

**IMPLEMENTATION OF CHEMICAL INVENTORY MANAGEMENT
TOOL**

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BURBERRY

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EXECUTIVE SUMMARY

This report outlines Burberry's development and adoption of a chemical inventory management tool to implement in the supply chain after a two-year period of assessment, customisation and an implementation pilot. The chemical inventory management tool was proposed to support partners in the implementation of the Manufacturing Restricted Substances List (MRSL) at all tiers of the supply chain, and is currently being introduced to and adopted by Burberry partners.

INTRODUCTION

As part of its commitment to eliminate the use of unwanted chemicals from production processes, Burberry developed and shared the Manufacturing Restricted Substances List (MRSL), which details restriction limits on chemicals used in its supply chain.

The development of a tool to support the implementation of the MRSL by controlling chemical input and facilitating the chemical inventory cleansing process (where non-conformant formulations are replaced with alternatives) was needed to streamline chemical inventory management and information sharing¹.

Burberry first piloted the chemical inventory management tool in August 2015, with a key heritage partner who performs vertical operations. At the same time Burberry began to analyse formulations using a semi-quantitative screening methodology, to assess the presence of 430 substances within a chemical formulation².

Burberry realised the opportunity of creating value for the supply chain partners and for the wider industry by enhancing the existing tool functionalities to host the analytical screening results on formulations. The tool is currently available in English, Simplified Chinese, Vietnamese, and Italian.

REQUIREMENTS

Burberry viewed the adoption of a tool as necessary to support the supply chain in MRSL Implementation to compensate for the lack of reliable compliance information to identify critical chemical formulations in use and efficiently find suitable alternatives.

The results from the analytical screening of approximately 900 chemical formulations³ indicated that the documental review of chemical formulations is not always enough to assess the conformity to the MRSL. The chemical inventory management tool could provide Burberry partners with efficient access to better information, and could build on Burberry's existing collaboration driven by the community of Chemical Managers from multiple partners working together to implement the MRSL in shared supply chains.

1

https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Chemical_Management/2017/Input%20vs%20output%20analysis%20report%20-%2020170719.pdf

2

https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Chemical_Management/2016/disclosure_of_water_test_information.pdf

3

https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Chemical_Management/2016/disclosure_of_water_test_information.pdf

The benefits of the tool include:

- Reduced administrative efforts
- An accelerated chemical formulation substitution process
- Facilitation of more informed procurement decisions
- Enhanced knowledge around chemicals used in the supply chain
- The ability to document and demonstrate performance to customer/brand/management
- Working within a supportive network of Chemical Managers
- Reduced testing efforts and costs
- More engaged supply chain relationships

DESCRIPTION

The chemical inventory management tool is used by Burberry's supply chain Partners, the laboratory and Burberry. The Chemical Managers have a direct login, and are required to upload their chemical inventory data⁴.

The tool has been developed using a universal set of XML-standards⁵, and the ZDHC data schema⁶. The data schema allows the tool to link directly with information hosted in the ZDHC Gateway – Chemical Module⁷, an open database that is populated by chemical formulators, which hosts data on MRSL Conformance, ranging from level zero to level three⁸. For the additional analytical screening results, laboratories can directly upload test results into the tool developed by Burberry, which provides an additional conformity rating to the chemical formulation (Figure 1).

The tool also acts as a vehicle to share analytical information that is independent from the chemical formulator to make purchasing decisions based on better information. This is because the screening methodology uses a RAG rating system (Red, Amber, Green) based on analytical and toxicological information, which facilitates easier chemical formulation substitutions.

⁴See Appendix 1

⁵ Extensible Markup Language (XML) refers to computing language that formats documents using a readable, free, open standard. The goal of XML is to emphasise simplicity and usability.

⁶ http://www.roadmaptozero.com/fileadmin/layout/media/downloads/en/JointRoadmapUpdate_FINAL.pdf

⁷ <http://www.roadmaptozero.com/gateway/>

⁸ http://www.roadmaptozero.com/fileadmin/pdf/Files_2017/MRSL_Conformance_Guidance_052017.pdf

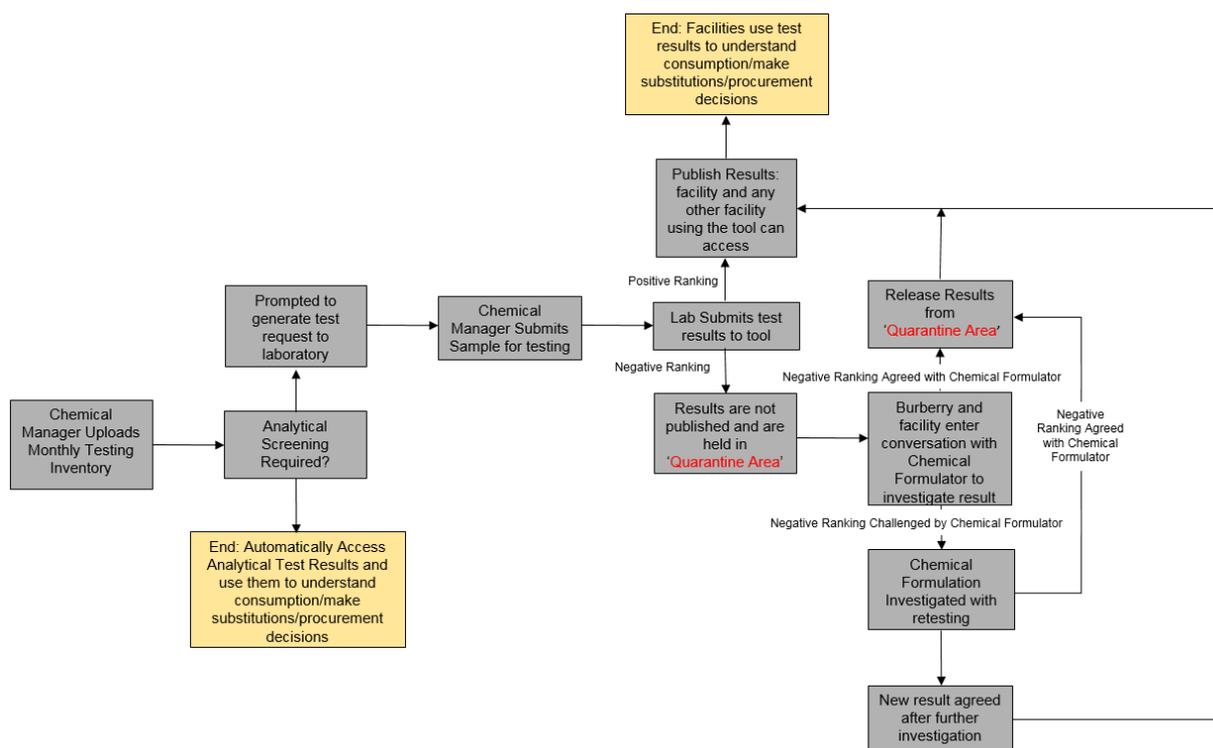


Figure 1. Analytical Screening Process

In line with transparency, Burberry can access the profile of facilities and view their chemical consumption, the level of conformity to the MRSL, the testing frequency and the changes being implemented in the chemical inventory. Burberry is aware that other brands are also using this tool, and if a facility that is in Burberry's supply chain is also being used by another brand, they can request to 'link' to more than one brand, growing a network.

The tool facilitates the efficient scale-up of information sharing, because it promotes collaboration between facilities with respect to privacy. Facilities are motivated to collaborate in a network because they benefit from one another's efforts and investment because they can access analytical screening data that another facility may have arranged testing for, without knowing how many other facilities are using the chemical formulation or which facility arranged for the test report. This network streamlines the work that has already been established on collaborative chemical management practices by the Burberry Chemical Manager Community⁹.

Burberry actively encourages partners to ensure that their upstream supply chain partners are also implementing good chemical management. Facilities who do not directly use chemicals, can 'link' to their suppliers and view with their consent the chemical inventory (Figure 2); for example, a finished goods manufacturer with a dyehouse or laundry facility. While gaining an understanding of both their direct and indirect chemical usage, Burberry Partners are enabled to influence and contribute to the elimination of unwanted chemicals; they can also demonstrate their elimination progress through measurable performance indicators.

⁹https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Chemical_Management/2017/burberry_capacity_building_report.pdf

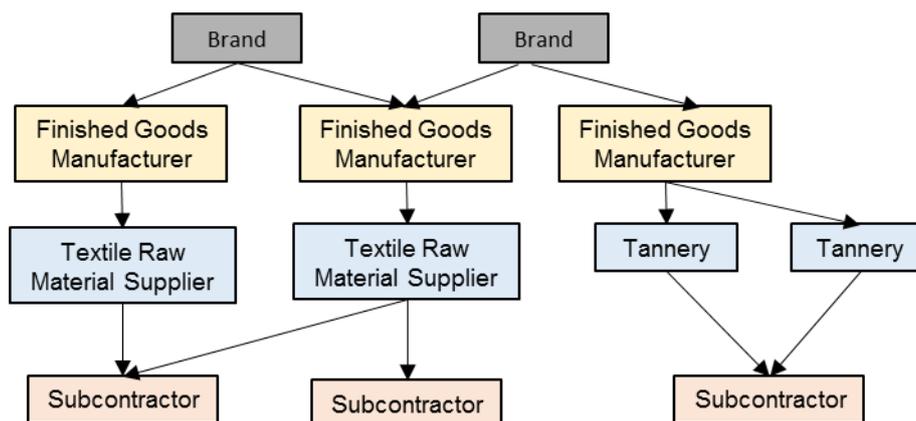


Figure 2. The Network

Burberry works collaboratively with finished goods manufacturers, and those who contribute to the wider adoption of the Chemical Inventory Management Tool are rewarded with a financial incentive (reduced subscription fees inversely related to the number of partners onboarded).

IMPLEMENTATION

For the successful adoption of the chemical inventory management tool, Burberry has held information sessions and in-depth meetings to explain the concept to partners, through demo-sessions, as well as dedicating a person in the field to support the implementation. To date, 36 partners have had dedicated demo-sessions.

The ambition is to progressively scale the tool to the key partners; as the adoption becomes more prevalent, new targets for the future implementation will be set.

As well as onboarding supply chain partners, Burberry has also engaged with external stakeholders, including laboratories, chemical suppliers and other brands to promote the use of this tool; several information sessions with employees from various departments have taken place to ensure that colleagues are educated on this new way of working.

CONCLUSIONS

Burberry has identified the complexities associated with eliminating chemicals of concern in the supply chain, and recognised the need for this tool to stimulate and aid change in chemical management practices.

The chemical inventory management tool can stimulate change through upfront chemical management, substitution facilitation, informed procurement decisions, increased collaboration, scaled-up information sharing, enhanced transparency and performance monitoring.

Burberry believes that this tool will streamline the holistic approach to chemical management and significantly support the elimination of unwanted chemicals in facilities; finished products, wastewater, air emissions and worker health and safety should all benefit.

NEXT STEPS

- Continue to promote the adoption of the tool with supply chain partners
- Promote broader adoption of the tool in the spirit of collaboration with other brands and stakeholders
- Progress conversations with chemical suppliers on receipt of the screening results, ensuring that the responsibility of providing chemical formulations free from unwanted chemicals remains with them, whilst also creating demand for better chemical formulations
- Assess the effectiveness of the tool and upfront chemical management against Burberry's existing product testing program and wastewater testing program
- Identify opportunities for further customisation to the tool and guide development for continuous improvement

APPENDIX

Chemical Inventory Upload Template

Chemical formulation	Chemical formulator	Chemical formulator type	ZDHC use category	Amount onsite	Amount onsite (unit)	Monthly usage	Monthly usage (unit)	Do you have an MSDS/SDS?	Compliant with latest version of ZDHC MRSL?	Support document for ZDHC MRSL finding	Certifications	Expiry dates of certifications	Is this chemical used in Burberry production?
Higg FEM 3.0	Higg FEM 3.0		Higg FEM 3.0	Higg FEM 3.0	Higg FEM 3.0	Higg FEM 3.0	Higg FEM 3.0	Higg FEM 3.0	Higg FEM 3.0				
		(use drop-down to select)	(use drop-down to select)	(enter number)		(enter number)		(use drop-down to select)	(use drop-down to select)			(mm. dd, yyyy)	(use drop-down to select)
SERAGAL C-FTRH	DyStar Colours Distribution GmbH	Original manufacturer/formulator	1.2.a. Bleaching	2000	kg	150	kg	Yes, GHS compliant	Yes	GOTS certification	GOTS, OEKO-TEX	GOTS: Dec 31, 2017; OEKO-TEX: Jun 30, 2018	Yes