Use Case Study - Producers, distributers and retailers

Supply chain management supporting substitution of SVHCs and product design for recyclability

Primary Actor	Producers, distributers and retailers of consumer goods
Secondary Actors	Recyclers Consumers
Existing Practice	Producers, distributers and retailers of consumer goods currently manufacture/sell some products that contain SVHCs on the basis that they have not been able to substitute them with alternatives, might not have chosen to invest in searching for alternatives, or are unaware of the SVHC-content. According to REACH Article 33, some information on the SVHC content of these articles should be passed down the supply chain and (upon request, within 45 days) to consumers. However, it has been shown that in reality companies are often not well-informed about the SVHC-content in articles they use or have difficulty fulfilling their obligation to produce a fully realistic bill of substance and material.[1] A consulted retailer has explained that when they receive a request about whether a specific product contains an SVHC, they check with their suppliers but also conduct analytical testing at EU laboratories. This is because supply chains are often long. Even with good faith it can sometimes be challenging for vendors to know specific concentrations of trace chemicals. Another stakeholder provides the example of toys, which are often complex products and which may contain SVHCs (CMR substances) if their exposure can be excluded (under the Safety of Toys Directive) where they are "inaccessible to children in any form, including inhalation, where the toy is used as specified".
Challenges related to substances of (very high) concern	This means that information on SVHCs is currently not always available to (a) producers of final products who may assemble them from individual articles; (b) distributers or retailers who want to remove SVHC from their product lines; (c) consumers in making purchasing decisions; (d) recyclers. Therefore, producers may find it hard to redesign their products to exclude SVHC, meaning that distributers and retailers will continue providing product lines containing SVHC, due to their lack of knowledge on alternative products/articles which do not contain these substances. In broader terms, this means that SVHCs are more widely present in consumer products than is desirable, and there may be insufficient pressure or incentives in some cases to substitute them.
Future Practice with the new database	The database will encourage further substitution through the need to report and through pressures from customers related to the identification of the presence of the SVHC in these consumer goods. The database will be used by producers to avoid using articles or materials which contain SVHCs in their products. It will also be used by distributers and retailers to avoid SVHC in their

[1] For instance, a survey for the AskREACH baseline publication 2019 showed that "[o]f 183 participating companies, 42% had already received 'right to know' information requests from consumers. Of the companies that had received requests, nearly half did not have the information required to provide an immediate response in most cases. In addition, only 49% of the participating companies felt well informed or quite well informed about the presence of SVHCs in their articles." See: https://www.askreach.eu/wp-content/uploads/2019/07/LIFEAskREACH_Baseline-publication_2019-07-10.pdf

product lines. This is particularly important for products where consumers are more likely to be exposed to SVHCs (e.g. toys, childcare articles, textiles and other household goods).

For instance, the database could be used by a product manufacturer, distributor or retailer to:

- **Search the database for types of articles they use to manufacture their products and avoid purchasing articles which contain SVHCs**. For instance, a producer needs leather to manufacture leather goods such as suitcases and bags. Some leather contains SVHCs (e.g. PFHxS), but the producer would prefer to use an SVHC-free leather. The producer will check the database which supplier's leathers contain SVHCs and can filter them out of their list of potential suppliers for leather.
- In case the database will also allow for notifications about articles that do not contain SVHCs, it can also be used **to find alternative articles (e.g. SVHC-free leather) directly,** to manufacture their product (leather goods) **or alternative products** (e.g. SVHC-free leather bags) to include in their product lines.
- If needed, **redesign the product** to exclude any articles or material containing SVHCs, or substitute the SVHCs in the product. For example, if the alternative (SVHC-free leather) has different properties that will need to be considered in the design of the product (the leather bag) or the producer might prefer to use a different material altogether (e.g. textile).
- **Share the information with existing or new reprocessors** of the materials to accompany waste movement records allowing for safe use of materials.
- **Advertise to their customers the safety of their product** – which can now be classified as SVHC-free.

Potential benefits of this use

The database will make it easier for producers to identify articles and materials containing SVHCs and finding potential substitutes to such articles and materials. Correct management of the SVHCs will reduce loss of income to the producer by reducing potential reputational risks rising from the presence of SVHCs in their products, it will incentivise the production of SVHC-free products and potentially lead to an increase of income for alternative providers. There would then be a benefit in terms of improved design for recyclability avoiding the need to try to separate out SVHC where these are present. The promotion of these efforts in the public raises the company's reputation and contributes to a more trustful relationship with consumers.

It will also allow producers to use the database to help comply with changing regulations, e.g. introduction of new restrictions on new or existing SVHCs in certain uses. The producer will be able to use the database to improve their understanding of how to identify and safely manage the material to ensure compliance with the new legislation.

Incentives and barriers for this use

Incentives:

- Consumer demand for SVHC-free products due to increasing awareness about potential chemical risks.
- Increased competitiveness of products if classified as "SVHC-free," especially relevant to retailers/distributors
- Easier for producers to get or check the information received from upstream actors on the chemical content of material or articles
- Easier for producers to comply with new chemical legislation as information regarding articles containing SVHCs is increased.
- Increased recycling rates for products because of increased ability to use materials which are SVHC-free which again could improve the reputation of the product with consumers who are more willing to buy products which can be recycled.

Barriers:

- The time/cost required to understand and use the database could be an important barrier for producers.
- In addition, the need to find effective alternatives also represents a barrier for producers who will have to substitute these articles.

Presentation of information in the database to support this use

Good publicity and communication about the database with many clear examples will facilitate its use and promote its adoption in the industry.

The database should provide producers with a search tool to easily identify the specific articles or products that they currently purchase, or the article/product/material types that they require.

The database could be connected with the ChemSec Marketplace[2] database to support the identification of alternatives.

This use case is an extract of a report that has been prepared under contract ECHA/2018/338. Further background is provided in the full report.

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[2] https://marketplace.chemsec.org/