

Boots Chemical Management



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Boots the Chemist part of Alliance Boots

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A Typical Retailers Perspective

- Large portfolio of products and even larger amount of raw materials to consider.
- At very end of the supply chain.
- Expertise is on marketing not scientific assessment.
- Often rely on information supplied from its suppliers or third parties.
- Often simply rely on legislation.
- Prone to 'criticism' from NGO community because of our visibility to consumers



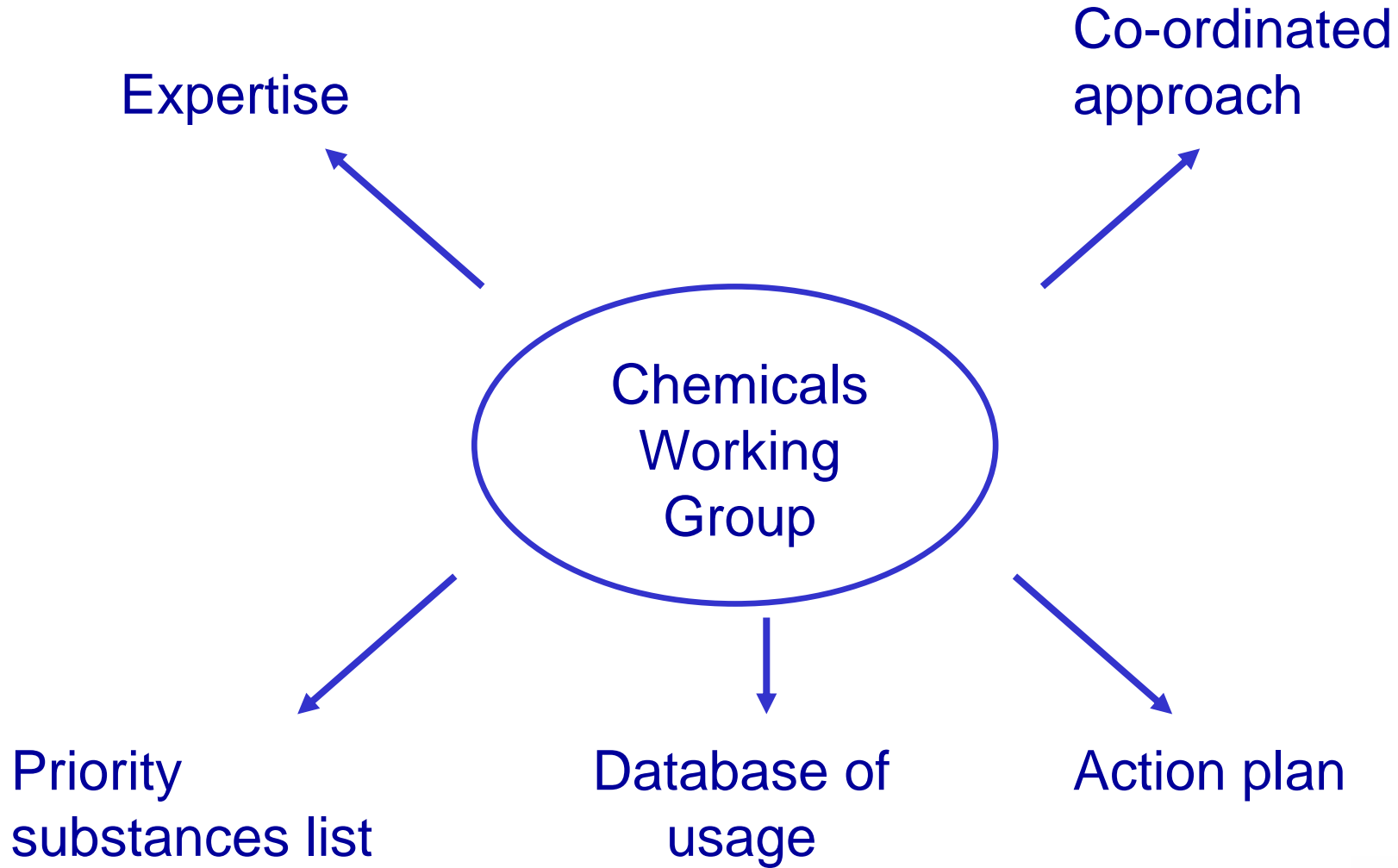
How Boots approach chemical assessment

There are 7 facets to how Boots manage chemicals in consumer products :-

- Boots Chemical Working Group
- Scientific foundation for policy decisions
- Precautionary approach
- Stakeholder perception
- Routes for substituting chemicals
- Compliance.
- Integrated sustainable assessment.



Boots Chemicals Working Group



Scientific foundations for policy decisions

- Assessment is based on several existing international database's i.e. OSPAR, CIR, SCC, KEMI Prio etc.
- Assessment is based on internal manufacturing database & internal expert knowledge.
- Assessment is based on information supplied by the supply chain.
- Assessment is still a risk assessment process based on Boots values.



Precautionary approach

- Boots have always applied a precautionary approach to all our activities.
- Proven Track record.
- Notwithstanding this there still must be a strong scientific understanding underpinning any decision.



Stakeholder perception

Alongside the scientific aspects we also:-

Consider views of our customers

If our customer believe there is an issue we will consider substitution even if the science suggest the material is safe.

Consider views of NGOs

Although not accountable they do offer alternative and sometimes radical views as compared to industry.

Consider views from media

Again not accountable but in the UK the media have driven much of the public agenda on chemicals.



How Boots approach substitution of chemicals

- **Strategic substitution**

- based on market intelligence and market conditions.
- based on in-house expertise & recommendations from CWG.
- often based on precaution.
- planned exit usually over 3 – 10 years.
- cost managed & predicted.

- **Phased substitution**

- most common way of substituting.
- based on scientific concern from CWG.
- often based on precaution.
- planned exit usually over 1 – 3 years.
- cost managed.

- **Issue substitution**

- unforeseen risk.
- unpredicted consumer concern or safety concern.
- rare & Most costly.
- Immediate replacement/ removal of chemical.
- Possible product recall.

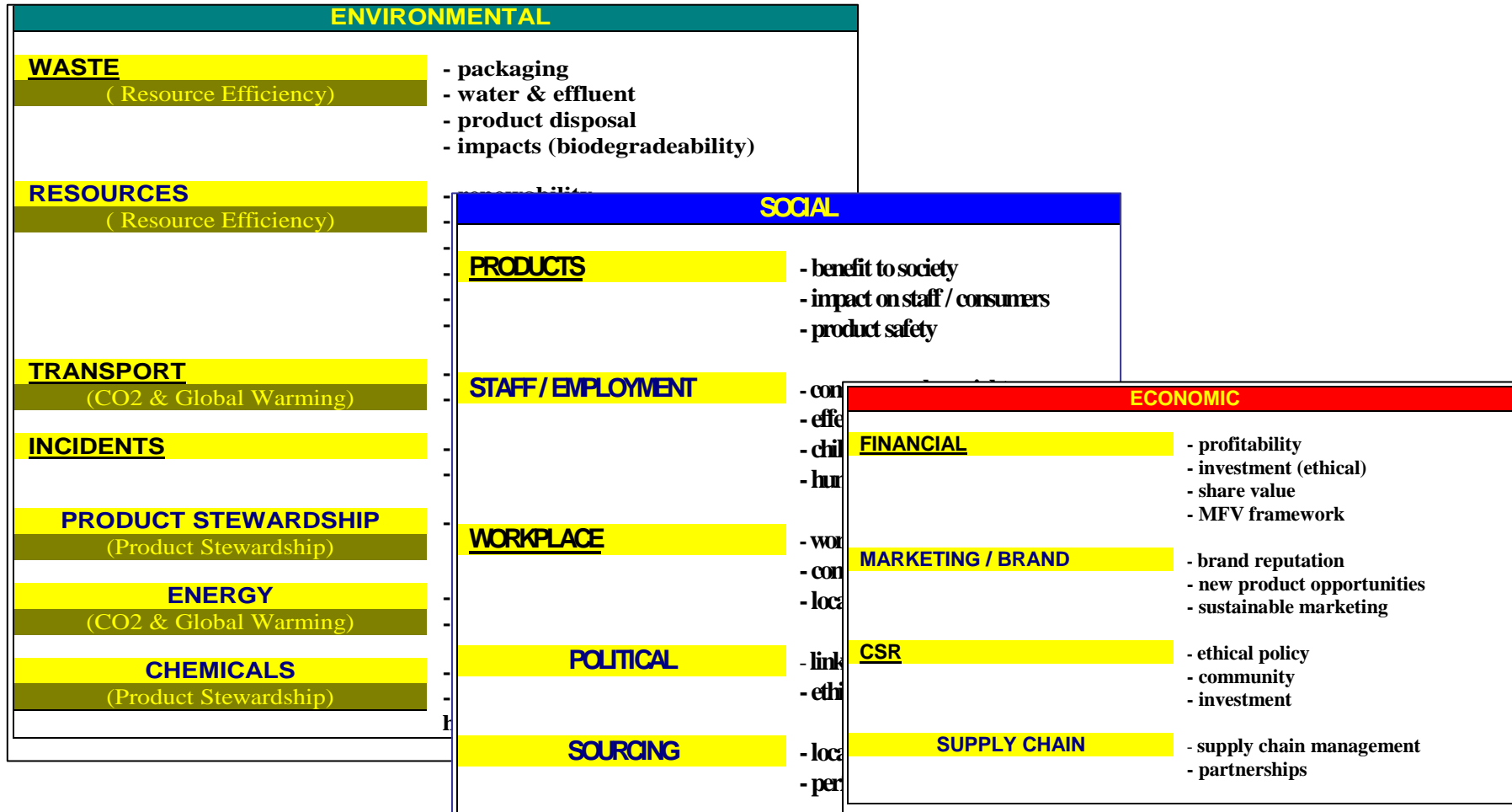


Product Compliance

- All decisions are fully documented.
- Policies signed off by Operations Director.
- Once policy is adopted a maintenance project is set up within NPD 3 year planning process.
- Internal audit.



Integrated Sustainable Assessment



What is an example of a 'Sustainability winner' ?

Supply Chain

Ingredients



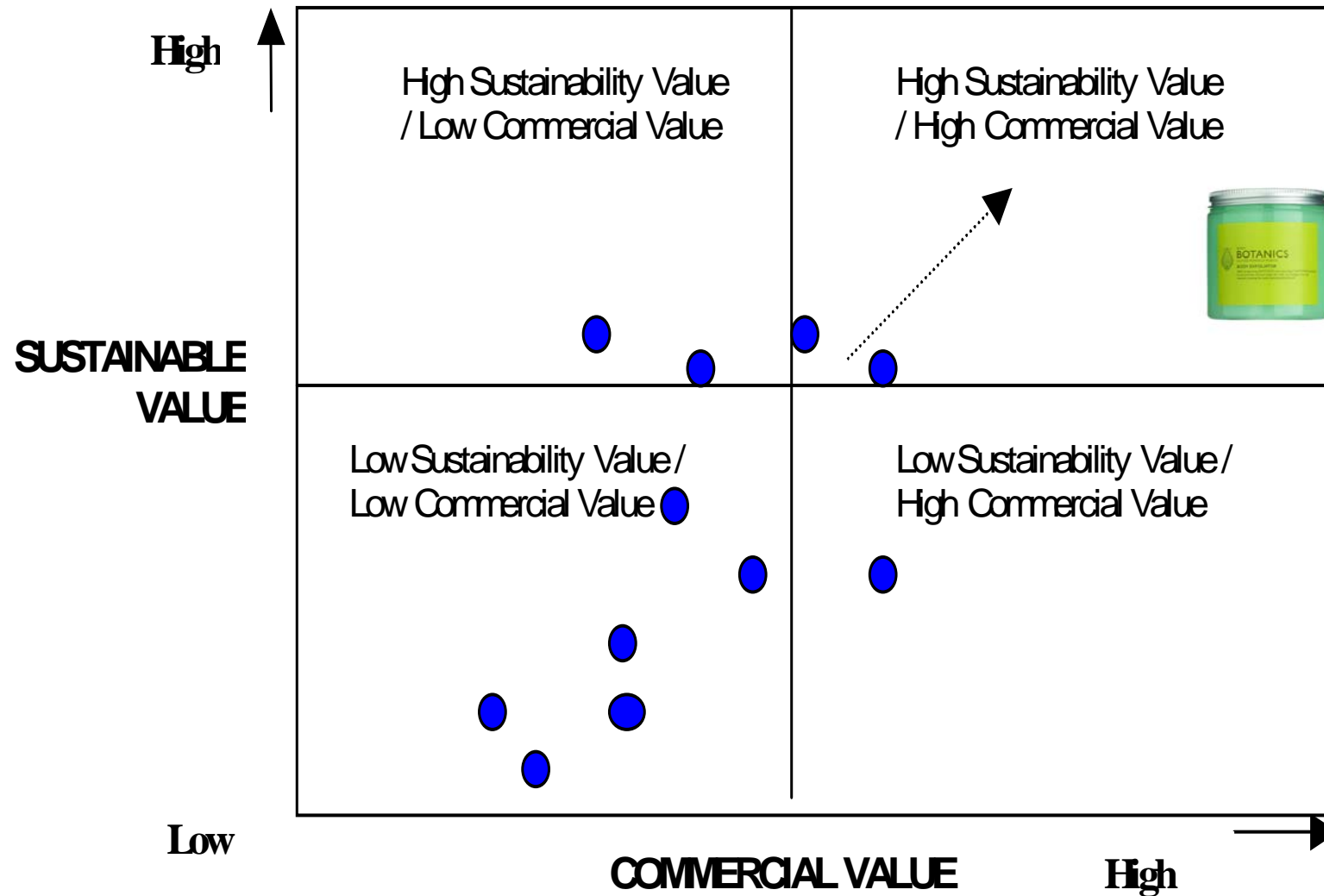
Disposal

- No harsh detergents or chemically active ingredients.
- Efficient use of resources
- Ethical production
- Safe / High quality product
- Efficient logistics
- Clean design principles used in packaging design -
'Customer friendly'
'Fit for purpose'
- End of use materials designed to optimise reuse and recycling



It's a Holy Grail. We're not there yet but we are trying !!

Product / Service Impact Grid



What are the benefits?

- Identifying risks quicker (e.g. materials, products, chemicals, natural ingredients sourcing, biodiversity) and reduce potential brand erosion.
- Adding value by capturing and measuring the cost/benefit aspects of sustainable products.
- Simplifying the process surrounding development of sustainable products.
- Providing transparency and consistency of products and processes.
- Enabling the setting of KPI's and provide the ability to report on progress.



Boots Chemical Strategy Key Deliverables for 2006/2007

- Through the utilisation of expertise from Boots Chemical Working Group highlight strategic important chemicals used in Boots inventory and systematically review their long-term implications. Ensure sustainability criteria for assessing all chemicals is published and implemented across development activities.
- Develop a process for measuring the success of Boots precautionary approach specifically considering number of materials replaced by suitable safer alternatives
- To help consumer choice and to provide the business a clear opportunity to exploit our expert knowledge of product formulation, develop mechanisms to provide transparency of materials currently used.



Lessons learnt over 150 years of retailing

- Ensure all product development is science based.
- Listen to a the views of a wide range of stakeholders.
- Understand the facts but do not ignore perception.
- Recognise that scientific understanding is always evolving and new revised thinking must be continual.
- Recognise that all parties in the chemical debate have their own agenda's – things MAY not be what they first seem.
- Never over promise and under deliver.



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