Every day companies make decisions about the chemicals they use to make their products. These decisions affect us not only as individuals and consumers but they also affect us as investors. Regulatory requirements, consumer demand, NGO pressure, product recalls, lawsuits, and media attention devoted to chemicals are growing. As a result, management of these issues pose both significant risks and significant opportunities to companies, and, as shareholders, we require assurances that companies are managing such chemical risks effectively.

Are companies intentionally selecting chemicals and materials that are safe and healthy for people and the planet? Are the C-Suite and Board making investments that ensure their products and supply chains use safe and healthy chemicals and materials? Does the company know all of the chemicals in its products, manufacturing operations, supply chains, packaging, and facilities? Does it report publicly on goals to reduce its chemical footprint and its progress on that journey? Consumers and investors are increasingly seeking answers on this issue. Companies that can’t answer these questions—or, worse, are not even asking them—face reputational, financial, and legal risks.

As investors—and because we represent clients who care about the health and environmental implications of the products they buy and the companies in which they invest—we ask these questions every day. To make informed investment decisions, we require reliable, replicable, independent, and comparable data on how companies are answering these questions and managing these risks.

The Sustainability Group at Loring, Wolcott & Coolidge is a Signatory to the Chemical Footprint Project (CFP) because it does just that. CFP Survey results provide us with comprehensive, independent, and consistent data for benchmarking companies and engaging management on their policies, procedures, and reporting. As a result, it is easier for investors to identify, engage, and reward companies that systematically improve chemicals management.

The CFP Survey provides a common framework for companies to calculate their corporate chemical footprint, sets clear metrics for evaluating risk, and encourages safer chemicals management. The tool is built to encourage companies to engage their supply chain and senior leadership, and ask questions about chemical use before a problem occurs. Further, given the risks and opportunities posed by chemicals-related issues, there is an increasing expectation that companies provide meaningful transparency in this area.

The CFP Survey helps companies address and disclose the most meaningful metrics while also ensuring companies stay on top of the growing demands to address toxic chemicals in corporate reporting standards. For example, companies that respond to the CFP Survey are well positioned to meet both the Sustainability Accounting Standards Board reporting standards and the Sustainable Development Goals relevant to hazardous chemicals. As a result, we believe it is in a company’s best interest to use the CFP Survey as a tool to better inform its chemicals management strategy and provide meaningful disclosure to investors and the public.

On behalf of our clients and with the help of the CFP Survey, we look forward to engaging with companies on their journey to safe and healthy products.

Amy Domini, Partner; Wendy S. Holding, Partner; Nushin Kormi, Partner; W. Andrew Mims, Partner; Larisa Ruoff, Director of Shareholder Advocacy