



# SAFER PRODUCTS, WORKPLACES & COMMUNITIES:

Trillium's solution-oriented engagement to reduce toxic chemical pollution.



As Ken Geiser writes in the preface to his seminal book [Chemicals Without Harm: Policies for a Sustainable World](#) "The problem with synthetic chemicals is similar to the problem with many other technologies - we rush to develop and enjoy the fruits of novel technologies, long before we fully understand their consequences and create the systems need to address their costs."

The world is awash in chemicals. Scientists count 350,000 chemicals and mixtures of chemicals registered for commercial use. Of these, 120,000 could not be conclusively identified.<sup>1</sup> Further, U.S. health agencies and governments list more than 2,000 chemicals exhibiting high risks to human health and the environment. These endocrine disrupting, bio accumulative, and potentially cancer-causing chemicals are found in consumer products, plastics, pesticides, food, and drinking water.

Chemicals have been important drivers of economic growth, but the cost of poor management and the long-term impacts of chemicals in use has been largely ignored. The costs associated with environmental chemical exposures worldwide likely exceeds 10% of global GDP or \$11 trillion.<sup>2</sup> In the U.S., for example, poly and perfluoroalkyl substances (PFASs), or forever chemicals, that scientists have linked to high cholesterol, thyroid diseases, and kidney and testicular cancers have cost cities and towns enormous sums. Investors know the short-term impacts – stockholders of PFAS producers lost \$82 billion in value between January 2018 and September 2020, but the long-term costs are still mostly unknown.<sup>3</sup>

<sup>1</sup> Environ.Sci.Technol.2020,D0I:10.1021/acs.est.9b06379

<sup>2</sup> <https://pubmed.ncbi.nlm.nih.gov/29202828/>

<sup>3</sup> V. Zainzinger, "What difference does green investing make?"; Chemical & Engineering News, November 16, 2020



What all this points to is an urgency and opportunity for investors to press companies to address the negative economic, social, and environmental impacts of toxic chemicals and invest in safer alternatives. Importantly, investors need to understand if and how companies are measuring the mass of hazardous chemicals use and reducing what is often called their chemical footprint. The good news is companies such as Herman Miller, Seventh Generation, HP Inc., Reckitt Benckiser Group, plc, and others are staking out leadership positions. These companies are tackling the complex issues chemicals create in supply chains, while prioritizing chemical footprinting, reduction and disclosure, all which we believe can accrue advantages in the face of regulatory changes and consumer preferences for greener, healthier materials. More companies need to do the same.

## The Chemical Footprint Project

The Chemical Footprint Project (CFP) Survey gives companies, investors, and other stakeholders a comparable, consistent reliable metric to track progress toward safer, greener, and just chemicals. Trillium was a founding signatory to the framework which now boasts endorsements from investors with over \$2 trillion in assets under management and purchasers with over \$800 billion in procurement power. We use this independent third-party tool to engage companies on toxic chemical risks. After a successful multi-year engagement with **Target** to strengthen its approach, corporate managers began using the CFP survey in 2018. Target has subsequently removed several hazardous chemicals from brand-owned household and personal care products and has expanded the scope of its strategy to address PFAS as a class in certain products. Management is also screening for toxic chemicals that may be found in products marketed to women of color.

Trillium has also made progress with **Ecolab**, **Ahold Delhaize**, and **Stryker** on this topic. Each company has agreed to benchmark policies and practices related to managing, inventorying, footprinting, and disclosing chemicals of concern in its products and supply chain against best practice. The CFP survey aligns with sector-specific disclosure standards of the Sustainability Accounting Standards Board (SASB) and The Sustainability Development Goals (SDGs). CFP is quickly becoming a race to the top. The eight front runners participating in the 2020 survey demonstrated best practice beyond regulatory compliance. 100% of the front-runners calculated their footprint by mass and many had no chemicals of high concern in their reported products.

## TJX Companies

When retail peers **Walmart** and **Target** began setting public goals to remove known chemicals of concern from receipt paper, textiles, personal care, and other products in 2018 **TJX Companies** remained noticeably silent. In the summer of 2019, Trillium and our Investor Environmental Health Network partners met with management to discuss these risks. We left with an incomplete understanding of management's strategy, so we filed a proposal that fall which requested a report describing if and how TJX planned to reduce its chemical footprint. The company advised shareholders to vote against the proposal yet nearly 45% of voting shareholders supported calls for a proactive chemical strategy at the May 2020 meeting. In response to this groundbreaking vote, TJX committed to eliminate PVC from certain packaging, remove toxics from all receipt paper, removed worker exposure to PFAS from compostable food service-ware in its corporate cafeterias, and identified chemical management as a key ESG priority going forward.



## The impact of toxic chemicals are apparent today – but we can change that.



Pesticides are widely used in American farming—but they are putting our ever-growing, pollinator-dependent agriculture system at risk. Pesticides are a key culprit in devastating year-over-year losses of pollinators and other beneficial organisms, and cause more chemical-related injuries and illnesses to workers than any other industry in the U.S. For these reasons, Trillium and The Sustainability Group of Loring, Wolcott & Coolidge engaged 19 food producers, retailers and home improvement retailers on action being taken to address these concerns.

After investor engagement, **General Mills, JM Smucker, Target, Costco, and Whole Foods** each strengthened their engagements with suppliers on pesticide risks and the use of neonicotinoids ('neonics'), a dangerously persistent and toxic pesticide to bees.

### Lowe's

Three home improvement retailers also stepped up actions as a result of our engagement. Trillium and Domini Impact Investments successfully withdrew its shareholder proposal filed at Lowe's in 2015 after dialogue with investors and other stakeholders resulted in the company committing to remove neonics from its shelf products and live goods by 2019.

### The Home Depot

Trillium and investor partners began engaging The Home Depot in 2014. The company was the first large retailer to require suppliers to label all neonic treated garden plants. Soon afterward, The Home Depot also set a time bound target to phase out neonic pesticides by year end 2018, a few months ahead of Lowe's, and step up customer education efforts.

### Tractor Supply

Trillium and Clean Yield Asset Management successfully withdrew its 2017 shareholder proposal filed at Tractor Supply after the company agreed to assess existing products containing neonics, require suppliers to phase out use by 2019 and expand customer education and beekeeping products in its more than 1800 stores.

In 2019 we engaged **Lamb Weston**, a leading global processor of frozen potatoes, sweet potatoes, and other vegetable products. After a series of dialogues and a solid 34% vote in support of our shareholder proposal on pesticide risks, the company agreed to incorporate pesticide use measures in its 2020 Corporate Responsibility Report. Notably, following additional dialogue Lamb Weston set and disclosed a time bound quantitative pesticide use reduction goal and committed to use a science-based strategy to address its climate impacts.

It could be easy to push toxic chemicals aside given the myriad of issues ESG investors currently assess. But the impacts of toxic chemicals are happening today, and the costs to workers, communities, and the environment are real. Investors need to understand how companies are meaningfully managing the risks of toxic chemicals in products and supply chains and moving toward safer alternatives. The good news is that leaders are emerging, and Trillium is proud of its constructive shareholder advocacy to date, but more work needs to be done. We believe good governance demands an active chemical management strategy. Together with partners, we will continue to work toward a world where human health and the environment are free from the harms of toxic chemicals.





## About Trillium Asset Management

Trillium Asset Management, with over \$5.7 billion in assets under advisement (\$4.8 AUM and \$900M in model assets as of 6/30/2021), offers investment strategies and services that advance humankind towards a global sustainable economy, a just society, and a better world. For nearly 40 years, the firm has been at the forefront of ESG thought leadership and draws from decades of experience focused exclusively on responsible investing. Trillium uses a holistic, fully integrated fundamental investment process to uncover compelling long-term investment opportunities. Devoted to aligning stakeholders' values and objectives, Trillium combines impactful investment solutions with active ownership. The firm delivers equity, fixed income, and alternative investments to institutions, intermediaries, high net worth individuals, and other charitable and non-profit organizations with the goal to provide positive impact, long-term value, and 'social dividends'.

### Contact Information

[ContactUs@trilliuminvest.com](mailto:ContactUs@trilliuminvest.com)

**800-548-5684**

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