



# The Business Case for Transparency: The Chemical Footprint Project

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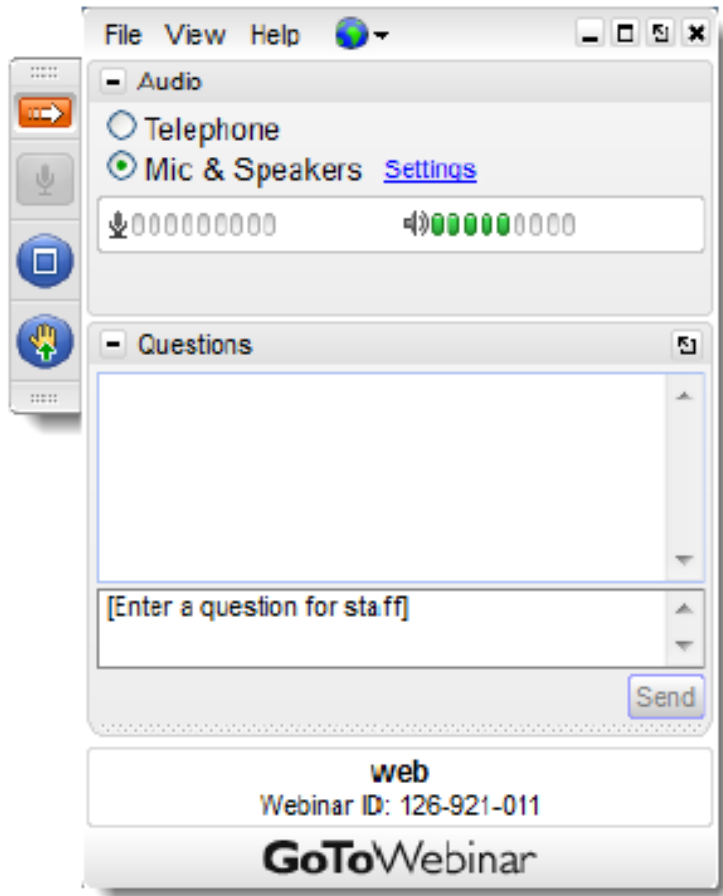
Mark Rossi, Clean Production Action

Roger McFadden, McFadden and Associates

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](http://chemicalfootprint.org) and [chemsec.org](http://chemsec.org)

# Outline



- CFP Introduction
  - Why CFP?
  - Who is CFP?
  - What is CFP?
  - How can I participate?
- Value to retailers & investors

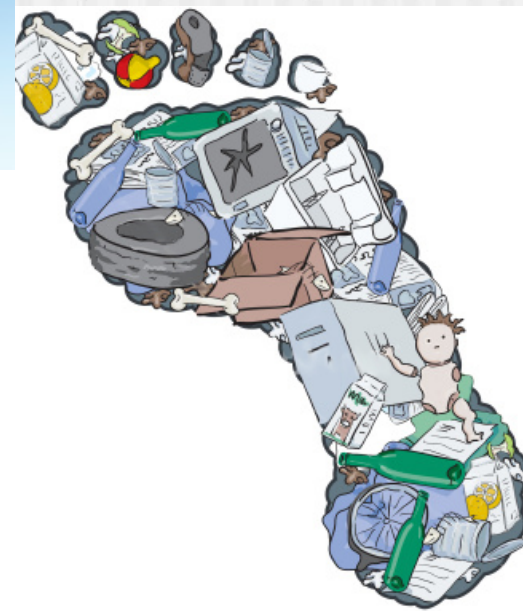


*“You can’t manage what you don’t measure.”*





GLOBAL  
CORPORATE  
SUSTAINABILITY  
REPORT  
2013



# Founders



# Steering Committee



KAISER PERMANENTE®



Dignity Health™



Investor Environmental Health Network  
HEALTHY PEOPLE...HEALTHY BUSINESS

EDF ENVIRONMENTAL DEFENSE FUND™  
Finding the ways that work



# 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







## CFP Assessment Tool



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)

# Guidance for Using the CFP Assessment Tool

## Chemical Inventory (I) (CONTINUED)

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

#### **Response Options**

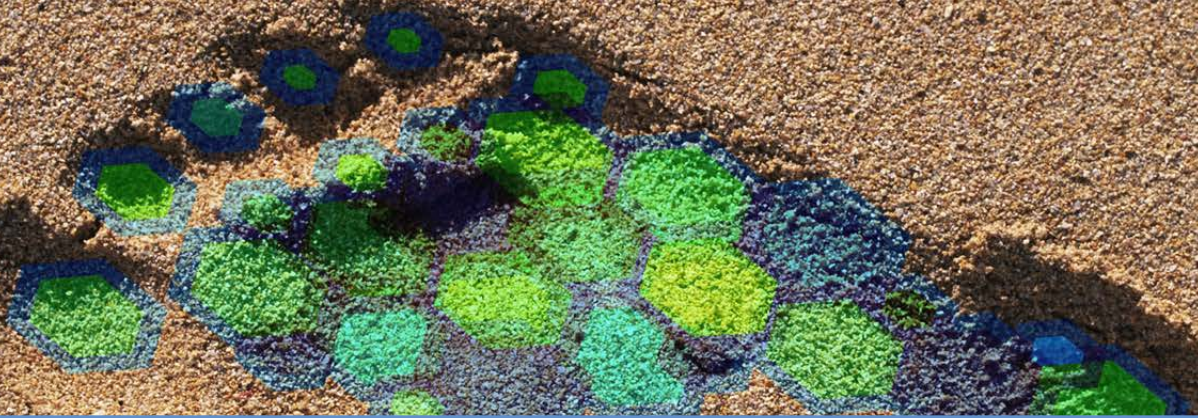
I4a. Formulated Products:

- 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?**

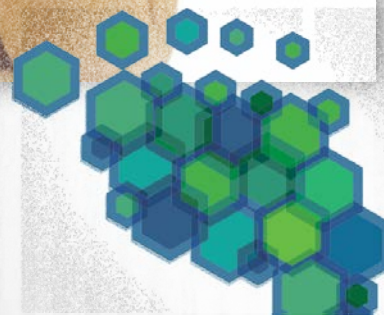
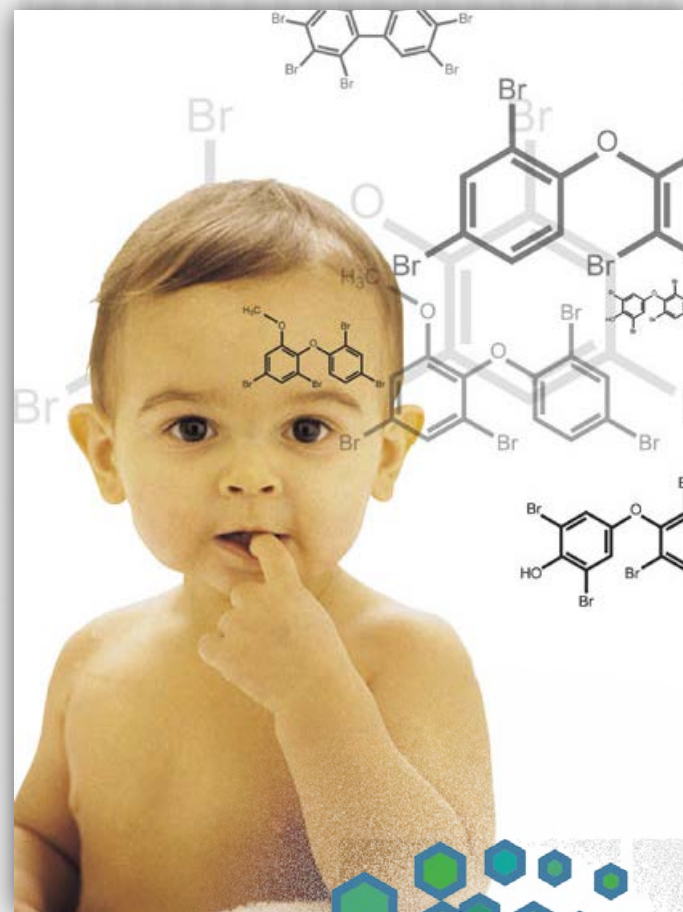
(6 points)

**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



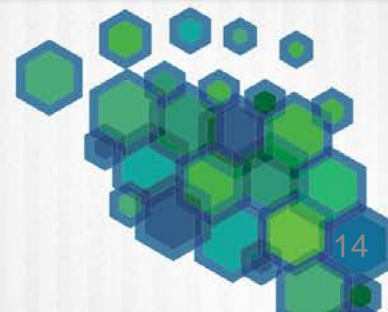


## CFP Assessment Tool



### 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



Disclose

- Chemicals in products

Disclose

- Participation in CFP

Disclose

- Responses

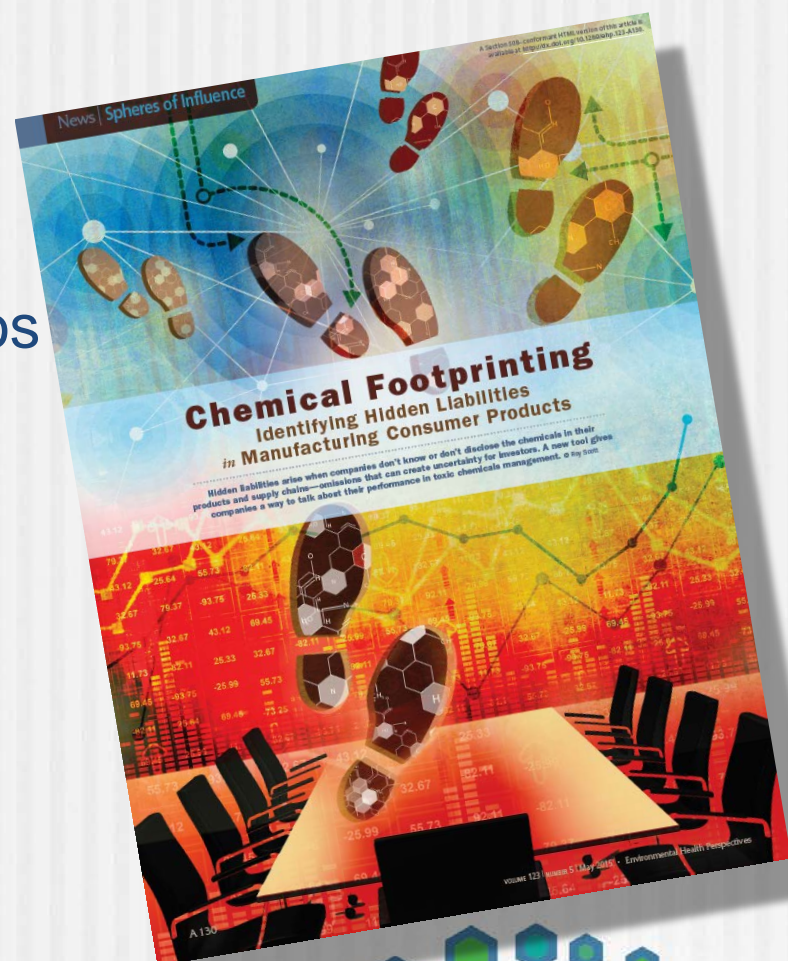
Verification

- 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 1<sup>st</sup> Annual Report

May to June: revise questionnaire

begin outreach to Responders

June-October: questionnaire open to Responders

## 2017

Q1: release 2<sup>nd</sup> 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



# 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.

# Reputational Risk



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)

[izquotes.com](http://izquotes.com)

# 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.



# 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***



# 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.

\*PC Today, "The Social Influence", Page 10

# Age of Information and Transparency



- 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.

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

**Traditional**

*Don't get  
in legal  
trouble*

**Basic Compliance**

**Social  
Responsibility**

*Be a good  
corporate  
citizen*

**Basic Compliance  
CSR Reporting**

**Leadership**

*Identify and  
offer new  
sources of  
value*

**Basic Compliance  
CSR Reporting,  
Consumer Brand Value**

# 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.”

# Managing Chemicals - Lessons Learned

- 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

# 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.



# THANK YOU!

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Business and Investors

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