

# A Tale of Two Systems

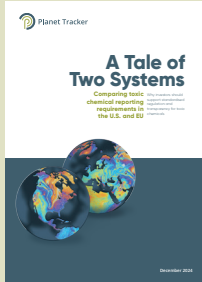
Comparing toxic chemical reporting requirements in the U.S. and EU

| Recommended Questions |  |
|-----------------------|--|
| <b>Q.1</b>            | <p><b>“How do you minimise your risk from polymers and chemicals of concern?”</b></p> <p><b>Background:</b> The growing focus on the health and environmental impacts of petrochemicals is a ticking timebomb for the industry. Although we are yet to see a significant amount of successful litigation around harm caused, the potential impact is huge.</p> <p><b>Target:</b> Establish a clear strategy for risk mitigation from major litigation.</p>   |
| <b>Q.2</b>            | <p><b>“Do you currently publicly disclose your product portfolio and products produced by manufacturing location?”</b></p> <p><b>Background:</b> Despite knowing that many chemicals used or produced by petrochemical facilities can be highly toxic, reporting requirements in many jurisdictions and loopholes in enforcement mean companies can often hide their toxic footprints. This is a risk to local communities and investors.</p> <p><b>Target:</b> Production details for facilities are made publicly available and details of toxic spills are shared promptly and in full.</p> |
| <b>Q.3</b>            | <p><b>“Does the company have a strategy to phase out or substitute chemicals of concern in its products?”</b></p> <p><b>Background:</b> Corporates should be investing in R&amp;D around less toxic alternatives to avoid the risk of litigation, regulation or reduced market access for legacy products.</p> <p><b>Target:</b> Chemicals of concern in its products are identified and transparently disclosed, alongside the methodology used for this process. The company sets out a plan to phase out or substitute chemicals of concern.</p>  |

### Report's Key Takeaways

- Planet Tracker has previously written about the potential risks to investors from the release of toxic chemicals into the environment – see our report Novel Entities – [A Financial Time Bomb](#).
- Differences in how toxic chemicals are regulated makes it hard to compare impacts in different geographies.
- Generally, the EU's hazard based approach is often viewed to be more burdensome for business, given it operates on a more precautionary basis and thus is more restrictive. However, it could reduce future litigation risk entirely because of that more precautionary principle.

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