the SUSTAINABILITY GROUP

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Why should investors care about toxics?

They are ubiquitous and inextricably linked to other crises:

- Toxics are unavoidable
- It is impossible to address climate, plastics pollution, environmental justice etc. without also addressing toxics

They pose specific risks:

- Regulatory Risks
- Reputational Risks
- Litigation Risks

They are toxic!

Risks to investors

Regulation

Existing federal regulations are insufficient, and the regulatory climate is uncertain

Litigation

Multi-billion dollar payouts are becoming increasingly common

Reputation

Consumer Trust = Brand Loyalty: Customers want assurance that product standards prohibit ingredients of concern

Companies face heightened risks when consumer or retailer demand shifts faster than regulation, or the public learns that their products contain chemicals of concern

Vigilance is necessary: While the NGO community has been very vigilant, companies need to move faster than regulators in some cases to maintain integrity.

Why are KPIs important to investors?

- Chemicals management poses **material risks** to companies—and their investors
- Often, companies do not provide **comprehensive disclosure** of these risks—and may not be tracking reliable data on how such risks are managed
- Investors must have **clear, comparable information** on how companies are managing these risks

Agreed upon KPIs address the above

How do KPIs help investors?

Fills data gaps and provides **standardized disclosure** in four key pillars

Platform for substantive **shareholder engagement** by identifying leaders

Encourages companies to be **more innovative**

Promotes **continuous improvement** in disclosure, data quality, & overall performance