



Investment

CFP SIGNATORY

PROFILE:

Mercy Investment Services, Inc.

In an environment with increasing chemical regulation

and market demand for safer chemicals, investors require clear, comparable information to assess company strategies for evaluating progress toward the use of safer chemicals. Mercy Investment Services' engagements with retailers and manufacturers on the issue of safer chemicals management center on the goal of ensuring that corporate policies and practices support the long-term safety and health of both consumers and the environment.

We use tools such as the Chemical Footprint Project to: 1) identify companies in different sectors that are setting best practices by taking a proactive approach to measure and manage their chemical footprints and mitigate risks before they occur; and 2) call companies to their responsibility to and the benefits of measuring and then managing the chemical footprint of their operations and supply chain. Consumer-facing companies and brands are particularly vulnerable to the risks of inadequately managing their chemical footprint, as evidenced in 2018 when home improvement stores faced considerable pressure from consumers and other stakeholders after a customer died from using a toxic paint stripper sold by the retailer. Ultimately, 13 major retailers recognized the reputational and potential legal risks they were facing and made commitments to ban the sale of these toxic paint strippers and identify safer alternatives.

It's not just chemical-based products like paint removers that are putting companies under fire from consumers and regulators. Companies in the food and beverage industry, including manufacturers, grocery retailers, and even restaurants face rising consumer concern about chemical residues found in food and food and beverage packaging, such as phthalates, Bisphenol A (BPA), and glyphosate. Additionally, states like California are beginning to implement their own regulatory standards for toxic chemicals and the labeling of products, all of which creates risks for companies that fail to adequately manage the chemical portfolio of their products.

While commitments to phase out specific chemicals of concern are certainly commendable as steps to protect consumer and environmental health, as investors, we ask companies to take further steps forward, including developing a comprehensive safer chemicals management policy and process. The Chemical Footprint Project and its annual survey have become the gold standard for providing a framework for companies to develop a comprehensive approach to safer chemicals. CFP provides a roadmap for companies to holistically examine their chemical footprint, management strategies, and disclosure and verification processes with the goal of identifying and mitigating risks posed by hazardous chemicals. This process represents chemicals management due diligence and a commitment to protect human and environmental health that is embedded within the company's long-term strategy. Our goal is to continue to support CFP's work and to engage companies on their responsibility to implement a safer chemicals management system.

Caroline Boden, Shareholder Advocacy Manager



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