The Business Case for Transparency: The Chemical Footprint Project

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March 17, 2016
Questions?

• Post your question to the Questions pane in your GoToWebinar Control Panel

• Presentation and recording will be available at chemicalfootprint.org and chemsec.org
Outline

• CFP Introduction
  – Why CFP?
  – Who is CFP?
  – What is CFP?
  – How can I participate?

• Value to retailers & investors
“You can’t manage what you don’t measure.”
Founders
Steering Committee

- Staples
- Target
- ChemSec
- Trillium Asset Management
- Boston Common Asset Management
- Kaiser Permanente
- Dignity Health
- Investor Environmental Health Network
- EDF Environmental Defense Fund

A project of Clean Production Action
Responders

- Responders are brands, manufacturers, & suppliers
- Responders use Assessment Tool to generate Chemical Footprint Project score

- Building products
- Electronics
- Apparel, textiles, footwear
- Consumer goods (beauty care, cleaning products)
- Health care / medical devices
- Toys
Assessment Tool: 20 Questions - 100 pts
Guidance for Using the CFP Assessment Tool

**Management Strategy (M) (20 POINTS)**

M2. Does your company have a chemicals policy that in addition to avoiding chemicals of high concern includes a preference for the use of safer alternatives? (4 points)

**Chemical Inventory (I) (CONTINUED)**

I4. For what percentage of products sold by your company do you collect chemical ingredient information? (5 points)
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Response Options

I4a. Formulated Products:
   i. N/A because your company does not sell formulated products
   ii. _____ if applicable, for what percentage of formulated products sold by your company is chemical ingredient information collected?

I4b. Articles:
   i. N/A because your company does not sell articles
   ii. _____ if applicable, for what percentage of articles sold by your company is chemical ingredient information collected?
Footprint Measurement (F) (CONTINUED)

F2 How does your company measure its baseline chemical footprint? 
(6 points)

Chemical Footprint: the total mass of chemicals of high concern in: products, manufacturing, supply chain, and packaging
Chemicals of High Concern (CoHCs)

- carcinogen, mutagen, or reproductive toxicant (CMR)
- persistent, bioaccumulative and toxic substance (PBT)
- any other chemical for which there is scientific evidence of probable serious effects to human health or the environment that give rise to an equivalent level of concern
- a chemical whose breakdown products result in a CoHC that meets any of the above criteria

California Candidate Chemical List
Public Disclosure and Verification (D) (20 POINTS)

D1. What information beyond legal requirements does your company disclose about the chemical ingredients in its products? (8 points)
CFP Assessment Tool

Chemical Inventory

Management Strategy

Footprint Measurement

Public Disclosure

Disclose
• Chemicals in products

Disclose
• Participation in CFP

Disclose
• Responses

Verification
• Independent body
Pilot: Lessons Learned

• Provides systematic approach

• Facilitates conversations across silos

• Enables gap analysis

• Provides motivation to formalize policies and procedures

• Create standard for measuring performance in chemicals management
First Annual Report

Highlight:
• best practices through examples from individual companies
• companies that agreed to be listed publicly as participating in CFP
• patterns of performance on: management, inventory, measurement, and transparency
• areas where companies are challenged
Timeline

2016

May: release 1st Annual Report
May to June: revise questionnaire
begin outreach to Responders
June-October: questionnaire open to Responders

2017

Q1: release 2nd Annual Report
Chemical Footprint Evaluation

Value to Retailers, Brands and Consumers

Roger McFadden
President, Senior Scientist
McFadden and Associates, LLC
Value of Strong Brands

* Strong brand organizations have a higher market share.

* Build a positive corporate image.

* Create differentiation.

* We choose brands because we **trust** them

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Brand Risk

• Anything that threatens brand equity or brand differentiators and influences consumers to choose one product or service over another.

• Anything that threatens the sustainability of current and future demand for a company’s product or service.

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It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.

(Warren Buffett)
Chemicals are a key element of any supply chain

- The introduction of new chemicals over the past few decades has provided significant value to product designers and retailers.

- New chemicals have helped improve the quality, efficiency and convenience in our workplaces, homes and communities.

McFadden and Associates, LLC
BUT... all chemicals are not created equal

- Hazard traits
- Human health & eco-toxicity endpoints
- Exposure routes
- Degradation & combustion by-products
- Pollution potential

One chemical can cause cancer; another chemical can help treat or prevent cancer

McFadden and Associates, LLC
Origins of Consumer Perception*

- First-hand experience plus consumer’s **social networks**.

- Consumers perceive messages the **brand** publishes as **less credible** than those from other consumers.

- Relatively small number of online consumers can provide the prevailing information to the population at large in connection with a brand.

- Too often, consumers understand social media better than the businesses trying to engage them.


McFadden and Associates, LLC
Businesses aren’t expected to be perfect, but they are expected to be honest.

Consumers are seeking greater accountability.

Social media has become a powerful tool for business, brand and consumer.

Consumer will dig, discover and divulge any and all information across the web.

Consumer will find out if your business is truthful or not, then blog it, tweet it, and share it on Facebook.

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Wide Range of Business Approaches to Managing Chemicals From Basic Compliance to Value Creation

Traditional
- Don’t get in legal trouble

Social Responsibility
- Be a good corporate citizen

Leadership
- Identify and offer new sources of value

Basic Compliance
- CSR Reporting

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Wide Range of Business Responses to Consumer Concerns About Chemicals in Products

* **BASIC COMPLIANCE RESPONSE** – “Our business is in compliance with all current laws and regulations.”

* **DEFENSIVE or OBSTRUCTIVE RESPONSE** -- “Our business only makes safe products and therefore does not see the need nor the value of sharing information about chemicals in products”

* **ACCOMMODATING RESPONSE** – “Our business respects our customers and will take steps to accommodate their demands for chemicals in products information when it is requested.”

* **PROACTIVE RESPONSE** – “When there is credible evidence that a chemical in a product may result in harm to human and/or environmental health, we will take action, strive to eliminate the chemical and replace it with a quality, affordable, safer and more sustainable alternative.”

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• Knowing is better than not knowing.
• Action is better than inaction.
• Eliminating chemical hazard at design is better than managing exposure.
• Transparency and disclosure is better than vagueness or obscurity.
• Orderly proactive transition is better than abrupt reactive change.
Why is Chemical Footprint Project Important to Progressive Businesses

- Tells them where they are now and measures progress towards safer chemicals
- Identifies suppliers that are leaders
- Recognizes and rewards suppliers for doing what matters most to customers
- Creates greater supply chain accountability
- Encourages chemical information sharing
- Provides a metric to compare and measure continuous improvement of suppliers

McFadden and Associates, LLC
Safer Chemicals Help Safeguard Our Brands

- Eliminates hazards where possible and reduces risk to brand.
- Creates shared value for consumer, community and company.
- Rewards suppliers for innovative solutions.
- Helps protect human health and wellness.
- Helps protect natural and built environment both now and in the future.

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THANK YOU!

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