PRI Principles for Responsible Investment

UN environment programme finance initiative | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

A GUIDE TO INVESTOR ENGAGEMENT ON PLASTIC PACKAGING:

CONTAINERS AND PACKAGING PRODUCERS

In collaboration with:

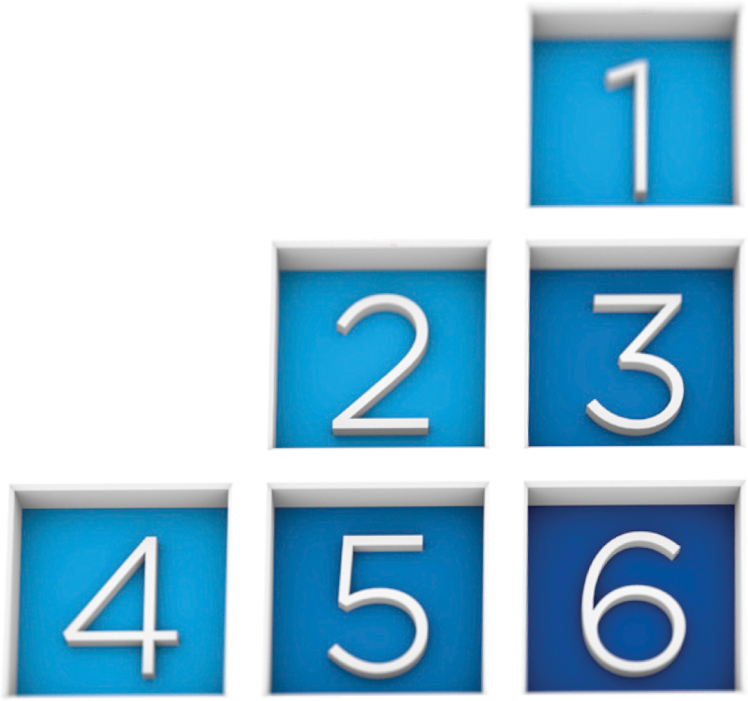
ELLEN MACARTHUR FOUNDATION

THE SIX PRINCIPLES

PREAMBLE TO THE PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.



PRI's MISSION

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

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ACKNOWLEDGEMENTS

The PRI would like to thank the Plastics Investor Working Group and the Ellen MacArthur Foundation for their expertise and contributions to this guide.

The Ellen MacArthur Foundation, a UK-based charity, develops and promotes the idea of a circular economy in order to tackle some of the biggest challenges of our time, such as climate change, biodiversity loss, and pollution. We work with, and inspire, business, academia, policymakers, and institutions to mobilise systems solutions at scale, globally. In a circular economy, business models, products, and materials are designed to increase use and reuse, creating an economy in which nothing becomes waste and everything has value. Increasingly built on renewable materials, and underpinned by a shift to renewable energy, a circular economy is distributed, diverse, and inclusive.

For more information, visit: ellenmacarthurfoundation.org.

HOW TO USE THIS GUIDE

This guide aims to equip investors with the information they need to constructively engage with companies in the plastic packaging value chain on the issue of plastic waste and pollution, focusing on the containers and packaging sector. It aims to support investors and other stakeholders to eliminate the production and use of all problematic or unnecessary plastics in packaging; innovate to ensure that all remaining plastics are reusable, recyclable or compostable; and circulate materials to keep plastics in the economy and out of the environment.[1]

It includes:

- an overview of the sector's characteristics related to the use of plastic packaging, waste and pollution, including the business and investment risks and opportunities, and the issues relevant to investors engaging with containers and packaging companies;
- practical guidance for investor engagement – based on the common vision of a circular economy for plastics as part of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment[2], including:
  - a set of questions focused on governance, risk management and reporting, performance and impact;
  - a table to help investors understand where a company falls on the spectrum of actions required to address plastic waste and pollution (beginner, intermediate or advanced), focused on the period between now and 2025;
- some best practice examples;
- a glossary of key terms.

ABOUT THIS PROJECT

In 2019, the PRI published the Plastics Landscape Series, consisting of three reports and an online interactive data tool. These mapped out the plastics value chain, identified the risks and opportunities the plastics industry poses for investors, and outlined relevant legislation and policy in different geographies.

In 2020, the Plastics Investor Working Group[3], with input from the Ellen MacArthur Foundation, initiated a follow-up project to develop guidance for investors engaging with companies in the plastics packaging value chain across four sectors: petrochemicals, manufacturing (of containers and packaging), fast-moving consumer goods and waste management.

While investors can also address plastic pollution using other stewardship strategies, such as shareholder resolutions, voting and policy engagement, these actions are beyond the scope of this project. The PRI may consider them in the future.

1 For definitions of these terms and others used in this guide, see Glossary.

2 See Appendix for further detail on the Global Commitment, including its expectations for the containers and packaging sector.

3 The PRI's Plastics Investor Working Group consists of 29 global investors representing US$5.9 trillion in assets.

THE CASE FOR INVESTOR ENGAGEMENT

It is important for investors to address plastic waste and pollution and support the building of a circular economy through their stewardship activities. Failing to do so impacts the environmental systems and ecosystem services (i.e. public goods) that support economic performance, investor returns and beneficiary interests more broadly.

Packaging is one of the largest applications of plastic and drivers of plastic waste: it accounts for 45% of all plastic resin produced[4] and for around 60% of post-consumer plastic waste in Europe alone.[5]

The transition to a circular economy for plastics – where plastic production is decoupled from fossil fuel use and all plastic packaging is reused, recycled or composted – will require significant changes across a range of industries, including the entire plastic packaging value chain. Some of these changes are already happening – driven by increased societal awareness of the environmental and social impacts of plastic pollution, regulation, voluntary action by companies and consumer demand.

When analysing the plastics value chain, investors need to understand that they and the companies in which they invest are exposed to a range of risks[6], including:

Climate-related risks

Projections suggest that emissions from plastic could account for 10% – 13% of the Earth's remaining carbon budget by 2050 if plastic production and use grow as currently planned.[7]

Wider environmental risks

Mismanaged plastic waste contributes to waterway and ocean pollution, which clogs urban infrastructure and degrades natural systems, such as the ocean. The cost of such externalities to society, when considered alongside the greenhouse gas emissions of plastic packaging production, are conservatively estimated to amount to US$40 billion annually.[8]

Policy and regulatory risks

Many developed and developing countries are regulating – or in some cases banning – certain plastics. Companies that rely on plastics could also face higher taxation, extended producer responsibility fees and increased raw material costs.

Reputational risks

Companies that are heavily reliant on plastics face growing scrutiny and potentially significant reputational damage, as consumers become increasingly aware of the impacts of plastic pollution. Packaging has been the target of several campaigns against plastic.[9]

Human health risks

Microplastics, which have been detected in bottled water and the tissue of fish and other marine life[10], may have negative health impacts when ingested by humans. These are not yet fully understood but if they are determined in the future, may lead to heightened societal concern and health-related restrictions on plastic use.

4 Geyer, R, Jambeck, JR & Law, KL, Science Advances 3(7) e1700782 (2017) Production, use, and fate of all plastics ever made

5 European Commission (2018) Communication from The Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A European Strategy for Plastics in a Circular Economy

6 A range of research exists regarding the risks of plastics including: Federated Hermes (2020) Investor Expectations for Global Plastics Challenges; Ellen MacArthur Foundation (2016) The New Plastics Economy Rethinking the Future of Plastics; Ellen MacArthur Foundation (2017) The New Plastics Economy: Catalysing Action; Ellen MacArthur Foundation (2020) Financing the Circular Economy: Capturing the Opportunity; Pew Charitable Trusts and SystemIQ (2020), Breaking the Plastic Wave: A Comprehensive Assessment of Pathways Towards Stopping Ocean Plastic Pollution.

7 The carbon budget refers to the total amount of carbon emissions that can be emitted for temperatures to remain at or below a specified limit i.e. the 1.5-degree limit outlined in the Paris Agreement. See CIEL (2019) Plastic & Climate: The Hidden Costs of a Plastic Planet for more detail.

8 Ellen MacArthur Foundation (2016) The New Plastics Economy Rethinking the Future of Plastics

9 PRI (2019) The plastics landscape: Risks and opportunities along the value chain

10 Pew Charitable Trusts and SystemIQ (2020), Breaking the Plastic Wave: A Comprehensive Assessment of Pathways Towards Stopping Ocean Plastic Pollution.

The Ellen MacArthur Foundation estimates that with most plastic packaging used only once, 95% of its value (worth US$80 billion – US$120 billion annually) is lost to the economy.

Addressing these issues and transitioning to a circular economy for plastics creates opportunities along the value chain to reduce the impact of plastic packaging and meet consumer needs through innovation. For example, developing new:

- materials and packaging designs (e.g. edible coating replacing packaging or eliminating tear-offs);
- business models (e.g. re-use through at-home refills); and
- recycling technologies to improve collection, sorting and recycling infrastructure systems (e.g. advanced mechanical recycling facilities).

Addressing plastic pollution can also contribute to meeting the Sustainable Development Goals.

PLASTIC AND THE SUSTAINABLE DEVELOPMENT GOALS

Taking action to address plastic pollution and support the building of a circular economy will make a major contribution to achieving the Sustainable Development Goals. For example, such actions could support:

SDG 12.5

Substantially reducing waste generation through prevention, reduction, recycling and reuse by 2030.

SDG 14.1

Preventing and significantly reducing marine pollution of all kinds, particularly from land-based activities, including marine debris and nutrient pollution, by 2025.

WHAT SHOULD INVESTORS KNOW BEFORE ENGAGING?

This engagement guide focuses on companies that convert plastics into packaging – products that are used to contain, protect, handle, deliver, store, transport and present goods.[11] Plastics are widely used because – depending on the application – they are durable, can keep products free from contamination, are lighter than other comparable materials and can be moulded into safety mechanisms (e.g. child-proof and tamper-resistant locks on packaging).

Examples include Amcor, Berry Global, Greif, Huhtamäki and Mondi.

Containers and packaging companies serve many other sectors, although most rely on companies within the consumer goods sector (particularly the food and beverage, household products, personal products, and healthcare/pharmaceutical sub-sectors) for much of their business.

Further information regarding the risks faced specifically by the containers and packaging sector and the different relevant plastic packaging types are highlighted in the PRI report, The plastics landscape: Risks and opportunities along the value chain *(see pages 12–14)*.

PRACTICAL CONSIDERATIONS

When engaging with companies in the packaging and containers sector, there are several practical considerations that investors need to keep in mind. These are not necessarily limiting factors but can present challenges for the sector – for action on plastics to be effective, it needs to be taken across a range of areas; namely across an organisation's own products, in the value chain and with wider stakeholders[12]:

- **Packaging types:** The sector often distinguishes between rigid and flexible packaging. While most plastic packaging can technically be recycled, rigid plastic – especially bottles – is mostly collected, sorted and recycled in practice. The two also differ in weight. As rigid packaging is typically heavier, it is useful to consider their relative use by companies when comparing and assessing their performance using weight as a metric (e.g. metric tonnes of plastic used per year). Rigid packaging such as soda bottles or cleaning spray bottles can also be produced with high levels of recycled content, because regulators often approve its use in these applications.
- **Influencing customers and clients:** Container and packaging producers can work for brands that control the packaging design, or they can sell off-the-shelf solutions, where they have greater control. In both cases, packaging producers sit between petrochemicals companies (the producers of raw materials) and the companies that are looking for packaging that meets their requirements to hold or protect their products. Companies that also produce packaging from other materials are in a better position to influence their customers' decisions about packaging types and formats.
- **Consumer preferences:** Price, shelf life, hygiene, quality, and convenience are important consumer considerations, and alternative solutions to single-use plastic packaging must still meet these. The use of plastic packaging could also increase due to greater consumer concerns around food hygiene and safety, driven by COVID-19.
- **Data gaps:** Getting access to high-quality, reliable data on plastics use is complex and demanding – jurisdictions define terms such as recyclable and compostable in different ways, making it difficult to compare statistics (e.g. on recycling rates).

11 International Standards Organisation (ISO) (2016), ISO 21067-1:2016(en): Packaging

12 The plastics problem is so large and dependency on plastics so pervasive that bold, concerted and large-scale actions on upstream and downstream solutions are needed – see Pew Charitable Trusts and SystemIQ (2020), Breaking the Plastic Wave: A Comprehensive Assessment of Pathways Towards Stopping Ocean Plastic Pollution.

A CIRCULAR ECONOMY FOR PLASTICS

A circular economy[13] – by design – eliminates waste and pollution, keeps products and materials in use, and regenerates natural systems, providing a solution to plastic pollution. The Ellen MacArthur Foundation's New Plastics Economy offers an example of a circular economy for plastics that investors can support through their engagement activities (see Box 1).

BOX 1

VISION OF A CIRCULAR ECONOMY FOR PLASTICS

In the Ellen MacArthur Foundation's New Plastics Economy plastic never becomes waste, presenting a solution to plastic pollution which could have profound economic, environmental, and societal benefits.
Six characteristics define a circular economy for plastic packaging:

1. Elimination of problematic or unnecessary plastic packaging through redesign, innovation, and new delivery models is a priority
2. Reuse models are applied where relevant, reducing the need for single-use packaging
3. All plastic packaging is 100% reusable, recyclable, or compostable
4. All plastic packaging is reused, recycled, or composted in practice
5. The use of plastic is fully decoupled from the consumption of finite resources
6. All plastic packaging is free of hazardous chemicals, and the health, safety, and rights of all people involved are respected (in all parts of the plastics system)

More than 1000 organisations are united behind this vision through the New Plastics Economy Global Commitment and the network of Plastics Pacts (see Appendix for more detail). Global Commitment signatories include companies, such as major brands and retailers, that represent more than 20% of global plastic packaging volumes; 20 governments; 27 financial institutions with a combined US$4 trillion in assets under management; as well as several international organisations such as the World Economic Forum (WEF), WWF (formerly World Wildlife Fund), United Nations Environment Programme (UNEP) and the International Union for Conservation of Nature (IUCN).

13 Ellen MacArthur Foundation (2021), What is a Circular Economy?

WHAT SHOULD INVESTORS DO?

The following tables are designed to help investors constructively engage with containers and packaging companies in the plastic packaging value chain on the issue of plastic packaging waste and pollution, including the questions they can ask; the actions they can encourage companies to undertake[14]; and the outcomes they should expect.

These are based on extensive research, input from the Plastics Investor Working Group and the Ellen MacArthur Foundation, as well as the New Plastics Economy Global Commitment (see Appendix). They are designed **to target the actions that companies should take between now and 2025** to effectively address the issue of plastic waste and pollution and support the building of a circular economy.

WHAT QUESTIONS TO ASK

The following initial and follow-on questions are designed to help investors have an impactful dialogue with containers and packaging companies.

Table 1: Investor questions[15]

	EXPECTATION	INITIAL QUESTIONS	FOLLOW-ON QUESTIONS (IF NEEDED)
GOVERNANCE	**Commitment**	Have you made a formal commitment to: ■ eliminate unnecessary or problematic plastic packaging; ■ move to reusable packaging where relevant; ■ ensure all packaging is reusable, recyclable, or compostable; ■ increase the share of recycled content in plastic packaging.	If not, do you intend to?
	Risk assessment and management	How much virgin plastic/plastic packaging (in metric tonnes) does your business use annually? Have you assessed the risks presented by plastics to your business, including: ■ existing and future regulation[16] ■ reputational issues ■ climate change ■ wider environmental pollution (ocean and waterway) Have you assessed the opportunities associated with product and business model innovation for your business?	What risks and opportunities have you identified and how significant are these for your business? How are you actively monitoring the development of policy and regulation, and its associated risks and opportunities for your business? Which product groups have the greatest potential for transformation to more reusable, recyclable or compostable formats? What actions will you take as a result of this assessment?

14 Collaboration with other stakeholders in the value chain, including at regional and national levels, is also important as it can better enable companies to deliver their commitments. While the investor questions and table on assessing company performance do not focus on collaboration in detail, one example of an initiative encouraging collaboration can be found in Appendix.

15 Definitions are provided in the Glossary

16 For further information see PRI (2019) The Plastics Landscape: regulations, policies and influencers

	EXPECTATION	INITIAL QUESTIONS	FOLLOW-ON QUESTIONS (IF NEEDED)
GOVERNANCE CONTINUED	**Objectives, targets and action plans**	Have you set time-bound, measurable targets related to your use of plastics for packaging?	What are you doing to deliver these? How are you performing against them? What challenges have you encountered in meeting them? What resources (financial or otherwise) have you allocated to implement these actions and deliver these targets – e.g. proportion of R&D and capex? Who oversees your plastic-related commitments, objectives and targets strategically? Who oversees their day-to-day delivery? If you have not set targets yet, do you intend to?
	Reporting	Do you report on your plastics use?	What metrics do you use to track and assess your performance and how do you expect these to change? How will your reporting evolve in the future?
OUTCOMES	**Elimination of problematic or unnecessary plastic packaging**	Have you set a time-bound target to eliminate problematic or unnecessary plastic packaging? What proportion of your current plastic packaging is problematic or unnecessary?	How will you eliminate problematic or unnecessary plastic packaging? Have you eliminated any yet?
	Application of reuse models (and shifting away from single use packaging)	Have you set a time-bound target to increase the use of reusable packaging and reuse models? What proportion of your current plastic packaging is reusable?	How will you increase this proportion? What reusable packaging solutions do you offer to your clients? By how much will you reduce single-use packaging?
	All plastic packaging is reusable, recyclable, or compostable	Have you set a time-bound target for all your plastic packaging to be reusable, recyclable, or compostable? What proportion of your current plastic packaging is reusable, recyclable, or compostable? How do you define recyclable? Is this definition aligned with the Global Commitment?[17]	How will you increase this proportion?
	All plastic packaging is reused, recycled, or composted in practice[18]	Can you estimate what proportion of your current plastic packaging is reused, recycled or composted in practice? Are reuse, recycling or composting rates particularly low in any market?	How will you increase this proportion? What actions are you taking (e.g. through collaboration, providing financial support, engaging with policymakers on regulatory frameworks[19]) to support efforts to improve global recycling and composting rates?
	Increase post-consumer recycled content	Have you set a target related to the use of post-consumer recycled content in your plastic packaging or to decrease the use of virgin plastics? What proportion of your current plastic packaging is from post-consumer recycled sources?	How will you increase the use of plastic derived from post-consumer recycled sources?

17 Note that the definition of recyclable (see Glossary) is not solely a technical question of whether the plastic can be recycled, but rather, whether the post-consumer collection, sorting, and recycling of the plastic is proven to work *in practice and at scale.*

18 This question focuses on whether the company is working with the value chain to ensure plastic packaging is reused, recycled or composted in practice, whereas the previous question focuses on the potential for plastic packaging to be reused, recycled or composted (as a consequence of its design).

19 For example, the Plastic Waste Coalition of Action from The Consumer Goods Forum (CGF), which has committed to developing Extended Producer Responsibility frameworks to support the improvement and development of waste management systems around the world and to pilot new programmes to increase recycling rates. See CGF (2020) World's Leading Brands and Retailers Join Forces to Tackle Plastic Waste Challenge Through Packaging and Policy Commitments for more detail.

HOW TO ASSESS PERFORMANCE

The table below is designed to help investors understand where a company falls on the spectrum of actions required to address plastic waste and pollution and support the building of a circular economy by 2025, based on the following categories:

- **Beginner:** These companies acknowledge plastics as an important issue and have started to take some initial actions to understand the relevance of plastics to their business and build their organisational capacity to address plastic pollution.
- **Intermediate:** These companies, in addition to undertaking the actions outlined in the beginner category, have started to systematise their approach to plastics by setting ambitious objectives and targets; delivering against those targets and providing comprehensive, credible reporting on their ambitions and performance; and have signed up to the New Plastics Economy Global Commitment (see Appendix for more detail) – or made similar commitments.
- **Advanced:** These companies, in addition to undertaking the actions outlined in the previous categories, have made significant progress against their commitments and can provide clear evidence of taking innovative action or contributing to wider systemic change.

Table 2: Assessing company performance

	EXPECTATION	BEGINNER	INTERMEDIATE	ADVANCED
GOVERNANCE	**Commitment**	The company acknowledges plastics as an important business and stakeholder issue.	The company has made the following specific commitments (as part of its business strategy or as a signatory to the Global Commitment or other initiatives) to be achieved by 2025: ■ eliminate problematic or unnecessary plastic packaging; ■ move from single-use plastics towards reuse models where relevant; ■ 100% of plastic packaging to be reusable, recyclable, or compostable; ■ set an ambitious 2025 post-consumer recycled content target across all plastic packaging used.	The company has an action plan explaining how it will achieve its commitments through internal actions and collaboration within the value chain and society (e.g. informing/supporting relevant regulation; collaborating with its suppliers, customers, and the waste management sector; and educating its consumers).

	EXPECTATION	BEGINNER	INTERMEDIATE	ADVANCED
GOVERNANCE CONTINUED	**Risk assessment and management**	The company has assessed the risks presented by plastics to its business, including those related to: ■ existing and future regulation ■ reputational issues ■ climate change ■ wider environmental pollution (ocean and waterway) The company has assessed the opportunities associated with product and business model innovation.	The company has a clear understanding of where and how plastic is sourced, used and disposed of across its business. The company has an action plan to mitigate the identified risks. The company has a process to actively monitor emerging policy and regulation in relation to plastics and update its risk assessments accordingly. The company's action plan includes product and business model innovation (e.g. to support new reuse models).	The company's action plan to mitigate identified risks also addresses wider value chain issues beyond its own operations – e.g. through programmes of work with the waste management sector and governments to develop waste collection and recycling infrastructure. The company can provide clear evidence of effective risk management and that it is seizing opportunities to reduce its plastic waste (e.g. by shifting to reuse and enhancing the likelihood of its packaging being recycled or composted in practice). The company has assessed the life cycle of its plastics packaging and uses these to inform its decisions.
	Objectives, targets and action plans	The company has set qualitative targets (e.g. to take specific actions to improve the reusability and recyclability of its plastic portfolio or increase its use of recycled content).	Explicit board-level or senior management responsibility has been assigned to oversee the company's plastics-related objectives and targets and their delivery. The company has set time-bound targets that are aligned with the Global Commitment.	The company has allocated R&D/capex to achieve its targets. The company has made significant progress towards achieving its targets.

	EXPECTATION	BEGINNER	INTERMEDIATE	ADVANCED
GOVERNANCE CONTINUED	**Reporting**	The company provides some information on how it eliminates unnecessary plastic packaging and improves the recyclability of its plastic packaging; and some data on its plastics use.	The company reports annually on its: ■ total annual plastics use (metric tonnes); and use relative to turnover ■ plastic packaging types/ categories in its packaging portfolio (e.g. rigids and flexibles); ■ plastics-related risks and opportunities and how it manages these; ■ progress against its commitments, objectives and targets. The company provides analysis of the actions taken, the outcomes achieved (e.g. regarding its use of plastic packaging), and any barriers/ challenges encountered in meeting its targets.	The company also reports annually on progress towards its goals, including: ■ total annual plastic use by packaging type (metric tonnes); ■ % of plastic packaging that is reusable, recyclable, or compostable; ■ % of plastic packaging made from recycled content; ■ the proportion of capex and R&D budgets allocated to deliver its targets. The company can: ■ estimate on a country basis its plastic waste footprint[20] (by weight) and describe how it is resolving any data gaps and supporting the wider recycling industry; ■ describe its engagements with wider stakeholders (e.g. other sectors in the value chain and policy makers to support the delivery of its targets); ■ describe how its plastic strategy supports other ESG goals e.g. climate targets, and the SDGs, including how any tensions between these have been identified and resolved.
OUTCOMES	**Elimination of problematic or unnecessary plastic**	The company has identified areas where problematic or unnecessary plastic packaging can be eliminated from its portfolio. It is involved in at least one project or programme to do so.	The company has eliminated at least three problematic or unnecessary plastic packaging types. It has published a clear plan to eliminate all others by 2025, and to work with clients to eliminate their problematic or unnecessary packaging.	The company has eliminated all problematic and unnecessary plastic packaging in its off-the-shelf solutions.[21]
	Application of reuse models	The company explicitly recognises that recycling alone will not address the plastics issue sufficiently, and that clients need to use more reuse models. It is exploring reuse solutions with clients.	The company is developing packaging solutions for reuse models, and actively advising its clients on solutions for reuse. The company delivers 2% – 4% of its total plastic packaging by weight in reusable formats (increasing to 4% – 10% by 2025).	The share of plastic packaging delivered in reusable formats is at least 4% of the total weight (increasing to 4% – 10% by 2025).

20 Ellen MacArthur Foundation (2021), What is a Circular Economy?

21 See the Amcor example.

OUTCOMES CONTINUED	EXPECTATION	BEGINNER	INTERMEDIATE	ADVANCED
	All plastic packaging is reusable, recyclable[22], or compostable	Less than 50% of the company's plastic packaging by weight is reusable, recyclable, or compostable. The company is exploring how it can simplify its plastic packaging designs to improve their recyclability.	Between 50% and 75% of the company's plastic packaging by weight is reusable, recyclable, or compostable. The company has a programme to increase the recyclability of its plastic packaging e.g. through simplified design and consideration of waste management infrastructure in different countries.	Over 75% of the company's packaging by weight is reusable, recyclable, or compostable, and it has a plan for scaling this to 100% by 2025.
	All plastic packaging is reused, recycled, or composted[23]	The company acknowledges the importance of ensuring that plastic packaging is reused, recycled or composted in practice.	The company estimates between 20% – 40% of its plastic packaging weight is reused, recycled or composted globally.[24] The company has explicitly committed to working with governments and other actors to address this issue.	The company estimates that more than 40% of its plastic packaging weight is reused, recycled or composted in practice. The company has comprehensive programmes to support the plastics recycling industry in each of its major countries of operation. The company can provide examples of working with policy makers and other stakeholders – such as supporting public policy measures to facilitate or finance recycling (e.g. Extended Producer Responsibility schemes) and participating in cross-sector partnerships and initiatives (e.g. Plastics Pacts).
	Increase post-consumer recycled content	Post-consumer recycled materials account for less than 5% of the company's plastic packaging weight.	Post-consumer recycled materials account for 5%-10% of the company's plastic packaging by weight (increasing to 15% – 30% by 2025).	Post-consumer recycled materials account for more than 10% of the company's plastic packaging weight (increasing to 15% – 30% by 2025).[25]

22 Note that the definition of recyclable (see Glossary) is not solely a technical question of whether the plastic can be recycled, but rather, whether the post-consumer collection, sorting, and recycling of the plastic is proven to work in practice and at scale.

23 This question focuses on whether the company is working with the value chain to ensure plastic packaging is reused, recycled or composted in practice, whereas the previous question focuses on the potential for plastic packaging to be reused, recycled or composted (as a consequence of its design).

24 Note this figure includes the proportion of plastic packaging recycled in a closed loop (i.e. back into packaging) and into other products beyond plastic packaging

25 For example, the UK Plastics Pact is aiming for all plastic packaging to use an average of 30% recycled content by 2025.

EXAMPLES OF BEST PRACTICE

The following examples[26] demonstrate how containers and packaging companies have started addressing plastic waste and pollution.

ELIMINATING PROBLEMATIC OR UNNECESSARY PLASTIC

- **Amcor** is working to eliminate problematic or unnecessary plastic packaging by 2025. Examples of its efforts include research and development projects to eliminate nylon barriers in its rigid packaging portfolio, the replacement of Polyethylene terephthalate (PET) films for mono-material polyethylene designs in flow-wrap and personal care products, and the elimination of PET and aluminium films and foils in coffee and infant nutrition products to maximise the polypropylene content.

INCREASING POST-CONSUMER RECYCLED CONTENT IN PLASTIC PACKAGING

- In 2020 **Berry Global** announced a partnership with **SABIC** to source virgin-quality recycled content from advanced recycling.
- In 2020, **Envases Universales de México** opened a new recycling plant that will process post-consumer PET into food-grade solid state pellets.

REUSABLE, RECYCLABLE, OR COMPOSTABLE PLASTIC PACKAGING

- **Klöckner Pentaplast** has launched kp Kapture™, a range of black and coloured rPET trays and rigid films produced using carbon-free pigments that can be easily detected, allowing them to be turned into protective packaging.

NEW AND INNOVATIVE BUSINESS MODELS

- **Logoplaste**'s wall-to-wall business model involves establishing dedicated facilities that are fully integrated within its customers' premises. This allows for a just-in-time supply of plastic packaging, reducing packaging weight, removing the need for secondary packaging and all logistics associated with transport and delivery of empty bottles.
- Svenska Retursystem, established by two grocery associations in Sweden, provides a common pooling system for the entire Swedish food industry where almost all fresh produce, meat and poultry, and cheese and dairy are delivered using standardised reusable pallets to grocery retail outlets. Each year, around 7 million plastic pallets transport 125 million reusable crates of goods from producers to stores in Sweden, making it the first country in the world to standardise reusable packaging for an entire industry. Since the program's inception in 2001, nearly 1 billion crates have been delivered, replacing the same number of single-use packaging.
- Algramo's vending machines dispense and refill products such as household cleaners, allowing consumers to reuse product packaging and containers.

INCREASING COLLECTION, SORTING, AND RECYCLING RATES

- **Bell Holding** is investing to deliver recycling at scale in Turkey, focused on producing good-quality recycled PP and HDPE. In partnership with a large multinational customer, the packaging producer is trialling the development of a reverse vending machine collection system for home, personal care, and, potentially, food packaging that is mainly uncollected in Turkey at present.

26 These examples are taken from The Global Commitment 2020 Progress report and the associated organisational reports unless referenced otherwise.

APPENDIX

THE NEW PLASTICS ECONOMY GLOBAL COMMITMENT

The New Plastics Economy Global Commitment, established by the Ellen MacArthur Foundation in collaboration with the United Nations Environmental Programme (UNEP), unites businesses, governments, and other organisations behind a common vision and set of targets, to address plastic waste and pollution at its source.

WHAT IS EXPECTED OF THE CONTAINERS AND PACKAGING SECTOR?

Packaging producers that are signatories of the Global Commitment are expected to:

- endorse its Common Vision;
- make the following individual commitments:
  - take action to eliminate problematic or unnecessary plastic packaging by 2025;
  - take action to move from single-use packaging towards reuse models where relevant by 2025;
  - ensure 100% of plastic packaging is reusable, recyclable, or compostable by 2025;
  - set an ambitious 2025 post-consumer recycled content target across all plastic packaging used;
  - report annually and publicly on progress
- commit to collaborate towards increasing reuse/recycling/composting rates for plastic.

The progress of containers and packaging signatories against their targets is tracked annually by the Ellen MacArthur Foundation and published on its Global Commitment Progress Report website. These progress reports aim to drive transparency and consistency in data sharing on plastics across a range of businesses and governments. Individual organisation reports are also available.

THE PLASTICS PACT

Delivering on a circular economy for plastics will require unprecedented levels of collaboration – at global, national and regional levels – to ensure solutions are tailored to local contexts.

The Plastics Pact – a network of initiatives that bring together national and regional stakeholders – is an example of such collaboration. Each Plastics Pact is led by a local organisation and unites governments, businesses and citizens behind the New Plastics Economy, with a concrete set of ambitious local targets.

Plastics Pacts have been established in Africa, Europe, North & South America and Oceania, in countries including Australia, Chile, France, the Netherlands, South Africa, the UK, and the United States.

GLOSSARY

The following definitions are derived from the Ellen MacArthur Foundation's 2020 New Plastics Economy Global Commitment: Commitments, Vision and Definitions.

Biodegradability
A property that is needed – among others – to make packaging compostable. The term does not indicate whether a plastic package can in practice be collected and composted following a managed process (e.g. how quickly and under what conditions it can biodegrade).

Compostable packaging
Packaging/packaging components that comply with relevant international compostability standards and whose post-consumer collection, sorting, and composting are proven to work in practice and at scale, defined as a 30% composting rate achieved across multiple regions, collectively representing at least 400 million inhabitants.

Hazardous chemicals
Chemicals that show intrinsically hazardous properties: persistent, bio-accumulative and toxic; very persistent and very bio-accumulative; carcinogenic, mutagenic, and toxic for reproduction; endocrine disruptors; or equivalent concern.

Post-consumer recycled content
The proportion, by mass, of post-consumer recycled material in a product or packaging. Post-consumer material is generated by households or commercial, industrial and institutional facilities in their role as end-users of the product, which can no longer be used for its intended purpose. This includes returns of material from the distribution chain, but excludes pre-consumer material (e.g. production scrap, post-industrial material).

Problematic and unnecessary plastic packaging
Problematic or unnecessary plastic packaging or its components:

- is not reusable, recyclable or compostable;
- contains, or its manufacturing requires, hazardous chemicals that pose a significant risk to human health or the environment (applying the precautionary principle);
- can be avoided (or replaced by a reuse model) while maintaining utility;
- hinders or disrupts the recyclability or compostability of other items;
- has a high likelihood of being littered or ending up in the natural environment.

For example, the UK Plastics Pact has identified eight problematic plastic products to be eliminated: disposable cutlery; polystyrene packaging; cotton buds with plastic stems; stirrers; straws; oxo-degradables that break down to create microplastics; PVC packaging, disposable plates and bowls.[27]

Recyclable packaging
Packaging or its components are recyclable if their successful post-consumer collection, sorting, and recycling is proven to work in practice (rather than technically) and at scale, defined as a 30% post-consumer recycling rate achieved across multiple regions, collectively representing at least 400 million inhabitants.

Renewable material
Material composed of biomass from a living source that can be continually replenished. When claims of renewability are made for virgin materials, those materials shall come from sources that are replenished at a rate equal to or greater than the rate of depletion.

Reusable packaging
Packaging that can be refilled or used for the same purpose for which it was conceived, for a minimum number of times, in a reuse system. Such a system should be able to prove a significant actual reuse rate, or average number of use-cycles of a package, in normal conditions.

Reuse system
Established arrangements (organisational, technical or financial) that ensure the possibility of reuse, in a closed-loop, open-loop or hybrid system.

Single-use packaging
Packaging that is designed to be used once before disposal.

Virgin plastic
Plastics that have not been previously used or subjected to processing other than for their original production, i.e. not produced from post- or pre-consumer recycled material.

27 https://www.wrap.org.uk/content/eliminating-problem-plastics

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The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org

PRI Principles for Responsible Investment

The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org

UN environment programme | finance initiative

United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

United Nations Global Compact