

A GUIDE TO INVESTOR ENGAGEMENT
ON PLASTIC PACKAGING:

FAST-MOVING CONSUMER GOODS



In collaboration with:

THE SIX PRINCIPLES

PREAMBLE TO THE PRINCIPLES

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- 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.



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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, and focuses on the fast-moving consumer goods (FMCG) 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 FMCG 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 Group³, 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 FMCG 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 produced⁴ 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 risks⁶, 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 life¹⁰, 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?

Fast-moving consumer goods companies manufacture products that are sold frequently, in high volumes and at a relatively low cost. For the purpose of this guide, these products include branded and own-brand¹¹ non-durable household goods, including packaged foods, beverages, personal care products (e.g. toiletries and cosmetics), cleaning products, and over-the-counter drugs, which are typically sold to consumers through retailers (e.g. supermarkets).

Many of these products are delivered in single-use plastic packaging, which provides important functional benefits (e.g. health and safety, product protection and preservation) and marketing benefits (e.g. differentiating products on-shelf and online). Investors engaging with FMCG companies should consider transit and display packaging as well as consumer-facing product packaging.

Some of the largest FMCG companies include Nestlé, Procter and Gamble, PepsiCo, Unilever, AB-InBev, The Coca-Cola Company and L'Oréal. Many major retailers also produce these products, and this guide is also relevant for them.

Further information regarding the risks faced by the FMCG 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 FMCG companies, 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 several areas, including an organisation's own products, in the value chain and with wider stakeholders¹²:

- **The business model:** The prevailing business model for most FMCG companies depends on selling increased product volumes. While this can be achieved through various delivery models, today this often involves using more disposable packaging, creating more plastic waste.
- **The recycling infrastructure:** Corporate actions to improve recyclability and/or compostability may not directly result in high recycling rates in countries where the collection, sorting and recycling infrastructure is lacking or simply not effective. Even in developed countries, the proportion of plastics that are recycled, reused or composted can be low.¹³ Nonetheless, designing for recyclability is a prerequisite for developing effective and economically attractive collection, sorting and recycling infrastructure. It can have significant positive impacts – even in countries without formal waste collection systems – by making it more likely that packaging will be collected by wastepickers, and by lowering the cost of developing formal collection systems.
- **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.
- **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 be also produced with high levels of recycled content, because regulators often approve its use in these applications.
- **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 This guide applies to FMCG companies and to retailers' own-brand products – their wider activities (e.g. their role as purchasers and distributors of non-own-brand products) fall outside its scope.

¹² Global dependency on plastics is 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](#).

¹³ For example, in the United States, the US Environment Protection Agency estimates that the overall plastics recycling rate was approximately 8.5% in 2018 – see https://www.epa.gov/sites/production/files/2020-11/documents/2018_ff_fact_sheet.pdf.

A CIRCULAR ECONOMY FOR PLASTICS

A circular economy¹⁴ – 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).

¹⁴ Ellen MacArthur Foundation (2021), [What is a Circular Economy?](#)

WHAT SHOULD INVESTORS DO?

The following tables are designed to help investors constructively engage with FMCG 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 and the outcomes they should expect.¹⁵

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 FMCG companies.

Table 1: Investor questions¹⁶

	EXPECTATION	INITIAL QUESTIONS	FOLLOW-ON QUESTIONS (IF NEEDED)
	Commitment	Have you made a formal commitment to: <ul style="list-style-type: none"> ■ 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?
GOVERNANCE	Risk assessment and management	How much virgin plastic/plastic packaging (in metric tonnes) does your business use annually? Do these quantities account for the plastic packaging used in transport and distribution? Have you assessed the risks presented by plastics to your business, including: <ul style="list-style-type: none"> ■ existing and future regulation ■ 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?

¹⁵ 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](#).

¹⁶ Definitions are provided in the [Glossary](#).

	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?	<p>What are you doing to deliver these?</p> <p>How are you performing against them? What challenges have you encountered in meeting them?</p> <p>What resources (financial or otherwise) have you allocated to implement these actions and deliver these targets? – e.g. proportion of R&D and capex.</p> <p>Who oversees your plastic-related commitments, objectives and targets strategically? Who oversees their day-to-day delivery?</p> <p>If you have not set targets yet, do you intend to?</p>
	Reporting	Do you report on your plastics use?	<p>What metrics do you use to track and assess your performance?</p> <p>How will your reporting evolve in the future?</p>
OUTCOMES	Elimination of problematic or unnecessary plastic packaging	<p>Have you set a time-bound target to eliminate problematic or unnecessary plastic packaging?</p> <p>What proportion of your current plastic packaging is problematic or unnecessary?</p>	<p>How will you eliminate problematic or unnecessary plastic packaging?</p> <p>Have you eliminated any problematic or unnecessary plastic packaging yet?</p>
	Application of reuse models	<p>Have you set a time-bound target to use more reusable packaging and reuse models?</p> <p>What proportion of your current plastic packaging is reusable?</p>	<p>How will you increase this proportion?</p> <p>What reuse models (or pilot schemes) are you operating?</p> <p>By how much do you expect to reduce single-use packaging?</p>
	All plastic packaging is reusable, recyclable, or compostable	<p>Have you set a time-bound target for all your plastic packaging to be reusable, recyclable, or compostable?</p> <p>What proportion of your current plastic packaging is reusable, recyclable, or compostable?</p> <p>How do you define recyclable? Is this aligned with the Global Commitment?¹⁷</p>	How will you increase this proportion?
	All plastic packaging is reused, recycled, or composted in practice¹⁸	<p>Can you estimate what proportion of your current plastic packaging is reused, recycled or composted in practice?</p> <p>Are reuse, recycling or composting rates particularly low in any market?</p>	<p>How will you increase this proportion?</p> <p>What actions are you taking (e.g. through collaboration, providing financial support, engaging with policymakers on regulatory frameworks¹⁹) to support efforts to improve global recycling and composting rates?</p>
	Increase post-consumer recycled content	<p>Have you set a target for using post-consumer recycled content in your plastic packaging or decreasing the use of virgin plastics?</p> <p>What proportion of your current plastic packaging is from post-consumer recycled sources?</p>	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 and outcomes required to address plastic waste and pollution and support the building of a circular economy by 2025 (based on the three categories outlined) and how they can improve:

- **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.	<p>The company has made the following commitments (as part of its business strategy or as a signatory to the Global Commitment or other initiatives) to be achieved by 2025:</p> <ul style="list-style-type: none"> ■ 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 consumers).
	Risk assessment and management	<p>The company has assessed the risks presented by plastics to its business including those related to:</p> <ul style="list-style-type: none"> ■ existing and future regulation ■ reputational issues ■ climate change ■ wider environmental pollution (ocean and waterway) <p>The company has assessed the opportunities associated with product and business model innovation.</p>	<p>The company has a clear understanding of where and how plastic is sourced, used and disposed of across its business.</p> <p>The company has an action plan to mitigate the identified risks.</p> <p>The company has a process to actively monitor emerging policy and regulation in relation to plastics and update its risk assessments accordingly.</p> <p>The company's action plan includes product and business model innovation (e.g. to support new reuse models).</p>	<p>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.</p> <p>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).</p> <p>The company has assessed the lifecycle of its plastics packaging and uses these to inform its decisions.</p>

		EXPECTATION	BEGINNER	INTERMEDIATE	ADVANCED
GOVERNANCE CONTINUED	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).	<p>Explicit board-level or senior management responsibility has been assigned to oversee the company's plastics-related objectives and targets and their delivery.</p> <p>The company has set time-bound targets that are aligned with the Global Commitment.</p>	<p>The company has set absolute reduction targets for its use of virgin plastic.</p> <p>The company has allocated R&D/capex to achieve its targets.</p> <p>The company has made significant progress towards achieving these.</p>
	Reporting		The company provides some information on how it improves the recyclability of its plastic packaging and use of recycled content; and some data on its plastics use.	<p>The company reports annually on its:</p> <ul style="list-style-type: none"> ■ total plastics use (metric tonnes); and use relative to turnover (including accounting for its transit and display packaging); ■ 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, targets and objectives. <p>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.</p>	<p>The company also reports annually on progress towards its goals, including:</p> <ul style="list-style-type: none"> ■ total 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. <p>Additionally the company can:</p> <ul style="list-style-type: none"> ■ estimate on a country basis its plastic waste footprint²⁰ (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.

²⁰ [The ReSource Footprint Tracker](#), as developed by WWF, is a methodology that provides insight into how much and what type of plastic companies use, and where it goes once it is disposed of (the waste management outcome).

	EXPECTATION	BEGINNER	INTERMEDIATE	ADVANCED
OUTCOMES	Elimination of problematic or unnecessary plastic	The company has identified areas where problematic or unnecessary plastic packaging can be eliminated from its portfolio and is involved in at least one project to achieve this.	The company has eliminated at least three problematic or unnecessary plastic packaging types, and has published a plan to eliminate all others by 2025.	The company has eliminated all problematic and unnecessary plastic packaging.
	Application of reuse models	The company explicitly recognises that recycling alone will not address plastic pollution sufficiently, and that it must use more reuse models.	The company is piloting reuse models, and targeting increased reuse by 2025. The company delivers 2% – 4% of its total plastic packaging ²¹ in reusable formats (increasing to 4% – 10% by 2025).	The company delivers at least 4% of its total plastic packaging ²² in reusable formats (increasing to 4% – 10% by 2025).
	All plastic packaging is reusable, recyclable²³, or compostable	Less than 50% of the company's packaging by weight is reusable, recyclable, or compostable. The company is exploring how it can simplify its plastic packaging designs to improve recyclability.	Between 50% and 75% of the company's packaging by weight is reusable, recyclable, or compostable (with a target to increase this to 100% by 2025). 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.
	Plastic packaging is reused, recycled, or composted in practice²⁴	The company acknowledges the importance of supporting the wider plastics recycling industry.	The company estimates between 20% – 40% ²⁵ of its plastic packaging weight is reused, recycled or composted in practice globally. The company has an explicit commitment to work 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 by 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 by weight (increasing to 15% – 30% by 2025). ²⁶

21 Measured in weight.

22 Measured in weight.

23 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.

24 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).

25 This figure includes the proportion of plastic packaging recycled in a closed loop (i.e. back into packaging) and also into other products more widely beyond plastic packaging.

26 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 examples²⁷ demonstrate how containers and packaging companies have started addressing plastic waste and pollution.

REDUCTION TARGETS FOR USE OF VIRGIN PLASTICS

- **Unilever** has stated that by 2025 it will halve the amount of virgin plastic it uses in its packaging and reduce the amount used overall by more than 100,000 tonnes.
- **Nestlé** has committed to reducing its use of virgin plastics by one-third between 2018 and 2025.
- **P&G** has committed to reducing its global use of virgin petroleum plastic in packaging by 50% by 2030.

ELIMINATION OF UNNECESSARY OR PROBLEMATIC PLASTIC PACKAGING

- **L'Oréal** plans to phase out metallised films, pumps with metallic springs, multilayer materials and Polystyrene, and has been working to remove flow wrap in certain applications. Having succeeded in fully eliminating PVC in 2018, the company reduced its use of cellophane by 5.5% (77 tonnes) in 2019.
- **Molson Coors Brewing Company** has invested more than US\$11 million in equipment to reduce the use of six-pack rings and flow wrap. The company is replacing all six-pack rings with recyclable cardboard cases in the United Kingdom, removing 137 tonnes of plastic.
- **Pernod Ricard** is planning to discontinue all mini (50 ml) PET bottles by 2025, and replace them with recyclable alternatives.
- **Mars** has removed 17% of PVC (108 tonnes), 3 tonnes of plastic windows from its Uncle Ben's rice boxes, and 232 tonnes of plastic trays from its large Easter eggs in the United Kingdom.
- **Henkel** has reduced its use of undetectable carbon black packaging by 500 tonnes by switching to carbon-free black for toilet cleaner bottles. It plans to eliminate all undetectable carbon black packaging by 2025.

REUSE AND REFILL

- Approximately 50% of **Danone's** plain water business volume is delivered via reusable containers and jugs.
- **SC Johnson** offers refillable cleaning products – these accounted for 17% of its total packaging weight as of 2019. It has launched concentrated product refills in the US, Canada, Mexico, the UK, China and Japan, and is trialing its Ecover products at several supermarkets including Waitrose, Sainsbury's and Albert Heijn.
- In 2018/2019, **Henkel** launched 10 pilot schemes, including setting up refill stations in the Czech Republic, where customers can refill liquid detergents, fabric softeners, dishwashing liquids or shampoos and shower gels.
- In 2018/2019, **Unilever** launched nine reuse pilot schemes, including rolling out a dilutable detergent liquid in Brazil that uses 75% less plastic packaging and is 20% - 30% less expensive for consumers, compared to buying the non-concentrated form in a 3-litre bottle.
- **Nestlé**, which plans to pilot 20 reuse models by 2025, collaborated with start-up MIWA to introduce bulk dispensers for Nescafé and Purina One cat food in Nestlé shops in Switzerland.
- **L'Oréal** has launched reuse solutions across 20 products in plastic packaging, including refillable-at-home serum bottles. It is planning to roll out 74 products in reusable packaging across different formats – including bottles, jars, mascara, pencil and dye kits – by 2022. The company is also planning to launch return-from-home models for several of its brands, such as Garnier, with Loop (an initiative by TerraCycle to test and deliver re-usable applications).
- **PepsiCo** is testing SodaStream Professional, which enables consumers to dispense customised water options, including flavoured, sparkling or still water, into refillable personal containers. The company launched a pilot scheme in 2019 which placed 30 units in workplaces, universities, and hospitality partners across the US, avoiding use of nearly 160,000 bottles.

²⁷ These examples are taken from [The Global Commitment 2020 Progress report](#) and the [associated organisational reports](#) unless referenced otherwise.

PLASTIC PACKAGING IS 100% REUSABLE, RECYCLABLE OR COMPOSTABLE

The recyclability of packaging can be enhanced by changing the design of packaging (colours, labels etc) to improve its recyclability and recycled output quality, as well as eliminating specific materials or components which reduce recyclability (pumps, undetectable carbon black):

- **Johnson & Johnson Consumer Health** is working to exit opaque PET bottles across all its global personal care brands.
- **Henkel** has shifted 600 tonnes of opaque PET bottles to transparent bottles between 2018 – 2019.
- In 2019 **Mondelez International** mapped its global packaging portfolio and identified about 4,000 packaging components requiring elimination or change in design to be recyclable. The company has set up over 130 work tracks against 18 technical challenges and has started development work on around 100 of these.
- **RB** has removed non-recyclable pumps from some bottles altogether, replacing them with a cap to make the bottle fully recyclable. It has also designed a metal-free spray trigger.
- **SC Johnson** is working to remove components that can impede or prevent recycling, including through redesigning PET trigger bottles, aerosol caps and closures.
- **Unilever** has been working on developing a new detectable black pigment for its HDPE.
- **L'Oréal** has an ongoing project to remove pumps with metallic springs from PET packaging. It has removed metallised labels from its ELSEVE shampoo and conditioner packaging and has established specific taskforces to work on flexibles and laminated tubes.
- **PepsiCo** is planning to complete the removal of impediments to recycling (such as non-recyclable labels, PVC, and colourants) by 2025. This work has included replacing PVC shrink sleeves with recyclable ones and using metallic inks to eliminate metallised labels by the end of 2021.

INCREASING COLLECTION, SORTING AND RECYCLING RATES IN PRACTICE

FMCG companies are collaborating with other organisations to improve collection, sorting, and recycling systems for the packaging they put on the market. Some companies are also reporting efforts to increase collection and recycling rates:

- **Nestlé** has stated it supports “effective mandatory EPR schemes”, while Danone stated its support for “the EPR principle”, including deposit return schemes for beverage bottles.
- **Nestlé** also aims to improve recycling rates and infrastructure in the 20 countries that account for 50% of its plastic usage and has formed a partnership with Veolia to support its efforts to improve waste collection, sorting and recycling of plastic material.
- SC Johnson is partnering with The Plastics Bank in Indonesia to strengthen local collecting and recycling infrastructure.
- **Danone** is working with local stakeholders to increase collection and recycling in emerging markets, for example through the Danone Ecosystem Fund, which supports waste pickers in seven countries. As of 2019, it had worked with 6,500 waste pickers and recycled approximately 45,000 tonnes of waste per year through the initiative.
- **Natura Cosmetics** reported that its reverse logistics programmes in Brazil and the rest of Latin America ensured 39% of all packaging waste generated in 2019 was re-collected. The programmes aim to raise re-collection and separation capacity in cooperatives.
- In Brazil, the **Coca-Cola Company** partners with recycling cooperatives across the country through Reciclar pelo Brasil (Recycle for Brazil), a co-investment platform funded by 15 FMCG companies. Each co-op promotes recycling for all demographic groups, provides training suited to local conditions, and sets a series of evolving annual goals. In 2019, the volume of recycled materials processed across 233 co-ops grew from 46,000 tonnes to more than 96,000 tonnes.

INCREASING RECYCLED CONTENT

- **Danone** has increased its recycled content target for 2025 from 25% to 50% – which it plans to reach using 100% recycled PET across Europe, largely to come from its water division. In 2019, it launched several bottles made from 100% recycled PET for brands in France, Spain, and Indonesia.
- **Nestlé** has committed to investing approximately US\$2.2 billion by 2025 to create a market for food-grade recycled flexible packaging (by paying a premium for food grade recycled plastics).
- **Walmart** announced in 2019 that it would work with its US private-brand suppliers on several commitments targeting at least 20% post-consumer recycled content in private brand packaging by 2025.

REPORTING AND TRANSPARENCY

- In 2018, **Danone** published an overview of its packaging materials and their level of recyclability based on definitions from the New Plastics Economy Global Commitment.



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 FMCG SECTOR?

FMCG signatories to 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 made towards meeting these commitments;
- commit to collaborating towards increasing reuse/recycling/composting rates for plastic.

The progress of FMCG 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.²⁸

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.

²⁸ <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



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



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

