EU Monitoring Report
11–18 June 2020

CONTENTS

EUROPEAN CHEMICALS AGENCY

BIOCIDES

- **EU authorities finalise guidance on biocidal substance renewals**

  Source: Chemical Watch

ECHA publishes a new paper explaining its guidance on the data requirements for substance renewals. The EU competent authorities (CAs) for biocides have settled on the data that companies will need to submit if they want to renew the approval of an active substance that is about to expire.

The data requirements are outlined in an ECHA guidance on substance renewals, which the CAs have been discussing since last year. They finalised the paper at a meeting on 14-15 May.

More information (subscription required):
https://legacy.chemicalwatch.com/124440/eu-authorities-finalise-guidance-on-biocidal-substance-renewals

SVHC

- **ECHA Member State Committee fails to agree on resorcinol SVHC identification**

  Source: Chemical Watch

ECHA's Member State Committee (MSC) has failed to unanimously support a French proposal to identify resorcinol as an SVHC due to its potential endocrine-disrupting properties. The lack of consensus prolongs the regulatory debate the substance – which is used to manufacture tyres and other rubber compounds, resins, coatings and cosmetics – has faced in recent years.

In 2017, Finland concluded there was no reason to request further studies or to place the substance on the REACH candidate list for human health and/or environmental concerns.

However, since last year, France has been evaluating resorcinol with a focus on thyroid effects in humans, identifying resorcinol as an SVHC for causing an equivalent level of concern (ELoC) to a carcinogenic, mutagenic or reprotoxic (CMR) chemical, or one that is persistent, bioaccumulative or toxic/very persistent and very bioaccumulative (PBT/vPvB).

For that reason, it is the first chemical to be proposed as an SVHC. As the MSC could not agree at its 10-12 June meeting, the matter will be handed over to the European Commission. The Commission will have three months to prepare a draft proposal on identifying the substance as an SVHC. It will present this to the REACH Committee for a vote.

WHO definition

The MSC acknowledged there is scientific evidence that resorcinol is an endocrine disruptor (ED) as defined by the World Health Organization (WHO). "A majority of the committee members concluded there is scientific evidence of probable serious effects to human health due to hypothyroidism and potential neurodevelopmental effects during pregnancy. However, a few members expressed different views on whether the substance is of equivalent level of concern," ECHA said.

Reacting to the news, the Resorcinol Task Force (RTF) said the lack of consensus "vindicates" its "long-held view, and one supported by the Finnish substance evaluation, that the limited number of medical case reports of topical ointment use on compromised skin represented 'unrealistic exposure conditions'".

The RTF has "always recognised" that resorcinol is a thyroid peroxidase (TPO) inhibitor and "in that context is potentially thyroid-active", Paul Ashford, manager of the group and managing director of consultancy Anthesis-Caleb, told Chemical Watch. However, he added, the absence of a "legitimate" route of exposure means that it "falls short" of being an endocrine disruptor according to the WHO definition, which requires evidence within an intact organism.

The application of topical ointments on ulcerated or otherwise damaged skin "is the equivalent of a subcutaneous study which would not be accepted as anything other than supporting evidence in normal hazard assessment," he said.

Accordingly, he said the task force would disagree with the MSC on the status of resorcinol as an endocrine disrupting chemical (EDC) according to the WHO definition. "Similarly, we would argue that the mooted potential for neurodevelopmental effects during pregnancy is purely speculative in the absence of any substance-specific data to support this hypothesis."

The group welcomed the referral to the REACH Committee. "It is critical that the distinction is properly made between potential endocrine activity and an ED of equivalent level of concern." Some endocrine active substances may ultimately be EDCs of equivalent level of concern, but the task force "remains convinced" that resorcinol is not one of them, Mr Ashford said.

The remaining tentative meeting dates for the REACH Committee this year are 23 June, 7-8 July, 21-22 September and 14-15 December.

More information (subscription required):
https://legacy.chemicalwatch.com/126522/echa-member-state-committee-fails-to-agree-on-resorcinol-svhc-identification

REACH

- **ECHA's committees recommend restricting a subgroup of PFAS**

  Source: European Chemicals Agency

The Committee for Socio-economic Analysis (SEAC) supported Norway's proposal to restrict the use of perfluorohexane-1-sulphonic acid (PFHxS) to prevent it being used as a regrettable substitute for another 'forever chemical' PFOA, which will be banned from July onwards.

More information:
https://echa.europa.eu/-/echa-s-committees-recommend-restricting-a-subgroup-of-pfas

EUROPEAN COMMISSION

CARACAL

- **Polymers and endocrine disruptors discussed at 30 June CARACAL meeting**

  Source: European Commission

The recently published draft agenda for the next meeting of the Competent Authorities for REACH and CLP (CARACAL) indicates that discussions will be held on polymers, and more specifically the mandate and composition of the CASG-Polymers – a subgroup of CARACAL.

Our monitoring report of 14–21 May informed you that the European Commission has mandated a subgroup of experts from EU member states to lead the work for a possible proposal for registration of certain types of polymers under REACH. The group will make recommendations on which types of polymers should be registered, on information requirements for registration, and on which options should be considered during impact analysis of the registration of polymers.

The European Chemical Industry Council (Cefic) commented that the subgroup should consider the individual identity of and similarities between polymers; various methods for substance grouping; and protection of confidential data shared to inform the composition process of these groups. The European Environmental Bureau reiterated that all types of polymers should be included.

The next CARACAL meeting takes place on 30 June and 1 July, and will specifically discuss:

- Final report of study defining criteria for polymers requiring registration
- Mandate and Composition CASG-Polymers
- Update from CEFIC on Industry pilot project with ECHA

During the meeting, the experts from the Member States will additionally discuss the inclusion of endocrine disruption chemicals in the CLP Regulation, which regulates the harmonisation of classification, labelling and packaging of chemical substances.

More information:
https://circabc.europa.eu/ui/group/a0b483a2-4c05-4058-addf-2a4de71b9a98/library/d349a4fc-a360-40d8-a736-778db90a9dab/details

CONSTRUCTION PRODUCTS

- **Consultation on the revision of the Construction Products Regulation**
  Source: European Commission

The European Commission has launched a public consultation on the revision of the Construction Products Regulation (CPR). Along with the consultation, the Commission published a so-called Inception Impact Assessment, which is a document aimed to inform citizens and stakeholders about the Commission's plans in order to allow them to provide feedback on the intended initiative and to participate effectively in future consultation activities.

The CPR lays down harmonised rules for the marketing of construction products in the EU, and provides a common technical language to assess the performance of construction products. The CPR could be very relevant for companies in the pool and spa sector that work with construction products. Below you will find a summary of the most relevant points of the impact assessment. We recommend you consult the document to determine its potential impact for your organisation. Please do not hesitate to contact AliénorEU if you have any questions or if you intend to provide feedback to the European Commission. The consultation is open until 19 August.

The Impact Assessment describes the problem the revision aims to tackle; provides options for policy measures that could be taken; the expected impacts of these policy options; and the next steps of the revision process.

Problem the initiative aims to tackle

The evaluation of the CPR has shown that CPR compliance costs represent 0.6% to 1.1% of the sector's turnover, mainly borne by manufacturers. The initial evaluation of the CPR established the need to remedy contradictions and overlaps with other EU legislation and to clarify boundaries with national requirements; the need to clarify the meaning of the CE marking for construction products and to address the duplication of information between the CE marking and the declaration of performance (DoP). The overall process (Commission standardisation requests, followed by development of the standards, then delegated acts) is perceived as being too slow. Finally, environmental aspects, safety of construction products and adaptation to innovation will have to be addressed.

Policy options and preliminary assessment of expected impacts

The inception impact assessment describes various policy options for the revision of the CPR, including no legislative change; repairing the CPR by clarifying its scope; limiting the scope of the CPR; enhancing the CPR by introducing a new legislative framework approach for product requirements; repealing the CPR. The document describes a preliminary assessment of expected impacts of the above-mentioned policy options, ranging from increased compliance costs to improved market surveillance and enforcement would ensure fairer competition. More details on the policy options and expected impacts can be found in the Impact Assessment.

The revision of the CPR will play a role in the announced Strategy for a Sustainable Built Environment to address the sustainability performance of construction products, according to the impact assessment.

More information:
https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12458-Review-of-the-Construction-Products-Regulation

STAKEHOLDERS

CHEMICALS

- **NGOs press for grouping factor in EU 'one substance – one assessment' plan**

  Source: Chemical Watch

NGOs have warned that an EU cross-agency plan for 'one substance – one assessment' could be a "missed opportunity" if it does not take grouping of similar chemicals into account. Such a move, they say, would help accelerate regulatory action and the substitution of safer alternatives.

Earlier this month, ECHA executive director, Bjorn Hansen, proposed ways in which EU agencies could collaborate to ensure that any given chemical is assessed only once. The initiative, part of the chemicals strategy for sustainability, could result in more predictability and efficiency for industry, Cefic has said.

But in order to further increase efficiencies under this plan, the aim should be "one group of substances, one hazard assessment", the European Environmental Bureau (EEB) said, rather than a focus on an individual chemical.

While ECHA is in the early stages of screening chemicals in groups, as part of its exercise to map the chemicals universe, it has not explicitly mentioned grouping in the cross-agency plan.

"History has shown us that tackling the risks of chemical exposure on the basis of single substance approaches is too slow and in that sense the 'one substance – one assessment' seems to miss an opportunity," the EEB told Chemical Watch.

Grouping of chemicals "should become the standard to speed-up regulation and promote safe substitution [and] be embedded in any cross-legislation initiative".

Dr Ninja Reineke, senior policy advisor at CHEM Trust, also warned against "contradicting" the grouping approach. The NGO, she said, advocates the assessment and regulation of substance groups "in order to prevent regrettable substitution like in the case of the bisphenols".

Updates

The cross-agency EU plan, Dr Reineke added, "should not become 'one assessment forever'". It is "very important", she said, that assessments should be updated "as new evidence emerges because the science on hazardous properties is constantly

advancing. Anything that attempts to freeze this process to create one 'official assessment' would be unacceptable".

Additionally, she stressed the assessments will need to include all available evidence "ensuring that studies from academia and independent scientists are not disregarded. There have been many controversial decisions made in the past that were over-reliant on industry data".

The top priority for the plan, the EEB said, is to ensure high levels of protection for human health and the environment across legislation. It "should never mean a lower level of protection, delayed regulatory action or the avoidance of it".

Combined exposure

The EU Green Deal has identified combined exposure of people to chemicals and the environment as a policy gap that needs to be urgently filled. The 'one substance – one assessment' plan, the EEB says, provides the Commission with a "unique opportunity to finally address combined exposure after having recognised the problem for decades.

"We support the introduction of one generic mixture assessment factor across legislation to take into account the effects due to combined exposure to chemicals via multiple uses, as well as multiple chemicals."

Another opportunity for the 'one substance – one assessment' approach, the NGO adds, is to improve the protection of vulnerable groups, as previously highlighted by EU environment and oceans commissioner, Virginijus Sinkevičius.

The plan, the EEB says, should implement harmonised approaches to "align with 21st century developments on 'new' hazards"– identification and regulation of substances with the following properties:

- persistent, bioaccumulative and toxic (PBT);
- persistent, mobile and toxic (PMT);
- endocrine disrupting;
- developmental neurotoxic (DNT); and
- developmental immuno-toxic (DIT).

More information (subscription required):
https://legacy.chemicalwatch.com/126915/ngos-press-for-grouping-factor-in-eu-one-substance-one-assessment-plan

- **Amazon, eBay ordered to stop sale of over 70 illegal biocides**

  Source: Chemical Watch

The US EPA has ordered online retailers Amazon and eBay to immediately stop selling a range of biocidal products that are unregistered, misbranded, restricted for use, or marketed with false or misleading claims. The two stop-sale orders cover over 30 products sold on Amazon and over 40 products on eBay. None of those sold on Amazon are registered with the agency and thus not backed up by a proper risk assessment, the EPA reports. Some of the biocides sold on eBay are restricted to professional use. It is unlawful to sell them to the general public.

And several products are being marketed with false or misleading claims of efficacy against the novel coronavirus, such as "kills Covid-19" or "complete sterilisation including the current pandemic virus". The EPA flagged that 55-gallon drums of methylene chloride are being marketed for use as a coronavirus disinfectant and paint stripper on eBay.

Besides being unapproved for use against the coronavirus, methylene chloride is banned for sale to consumers for paint removal purposes after acute exposure to the chemical was linked to several deaths.

Another product claimed to be a card-shaped disinfectant releaser that would provide coronavirus protection to the wearer. And another said it was exempt from EPA regulation and made entirely with "clean, green, safe, environmentally friendly ingredients" while also claiming to deactivate the virus causing Covid-19. The stop-sale orders are the latest in a series of increasing efforts by the EPA to crack down on rogue sellers online.

In April, the agency advised eight technology companies – including Amazon and eBay – that dealers are using their platforms to sell illegal disinfectant products that claim to be effective against Covid-19.

"Despite those discussions, Amazon and eBay have thus far failed to consistently keep unregistered, misbranded, or restricted-use pesticides and pesticide devices off their websites," the EPA said.

More information (subscription required):
https://legacy.chemicalwatch.com/126350/amazon-ebay-ordered-to-stop-sale-of-over-70-illegal-biocides

BREXIT

- **UK REACH: duplicate data demands may hit smaller players harder**

  Source: Chemical Watch

The UK's secretary of state for environment George Eustace has conceded that companies with smaller global operations could find it difficult to meet duplicate data requirements under a separate national REACH regime.

At his first evidence session since becoming minister for the Department for Environment, Food and Rural Affairs (Defra), Mr Eustace told the Environmental Audit Committee today that "it may be harder for companies that have less of an international footprint".

The government, he said, recognises that it will "probably be easier" for multinationals, such as BASF and Johnson Matthey, to "interchange" documentary evidence on registrations and authorisations between the EU and UK systems.

The comments are a further sign of the Boris Johnson government's determination to implement UK REACH – despite the huge costs it would impose on businesses as they navigate parallel data requirements, and even if it fails to win concessions from the EU on access to Echa's data.

Elected in December on a strong mandate to leave the EU, the government has scrapped the pledge from the previous administration to seek associate membership of Echa, a path that may have allowed access to EU data in return for REACH alignment.

Mr Eustace said that while former prime minister Theresa May's government was open to considering "hybrid models in certain areas" where it would accept regulatory alignment and the jurisdiction of the European Court of Justice (ECJ), these were red lines for the current government and informed its approach to Brexit negotiations.

For chemicals, those red lines mean that, "having some sort of associate membership doesn't really work for us and that is why we have gone for a model of having a straightforward UK REACH", he told the committee. The government "basically accepts that there would be some friction in some areas, including border checks".

Progress has been lacking after four rounds of Brexit trade talks, but the chemicals industry says it is hopeful a UK-EU trade deal, including access to Echa's data, can still be agreed before the transition period ends on 31 December.

Costs

The hearing followed an exchange of letters in May between EAC chair Philip Dunne and parliamentary undersecretary of state at Defra Rebecca Pow.

Ms Pow said in her letter that UK REACH would be implemented on 1 January, restating that the government was not seeking associate membership of Echa or participation in REACH.

Asked what would be the cost of UK REACH and how it would affect businesses, Mr Eustace told the EAC he would write back with an "estimate". Industry has previously put the cost at over £1bn (€1.2bn).

In terms of regulatory fees, there will be a "cost recovery charge" – to cover the cost of implementing legislation – once companies submit their full data, he added.

"For some chemical companies that have many types of chemicals in their products, that cost will not be insignificant, we do recognise that. But I think it is a logical system that enables the products and the active ingredients to be grandfathered across so there is a very smooth transition, with documentary supporting evidence to follow after that."

UK REACH is based on a grandfathering system to allow companies to transfer existing authorisations and registrations over with minimum data. Full datasets will need to be submitted within two years.

Chemical Watch has launched a survey to gauge how companies expect Brexit to affect them. Share your views here with a chance to win a place at a half-day virtual conference "Where is the UK Heading on Chemicals Trade?" on 14 July.

More information (subscription required):
https://legacy.chemicalwatch.com/127259/uk-reach-duplicate-data-demands-may-hit-smaller-players-harder-government-admits

- **Brexit: Industry pins hopes on EU REACH data access in trade deal**

  Source: Chemical Watch

The chemicals industry says it is hopeful a UK-EU trade deal can still be agreed and include much-coveted access to ECHA's chemicals data, despite an impasse in Brexit negotiations.

Progress has been lacking after four rounds of talks, with the EU insisting on a comprehensive agreement that covers environmental level playing field guarantees,

while the UK is positioning for a 'bare bones' deal with separate agreements on specific issues following later.

At a high-level meeting on 16 June, however, both sides agreed to give renewed impetus to securing a deal before the end of October. British prime minister Boris Johnson went further to say it could be achieved by the end of July.

The Chemical Industries Association (CIA) welcomed the new momentum in the talks and said it "hopes" there will be a deal including cooperation on chemicals data. It is working with the government, Cefic and EU national trade associations to help secure this outcome, it told Chemical Watch.

Time is tight, however. The UK government confirmed again this week it would not request an extension to the transition period, which expires on 31 December, making 'no-deal' or 'bare-bones deal' scenarios more likely.

CHEM Trust executive director Michael Warhurst said the timeframes make negotiating a partnership on chemicals by the end of October "unlikely".

But there may be scope to develop the details of a closer partnership after an initial deal has been agreed, he said. A close partnership is "still a possibility", he added, "if the UK accepts likely EU preconditions for access to ECHA's data and is willing to compromise on its red lines on regulatory sovereignty and the role of the European Court of Justice".

The EU's demand for full alignment on REACH in return for access to ECHA's data is a sticking point, and something the UK government has rejected. It is set on implementing UK REACH from 1 January, mirroring the EU legislation but with possible future divergence. Mr Johnson has abandoned the pledge from the previous UK government to seek associate membership of ECHA.

The European Parliament is today voting on a resolution that outlines its position on the negotiations. It supports a possible UK cooperation agreement with ECHA "in order to exchange data, best practices and scientific knowledge". Meanwhile, it stresses the importance of the UK remaining "dynamically aligned" on REACH.

Data hurdles

The CIA, in a position paper at the end of May, called for a data-sharing mechanism with the EU that avoids duplication of existing registrations, detailing how a case for this could be built using the REACH articles.

In comments to Chemical Watch, it said that even without an extension to the transition period, negotiators could agree to delay UK REACH to allow more time for implementation. But it said that this was not what the CIA was calling for "as of now".

The Chemical Business Association (CBA), in a 9 June submission to the UK Parliament's environment committee, pointed to other hurdles over chemicals data. Access to it, the CBA said, is a commercial decision for its owners – EU-based chemicals manufacturers – and "will not be governed by the EU's REACH data-sharing rules".

And there is "anecdotal evidence", it added, that manufacturers will not make their data available for UK REACH, because they consider the UK market too small to be of economic interest. They also may withhold access to secure commercial advantage, it said.

Tom Bowtell, chief executive of the British Coatings Federation (BCF), welcomed intensified trade talks and said it hopes a deal can be concluded "as soon as possible" to allow businesses time to adjust to any new rules and regulations.

The trade body has "serious" concerns that UK REACH may not be fully functioning by January, he said, and it supports the concept of negotiating access to ECHA's data as a way of making UK legislation less onerous and costly for businesses. "This is a proposal that is on the table and we sincerely hope it can be made to work."

More information (subscription required):
https://legacy.chemicalwatch.com/127008/brexit-industry-pins-hopes-on-eu-reach-data-access-in-trade-deal

SUSTAINABILITY

- **Chemical substitution fora essential for EU toxic-free goal, says NGO**
  Source: Chemical Watch

The European Commission should establish an inter-authority chemical substitution forum and a separate EU stakeholder one to help accelerate the drive for safer alternatives, NGO the European Environmental Bureau (EBB) has said.

This is one of the areas the EBB, in a 16 June position paper, said the EU executive should prioritise to achieve its goal of a non-toxic circular economy. The paper lays out eight actions that must be addressed.

The Commission is currently consulting on the vehicle it hopes can deliver the goal – the chemicals strategy for sustainability. Initially due to be finalised this summer, it is now expected in September. A consultation period ends on 20 June.

Alongside the fora, the EEB said the Commission should create an EU 'substitution support office' and a network of centres to provide technical support for European SMEs, which would also need financial aid to make the switch to safer alternatives.

The EEB said industry can help develop criteria for the 'safe-by-design' concept. This would integrate principles of green chemistry into EU policies and legislation, ensuring the phase-out and substitution of non-essential chemicals uses, building on the criteria agreed by the Montreal Protocol.

The NGO also suggested that an environmental performance rating, which considers the impact of harmful chemicals manufactured or used in production and present in products, could be considered. This would "reward innovative alternative providers and create incentives for substituting the use and production of groups of harmful chemicals".

Polluter pays

The chemicals strategy should ensure EU authorities and agencies have the required funds to monitor, regulate and manage chemicals, it added. The EEB suggests this could be done by applying the 'polluter pays' principle by imposing a 0.1% levy on EU chemical industry sales.

The Commission, it added, could also develop fees on the use of SVHCs in line with the Toxics Use Reduction Act (TURA) implemented by the US state of Massachusetts.

Protection mechanisms

Additionally, the NGO is calling for several measures to be put in place to secure a high level of protection for human health and the environment. These include:

- an action plan to better protect the most vulnerable people and "effectively minimise" exposure of pregnant women and children to toxic substances in toys and foods, for example;
- urgently phasing-out the most dangerous chemicals across all legislation via implementing decisions or amendments to existing regulations;
- recognising additional categories of SVHCs, such as very persistent, very mobile, developmental neurotoxicants and immuno-toxic substances; and
- developing a new framework for product regulation to address harmful chemicals in materials and products, such as in textiles, furniture, childcare

equipment, hygiene products, and indoor air pollution within child care establishments and hospitals.

More information (subscription required):
https://legacy.chemicalwatch.com/127158/chemical-substitution-fora-essential-for-eu-toxic-free-goal-says-ngo

- **Cefic to fund research on chemicals' environmental mobility**

  Source: Chemical Watch

Cefic is funding research into chemicals' mobility in the environment, as part of its long-range research initiative (LRI) programme, and has put out a call for grant applications.

The project on environmental mobility fits with the criteria for persistent, mobile and toxic substances (PMTs) and very persistent, very mobile substances (vPvMs), which were developed last year under an initiative led by the German Environment Agency (UBA).

Cefic would like to see research improve quantitative risk assessment approaches to help prioritise chemicals that are mobile in the environment. This will include guidance for interpreting monitoring data. In total, Cefic is accepting grant applications for research in four new areas:

- *in vitro* tests for developmental neurotoxicity (DNT);
- developmental toxicity biomarker genome in zebrafish embryos;
- chemical mobility in the environment; and
- sample collection for an OECD surface water mineralisation test.

Most chemicals have a lack of DNT data and only higher-tier animal tests are currently used for regulatory DNT testing, says Cefic. However, "technical aspects and methodological deficiencies" limit the tests' relevance and lead to a lack of DNT mechanistic understanding, it adds.

The European Food Safety Authority (EFSA), the European Commission's Joint Research Centre (JRC), the Danish EPA, the US EPA and the OECD are currently working on guidance for using and interpreting a battery of *in vitro* DNT assays. But Cefic would like to see more focus on tests on brain cells called microglia, which play an important maintenance role. "There is a significant need for expanding the existing DNT *in vitro* testing battery with reliable and efficient *in vitro* tests necessary for a holistic DNT testing and assessment strategy," it states in the project's research description. The application deadline for all projects is 31 August 2020.

More information (subscription required):
https://legacy.chemicalwatch.com/126351/cefic-to-fund-research-on-chemicals-environmental-mobility

- **Here's how we solve one of our biggest threats: chemical pollution**

  Source: European Environmental Bureau

Few realise how serious a threat chemical pollution is. Thankfully, the European Green Deal promises to breathe new life into chemical controls in Europe. Pollution from synthetic chemicals is a major and growing threat to people and nature. Today, chemical pollution has already reached the most remote corners of the globe, from the deepest oceans to the highest mountains. Industrial chemicals have permeated our bodies to the point that researchers describe babies born today as “pre-polluted”.

As adults, we all harbour some 300 synthetic substances our grandparents did not, of which many are proven to be toxic. Chemical pollution is linked to a rise in severe health and environmental problems throughout Europe that are adding billions of Euros to public healthcare bills. Exposure to toxic chemicals also increases our vulnerability to pandemics such as COVID-19.

More information:
https://meta.eeb.org/2020/06/18/heres-how-we-solve-one-of-our-biggest-threats-chemical-pollution/

- **New sustainability ranking shows best and worst in the chemical industry**

  Source: International Chemical Secretariat

European chemical companies top the new sustainability ranking ChemScore, followed by a mix of US and Asian companies.

The main goal of ChemScore – created by the NGO ChemSec – is to drive investors towards chemical industry frontrunners.

Over 70% of all chemicals used and manufactured in Europe are hazardous to human health and/or the environment, according to Eurostat. Despite this, investors and other stakeholders have very little information about the companies involvement in the production and use of these chemicals.

ChemScore is a corporate benchmark tool – released today by the environmental NGO ChemSec – that looks at the level of sustainability in the product portfolio of the 35 biggest players in the chemical industry. ChemScore aims to capture and rank the

world's largest chemical companies' efforts to reduce their production of hazardous chemicals, and to boost investments in safer, greener alternatives.

"For investors, a better understanding of companies' involvement in hazardous chemical production is crucial. Many of these chemicals not only pose a threat to human health and the environment, they also threaten the return of an investment", says Anne-Sofie Bäckar, Executive Director at ChemSec.

Persistent chemicals, such as PFAS, are an illustrative example. These chemicals have been building up in humans and nature over decades and the levels are now critical at many places around the world. In the US, several chemical companies producing such substances are now facing litigation with estimated costs ranging from USD 25 billion to USD 40 billion.

"It's not a coincidence that their stock prices *have taken a nosedive* compared to the industry average", comments Anne-Sofie Bäckar.

About the ranking: Through ChemScore, investors are shown the best and worst performers in the chemical industry. The 35 largest stock-listed chemical companies (based on their 2018 revenue) are ranked in four different categories.

1. **Hazardous Product Portfolio** – each company's total production of hazardous chemicals, weighted on the basis of the company's total revenue. Lower production of hazardous chemicals gives a higher category score.

2. **Development of Safer Chemicals** – the strategy towards safer products, including design stage, marketing of safer products, R&D and green chemistry.

3. **Management & Transparency** – the companies' transparency with product ingredients, and public commitments to phase out certain substances.

4. **Controversies** – the companies' track record of accidents and controversies such as fines and liability cases.

Top performer in this year's ChemScore is Dutch chemical company DSM. "I'm very proud that DSM has topped the ChemScore ranking. This resonates strongly with DSM Resins & Functional Materials' ambition to phase out all chemicals of high concern from our finished products by 2025. This ranking reflects the importance of chemical safety as one of the many aspects of sustainability. Chemical safety is taken very seriously by our industry and this ranking encourages us to maintain our focus on this topic. Moving forward, we must work together to accelerate the sustainable transformation of our industry and create brighter lives for all!", comments Helen Mets, Executive Vice-President of DSM Materials.

ChemScore has been developed with input from chemical industry representatives. It has also consulted the investment community, including Aviva Investors, a global asset manager with £346 billion in assets under management.

“Understanding which companies are leading on sustainable management of chemicals, or lagging behind their peers, is a very important part of the larger sustainability puzzle and we are proud to take the lead in this issue within the investment community. ChemScore broadens our understanding of how companies are managing the risks involved in manufacturing chemicals. These include litigation, lack of preparation for new regulation and reputational risk. ChemScore also gives us valuable insight into how we can encourage companies to improve”, says Eugenie Mathieu, Senior ESG Analyst with Aviva Investors.

Facts & figures from the ranking

- Dutch chemical companies DSM and AkzoNobel have the highest and third highest scores in the ranking.
- In general, European companies perform the best.
- None of the 35 companies fully disclose what kind of chemicals they produce in regions outside of the EU and US (where regulation forces them to disclose it).
- Only three companies score more than ten points (out of 18) in the category that looks at the hazardous chemicals in the companies’ portfolios. These are Linde, Air Liquide (both gas companies) and Indorama Ventures (produces mainly polyester).
- Three companies score 0 points in this category, indicating that they have portfolios full of toxic chemicals.
- Four companies are ahead of the rest when it comes to green chemistry and development of safer chemicals: DSM, AkzoNobel, Sherwin-Williams and LG Chem.
- 14 of the companies produce persistent chemicals. While still flying under the regulatory radar in many regions, these chemicals have proven to be problematic as the levels build up in nature and humans over time.
- All companies have been given a seven-week window to give feedback on their respective score to potentially raise it. 18 of the 35 companies replied.

More information:
https://chemsec.org/new-sustainability-ranking-shows-best-and-worst-performers-in-the-chemical-industry/

- **Investors need to realise hazardous chemicals are ticking time bombs**

  Source: International Chemical Secretariat

Chemicals no doubt play an important role in today's society. They are the building blocks for all physical things, including all the products we surround ourselves with on a daily basis. But many of these miniscule ingredients, the building materials that together constitute "the thing" you are holding in your hand, are hazardous.

The computer or mobile phone that you're using to read this text surely contains flame retardants to prevent it from catching fire, and the same goes for the sofa you're sitting on or the carpet beneath your feet.

If you bought street food this week, the glossy wrapping it came in was most certainly treated with PFAS to prevent the contents from leaching through it. And if you were wearing your waterproof jacket that day because of the weather, chances are you were exposed to the same kind of chemicals.

These are just two groups of problematic chemicals that we're exposed to on a daily basis. In fact, over 70 percent of all the chemicals that are manufactured and used in Europe are hazardous to human health and/or the environment, according to Eurostat. In many other regions, there is no authority that tracks what kind of chemicals, and in which amounts, are being produced.

Scientists have, for example, linked the fact that men in the Western world produce half as much sperm as they did 40 years ago to exposure to toxic chemicals. Who doesn't know of someone having a hard time getting pregnant these days? 50 years ago, that was more of an anomaly.

Studies show that exposure to toxic chemicals makes girls enter puberty earlier, increasing the risk of getting breast cancer later in life. Other studies link exposure to toxic chemicals to a loss of four to five IQ points in children.

Various cancers, autoimmune disorders, behavioural and attention deficit disorders, and an explosion in obesity rates and diabetes cases are other examples of health disorders linked to toxic chemicals. "So, who are the companies that are producing these substances?"

As for the environment, hazardous chemicals and other pollutants, such as plastic waste and pharmaceutical pollutants, are released in large quantities across the Earth, accumulating in nature and wildlife and threatening to disrupt fragile ecosystems. Many of the world's foremost chemical researchers are convinced that the presence of hazardous chemicals in the world is a global threat comparable to climate change.

So, who are the companies that are producing these substances? In ChemSec's latest endeavour – ChemScore – we dive deep into the world's 35 largest chemical companies to see what kind of chemicals they produce. The results paint a very interesting picture of an industry in change.

In the past, the industry has always defended its production of hazardous chemicals with the argument that it's the exposure to a toxic chemical that is the interesting value, not if it's toxic or not. With this logic, a hazardous chemical is not a problem as long as the toxicity can be managed. However, there's one major problem for proponents of this idea – nobody cares anymore!

The Ikeas, Apples, Nikes and H&Ms of the world – which are the customers of the chemical industry – have all left the approach of "managing" hazardous chemicals behind, and definitely do not want hazardous chemicals in their products.

Consumers, regular people like you and me, do not want hazardous chemicals in our products. Policy makers and other thought leaders? They're occupied with realising the Green Deal and making circular economy happen (at least in the EU), which obviously don't have any room for hazardous chemicals.

Another industry argument we hear a lot – at least in the past – is that everything is toxic in the right amount. You can drown in water, for example. But bringing this kind of argument to the table is intellectual dishonesty in my opinion. What we are talking about here are synthetic chemicals produced in billions of tons each year with potentially far-reaching side effects. Not water.

What ChemScore shows is that there are a couple of chemical companies that have started to change their way of thinking, while others are still stuck in the "good ol' days". This is something we want to draw investors' attention to and show who the frontrunners and the laggards are.

A large portion of the scores we hand out is dependent on what kind of chemicals the companies produce, meaning that it's very hard for a company to "fake" its way to a good score. Simply using the word "sustainability" over 200 times in a report – which one company did – isn't enough for us. We want to see if companies are "walking their talk". ChemSec's view is that a benign product portfolio cannot cause any problems – not to humans, not to the environment and not to investors.

For investors, hazardous chemicals represent a huge liability which often materialises only after a long time. The most recent example is the financial disasters created by companies producing PFAS chemicals in the US. You can get the whole story in the new Hollywood movie Dark Waters, by the way. But don't choke on your popcorn when realising the severe consequences the PFAS production has had on the communities

and the environment… or when seeing the stock prices of these companies. From the beginning of 2018, when the first lawsuits where settled, until now, 3M, Dupont and Chemours have lost billions of dollars in value on the stock exchange – and more lawsuits are on the horizon. By using ChemScore, investors can foresee these kinds of ticking time bombs, and potentially turn the companies around.

More information:
https://chemsec.org/hazardous-chemicals-are-ticking-time-bombs-investors-need-to-realise-this/

- **UNEP increases budget for chemicals management activities**

  Source: Chemical Watch

The UN environment programme (UNEP) has allocated $136.5m to its chemicals, waste and air quality initiatives over the 2020–2021 period – an increase of 36% on the previous two-year budget period. It will use this to fund chemicals management activities that include encouraging policies and mechanisms in countries, such as:

- data and knowledge management services;
- capacity-building assistance about good practices, and establishing and enforcing policies and laws;
- policy and coordination services for the Strategic Approach to International Chemicals Management (SAICM);
- support for global and regional partners working on chemicals management;
- awareness-raising services.

The increase, according to Unep's budget document, came from an expected rise in "earmarked and global funds". Earmarked funds come from donors and are "to be used in specific countries, in specific projects or to a specific theme or sub-programme".

More information (subscription required):
https://legacy.chemicalwatch.com/124909/unep-increases-budget-for-chemicals-management-activities

EVENTS

- **Webinar | Solvent@Work: "How To Safely Handle Solvents In The Workplace"**

  Source: The European Chemical Industry Council

The European Solvents Industry Group, ESIG, will organise a webinar on 2 July to give you an overview of all the Product Stewardship materials available on its website.

To meet growing needs due to the COVID-19 outbreak, more companies have been allowed to manufacture hand sanitisers and other disinfectants provided they comply with the WHO guidelines and thanks to a derogation to the EU Biocides Product Regulation. These products contain solvents such as propanol or isopropanol, which are flammable liquids and hence require specific measures to handle them safely. ESIG PST tools (guidelines, posters and videos) help manufacturers comply with the highest level of safety standards especially under the current circumstances. For those who cannot make it on 2 July, another webinar will be organised later on.

More information:
https://cefic.org/media-corner/event/webinar-solventwork-how-to-safely-handle-solvents-in-the-workplace/

- **How materials connect the dots in the EU Green Deal**

  Source: European Bureau for Conservation & Development

With the European Green Deal and the European Climate Law, Europe is setting itself the ambitious goal of becoming climate neutral by 2050. However, relying on current climate policies alone – even if they are revised to increase ambition – will not be enough to meet this goal.

Materials are still a major unaddressed climate challenge. Materials used to produce our cars, clothes, packaging and other consumer products, currently accounts nearly one-quarter of global CO_2 emissions from energy and industry. It has been estimated that emissions from materials used for packaging only are already larger than those for global aviation or shipping. A more circular economy – addressing not just how we produce but also how we use materials – can thus be a major part of the climate policy toolbox. This event is therefore an opportunity to discuss how the circular economy can become an enabler for climate action.

More information:
https://ebcd.org/on-line-event-a-circular-economy-at-the-heart-of-climate-action-how-materials-connect-the-dots-in-the-eu-green-deal/