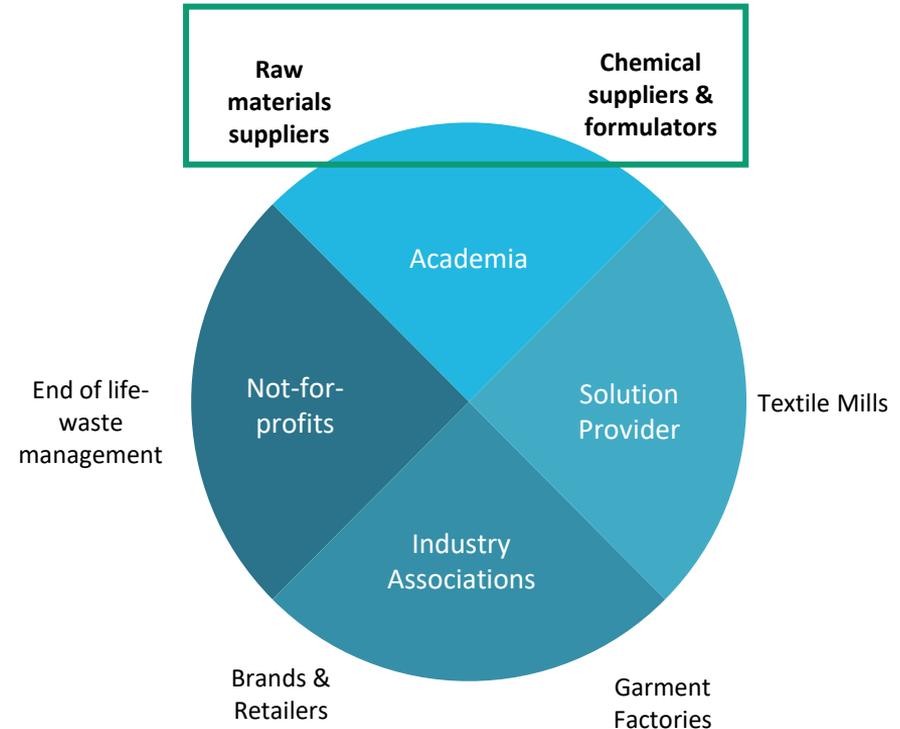
SCTI is founded by organizations committed to sustainable chemistry



Sourcing of chemicals and materials is a key denominator for consumer products to be more sustainable

Value chain collaboration opportunity initiated by chemical supplier's proactive action

Our focus is to **create transparency on chemical value chains upstream** of consumer goods manufacturing by **setting methodologies that can determine the impact of sustainable chemicals, responsible supplier practices and drive sustainable impact**



Mutual recognition of current standards combined with forward looking sustainability focus

How we behave TODAY	Less time is spent on accelerating on the ground changes for more sustainable practices	Majority of time spent on managing data, non –harmonized lists, securing IP investments by protecting data
How we benefit TOMORROW	Less time is spent on data management and securing know-how	Majority of time spent on collective true impact on producing areas, clear understanding on how to maximize sustainable chemicals use, efficient data management

Time and effort spent needs a shift



A sustainable commitment

In 2022, SCTI teamed up with bluesign on a journey to create the Sustainable Chemistry Index



Sustainable chemistry index aims to contribute to sustainable chemistry adoption

- **Consolidating the landscape of sustainable chemistry metrics** by collaborating with well-established schemes and drive together mutual recognition.
- **Transparency** is at the heart of what we do!
- We take a **holistic approach to sustainable chemistry**, considering **the entire lifecycle of textile chemicals and textile production**.
- Improve the uptake of sustainable chemicals and practices by **increasing information access to industry leading programs**.
- Drive a **collaborative approach!**

Sustainable Chemistry Index structure

Due diligence & transformational governance

- Management system, product stewardship
- Corporate sustainability journey and practices
- Supplier engagement, data transparency and sustainable practices

Product safety

- Hazard profile supporting industry efforts
- Product safety acknowledging different standards aiming to reduce complexity
- Preparing for future regulatory requirements

Product sustainability attributes

- Provenance and sourcing of feedstocks – material transition
- Resource saving on downstream use
- Measurable impact on downstream use
- End of life and fit for circular economy

Sustainable Chemistry Index

A commitment to you and the planet

To achieve this milestone, we need all stakeholders onboard and build on collaborative approaches – your input will be crucial for us in achieving this together!

The index is focusing on chemistry from chemical experts to chemical users with the goal to deliver a positive impact and a choice for garment manufacturers, brands and retailers

Thank you!

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