



**PRENTISS
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Socially Responsible Investment Report for:

PerkinElmer, Inc

Waltham, MA

Ticker: PKI

Last Updated: May 6, 2020

I. Exclusionary Screening

Does PerkinElmer appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

Fossil Fuels & Precious Metals Mining

- Carbon Underground 200
- CDP/CAI Carbon Major
- BICS - Oil, Gas & Coal
- BICS - Precious Metals Mining

Pornography, Gambling & Tobacco

- BICS - Casinos
- BICS - Gaming Equipment
- BICS - Adult/nightclubs
- BICS - Tobacco

Agrochemicals & Animal Cruelty

- BICS - Crop Chemicals & Fertilizers
- Cruelty Free Investing 10 Worst

Defense & Retail Gun Sales

- SIPRI Top 100
- BICS - Defense Primes
- NRA Top Industry Allies

Private Prisons

- BICS - Security Services

CDP = Carbon Disclosure Project
CAI = Climate Accountability Institute
BICS = Bloomberg Industry Classification Systems

SIPRI = Stockholm International Peace Research Institute
NRA = National Rifle Association

I. Environmental, Social & Governance Data

What quantifiable environmental, social and governance data, policies or recognition does PerkinElmer exhibit? Positive factors may help support a decision to invest.

General

Just Capital Ranking

551

Current MSCI ESG Rating:

BBB

GRI Criteria Compliance

No

United Nations Global Compact Signatory

No

Climate Change & Fossil Fuels

CDP Climate Change 2019 Score:

D

CDP Reporting since:

2010



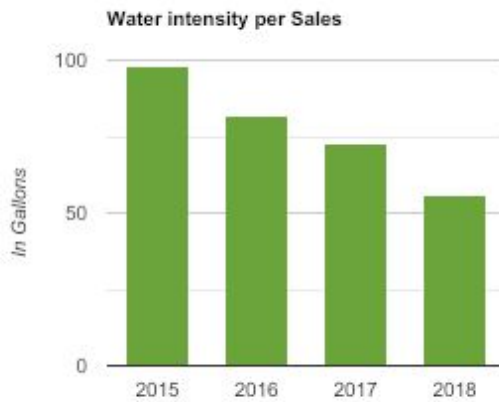
Environmental Stewardship

Green Buildings

Yes

Initiatives and Policies in Place:

- **Environmental Quality Management**
- **Environmental Supply Management**
- **Emission Reduction**
- **Energy Efficiency Policy**



Human Rights & Well-Being

Initiatives and Policies in Place:

- **Anti-child Labor Policy**
- **Human Rights Policy**
- **Equal Opportunity Policy**

Percentage of Women Executives

11%

Diversity, Equity and Inclusion

Percentage of Women on the Board

22%

Number of Women on the Board

2

Percentage of Women Executives

11%

Number of Women Executives

1

Corporate Responsibility

Size of the Board

9

Percentage of Independent Directors

89%

Shareholders' vote on management remuneration

98%

Number of Employee Representatives on the Board

0

Initiatives and Policies in Place:

- **Whistle Blower Employee Protection Policy**
- **Ethics Policy**

Data sources may include:

- Sustainability and other report(s) published by the company.
- Bloomberg LP ESG Data (via Data License).
- Global Reporting Initiative (GRI)
- CDP
- Science-Based Targets initiative (SBTi)
- Climate Accountability Institute (CAI)
- Fossil Free Funds
- Dow Jones Sustainability Indices (DJSI)
- Barron's 100 Most Sustainable US Companies
- Newsweek Green Rankings
- State Street Global Advisors' Gender Diversity Index
- The 2019 Top 50 DiversityInc
- HRC's 2020 Corporate Equality Index
- PEOPLE's 50 Companies That Care
- Fortune's 50 Best Workplaces for Charity and Volunteering
- Points of Light Civic 50 Honorees
- Stockholm International Peace Research Institute (SIPRI)
- Institute for Clinical and Economic Review (ICER)
- Roundtable on Sustainable Palm Oil (RSPO)
- National Rifle Association (NRA)

II. Research Narrative

What else has our research process told us about how PerkinElmer conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

Summary

Many of PerkinElmer's products convey clear societal benefits, from accessible prenatal and newborn screening, to gene therapy development, drug discovery, and diagnostics for water and food safety. The company is achieving regular reductions in its greenhouse gas (GHG) intensity and water use intensity as measured against sales, and has taken steps to improve the efficiency of its buildings.

Unfortunately, PerkinElmer's efforts in tracking and reporting its own corporate social responsibility efforts have fallen off, resulting in lackluster disclosure scores and ratings. The company is also a potentially responsible party in multiple environmental remediation cases, and likely has some conflict minerals in its upstream supply chain.

PerkinElmer needs to address these shortcomings. At the same time, we believe this is a company that is genuinely trying to address shared global challenges through science, and ultimately living up to its mission "to innovate for a healthier world."

Products & Services

PerkinElmer produces diagnostics and laboratory equipment used primarily in the areas of human and environmental health. The company was founded in 1937, by Richard Perkin and Charles Elmer as an optics design and consulting company. In its early years, PerkinElmer produced the first commercially available spectrophotometer for the scientific research community, a technology which eventually made infrared analysis common in laboratories. Its capabilities in the field of optics helped the space program build powerful telescopes, such as the Hubble Space Telescope. Over the years, PerkinElmer made numerous innovations relating to advanced imaging. It invented

the first microprocessor-controlled analytical instrument. PerkinElmer has also been active in acquiring other companies to complement its laboratory equipment and diagnostics portfolio.

Today PerkinElmer has a leading global position in prenatal and newborn screening, cord blood storage, autoimmune in-vitro diagnostics, pharma services (OneSource), grain and dairy testing, and even cannabis testing workflow solutions.¹ PerkinElmer's revenues by product category are 70% consumables, services and software and 30% Instruments.² By geography, revenues are: 38% Americas; 28% Europe, Middle East & Africa; and 34% Asia Pacific.³

Within its Discovery & Analytical Solutions segment, the company's technologies support new treatments of diseases in life sciences markets, and enable the detection, monitoring and management of contaminants impacting the environment and food supply. Its life sciences products mainly address pharmaceutical, biotech, and academic institutions. PerkinElmer has a laboratory services business called OneSource, which provides multivendor instrument management, quality assurance and control, regulatory compliance and consulting services.⁴ In applied markets, the company's products help a range of customers measure the health of water and food, for instance by detecting the presence of lead or pesticides in water, or mercury or toxins in food products such as milk. The company's instruments have the capability to detect trace and toxic metals in the parts per quadrillion range.⁵

PerkinElmer's other operating segment, Diagnostics, "offer[s] instruments, reagents, assay platforms and software to hospitals, medical labs, clinicians and research professionals to help improve the health of families."⁶ This segment is particularly focused on reproductive health and genomics, along with emerging market diagnostics. Screening products provide early detection for genetic disorders, along with applications in oncology and drug discovery, among others.

PerkinElmer's Vanadis-branded Non-Invasive Prenatal Screening Test is priced affordably to serve as a single testing source for all women.⁷ Testing products for rare genetic diseases and emerging autoimmune diseases, along with genomic tools and phenotypic characterizations, helps support the ongoing discovery of drug and gene therapies. In general, PerkinElmer's technological

¹ <https://ir.perkinelmer.com/static-files/28cb0cd5-2a25-4138-af22-662115c30a14>

² <https://ir.perkinelmer.com/static-files/28cb0cd5-2a25-4138-af22-662115c30a14>

³ <https://ir.perkinelmer.com/static-files/28cb0cd5-2a25-4138-af22-662115c30a14>

⁴

<https://www.sec.gov/ix?doc=/Archives/edgar/data/31791/000003179120000003/pki1229201910k.htm#s59C4BD0C55F758CC9386E3301DF99CA7>

⁵ <https://www.perkinelmer.com/corporate/what-we-do/capabilities/detection.html>

⁶

<https://www.sec.gov/ix?doc=/Archives/edgar/data/31791/000003179120000003/pki1229201910k.htm#s59C4BD0C55F758CC9386E3301DF99CA7>

⁷ <https://ir.perkinelmer.com/static-files/28cb0cd5-2a25-4138-af22-662115c30a14>

capabilities could help the world deal with some of the most important secular trends over the coming decades, including the challenges of global pandemics, aging populations, meeting the healthcare needs of emerging economies, and managing the increasing demand for environmental regulation and food safety.

It should be noted that some of the company's research antibody products are derived from animal sources such as rodents, rabbits, and goats; stakeholders with animal testing concerns make take issue with these products. Separately, some stakeholders may take issue with prenatal screening for chromosomal conditions.

Environment

Regarding environmental compliance, many of the company's facilities are certified to ISO 14001 standards.⁸ ISO 14001 is an internationally recognized environmental management standard which aims to manage the environmental impacts of a company's products, services, and processes. Electricity is the largest category of energy used at the company's facilities. By 2015, the company had achieved its target of reducing Scope 1 and 2 greenhouse gas emissions by 10% from a 2011 baseline, and year-on-year reductions in greenhouse gas intensity per sales continued through at least 2018.^{9 10} While PerkinElmer does submit an annual climate change report to CDP, its limited responses unfortunately resulted in a "D" grade from CDP on its most recent (2019) report.¹¹ PerkinElmer's water use per sales was also reduced by over a third from 2015 to 2018, but again its limited CDP Water Security responses earned only a "D" on its 2019 report.^{12 13}

PerkinElmer does make products that can confer direct and positive environmental impacts, such as mycotoxin food safety testing products for the Chinese market, where confidence in local food sources is a critical issue.¹⁴ PerkinElmer's portable infrared analysis instruments have supported research into microplastics in oceans.¹⁵

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<https://www.perkinelmer.com/corporate/company/corporate-social-responsibility/sustainable-ethical-business-practices.html>

⁹ https://www.perkinelmer.com/images/2016-2017-Corporate-Social-Responsibility-Report_tcm137-198142.pdf

¹⁰ <https://www.bloomberg.com/professional/solution/content-and-data/>

¹¹ <https://www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=perkinelmer>

¹² <https://www.bloomberg.com/professional/solution/content-and-data/>

¹³ <https://www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=perkinelmer>

¹⁴ <https://ir.perkinelmer.com/static-files/28cb0cd5-2a25-4138-af22-662115c30a14>

¹⁵ <https://ir.perkinelmer.com/static-files/28cb0cd5-2a25-4138-af22-662115c30a14>

Along with other companies, PerkinElmer has been named as a potentially responsible party for the environmental remediation of current and former company locations. The company has accrued a total of \$15.6 million, which represents management's best estimate of the cost of potential environmental remediation.¹⁶ In the course of producing required reporting on conflict minerals in its supply chain, the company also acknowledges the likely presence of conflict minerals in some of its products.¹⁷

Management Integrity & Ethics

PerkinElmer began publishing corporate social responsibility (CSR) reports in 2009, although its lack of an updated report since 2016-2017 is concerning. This is likely one reason the company's ESG scores from trusted authorities like MSCI, JUST Capital and RobecoSAM put it in the middle of the pack, despite the positive focus of the company's products. (PerkinElmer was ranked 26th of 40 industrial goods companies by JUST Capital, scored a low 18 with RobecoSAM and received an unremarkable BBB ESG rating from MSCI.)¹⁸ ¹⁹ ²⁰ PerkinElmer's workforce does participate in an annual "Global Impact Day," volunteering on health, environmental and education projects around the world.

PerkinElmer's CEO, Prahlad Singh, took over from Robert Friel in December 2019. (Friel had been with the company for 20 years, and served as CEO for 12.) Previously, Singh was PerkinElmer's President and Chief Operating Officer since January 2019, having joined PerkinElmer as President of the Diagnostics business in May 2014. He came to PerkinElmer from GE Healthcare's Women's Health business, and spent time earlier in his career at Philips Healthcare, DuPont Pharmaceuticals and Bristol-Myers Squibb Medical Imaging. PerkinElmer's CFO, Mr. Frank Wilson has held the CFO role since 2009, after previously serving in leadership roles at Danaher Corporation, a well-respected life sciences competitor, for more than a decade.

As noted previously, PerkinElmer has been named as a potentially responsible party for the environmental remediation of current and former company locations. The company has budgeted for liabilities that may arise from any further legal proceedings.

¹⁶

<https://www.sec.gov/ix?doc=/Archives/edgar/data/31791/000003179120000003/pki1229201910k.htm#s59C4BD0C55F758CC9386E3301DF99CA7>

¹⁷

<https://www.sec.gov/ix?doc=/Archives/edgar/data/31791/000003179120000003/pki1229201910k.htm#s59C4BD0C55F758CC9386E3301DF99CA7>

¹⁸ <https://justcapital.com/companies/perkinelmer-inc>

¹⁹ https://yearbook.robecosam.com/ranking/#data-search*=%22perkinelmer%22

²⁰ <https://www.msci.com/esg-ratings/issuer/perkinelmer-inc/IID000000002179339>

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