

# New kid on the block: SABIC seeks brand benefits in REACH

**Saudi Basic Industries Corporation (SABIC) may be in the top 10 of petrochemical firms worldwide but in Europe, it is a relative newcomer. The firm has taken a strategic decision that being seen to be going beyond compliance with the EU's biggest chemicals safety project is in its corporate interest. Mamta Patel reports.**

SABIC arrived in Europe in 2002 with the acquisition of Dutch firm DSM's European petrochemical operations. Of more than 50 production sites it owns worldwide, 15 are in Europe, including three petrochemical complexes in the Netherlands, UK and Germany. It has six strategic business units: basic chemicals, intermediates, speciality products, polymers, fertilisers and metals.

The timing of its move to Europe coincided with the intensification of negotiations around the REACH Regulation – the draft that went on to form the basis of the final text was published in 2003. The clear signal from Riyadh was that the company should engage constructively in the negotiations on the grounds that it had a reputation to prove not only in manufacturing and product performance but also on health, safety and environmental standards.

Harrie Camps, REACH program manager at SABIC, observes that compared to other petrochemical heavyweights like Shell and Exxon, the company felt it had significant ground to make up in terms of brand recognition. The rationale behind this was not only to bolster product sales but also to encourage the recruitment of high calibre staff who increasingly take a company's reputation into account when choosing employers.

## Full contact

Being in at the start of implementation of the new regime gave it a valuable opportunity. "Because REACH is a common EU effort, you come into contact with the full value chain – suppliers, co-producers, distributors and customers – as well as with authorities, policy-makers, NGOs and trade association," Mr Camps

notes. "It gives us the chance to demonstrate what SABIC does and what its values are".

Its efforts are focused as much locally as at EU level. At its European headquarters in Sittard, the Netherlands, it regularly participates in meetings, hosted by the Chamber of Commerce, with SMEs in its neighbourhood to inform them about REACH and help them with implementation problems. More than 100

inventory of the substances it uses and manufactures. After a while staff from the marketing division were no longer just receiving information on the regulation but were bringing it to him and asking what were its implications. "This, to me, was a turning point. Now I know that awareness is complete," Mr Camps concludes. "They understand it's in their interest, their business interest, to understand REACH."



PHOTO CREDIT: SABIC

**SABIC's REACH team draws together diverse experience from across the company**

companies are said to have taken advantage of SABIC's free open-door policy. Awareness amongst these firms of their REACH duties is low, Mr Camps says, and the companies have few resources to spare to find out about the complexities of the Regulation SABIC itself has a clear strategy for implementing REACH. It has a board-level steering committee overseeing the work of a REACH Program Management Office led by Mr Camps and including six experts with responsibility for regulatory, communication and toxicology issues. The office liaises with an extended program team that includes public affairs, legal, marketing, procurement, manufacturing, patents, ICT and R&D divisions.

## A turning point

At the start of its programme, a few years ago, SABIC held regular seminars to train employees about REACH obligations, especially as it started to put together an

When the company acquired Huntsman Chemicals' European petrochemical business and more recently GE Plastics, Mr Camps said the team that vetted the deals were primed to ask questions about REACH

**Compared with other petrochemical heavyweights, SABIC had a lot of ground to make up on brand recognition**

**– Harrie Camps, SABIC REACH programme manager**

liabilities and to assess the companies' readiness for implementation. Both firms were well-prepared, leaving SABIC with a

relatively straightforward job of integrating their substance inventories with its own.

### Embedding REACH lessons for the long term

While the management structure appears to be effective, retrospectively, the company identified a missing link in its plans for REACH implementation. "We missed a more high level view – someone who could take the learning from REACH and embed

that the price of such expertise is likely to rise, and its availability liable to drop following pre-registration. It therefore wanted early security. Recruiting in-house staff to help prepare for registration would have meant letting them go afterwards, a strategy the company felt uncomfortable about pursuing.

### The size of the task

The company has calculated that it has 80 substances to register, which is likely to cost

number of co-producers with which it will need to share registration data. With up to 50 companies sometimes involved, such discussions can be very complex.

Taking part in pre-consortia has, he says, been an exercise in pragmatism. "Companies are led mainly by commercial values and by lawyers who want to have a say in the detail of all discussions. But with REACH we come to a new era of cooperation... Traditional values are not useful any more. You have to be really pragmatic in your dialogue in order to come to answers that are optimal for the industry."

**Harrie Camps "REACH gives us a chance to demonstrate what SABIC does and what its values are."**



PHOTO CREDIT: SABIC

it over the long term into our company – the people, processes, management". To fill this gap, it recruited a product stewardship expert from 1 January, whose job it will be to ensure lessons learned from the work on REACH implementation are not lost once registration is over.

### Buying in brainpower

As a high-volume chemicals producer, SABIC will need to register its chemicals by the first REACH deadline of 1 December 2010. Aware that this will require an intensive effort in the coming three years, the company last year signed a contract with TNO, the Netherlands Organization for Applied Scientific Research – a service provider for chemical safety, risk assessment and registration – to provide it with extra brainpower to achieve the task. TNO will not necessarily carry out testing, but it is under contract to advise on the company's data needs and testing strategies. It will also represent the firm in technical discussions in 'substance information exchange fora' set up following pre-registration and in registration consortia.

SABIC's decision was based on a prediction

around €12.5m. Some of these are likely to be candidates for authorisation under REACH but Mr Camps says he prefers not to name these until data analyses for them have been completed. This is a process SABIC intends to take in conjunction with co-producers – it estimates it will join 15 or so registration consortia in total.

On the one hand, being a high-volume chemicals producer puts SABIC at an advantage compared to some companies

## The company is taking a long view, looking three or four years ahead, in an attempt to 'future-proof' its REACH registration plans as far as possible

with far more complex and dynamic portfolios to register under REACH. On the other, Mr Camps points out that it also means that for every substance there are a

### The cost of failure

There is no guidance on setting up such groups he notes, so companies are learning by doing. Discussions are particularly difficult in the setting up phase when firms decide what data they have to share. But he is afraid that the price of failure will be that companies will not meet the REACH registration deadlines – to the detriment of its collective image.

For this year, the company's chief aim is to ensure efficient pre-registration of its chemicals. It plans to have all the data ready to pre-register soon after the six-month window opens on 1 June.

SABIC is currently carrying out final checks to make sure it has not overlooked substances and to ensure it has a good overview of the data it has and that it needs to acquire. It is also working on back-up plans just in case the transfer of data held in the company's IUCLID 5 database to European Chemical Agency's IT system turns out not to be as straightforward as "pushing a button to upload". It is preparing .xml spreadsheet versions and as a last resort, is planning for manual transfer over the internet.

The company has tried to 'future-proof' its registration plans as much as possible. In drawing up its list of substances for pre-registration, the company looked forward three to four years to take into account of those that are foreseen to be used for products that are still under development. It will pre-register these this year and then register them as and when they come on the market.

### No avoiding last minute issues

But despite SABIC's planning, there are issues that cannot really be dealt with until pre-registration is under way. One of these is deciding on the best strategy for a group of substances described under REACH as being of 'unknown or variable composition,

complex reaction products or biological materials (UVCB)'. Some of these substances could accurately be described using 20 different EINECS categories.

SABIC says it will wait until later in the year to monitor which substances are being pre-registered before it decides on the most appropriate way to submit its UVCB substances. It is difficult to establish data-sharing arrangements for such compounds with co-producers that may have almost, but not quite the same chemical. Joining the wrong SIEF, it says could be costly, and it is unclear whether it will afterwards be possible to change SIEF.

While the focus is on pre-registration, Mr Camps says the pressure will be maintained on carrying on with plans for registration, including finding optimal communication mechanisms to talk to its suppliers and customers.

### Critical suppliers

Efforts to reach suppliers are already in progress. SABIC has analysed its supplier base of hundreds of firms and identified some 10% that are considered "critical" for its operations. Criteria used to select these include:

- \* whether they are the sole supplier for a substance;
- \* whether the substance they supply may need to be authorised under REACH;
- \* whether SABIC's use of the substance is a relatively small one compared to the suppliers' other outlets;
- \* whether the substance is considered to be of long-term importance to SABIC.

While the firm has carried out mass mailings to all its suppliers to inform them of REACH and to ask of their plans to register chemicals, it is going further with critical suppliers by talking to them on the phone or arranging to visit them to discuss each firm's REACH strategies and needs.

### Pilot trial on exposure data

SABIC also needs to talk to its own customers about their uses of its chemicals in preparation for carrying out chemical safety assessments. But Mr Camps believes it is still too early to do this in any depth. He is waiting for the technical guidance under REACH Implementation Project (RIP) 3.2 to be published, which will set out how exposure scenarios should be described. Unless companies use a standard format to deal with such enquiries – possibly from thousands of customers – the workload will

be unbearable, he says.

The company has prepared a REACH declaration per product to explain that it is well prepared for implementation of the Regulation and to give advance warning that it will need information from customers soon. Customers can find the specific REACH declaration(s) for the product(s) they buy from SABIC in the list of Datasheets for Plastics or Chemicals products. [SABIC](#)

The company is also planning in the next few weeks to launch a pilot exercise based on its knowledge of guidance emerging

been to create an informal network of REACH program managers. SABIC tends to meet on an ad-hoc basis, perhaps twice a year, with fellow companies in the petrochemical industry. The forum has proved a useful way to swap non-confidential information, develop best practices and debate issues such as interpretation of the legislation and IT options. Its informality is said to have been crucial to its usefulness, as a more rigid structure would have necessitated legal contracts and a less free discussion.

### SABIC's petrochemicals complex at Geleen in the Netherlands



PHOTO CREDIT: SABIC

from Rip 3.2 to see how long it takes to obtain suitable information about exposure scenarios from customers. It plans to do this with two substances – one that is chemically transformed at first reaction, and therefore has a short supply chain; the other that remains intact and is passed on in products.

### REACH network

There remain many uncertainties about REACH and it can be challenging even for a company with SABIC's resources to decide on the best course to follow. One mechanism that has helped it and fellow large petrochemical firms in Europe has

Cooperation is vital at this juncture, Mr Camps stresses. Chemical companies need to recognise this opportunity to demonstrate their long-demanded freedom for leadership on managing chemical risks and the consequences of failure.

Mr Camps is also anxious that, after the authorities and companies have heavily invested in REACH, there should be adequate resources made available to ensure effective enforcement so that its aims are not thwarted because of ignorant or unscrupulous companies.

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