

# Toxic Chemicals in Products

Newsletter of The Investor Environmental Health Network



## Executive Director's Letter

### Investors Focus on PVC in Packaging and Products

Eleven (11) of the 43 resolutions investors have filed on toxic chemicals and product safety during the last three proxy seasons have focused wholly or partly on polyvinyl chloride (PVC) in packaging, toys, and other products. Investors have been in contact with an additional 22 companies regarding their use of PVC. Prompted by potential consumer marketplace impacts of major campaigns by environmental health advocacy organizations in the US and overseas, investor inquiries to companies and shareholder resolutions have surfaced important information about corporate policies and have encouraged companies to move along the PVC reduction and phase-out path. These engagements signal that a PVC packaging tipping point has passed in the marketplace, as other materials are increasingly being sought by both retailers and their suppliers and as use of alternatives grows.

PVC is a problem substance throughout its lifecycle. It's manufactured from carcinogenic vinyl chloride monomer, posing an occupational hazard. Depending on how it's being used, it can contain lead and other chemicals that pose a hazard, particularly to children. PVC is not readily recyclable as are other plastics. PVC can be a reputational or litigation hazard for major firms: Wal-Mart and other companies have had to pull lead-tainted bibs and children's lunchboxes from their shelves.

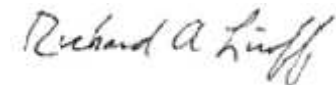
Sears published a PVC phase out policy in November 2007 following a year of consultations with both investors and environmental activists. These conversations followed withdrawal of a November 2006 shareholder resolution requesting a sustainability report from the company. When filing the resolution, the shareholders had raised PVC as a particular concern.

At Bed Bath and Beyond, shoppers can now find prominent displays of "chlorine free" shower curtains. Bed Bath and Beyond managers discussed this and other initiatives with investors, in the aftermath of a 22% yes vote on a shareholder resolution raising questions about the company's policies regarding PVC and other chemicals.

Wal-Mart and other companies have made very public commitments to phasing out PVC packaging, and are making progress in doing so, but other companies have been reducing reliance on PVC more quietly. For example, during the course of withdrawing a resolution at Costco on safer chemicals policies, investors were informed that the company had been working to reduce use of PVC, but had not said much publicly about it.

Additional companies have shared information with investors about their PVC progress and goals in response to inquiries, even in the absence of formal resolutions. For example, in the past year, Schering Plough, Logitech, Motorola and Nokia have provided such details. Schering-Plough signaled that its move from PVC for some of its consumer products was influenced by Wal-Mart's interest in PVC reduction.

Companies clearly are responding to growing consumer interest in going PVC-free. A February 12, 2008 [Wall Street Journal](#) story on PVC toys noted that PVC-free plastic toys are attracting venture capitalist interest, and that Mattel and Hasbro are testing a corn-based plastic for their toys. Markets are moving away from PVC both for packaging and specific product lines, providing opportunities for both fast-moving companies and their investors.



Richard A. Liroff, Ph.D.  
Executive Director

### Corporate-NGO Partnerships to Advance Safer Chemicals

Companies are forging important collaborative linkages with NGOs concerned about safer chemicals policies. For example, there is increasingly close technical cooperation between advocate Health Care Without Harm on the one hand and health care leaders such as Consorta and Kaiser-Permanente on the other. Likewise, the Lowell Center for Sustainable Production at the University of Massachusetts Lowell has created a Green Chemistry and Commerce Council (GC3), comprised of corporate leaders from multiple sectors and environmental health NGOs, all engaged in sharing innovations and generating useful tools. Another example is the Campaign for Safe Cosmetics working with the more than 750 corporate signatories to its Compact for Safe Cosmetics on useful tools to speed the elimination of carcinogens, mutagens, reproductive toxicants, and other chemicals of concern from cosmetics. Finally, the NGO Clean Production Action has produced "The Green Screen for Safer Chemicals" that it has shared with companies, including Wal-Mart, as a tool for screening and ranking chemicals.



**Proxy Update—36.1% Yes Vote on First Resolution of the Season**

In January, the first toxic chemical/product safety resolution of the 2008 proxy season was voted upon at the annual meeting of medical device manufacturer Becton, Dickinson. The resolution, asking the company to report on how it is addressing likely tightening of regulations on medical devices in the European Union, received a 36.1% Yes vote from shareholders. Two proxy voting advisory services—Institutional Shareholder Services and PROXY Governance, urged support of the resolution.

**Toxic Chemicals and Safer Products in the News**

['Thomas' toymaker settles suit over lead for \\$30M](#)

Julie Schmit, USA Today  
January 23, 2008

The maker of Thomas & Friends Wooden Railway toys has agreed to a \$30 million class-action settlement stemming from last year's recalls, the first in what's expected to be a wave of settlements.

[The chemicals within](#)

Anne Underwood, Newsweek  
February 4, 2008

Many common household products contain compounds that could be affecting our health and can be found in our bodies, according to the recently released "Is it in Us?" report.

[Retail goes green, from ground up](#)

Ngoc Nguyen, Sacramento Bee  
January 28, 2008

Kaiser-Permanente reports cost-savings from working with manufacturers to create polyvinyl chloride-free carpeting and IV bags and from a phase-out of mercury in medical devices.

[Greener Cleaners](#)

Michael McCoy, Chemical & Engineering News  
January 21, 2007

Consumer demand for environmentally friendly cleaning products has changed the game for chemical suppliers. This new interest is proving to be a wake-up call to chemical companies that supply the cleaning products industry. Clorox has introduced a family of natural cleaners sold under the Earth-friendly name Green Works.

[State to probe development of 'green' chemicals](#)

Marla Cone, Los Angeles Times  
January 31, 2008

In an effort to reduce industry's reliance on toxic compounds, state environmental officials today will lay out a framework for transforming California into a leader in the development and use of "green" chemicals.

[Chemical-related illnesses cost state](#) Terence Chea, The Associated Press

January 16, 2008

A new study by University of California researchers details the economic, environmental and public health effects of industrial chemicals and calls for state policies to phase out dangerous substances and promote safer alternatives. Toxic chemicals cost the state an estimated \$2.6 billion annually in medical expenses and lost wages. The report is available [here](#).

The Investor Environmental Health Network (IEHN) is a collaborative partnership of investment managers, advised by nongovernmental organizations, concerned about the market and health risks associated with corporate toxics policies. It serves as an informational resource and secretariat for investors working to reduce portfolio risk related to toxic chemicals. For more information, visit us on the internet at [www.iehn.org](http://www.iehn.org) or contact [RLiroff@iehn.org](mailto:RLiroff@iehn.org).