4.7 Toxics

4.7.1 What is at stake?

Man-made toxics are in use all around us, from pesticides to cosmetics and baby bottles to computers. More than 75,000 chemicals are now in commercial use, but only 14% of the chemicals used in the largest volumes have the minimum amount of data publicly available to make an initial basic safety assessment for their impacts on the environment, public health or foetal sensitivity.

During their manufacture and use, toxics are released into the environment. They can travel vast distances by air or water and are also absorbed by wildlife and humans through the skin or ingested in food and water. Hazardous man-made toxics have contaminated every environment, and wildlife, including birds, polar bears, frogs, alligators and panthers, is suffering. Furthermore, up to 300 man-made toxics have been found in humans.[219]

The negative impacts of CFCs causing ozone depletion, DDT's impacts on birds and wildlife, bioaccumulation of PCBs and other persistent organic pollutants were identified only after significant problems have surfaced. The commercial usage of these toxics was phased out much too late to prevent widespread contamination of environment, wildlife and humans. From these past experiences lessons have to be learned. One example is with regard to the currently used PBDE (poly brominated diphynyl ethers) that make modern-use flame retardants. PBDE have a structure very similar to PCBs and should be listed for phase out too.

As regulation always lags behind new scientific knowledge, merely responding to new regulations will be way too late to stop widespread contamination of the environment, wildlife and humans, and may be too late to stop irreversible health effects. All actors involved should therefore take a precautionary stand and ban the usage of all toxics of which the impacts are not well-known. This precautionary principle should specifically be applied to two classes of toxics:[220]

- *Endocrine Disrupting Chemicals (EDCs)*, such as BPA, phthalates and BFRs, that block, mimic or otherwise interfere with naturally produced hormones. Hormones are the body's chemical messengers that control how an organism develops and functions. Wildlife and humans are exposed daily to these pervasive toxics that have already caused numerous adverse effects in wildlife and are most likely also affecting humans;
- *Very Persistent and Very Bioaccumulative chemicals (VPVBs)*, which break down slowly or not at all, and accumulate in the bodies of wildlife and people. VPVBs can be passed from mother to child in the uterus and via breast milk. Even if VPVBs appear non-toxic now, if they are proved to be toxic later you cannot decontaminate the womb or the deep marine environment where they accumulate.

The bank's policy should ensure that it will only be involved in the financing of companies which adhere in a systematic way to this precautionary principle. But for an issue which is dominated by uncertainty about future impacts, just following best international standards is not good enough - the precautionary principle should be overarching.

4.7.2 Best standards available

A toxics policy needs to address several aspects, including adequate knowledge of toxics in order to determine the degree of control needed (for example, toxicity data on their intrinsic properties); the need to control toxics during their production, use and end of life; and the need for post-marketing surveillance to ensure all potentially harmful toxics have been properly controlled. The policy must also act as an early warning system for future areas of concern, by keeping a close eye on scientific developments. The international community has addressed and developed benchmarks for some of these concerns, as described below.

Regulation of production and consumption of dangerous toxics

International agreements have banned or are phasing out a number of particularly dangerous or toxic chemicals. For example:

- The Montreal Protocol on Ozone Depleting Substances (ODS) and its related amendments and revisions, prohibits the production and use of ozone-depleting substances such as chlorofluorocarbons, hydrochlorofluorocarbons, halons and methyl bromide.[221]
- The Stockholm Convention on Persistent Organic Pollutants (POPs) since May 2004 bans twelve persistent organic pollutants (POPs), including dieldrin, chlordane, heptachlor and PCBs. POPs are toxics that remain intact in the environment for long periods, become widely distributed geographically, accumulate in the fatty tissue of living organisms and are toxic to humans and wildlife.[222] Discussions are continuing to include more POPs in the convention. WWF has recommended another 20 POPs for inclusion in the convention.[223]
- Other agreements ban toxics intended for use in warfare,[224] and pesticides that are classified as highly or extremely hazardous.[225] In addition, widely adopted action plans require the phasing-out or the strict regulation of other chemicals such as DDT, dioxins and furans,[226] leaded petrol and asbestos.[227]
- The IFC Performance Standards set guidelines for pollution prevention and abatement.[228]

Impact assessment of new and existing toxics

The international community increasingly recognises the need to ensure more effective assessment of the long-term impacts of toxics on public health and the environment, particularly those that are persistent and accumulate in the environment and in living organisms. Stricter assessment will lead to a more precautionary approach to the introduction, manufacture and use of toxics in products where impacts are uncertain.

- Following the *United Nations Conference for Environment and Development (UNCED)* in Rio de Janeiro, Brazil in June 1992 and the establishment of the Intergovernmental Forum on Chemical Safety (IFCS), the Bahia Declaration on Chemical Safety was pronounced in October 2000. This declaration included commitment of the partners to strengthen efforts for implementation of a Globally Harmonised System (GHS) for classification and labelling of chemicals. At the *World Summit for Sustainable Development* in Johannesburg in August 2002, the implementation framework of GHS was agreed upon.[229]

- In February 2006, the International Conference on Chemicals Management (ICCM) adopted the Strategic Approach to International Chemicals Management process (SAICM), a policy framework for international action on chemical hazards. SAICM recommends measures to help participating countries achieve safe and sustainable use of toxics in a timely and efficient manner.
- In June 2007, the new European law on Registration, Evaluation and Authorisation of Chemicals (REACH) entered into force. The simultaneously established European Chemicals Agency (ECHA) and REACH aim to protect humans and environment from chemicals whilst not undermining the EU chemical industry.[230]

Management of chemical by-products and waste

The international community increasingly requires the sound management of chemicals and their by-products and waste so as to minimise risks to public health and the environment.

- The Johannesburg Plan of Implementation, agreed upon at the 2002 *World Summit on Sustainable Development*, set the goal of achieving sound chemical management throughout the world by 2020.[231] To meet this target, the SAICM process will set detailed goals and standards for the chemical.
- Under the Basel Convention, governments have agreed to "minimise the generation and ensure adequate disposal of hazardous wastes and other wastes".[232] Stockpiles and waste containing listed toxics under the Stockholm Convention must be managed in a way that is "protective of human health and the environment".[233]
- Hazardous waste and certain toxics and pesticides cannot be exported to developing countries except in limited circumstances, and only with the prior informed consent of the importing country, according to the Rotterdam Convention.[234]
- The FAO International Code of Conduct on the Distribution and Use of Pesticides includes sections on the storage and disposal of pesticides.

Specific sector standards

Many relevant initiatives regarding the production and usage of toxics exist, of which just a few are mentioned here:

- The UN Food and Agriculture Organisation (FAO) publishes and regularly updates a list of banned substances for the agricultural sector, which is followed - sometimes even stricter than prescribed - by many countries. FAO also issued the International Code of Conduct on the Distribution and Use of Pesticides, setting out voluntary, internationally accepted standards for the handling, storage, use and disposal of pesticides.
- The Responsible Care initiative was developed in 1985 by the chemical industry to address broad stakeholder concerns surrounding chemical production and improve the chemical industry's reputation. Part of the Responsible Care programme are the global initiative on High Production Volume (HPV) chemicals in 1998, launched by the global chemical industry, through the International Council of Chemical Associations (ICCA), as a first step towards producing harmonised data sets on the intrinsic hazards of approximately 1,000 HPV substances. Another initiative under Responsible Care is the Long-Range Research Initiative (LRI), launched in 1999, which funds independent research in order to improve the risk assessment of

chemicals in relation to public health.[235] The Responsible Care Global Charter and Global Product Strategy (GPS) has been in development since 2004.

- Since August 2006 Greenpeace International has been publishing the Green Electronics Guide every quarter. The guide ranks the leading mobile and PC manufacturers on their global policies and practice on eliminating harmful chemicals and on taking responsibility for their products once they are discarded by consumers. Many of the companies have changed their policies in response to this publication.[236]

4.7.3 Content of a bank policy

Toxics regulation and management is changing considerably. All stakeholders involved in the production and usage should meet the standards set by the growing global acceptance of the precautionary approach and increasing concerns of long-term impacts on human health, reproduction and the environment.

Banks involved in the financing of the toxics industry, as well as sectors using significant amounts of toxics such as agriculture, the textile industry and the electronics industry, will need to pay close attention and ensure that their clients are following these new standards set forth above. While REACH is an European regulation, it is the best regulatory instrument on the global market today. Banks should therefore demand all their clients, inside and outside Europe, to comply with this regulation.

The bank's policy should ensure that it will only be involved in the financing of companies which adhere in a systematic way to this precautionary principle. In developing such a policy, the bank could make use of the best international standards available as described above. But for an issue which is dominated by uncertainty about future impacts, it should be stressed that just following best international standards is not good enough, and the precautionary principle should be the foundation of any policy.

4.7.4 Scoring table

The considerations in the previous paragraphs lead to the following scoring table with regard to bank policies on toxics:

0. *The bank has no policy on this issue;*
1. *The bank's policy is vaguely worded or aspirational, with no clear commitments;*
2. *The bank's policy on toxics contains several standards included in either REACH or SAICM;*
3. *The bank's policy requires all clients in sectors producing and consuming toxics to comply fully to REACH or to SAICM;*
4. *The bank's policy requires all clients in sectors producing and consuming toxics to comply to the precautionary principle, which means that toxics can only be used in production processed when their safety is proven scientifically.*

Signatories of UN Global Compact, UNEP Finance Initiative, and/or the UN Principles for Responsible Investment score 1 point on toxics. These collective standards are discussed further in paragraph 7.1. The scores for these collective standards are awarded to all

signatories, unless the bank's own toxics policy scores higher. Scores of individual and collective standards are not added up, only the highest score is awarded.

4.7.5 Results

Toxic materials are used and disposed by all industries and sectors, and can do huge damage to both the natural environment, and the quality of life of many people. Despite these widespread effects, only Rabobank (the Netherlands) and HSBC (United Kingdom) have developed policies which set some criteria regarding the use of toxics. Barclays has a guidance note which does not set preconditions. All the other banks still need to develop policies on this issue.

Scores on Toxics policies					
HSBC	2	Dexia	1	Sumitomo Mitsui	1
Rabobank	2	Fortis	1	UBS	1
ABN AMRO	1	ING	1	Unicredit	1
ANZ	1	Intesa Sanpaolo	1	WestLB	1
Banco Bradesco	1	JPMorgan Chase	1	Westpac	1
Banco do Brasil	1	KBC	1	Bank Mandiri	0
Banco Itaú	1	Mitsubishi UFJ	1	Bank of China	0
Bank of America	1	Mizuho Financial	1	China Construction	0
Barclays	1	Nedbank	1	Goldman Sachs	0
BBVA	1	RBS	1	ICBC	0
BNP Paribas	1	Royal Bank of Canada	1	Merrill Lynch	0
Citi	1	Santander	1	Morgan Stanley	0
Crédit Agricole	1	Scotiabank	1	Saudi-American Bank	0
Credit Suisse	1	Société Générale	1	Standard Bank	0
Deutsche Bank	1	Standard Chartered	1	State Bank of India	0