Investors demand strong
plastic packaging rules from EU

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**Top European investors are calling on the EU institutions to deliver a strong regulation on packaging and waste. They want the proposal to maintain the European Commission’s ambition on waste prevention and reuse, measures they consider critical to protect returns and the planet.**

In a letter to MEPs and Member State environment ministers, the investors encourage EU decision-makers to take a strong stance on cutting waste at source in the Packaging and Packaging Waste Regulation (PPWR) to ensure businesses are guided to reduce their reliance on plastics, and in turn, protect investors from exposure to the related risks.

The intervention follows the publication of an investor statement addressed to major fast-moving consumer goods companies and retailers in May to draw attention to plastics-related vulnerabilities in the sector and urge support for strong incoming regulation. The statement received unprecedented support from the investor community, signed by investors managing $10 trillion in assets. A group of these investors forms the signatories of the PPWR letter released today.

Exposure to plastics-related business risk is a growing cause for concern for investors, as examples of related litigation and possible financial losses for the companies they invest in start to multiply. Single-use plastics expose companies and consequently investors to risks ranging from waste and pollution issues, burgeoning plastic reduction moves by local and national authorities and companies, and consumer kickback against waste and toxicity.

The investors note attempts by businesses to water down the PPWR proposal, in particular, targets on reduction and reuse, pointing to “accumulating research” that demonstrates that “clean-up is futile unless substantial effort is made to prevent waste from arising at source”.

Elin Noring, [title] from Nordea Asset Management, said: “Companies trying to stop reuse-orientated regulation are swimming against the tide. They need to realise that a strong regulatory framework can support their efforts to address the plastics pollution crisis.”

Andreas von Angerer, Head of Impact at Inyova Impact Investing, said: “The direction the market is moving in is clear, and to protect returns, we need to get real about the solutions that will actually work. We all rely on a functional planet to be able to do business. Plastic-related pollution is threatening that functionality. We need to reduce waste at source, not attempt to address it at the end of the line.”

Angélique Laskewitz, Executive Director of VBDO said: “We have seen an alarming and surprising quantity of anti-legislative lobbying from major corporations, trying to block an ambitious EU law on packaging. Laws like this are what will future-proof businesses – they know they need to go further than cosmetic changes and they urgently need to stop digging in their heels. That’s why we’re asking for legislators to give them the certainty they need and set a clear direction: reuse.”

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**Editorial notes**

The investor group is led by the Dutch Association of Investors for Sustainable Development] (VBDO). It includes investors Alquity, Anima SGR, Aviva Investors, AXA Investment Managers, Dorval Asset Management, DPAM, EdenTree Investment Management, EOS at Federated Hermes, Ethos Foundation, Green Century Funds, Groupe La Française, Inyova AG, Legal & General Investment Management, Nordea Asset Management, P1 Investment Services, Regroupement pour la Responsabilité sociale des entreprises, Trinetra Investment Management.

The letter calls on EU lawmakers to “support a visionary, forward-looking PPWR that supports reduction of waste at source”.

It continues:

“It is by now abundantly clear that we will not be able to turn the tide on the climate, pollution and societal impacts of growing volumes of packaging waste without taking action to reduce volumes produced at source. The PPWR represents a significant opportunity to achieve this, and in doing so, provide a regulatory environment in which companies can confidently invest in effective measures to reduce their environmental impact and thus appropriately manage the financial risks to which they - and their investors - are exposed.”

Members of this coalition previously wrote to major fast-moving consumer goods companies and retailers to express parallel concerns. A total of 183 investors, with around $10 trillion AUM, signed the call.

That statement explained:

As action from policymakers steps up to address the plastics crisis and society demands accountability from corporate actors perpetuating the problem, companies on the value chain are exposed to significant and mounting plastic-related risks. These risks include regulatory risks arising from bans, taxation and extended producer responsibility costs, reputational risks, increased momentum in plastic-related litigation and increased raw material costs.

According to the OECD only 14% of plastic waste was recycled in the EU in 2019.

VBDO is convinced that a more sustainable and responsible capital market leads to a healthier and more just world.

As an independent association, we have been a passionate driver, motivator and knowledge leader for responsible investment. We have been anchoring sustainability in companies since 1995.

We use respect and expertise to help organizations make choices that look beyond financial gain, but also consider social, environmental and governance aspects.

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