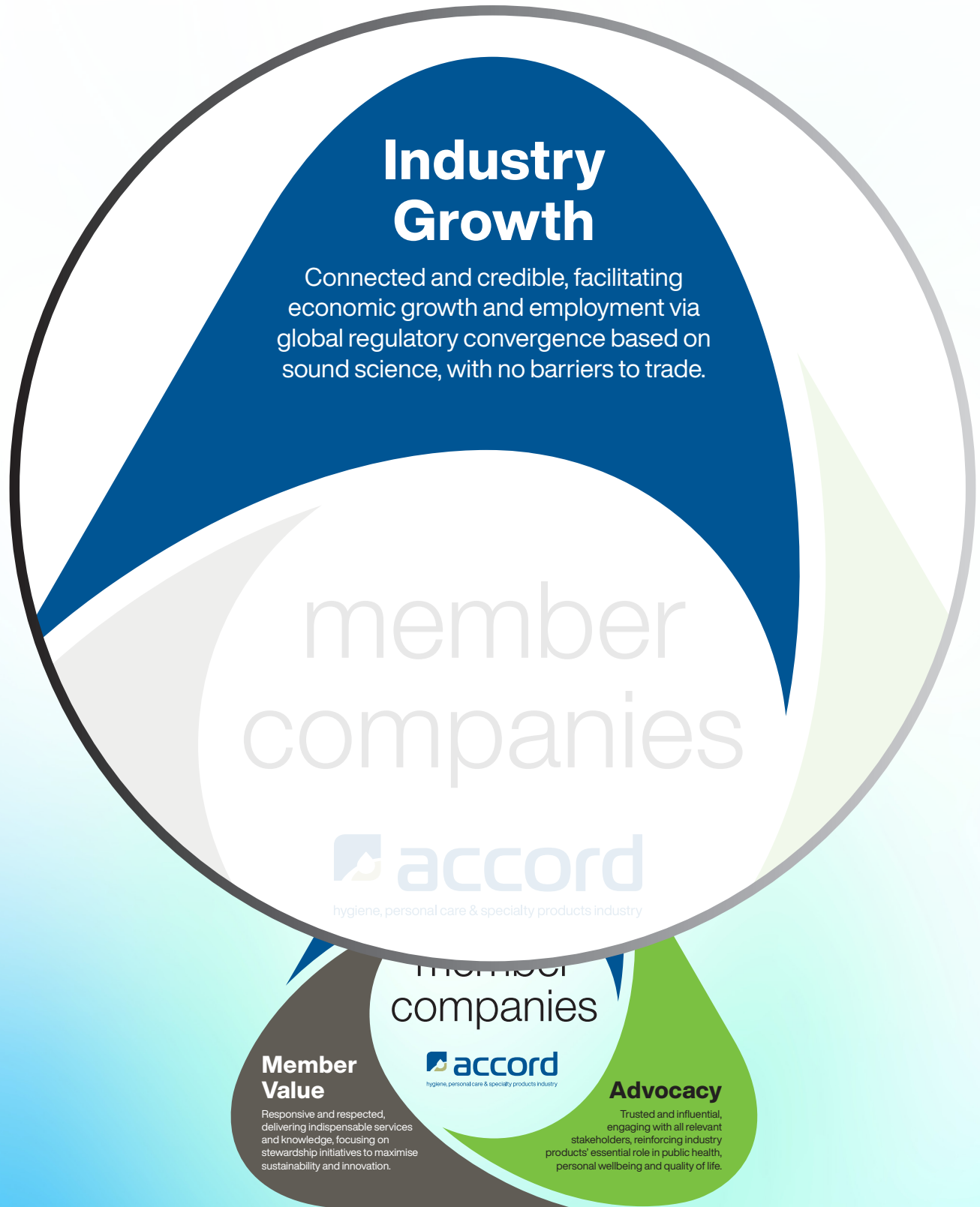


Industry Growth

better 'fit for purpose' regulations:



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A well-connected and credible industry voice, facilitating economic growth and employment by supporting global regulatory convergence based on sound science, commitment to regulatory best practice, and no barriers to trade

A look back on our Industry Growth achievements for 2021-2022

- We continued to build a positive and constructive working relationship with the new industrial chemicals regulator, the Australian Industrial Chemicals Introduction Scheme (AICIS), during the important implementation stage via:
 - successful workshops and engagement sessions with the Executive Director and senior members of the AICIS team, and
 - running successful training for members, including the AICIS Introduction Training which had over 140 registrants total!
- We actively engaged in improving the implementation requirements of the new Industrial Chemicals Environmental Management Standard (ICHEMS), including achieving a pause on any fees and charges by 12+ months until an appropriate cost-recovery model is developed.
- During the reporting period, the Draft Report of the Independent Review of the Agvet Chemicals Regulatory System was finalised and industry's priorities for more efficient and cost-effective regulation pursued by Accord was recognised.
- We have continued our active engagement and dialogue with the Therapeutic Goods Administration (TGA) to progress streamlined regulation of disinfectants and cosmetic ingredients (via chemical scheduling).
- We successfully intervened on problematic interpretations of the TGA's updated advertising guidance on testimonials, achieving an improved guidance and opening the door for a further review.
- We also clarified the permitted advertising of hand sanitisers to assist in the context of COVID-19.
- We continued our very strong and successful issues management with evidence-based ingredient and product category defence throughout the year.
- Advocated for the formation—and invited to become a member—of the ACCC's first Product Safety Consultative Committee.
- Via our involvement with Standards Australia, we drove progress towards greater international alignment for tampons, aerosols, and sunscreens.

- Through Accord's advocacy, the Government committed funding for the development of a national approach for the certification of cosmetic GMP manufacture to assist industry gain access to the China market.

Regulatory Affairs Report

Lighter Touch, Lower Cost, Faster to Market

AICIS Implementation

1 July 2020 saw commencement of the new Australian Industrial Chemicals Introduction Scheme (AICIS), replacing the National Industrial Chemicals Notification and Assessment Scheme (NICNAS).

To aid smoother implementation of the many additional and changed regulatory requirements, Accord had previously successfully advocated for a two-year transition period for the new scheme. We also successfully worked for the transition period to include listed introductions. Our focus over the reporting period then turned to the development of guidance materials and to provide relevant training on the new system to assist Members' understanding and compliance. After lengthy discussions, a downloadable Inventory was published on the AICIS website in March which allowed more efficient searching for Member companies. Accord held the following training:

- 4 August 2021 | AICIS Workshop
The aim of this session, which included representatives from AICIS in attendance, was to assist Members in understanding the requirements more specifically and to understand navigating the information currently available. This assisted Accord in identifying areas that may need further guidance, training and/or reform.
- 10 and 12 November 2021 | AICIS Annual Declaration Training
This training was to assist Members in understanding the process and requirements of the AICIS Annual Declarations by working through practical requirements and compliance expectations.
- 23-25 February and 4-5 May 2022 | AICIS Introduction Training
This comprehensive training on AICIS processes—originally held as a 3-day training, then run again in May across 2-days—provided 7 training modules aimed at Members who needed a broad understanding of the AICIS regulations through to those categorising their company's AICIS introductions and/or engaging with the Regulator on compliance activities.

Accord continued to advocate for a cost recovery review of the Regulator across the reporting period, as the new scheme and its increased fees were introduced at a time when many cosmetic and personal care companies were experiencing economic hardship and uncertainty due to the ongoing effects of the pandemic. In April 2022, the then-Minister Assisting the Prime Minister and Cabinet, the Hon Ben Morton MP, overtly recognised our industry's concerns about the financial

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performance and administration of cost recovery arrangements for AICIS, and the Regulator was selected as part of the Department of Finance's cost recovery review program.

The findings of this review are due mid-2023. In the meantime, we are pleased that members can expect temporary fee relief with a proposed reduction in registration fee of 8% for 2022-23 registration year.

Accord continues to engage with the Regulator on common and key issues encountered by Members and is also seeking to implement regular bilaterals with the Executive Director and senior AICIS team members.

Various aspects of the Ministerial Rules and AICIS Guidelines, including extensive paperwork requirements, are proving to be extremely problematic in their implementation and with the 31 August 2022 transition deadline looming, Accord and other industry associations are urging for an extension to this deadline. This is needed so that industry and its impacted businesses have sufficient time to work with the Regulator to develop practical solutions to the critical problems encountered with compliance for existing, on-market products. Significant amongst these is allowing the use of the globally-accepted International Nomenclature of Cosmetics Ingredients (INCI) names, as already permitted by other Australian regulators such as the ACCC.

Tangible Member company examples have been crucial in explaining these issues to AICIS, as well as other stakeholders in the Departments of Industry, Health and Prime Minister and Cabinet. Accord continues to engage with Members on this work and keep companies abreast of ongoing developments via our Weekly Member Updates and Monthly Regulatory Bulletin.

Therapeutic goods regulatory reform

Accord continues to work with the TGA to reduce the regulatory burden on low-risk Member products such as disinfectants, sunscreens, and their ingredients. We are active participants in the TGA's Industry Working Group on GMP (TIWGG) and its subcommittee on sunscreens, as well as the Complementary and OTC Medicines Regulatory and Technical Forum (ComTech), resulting in the Regulator's greater understanding of Accord Member issues and specific reform proposals.

For sunscreens, the priority over the reporting period has been the smooth adoption of the 2021 Sunscreen Standard. Via ComTech, we have advocated for a minimum transition period of 3 years, preferably 5 years, for the new Standard to allow for an orderly transition and have successfully argued against inclusions of new and/or uniquely Australian concepts within the Standard. Accord also continues to defend ingredients on the Permissible Ingredients List for continued acceptance in sunscreens.

As an active member of the Therapeutic Goods Advertising Consultative Committee (TGACC), Accord continues to seek relevant amendments to the Therapeutic Goods Advertising Code for our industry's low-risk products, arguing that the advertising obligations under Australian Consumer Law are better suited for such products. Our involvement in this committee also allows us to uniquely assist our Members in understanding their advertising requirements. In the earlier part of 2022, the Therapeutic Goods Advertising Code 2021 (TGAC) draft guidance was updated, with a problematic interpretation of the Code when it came to paid testimonials for low-risk products. Accord engaged with the TGA, Members and external stakeholders on this issue, and as a result of this collaboration were informed in late May that the TGA would be addressing a number of Accord's concerns in a further review prior to publication. Accord will continue to consult with both Members and the TGA to continue to improve the guidance.

Accord has continued to work with the TGA to streamline the disinfectant application process and clarification on testing requirements for Member products. Through the Regulator Performance Framework feedback process, we were successful in securing target timelines to be set for all applications as a TGA KPI for next year. Accord also collaborated with the TGA to ensure that the residual activity test methods published in the TGA Instructions for Disinfectant Testing in December 2021 were suitable for industry.

The Accord Secretariat continues to keep Members abreast of ongoing changes and reforms for therapeutic goods through regular updates in our monthly Regulatory Bulletin.

Agricultural and veterinary (Agvet) products regulatory reform, including dairy sanitisers.

Accord continues to work with the Department of Agriculture, Fisheries and Forestry (formerly Department of Agriculture, Water, and the Environment) and the APVMA on the implementation of Agvet reforms, to provide a better regulatory framework for our industry sector.

Throughout the reporting period, Accord has been actively working with the regulator and other stakeholders on a better future cost recovery model for the APVMA, one more commensurate with regulatory effort.

Accord is continuing our open dialogue with the APVMA through a bilateral to discuss and resolve Members' issues relating to APVMA permits, monitoring of overseas legislation, and reforms for low regulatory risk applications. While the Independent Review of the Agvet Chemicals Regulatory System is still awaiting a government response, some reform is better assured with the ability to make standards for low-risk products now being included in the legislation.

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Trade measurement and pre-packaged goods labelling reform.

Accord continues to engage with the Government to achieve greater flexibility with unit measure placement and unnecessary over-labelling of imported products through the National Measurement Institute (NMI). Accord hosted an Insight Hour with representatives of the NMI on 3 May 2021 on the proposed Measurement Law Review reform options, providing Members with an opportunity to give their feedback on the options directly. Accord provided a submission to the NMI later that same month in support of 'reform option 2 - flexible and future-focused'. Pleasingly, the majority of other stakeholders also supported option 2, and these options are now before the Government for consideration.

Transport and labelling of dangerous goods.

Accord continues to work closely with the National Transport Commission (NTC) on the best outcomes for Members and to build on our previous successes with regulatory reforms for removal of unique Australian requirements that add regulatory burden, as well as advocating for a simpler, more efficient regulatory system for the transport of lower risk dangerous goods.

In November 2020, ministerial approval was given for a full review of the Code – the first since 2007.

In December 2021, Accord participated in the NTC's first meeting about this full review and volunteered to participate in two stakeholder workings groups: Exemptions and Limited Quantities. It is hoped that this updated version of the Code, planned for 2024, will result in greater alignment with EU Dangerous Goods regulations.

Biosecurity

Accord continues to articulate the need for clear biosecurity risk identification, appropriate risk mitigation strategies for Members' products and the need to exclude low-risk formulated chemical products from biosecurity requirements. Accord made a submission to the then-Department of Agriculture, Water, and the Environment in June 2021 on the Commonwealth Biosecurity 2030 strategic roadmap, where we advocated for streamlined clearance arrangements focusing on low-risk products. In the submission, Accord also recommended that any improvements to regulatory tools and information systems should be made in consultation with industry to ensure effective legislation.

Accord continues to attend the biological consultative group meetings, to ensure Members are kept updated on biosecurity changes and updates of relevance to Member companies.

International Alignment

New Zealand Environmental Protection Authority (NZ EPA)

Accord continues to represent Members' views on the reform implementation for New Zealand's hazardous chemicals regime administered by the NZ EPA. On 30 April 2021, New Zealand adopted the 7th revision of GHS—the same as Australia—and the EPA took the opportunity for greater alignment and removal of some unique NZ requirements. The EPA presented to Members on the changes at an Insight Hour in June 2021. Accord also provided pre-consultation comments on the proposed update of the Cosmetic Products Group Standard Schedules to align with the EU Cosmetic Products Regulation. The public consultation, slated for early 2022 is now delayed to later in 2022.

Chemical scheduling

Accord continues to provide regular input into the chemical scheduling process via the TGA public consultation process and through direct engagement with the TGA. We ensure Members are kept up to date on both upcoming consultations and scheduling decisions via the Regulatory Bulletin and targeted email alerts.

Accord responded to scheduling proposals for 15 chemical ingredients of relevance to Members, providing 6 submissions to the Scheduling Committee and 5 submissions to the Delegate.

In 2021, Accord submitted our proposal for greater acceptance of the cosmetic product ingredient controls in the EU Cosmetic Products Regulation Annexes and IFRA Standards in the Poisons Standard to the TGA. We also compiled with Members a list of ingredients or cut-offs within Annexes II and III of the EU Cosmetic Products Regulation for further consideration rather than direct adoption due to trade considerations. Positive discussions with the TGA on this project are ongoing, with the TGA including improvements to scheduling of cosmetics and fragrance ingredients in its 2022-23 business plan and developing options for consultation on the proposed reforms.

Work, Health, and Safety (WHS)

In late 2021, Safe Work Australia (SWA) commenced its review of the Workplace Exposure Standard, a list of hazardous chemicals and their maximum exposure limits. Accord has been collaborating with Members to provide input into the Regulatory Impact Analysis of certain chemicals of relevance to industry for this review. Recent discussions with SWA have been conducted to encourage dialogue around the impacts of unique Australian chemical classifications in relation to international trade barriers.

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Facilitate Trade and Commerce

Australian Competition and Consumer Commission (ACCC)

In collaboration with other relevant industry associations, Accord reached out to the ACCC on the need to establish a Product Safety Consultative Committee. In line with best practice regulation, the aim of such a committee is to improve engagement with regulated industries on consumer product safety issues. As part of a multi-industry delegation, Accord met with the Executive General Manager of the new Product Safety Division within the ACCC, on 31 August about this issue. Pleasingly, in October 2021 Accord was invited by the ACCC to become a member of its newly formed Product Safety Consultative Committee. The inaugural meeting was held 3 December 2021, and Accord's involvement has allowed for input into specific consultation items such as Recall Guidelines.

Industrial Chemicals Environmental Management (Register) Act 2021 (IChEMS)

Accord continues to engage with the federal Environment Department to help guide development of the associated regulations and appropriately designed cost-recovery arrangements of IChEMS. In April 2022, we hosted an Insight Hour with officers from the Chemical Management Branch of the Environment Department, covering the national roadmap for the IChEMS and the upcoming public consultations.

In Accord's May 2022 submission to the Department on the Draft Principles, we noted there was not yet enough information available for industry to fully consider the regulatory impacts of the new scheme. Pleasingly, the Environment Department continues to be proactive in engaging with Accord in addressing our concerns.

Free Trade Agreements & More

Accord has assisted with the establishment of Free Trade Agreements (FTA) and Regional Trade Agreements for industry products within the European Union, the Regional Comprehensive Economic Partnership, the Pacific Alliance, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. We have continued to collaborate with our UK colleagues and the Australian Department of Foreign Affairs and Trade on the establishment of the AU/UK FTA and associated Cosmetics Annex. Industry's advocacy was an important element in achieving a Cosmetic Annex for the AU/UK FTA.

In May 2021, Cosmetic Regulations in China underwent a fundamental change with new rules coming into effect that seemingly allow an exemption from mandatory animal testing for imported 'general' cosmetic products, if the manufacturer has third party GMP certification from a competent government/regulatory authority. Accord has been proactively exploring solutions for our exporting Members, to facilitate this potential new market opportunity for the cosmetic industry. We were heavily involved in working with Government to endorse a national system as preferred by our Member companies. The Government announced funding for this project as part of the Mid-Year Economic and Fiscal Outlook (MYEFO) process in late 2021, committing \$8.5M over 4 years to expand the existing Export Control Act 2020, to provide export certification for 'non-traditional' products starting with cosmetics. We have also reached out to a range of states in which Members have manufacturing sites in an endeavour to develop a transparent process as an interim measure, prior to the finalisation of the national process. These have been successfully implemented in Victoria and NSW.

In January 2022 we also provided a submission to the Simplified Trade System Implementation Taskforce—an outcome of the Government's deregulation agenda—to cut red tape, boost productivity and save time and money—urging for greater acceptance of trusted international standards, and consideration of methods to prevent technical and regulatory barriers to trade.

