



ETHICAL
INTELLIGENCE

Nestlé, Coca-Cola Top the List of ESG Plastics Offenders – But Change is on the Horizon

By [Staff Writer](#) - November 25, 2019

Nestlé, Coca-Cola, and Unilever Group are among the worst offenders in developed markets when it comes to plastics-related risk incidents, according to [a new report](#) from ESG risk assessment specialist RepRisk – which warns that investors should take steps to inform themselves of the impact of high-volume plastic usage, as the market shrinks as a result of increasing regulatory pressure and a concurrent decline in demand from environmentally-conscious consumers.

Using the RepRisk ESG Risk Platform, the world’s largest due diligence database on ESG and business conduct risks, the report ranked the 10 companies and infrastructure projects that had the highest number of plastics-related ESG risk incidents across both developed markets and emerging markets. Along with the developed market rankings, the report also found that Taiwan’s Formosa Plastics Corp, and Philippines-based Liwayway Marketing Corp and Universal Robina Corp topped the list of emerging markets offenders.

“Given the growing pressure from both governments and consumers to dramatically reduce plastic use, there is a real threat that plastic could become increasingly obsolete and potentially even a big liability,” says Dr Philipp Aeby, CEO of RepRisk and a trained climatologist with a PhD in Environmental Physics. “Companies and investors that are heavily exposed to the plastics industry have an obligation to understand the full extent of this challenge and to take steps to reduce material risks in their investments, operations, and business decisions.”

With the frequency of plastic-related ESG incidents accelerating, investment management firms, institutional investors, banks, and insurance companies are all paying close attention to how much exposure they have to plastics in their portfolios. A study by researchers at the University of Oxford found that annual production of plastic has increased nearly 200-fold since 1950, and experts estimate that around 7.8 billion metric tons of plastic were produced globally in 2015, more than one metric ton of plastic for each inhabitant of the planet.

In 2019, Coca-Cola and 31 other corporations published their data on plastics for the first time. According to this disclosure, Coca-Cola produces 88 billion plastic bottles per year, equal to 167,000 plastic bottles per minute.

However, experts have warned that plastic could become a stranded asset, as restrictions on single-use plastics are being implemented around the world in response to a growing outcry over plastics pollution. In March 2019, the EU agreed to ban single-use plastic products such as cutlery and toiletries by 2021. The consultancy company Accenture estimates that these trends, coupled with an increasing demand for recycled materials, could slash the demand growth for virgin petrochemicals by one-third of its historic pace, a significant material risk for the oil industry.

“The pressure to reduce plastic use is coming from two sides,” says RepRisk. “On one side, governments and non-governmental organisations are pressuring companies to reduce the reliance on plastics in their supply chains through efforts like banning certain single-use plastics. On the other side, businesses are adapting to consumer and market demand by actively developing and launching alternatives to plastic. The combination of these two concurrent trends signals that the plastics market is due for a systematic transformation that will affect companies in a range of ways. The companies that take proactive steps to ween themselves off plastics may be best-positioned to succeed in the future.”

The UNPRI [has suggested a 'circular economy' approach](#), allowing plastic waste to be re-used and recycled, as a solution to the problems posed by plastic pollution. Last month, the PRI also launched [The plastics landscape series](#) to help investors understand the plastic market and their exposure to it.