April 14, 2015

The Honorable James Inhofe
Chairman, U.S. Senate Committee on Environment & Public Works
205 Russell Senate Office Building
Washington, DC 20510

The Honorable Barbara Boxer
Ranking Member, U.S. Senate Committee on Environment & Public Works
112 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Inhofe and Ranking member Boxer:

Representing investors with $20 billion in assets under management, the Investor Environmental Health Network and the American Sustainable Business Council and our investor members are writing to express our concern about the Lautenberg Chemical Safety for the 21st Century Act (S. 697) and recommend changes that will help inspire a new era of economic growth and speed safer alternatives into the marketplace.

Together we are concerned that the current draft too rapidly preempts states from taking actions essential to eliminate chemical hazards, and diverts EPA resources to focus on lower priority chemicals when it should instead push EPA to rapidly address chemicals that persist and build up in the environment.

Strengthened Federal Regulations Benefit the Economy. We strongly support strengthened federal regulation of toxic substances because, as elaborated below, it will

- Reduce healthcare costs,
- Bolster productivity
- Reduce overhead costs to business from managing toxic chemicals Lower market risks to companies and shareholders
- Promote the international competitiveness of American business, and stimulate and reward innovation in products and industrial processes for safer alternatives.

Reduce healthcare costs. Exposures to toxic chemicals produce a tremendous drag on the US economy because they contribute to widespread health problems. Data continue to mount on chemicals in fetuses' cord blood, amniotic fluid, breast milk and blood. Chemical

TEL: 202.595.9302
1401 NEW YORK AVE. NW
SUITE 1225
WASHINGTON DC 20005

ASBCOUNCIL.ORG

exposures have been linked by scientists to various forms of cancer, learning and developmental disabilities, Alzheimer's and Parkinson's diseases, reproductive health and fertility problems, and asthma. Savings in health care costs from reducing exposures vary among studies, but routinely add up to billions of dollars annually. For example, according to a summary of research published by the National Institute of Environmental Health Sciences, in 2008, the U.S. spent $76.6 billion on diseases of environmental origin in children, or about 3.5% of U.S. health care costs.[1]

As investors in the global economy, we are also concerned about the global impact of chemical exposures. For example, according to a 2015 study published by The Endocrine Society, exposure to hormone disrupting chemicals (endocrine disruptors) in Europe imposes costs of between €157 and €270 billion ($171-294 billion) annually, at least 1.23% of Europe's gross domestic product.[2]

Bolster productivity. Chemical exposures lower worker productivity and raise corporate health care costs. Chemical exposures, especially those leading to neurological impairment, can relegate to the social welfare system individuals who otherwise could be productive contributors to the workplace.

Reduce corporate overhead costs. The most toxic chemicals also impose considerable overhead costs on companies. Costs include record-keeping, special handling and disposal, and accident prevention and response. These are on top of the cost of exposure reduction technologies whose costs can be avoided by substitution of inherently safer chemicals. As widely diversified investors we are concerned about the impact of these costs on the value of our portfolios.

Lower market risks to companies and shareholders. TSCA reform that speeds action on chemicals of concern whose toxicity is well-established can accelerate cost reductions. It can also lower companies' litigation, reputational, and compliance risks. History shows that toxic liabilities in a company's product portfolio, such as asbestos and formaldehyde, can lead to significant litigation risk that negatively impacts shareholder value.

Promote the international competitiveness of American business, and stimulate and reward innovation in products and industrial processes for safer alternatives. Companies are increasingly facing risks of "toxic lockout" from marketplaces, caught in a vise of, on one side, increased state government and European regulations and, on the other side, restrictions by "retail regulators" adopting environmentally preferable purchasing programs. The European Union, individual European nations, various U.S. states, large

---

[1] "The Economic Costs of Environmental Health Impacts", National Institute of Environmental Health Sciences Environmental Factor, July 2014, http://www.niehs.nih.gov/news/newsletter/2014/7/science-economic/

[2] "Health costs of hormone disrupting chemicals over €150bn a year in Europe, says study", The Guardian, March 6, 2015, http://www.theguardian.com/environment/2015/mar/06/health-costs-hormone-disrupting-chemicals-150bn-a-year-europe-says-study

retailers, health care companies, and companies in many other sectors have outdistanced the U.S. federal government in removing chemicals from the market place. TSCA reform needs to be strengthened to align it with these other leading efforts—speeding management decisions towards safer chemicals and promoting data development and disclosure.

Reforms should not prematurely preempt state programs. We share concerns expressed by state attorneys-general and others that the preemption provision for high-priority chemicals in S.697 comes far too early in the regulatory process, when EPA is in the earliest stages of assessing a hazardous chemical. This is a rollback from existing law that creates a regulatory gap for some of the most dangerous chemicals for up to seven years. To address chemical hazards in the marketplace, in recent years 38 states have passed more than 250 policies that address toxic chemicals.[3] California, Maine, Oregon, Vermont and Washington State have established comprehensive chemical policies that identify toxic chemicals in consumer products and require companies to use safer alternative chemicals when possible. Dozens of other states have banned or restricted individual toxic chemicals like lead, mercury, and flame retardants.

What some may view as hazards to nationally uniform markets we view as essential stepping stones—disruptive policy innovations--challenging upstream chemical manufacturers to provide safer chemicals while lowering toxic burdens on their downstream user companies and consumers. State enactments complement and support progressive safer chemicals policies and practices adopted by such market leaders as Walmart, Target, Johnson & Johnson, S.C. Johnson, Nike, Dell, and Hewlett-Packard.[4] Current law should remain; preemption of state action should happen only once EPA has made a final determination to exonerate or manage a chemical. As California's attorney-general has stated, the proposed preemption provision represents an "unprecedented and unnecessary evisceration of state regulatory authority to fill critical safety and enforcement gaps."[5]

Establish ambitious stretch goals. Substantial amendments are long overdue to the nearly 40 year old TSCA to reflect 21st century science. New legislation should incorporate ambitious, stretch goals to make up for lost time, catch up with regulations elsewhere and send a strong signal in support of existing corporate efforts to drive markets towards innovative safer chemicals. We believe the proposed legislation should fast-track regulatory action on well-studied chemicals, especially those that are prime candidates for restriction or elimination in international markets.

---

[3] Center for Effective Government, "Reducing Our Exposure to Toxic Chemicals: Stronger State Health Protections at Risk in Efforts to Reform Federal Chemical Law", (Washington, D.C., 2015), http://www.foreffectivegov.org/interactive-maps-and-new-report-show-state-chemical-safety-policies-risk-proposed-federal-legislatio

[4] These corporate policies are compiled at http://iehn.org/tools.corporate.php

[5] March 5, 2015 letter from California Attorney General Kamala D. Harris to Senator Barbara Boxer

One such chemical is asbestos, which EPA was unable to regulate under TSCA. Another such set of chemicals are persistent, bioaccumulative and toxic chemicals, which are a central focus of the EU's REACH chemicals management directive. We also note that S.697 calls for 25 chemicals to be listed as high-priority in the first 5 years and calls for EPA to also identify lower priority chemicals while S.725 introduced by Senators Boxer and Markey establishes a more ambitious agenda, beginning with 15 high priority substances in the first year and adding 15 additional ones during each of the following four years.

The Investor Environmental Health Network is a collaborative partnership of investment managers, advised by nongovernmental organizations, concerned about the financial and public health risks associated with corporate toxic chemicals policies. American Sustainable Business Council (ASBC) is a growing coalition of business organizations and companies representing more than 250,000 businesses and more than 325,000 and business leaders across the United States. Together we look forward to working with you and your colleagues as you move expeditiously toward improving the legislation. In the meantime, please do not hesitate to contact Richard Liroff, Executive Director, Investor Environmental Health Network, at (703) 532-2929 or via e-mail at rliroff@iehn.org or David Levine, American Sustainable Business Council, 202-595-9302 x101 dlevine@asbcouncil.org with any questions or for further information.

Sincerely,

G. Benjamin Bingham
Founder and CEO
3Sisters Sustainable Management, LLC | Scarab Funds, LLC
Philadelphia, PA

Lura Mack
Portfolio Advisory Board
Adrian Dominican Sisters
Adrian, MI

Andrew Behar
Chief Executive Officer
As You Sow
Oakland, CA

Steven Heim
Managing Director
Boston Common Asset Management, LLC
Boston, Massachusetts

Aaron Tanaka, Deborah Frieze
Boston Impact Initiative
Boston, MA

Ruth Rosenbaum, TC, PhD
Executive Director
CREA: Center for Reflection, Education and Action
Hartford, CT

John Katovich
President
Cutting Edge Capital
Oakland, CA

Adam M. Kanzer, Esq.
Managing Director & General Counsel
Domini Social Investments LLC
New York, NY

Valerie Heinonen, o.s.u.
Director, Shareholder Advocacy

Daughters of Charity, St. Louise Province
St. Louis, Missouri

Dominican Sisters of Hope
Ossining, New York

Mercy Health
Cincinnati, Ohio

Mercy Investment Services, Inc.
St. Louis, MO

St. Joseph Health
Orange County, California

Ursuline Sisters of Tildonk, U.S. Province,
Jamaica, NY

Timothy R. Yee, AIF®
Registered Principal of LPL Financial
Green Retirement, Inc.
Berkeley, CA 94704

Bruce Herbert
Chief Executive
Investor Voice, SPC
Seattle, WA

Joyce K. Moore, ChFC, LUTCF
President
Joyce Moore Financial Services/Whole Earth Investments
Macungie, PA

Cathy Rowan
Corporate Responsibility Coordinator
Maryknoll Sisters
Ossining, NY

Michael Kramer
Managing Partner & Director of Social Research
Natural Investments LLC
Kona, Hilo & Maui, HI

Bruce Herbert
Chief Executive
Newground Social Investment, SPC
Seattle, WA

Vince Siciliano
President & CEO
New Resource Bank
San Francisco, CA

Julie N.W. Goodridge
President
NorthStar Asset Management, Inc.
Boston, MA

Julie Fox Gorte, Ph.D
Senior Vice President for Sustainable Investing
Pax World Management LLC
Portsmouth, NH

Sister Marian Durkin, CSA
Sisters of Charity
Richfield, OH

Nora M. Nash, OSF
Director Corporate Social Responsibility
Sisters of St. Francis of Philadelphia
Aston, PA

Danielle Ginach
Impact Manager
Sonen Capital
San Francisco, CA

Heidi Soumerai
Managing Director, Director of ESG Research
Walden Asset Management
Boston, MA

Jeff Clements
President,
Whaleback Partners
Concord Mass.

Sonia Kowal
President
Zevin Asset Management, LLC
Boston, MA

cc:
The Honorable David Vitter
The Honorable John Barrasso
The Honorable Shelley Moore Capito
The Honorable Mike Crapo

The Honorable John Boozman
The Honorable Jeff Sessions
The Honorable Roger F. Wicker
The Honorable Deb Fischer
The Honorable Mike Rounds
The Honorable Dan Sullivan

The Honorable Thomas R. Carper
The Honorable Benjamin L. Cardin
The Honorable Bernard Sanders
The Honorable Sheldon Whitehouse
The Honorable Jeff Merkley
The Honorable Kirsten Gillibrand
The Honorable Cory A. Booker
The Honorable Edward Markey