

NEW PLASTICS ECONOMY GLOBAL COMMITMENT

SPRING 2019 REPORT
MARCH 13, 2019



Global
Commitment



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INTRODUCTION



Global
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Introduction to the New Plastics Economy Global Commitment

The New Plastics Economy Global Commitment unites businesses, governments, and other organisations behind a common vision and targets to address plastic waste and pollution at its source. It is led by the Ellen MacArthur Foundation in collaboration with UN Environment.

Launched in October 2018, the Global Commitment already unites more than **350** organisations on its common vision of a circular economy for plastics, keeping plastics in the economy and out of the ocean. Signatories include:

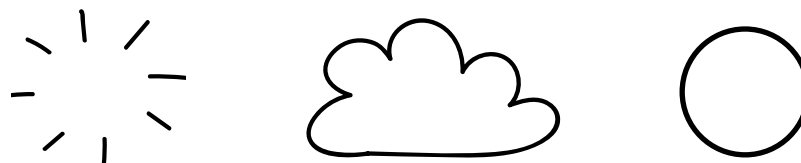
- More than **150** businesses that are part of the plastic packaging value chain, jointly representing over **20%** of all plastic packaging used globally, including many of the world's leading consumer packaged goods companies, retailers, and plastic packaging producers
- **16** governments across five continents and across national, regional, and city level
- **26** financial institutions with a combined **USD 4.2 trillion** worth of assets under management and **6** investors in total committing to invest about **USD 275 million**
- Leading institutions such as WWF, the World Economic Forum, the Consumer Goods Forum, and IUCN
- More than **50** academics, universities, and other educational or research organisations including MIT Environmental Solutions Initiative, Michigan State University, and University College London

All **350+** organisations have endorsed one common vision of a circular economy for plastics, in which plastics never become waste (see next page).

To help make this vision a reality, all business and government signatories to the Global Commitment are committing to a set of ambitious **2025** targets. They will work to **eliminate** the plastic items we don't need; **innovate** so all plastics we do need are designed to be safely reused, recycled, or composted; and **circulate** everything we use to keep it in the economy and out of the environment.

Credibility and transparency are ensured by setting a clear minimum level of ambition for signatories, common definitions underpinning all commitments, publication of commitments online and annual reporting on progress, with the first progress report to be published later in 2019. The minimum ambition level will be reviewed every **18 to 24 months**, and become increasingly ambitious over the coming years to ensure the Global Commitment continues to represent true leadership.

The Ellen MacArthur Foundation and UN Environment call on all businesses that make or use plastics, and all governments across the world, to sign up to the Global Commitment and join the more than **350** co-signatories in a 'race to the top' to create a circular economy for plastic.



A common vision for a circular economy for plastics

Over 350 organisations have endorsed one common vision of a circular economy for plastics, where plastics never become waste. They recognise this vision offers a root cause solution to plastic pollution with profound economic, environmental, and societal benefits. For plastic packaging, specifically, this vision for a circular economy is defined by six characteristics:

- 1 Elimination of problematic or unnecessary plastic packaging through redesign, innovation, and new delivery models is a priority
 - A Plastics bring many benefits. At the same time, there are some problematic items on the market that need to be eliminated to achieve a circular economy, and, sometimes, plastic packaging can be avoided altogether while maintaining utility
- 2 Reuse models are applied where relevant, reducing the need for single-use packaging
 - A While improving recycling is crucial, we cannot recycle our way out of the plastics issues we currently face.
 - B Wherever relevant, reuse business models should be explored as a preferred 'inner loop', reducing the need for single-use plastic packaging.
- 3 All plastic packaging is 100% reusable, recyclable, or compostable
 - A This requires a combination of redesign and innovation in business models, materials, packaging design, and reprocessing technologies.
 - B Compostable plastic packaging is not a blanket solution, but rather one for specific, targeted applications.
- 4 All plastic packaging is reused, recycled, or composted in practice
 - A No plastics should end up in the environment. Landfill, incineration, and waste-to-energy are not part of the circular economy target state.
 - B Businesses producing and/or selling packaging have a responsibility beyond the design and use of their packaging, which includes contributing towards it being collected and reused, recycled, or composted in practice.
- 5 The use of plastics is fully decoupled from the consumption of finite resources
 - C Governments are essential in setting up effective collection infrastructure, facilitating the establishment of related self-sustaining funding mechanisms, and providing an enabling regulatory and policy landscape.
- 6 All plastic packaging is free of hazardous chemicals, and the health, safety, and rights of all people involved are respected
 - A The use of hazardous chemicals in packaging and its manufacturing and recycling processes should be eliminated (if not done yet).
 - B It is essential to respect the health, safety, and rights of all people involved in all parts of the plastics system, and particularly to improve worker conditions in informal (waste picker) sectors.

This vision is the target state signatories work towards over time, acknowledging that realising it will require significant effort and investment, recognising the importance of taking a full life-cycle and systems perspective - aiming for better economic and environmental outcomes overall, and above all recognising the time to act is now.

SUMMARY

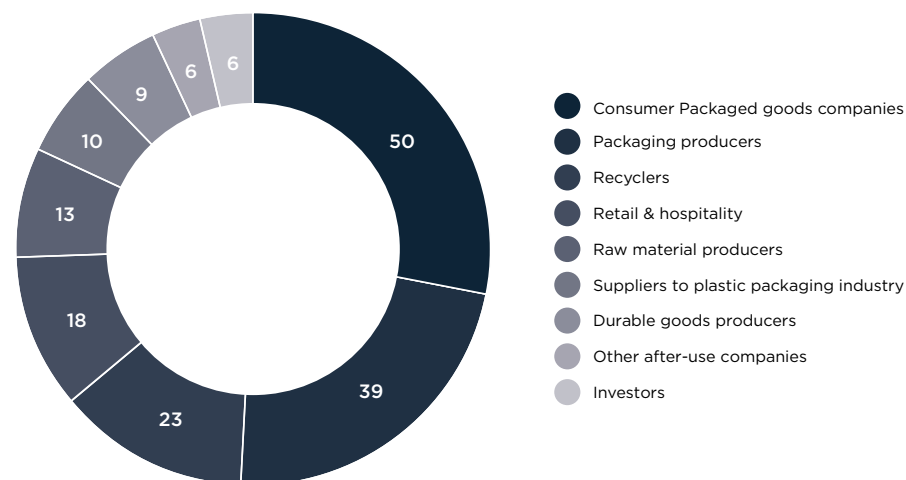


Global
Commitment



Overview of business signatories (1/2)

- Businesses across the plastic packaging value chain have signed the Global Commitment, including many of the world's largest consumer packaged goods companies, retailers, and plastic packaging producers, as well as major material manufacturers, recyclers and after-use companies, durable goods companies, investors, and innovators
- The number of business signatories has grown from over **100 to more than 150** in the four months since the launch
- Business signatories together account for more than **20%** of global plastic packaging volumes
- Business signatories collectively have revenues in excess of **USD 2 trillion**
- Business signatories include many of the industry's top players, including (for more details see next page):
 - **6 of the top 10** global fast moving consumer goods (FMCG) companies - Nestlé, Pepsico, Unilever, The Coca-Cola Company, L'Oréal, and Mars, Incorporated¹
 - **4 of the top 10** global plastic packaging producers - Amcor, Sealed Air Corporation, ALPLA Group, and Aptargroup Inc.²
 - **5 of the top 15** global retailers - Walmart Inc., Schwarz Group, Carrefour, Target, and Ahold Delhaize³
 - **Two of the world's largest** environmental services companies - Veolia and SUEZ
- **6** Investors have pledged a total of **USD 275 million** to business models, materials, technologies and other solutions that help realise the vision of the Global Commitment



Business signatories by category

¹ Source: Consultancy UK, 2018 <https://www.consultancy.uk/news/18765/the-50-largest-fmcg-consumer-goods-companies-in-the-world>.

Includes Mars based on reported revenues

² Source: Citi GPS, *Global Perspectives and Solutions, Rethinking Single-Use Plastics: Responding to a Sea Change in Consumer Behavior*, 2018 <https://www.citivelocity.com/citigps/rethinking-plastics/>

³ Source: <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/about-deloitte/global-powers-of-retailing-2018.pdf>

Overview of business signatories (2/2)

Participation of the largest (by revenue) fast-moving consumer goods (FMCG) firms, plastic packaging producers, and retail companies in the Global Commitment.¹

#	FMCG ²
1	Nestlé
2	Procter & Gamble
3	PepsiCo
4	Unilever
5	AB Inbev
6	JBS
7	Tyson Foods
8	The Coca-Cola Company
9	L'Oréal
10	Mars, Incorporated ⁵

#	Plastic Packaging ³
1	Reynolds
2	Amcor
3	Berry Global
4	Sealed Air Corporation
5	RPC Group
6	Bemis
7	ALPLA Group
8	Interplast
9	Aptargroup Inc.
10	Silgan

#	Retail ⁴
1	WalMart Inc.
2	Costco
3	The Kroger Co.
4	Schwarz Group
5	Walgreens Boots Alliance
6	Amazon.com, Inc
7	Home Depot, Inc
8	Aldi
9	Carrefour
10	CVS Health
11	Tesco PLC
12	Aeon Co., Ltd
13	Target
14	Ahold Delhaize
15	Lowe's Companies, Inc.

☒ Has signed the Global Commitment ☐ Has not signed the Global Commitment

¹ These rankings may vary over time and by source. This page is intended to provide a perspective on participation from major companies in the Global Commitment, and is not intended to emphasize the specific ranking or order of the included companies

² Source: Consultancy UK, 2018 <https://www.consultancy.uk/news/18765/the-50-largest-fmcg-consumer-goods-companies-in-the-world>

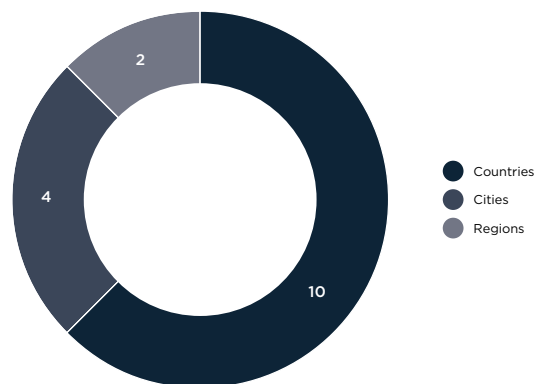
³ Source: Citi GPS, *Global Perspectives and Solutions, Rethinking Single-Use Plastics: Responding to a Sea Change in Consumer Behavior*, 2018 <https://www.citivelocity.com/citigps/rethinking-plastics/>

⁴ Source: <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/about-deloitte/global-powers-of-retailing-2018.pdf>

⁵ Mars included based on reported revenues (was excluded from source list)

Overview of government and endorsing signatories

Government signatories overview

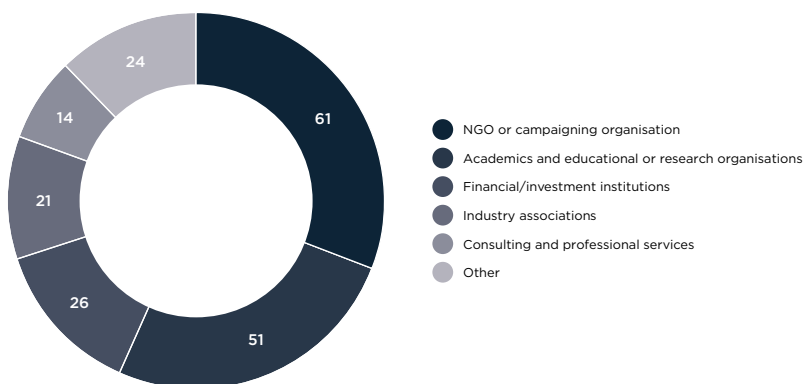


Government signatories by category

The government signatories comprises of **16** governments - at national, regional, and city level - across **five continents**¹

France and the United Kingdom have each launched a national Plastics Pact, becoming part of a network of initiatives that bring together all key stakeholders at the national or regional level to implement solutions towards a circular economy for plastics²

Endorsing signatories overview



Endorsing signatories by category

In addition to the business and government signatories, nearly **200** other organisations have endorsed the Global Commitment, among them some of world's most influential institutions including WWF, the World Economic Forum, the Consumer Goods Forum (a CEO-led organisation representing some **400** retailers and manufacturers from **70** countries), C40, IUCN, and **50** universities, institutions, and academics

The vision is further supported by key influencers such as HSH Prince Albert II of Monaco, Frans Timmermans (First Vice President of the European Commission), Stella McCartney (Founder, Stella McCartney), Pavan Sukdhev (President, WWF International), and many more³

26 financial institutions jointly representing over **USD 4.2 trillion** assets under management endorsed the Global Commitment, including the European Investment Bank, BNP Paribas Asset Management, and Robeco.

¹ The detailed commitments of France and Copenhagen are still being finalised and will be published shortly

² For more information about Plastic Pact: <https://newplasticseconomy.org/projects/plastics-pact>

³ The Global Commitment open letter can be read at: <https://newplasticseconomy.org/about/open-letter>

Key takeaways from published commitments (1/4)

Global Commitment signatories cover over 20% of the global plastic packaging market. We call on all businesses that make or use plastic and governments across the world to join the Global Commitment.

The Global Commitment now has over **350** signatories including over **150** businesses representing over **20%** of the global plastic packaging market. While many of these companies are part of the current plastics waste and pollution problem, by signing up to the Global Commitment and its associated requirements on ambition level and transparency, they have set out in a positive direction and are leaders in their peer group. We encourage all businesses around the world that make and use plastics to follow their lead and sign up to the Global Commitment, so that its ambitions truly become the industry's new normal.

Many of the world's leading fast moving consumer goods companies (**6 of the top 10**), plastic packaging producers (**4 of the top 10**), retailers (**5 of the top 15**), and recyclers have signed up to the Global Commitment.

The step in the value chain currently least represented by the signatories to the Global Commitment is raw material producers. At the moment, Indorama and Borealis are the only two major plastic producers that have signed, both setting targets to significantly increase the inclusion of recycled content in their production processes. We call on plastics producers globally to join the Global Commitment and become part of an economy based on the circulation, rather than continued extraction, of raw materials – a **USD 55 billion** opportunity for the chemicals industry according to McKinsey & Company.¹

Similarly, we call on hospitality and food service companies such as take-away food chains, hotels, and airlines to join the Global Commitment and embark on a journey towards a circular economy for plastics. These industries represent significant volumes of single-use plastic packaging and are currently underrepresented in the Global Commitment.

The **16** signatory governments to the Global Commitment (**10** national governments, **2** regional government and **4** cities) are frontrunners, implementing comprehensive packages that include actions on procurement, elimination and bans, incentives towards more recycled content, building infrastructure and collaboration towards national implementation schemes. We encourage governments at all levels and from across the world to join the Global Commitment.

¹ McKinsey & Company, *No time to waste: What plastics recycling could offer*, 2018

Key takeaways from published commitments (2/4)

The Global Commitment provides unprecedented levels of transparency on plastics.

In this report, for the first time, over **150** businesses across the value chain disclose targets to help build a circular economy for plastics, and action plans to reach them, based on a common commitment framework, using common definitions, and working towards a common vision. In autumn this year – and every year thereafter until **2025** – this forward-looking view will be complemented by an update on progress towards realising the targets.

In addition, in this report, **35**¹ companies publicly disclose their annual volumes of plastic packaging production and use. This group has a combined 8 million tonnes of annual plastic packaging use, and includes major consumer packaged goods companies and retailers such as Carrefour, Colgate Palmolive, Danone, MARS, Nestlé, SC Johnson, The Coca-Cola Company, and Unilever. Many of these companies are publishing this information for the first time. This is an important step forward to create transparency. We applaud the companies that are publishing this data, and encourage all other companies that make and use plastics to follow their lead.

Some companies, such as Danone, have gone one step further by not just reporting their total volumes of plastic packaging used but also publishing a split by material and packaging type. We encourage all businesses that make and use plastics to provide full transparency on their plastics footprint, including, for example, total tonnage, number of items, and breakdown by geography and packaging format and material type.

Industry commitments and plans represent real progress on recycling.

All consumer packaged goods, retail, and packaging producing signatories, **107** in total, have now committed to making **100%** of their plastic packaging reusable, recyclable, or compostable by **2025**.

Consumer packaged goods and retailers have committed to an average of **25%** recycled content in plastic packaging by **2025**, roughly tenfold the estimated current global average.² Some signatories have much higher **2025** targets, such as: Werner & Mertz, POSITIV.A, and IWC Schaffhausen (**100%**); The Bio-D Company Ltd (**75%**); Diageo and L'Occitane en provence (**40%**); and L'Oreal, M&S, Paccor, and Sealed Air (**30%**).

Borealis and Indorama, both resin producers, are industry leaders for committing to shift their existing business model, based on extracted and virgin materials, to one based on circulation of materials, by starting to set concrete recycled content targets.

Together, the recycled content targets from consumer packaged goods companies, retailers, and packaging producers amount to a demand of **5 million** tonnes of recycled plastic by **2025**² – the biggest ever commitment to using recycled plastics for plastic packaging. This provides a clear demand signal for increased investment in high-quality recycling, which will help keep plastics in the economy and out of the ocean. Achieving these recycled content commitments will result in a significant reduction in virgin plastics production, as well as in a recurring annual saving of approximately **7 million** tonnes of CO₂ emissions – the equivalent of permanently taking about **1.5** million cars off the road.³

¹ This does not include collection, sorting & recycling companies, durable good producers or suppliers that have disclosed volumes

² Closed loop recycling for plastic packaging estimated at 2% (Source: Ellen MacArthur Foundation, *New Plastics Economy, Rethinking the Future of Plastics*, 2016).

³ Based on an average net CO₂ saving from recycling plastic of 1.5 tonnes CO₂ equivalent per tonne (Sources: SUEZ website, www.suez.com, 2019; WRAP, *Realising the Value of Plastics*, Market Situation Report, 2007).

Key takeaways from published commitments (3/4)

While industry commitments show some progress on eliminating unnecessary and problematic plastics, and on innovating towards reuse models, much more needs to be done in these areas.

While improving recycling is crucial, we cannot recycle our way out of the plastics issues we currently face. Elimination of problematic or unnecessary plastic packaging through redesign, innovation, and new delivery models is a priority. Reuse models need to be applied where relevant, reducing the need for single-use packaging. All of this is an explicit part of the Global Commitment vision, endorsed by all **350+** signatories.

Current industry commitments reflect some progress in these areas:

- **Eliminate unnecessary and problematic items** - **16** businesses with more than **USD 550 billion** in combined annual revenues have already eliminated or set concrete timelines to phase out PVC in packaging. **12** companies have made commitments to phase out single use plastic straws. **14** brands and retailers including the world's largest fashion group (Inditex) and the world's fourth largest retailer (Schwarz Group), have taken or are planning to take concrete measures to eliminate or significantly reduce single-use carrier bags. Some companies such as Nestlé have published comprehensive plans to eliminate problematic plastics from their packaging mix.
- **Innovate from single-use towards reuse packaging models** - at least **40** brands and retailers will pilot or expand reuse and refill schemes. At least **10** signatories have committed to deliver reuse and refill trials through TerraCycle's Loop platform. Some signatories are investing in new delivery models at scale, for example PepsiCo, which has acquired Sodastream for **USD 3.2 billion**.

Overall, however, the ambition level on elimination and innovation towards new delivery models will have to be significantly raised going forward in order to make a real dent in plastic waste and pollution by **2025**.

Key takeaways from published commitments (4/4)

We call on signatories to continue raising their ambition levels and to move from commitments to actions at scale.

The industry targets and action plans currently in the Global Commitment already represent a significant step forward compared to the pace of change over the past decades. However, they are still far from truly matching the scale of the problem, particularly when it comes to elimination of unnecessary items and innovation from single-use towards reuse models. The ambition level of commitments will need to continue to be increased to make real strides in addressing global plastic pollution by **2025**.

In addition, moving from commitment to action is crucial. Many signatories have now translated or are translating their commitments into (initial) action plans and roadmaps. This is crucial. Major investments, innovations, and transformation programmes need to be started now to realise impact by **2025**. In autumn this year, and annually thereafter, we will report on the progress of signatories towards meeting their commitments.

Signatories are taking concerted action. For example, the World Economic Forum has created the Global Plastic Action Partnership initiative, and France and the United Kingdom have developed national Plastic Pacts, which bring together key stakeholders, both public and private, to implement solutions towards a circular economy for plastics.

Financial institutions with USD 4.2 trillion worth of assets under management have signed up to the Global Commitment. They can play an important role in accelerating the transition.

Reaching the targets set out in the Global Commitment will require significant public and private investments in areas including: innovation for new business models packaging design and materials; changes to production lines; and collection and recycling infrastructure. Conversations with signatories suggest that realising the industry targets currently set out already entails a multi-billion dollar joint investment commitment.

Participation of financial institutions to help finance the transition to a circular economy for plastics is therefore crucial, and we welcome the **26** financial institutions with **USD 4.2 trillion** worth of assets under management who have signed up to the Global Commitment, as well as **6** investors who have pledged a total of **USD 275 million** to business models, materials, technologies, and other solutions that help realise the vision of the Global Commitment.

We call on all financial institutions and investors to join the Global Commitment and endorse the common vision, to support signatories in meeting their commitments, to encourage businesses who are not yet signatories to sign up, and to use the Global commitment as a framework to discuss with businesses ambition levels and progress.