

## **Investors call on petrochemical companies producing plastics to transition to safe and environmentally sound practices by reducing fossil fuel dependency and eliminating hazardous chemicals**

The production of plastic polymers is a major component of global petrochemical demand. It is forecast that the use of plastics could almost triple by 2060<sup>1</sup> and that petrochemicals will become the main driver of growth in oil demand.<sup>2</sup> Under a business-as-usual (BAU) scenario, in 2060, fossil fuel-based plastics will continue to dominate, while recycled plastics will be only 12% of total production, and as a result lifecycle greenhouse gas (GHG) emissions from plastics, will more than double, growing to 4.5% of global emissions.<sup>3</sup>

Under the BAU scenario, plastic leakage to the terrestrial environment is forecasted to double, while build-up of plastics in aquatic environments will more than triple<sup>4</sup>, causing well documented harms to biodiversity. Furthermore, plastics leaking into the environment degrade into micro- and nano-plastics with potential to harm human health<sup>5</sup>, as well as leaching a diverse array of plastic-associated chemicals.

There are over 16,000 chemicals used or present in plastics – including the monomers that are bonded together to form the polymer, and various additives and processing aids – of which only 44% have information indicating they have been evaluated for toxicity or other hazards<sup>6</sup>. Amongst the around 5,800 chemicals which have been tested, around 4,200 (73%) are identified as being hazardous<sup>7</sup>. At the same time, there is growing scientific evidence of the negative impacts of hazardous chemicals on human and ecosystem health<sup>8</sup>. Human health costs in the USA alone in 2015 resulting from exposure to just three chemicals commonly used in plastic have been estimated at \$US675 bn<sup>9</sup>.

Growing plastic polymer production is therefore a significant threat to the plastic pollution crisis, climate change, biodiversity and human health.

### **Financial risks to petrochemical companies and investors**

As outlined above, the burden imposed on society by plastics is significant. As such, policymakers are accelerating their efforts to address the growing pollution problem, evidenced by negotiations for a legally binding Global Plastics Treaty. Society, too, is gradually shifting their sentiment towards more sustainable products and demanding companies across the value chain are held accountable.

This poses significant plastic-related risks to petrochemical companies producing plastic polymers. These risks include regulatory risks (e.g. tighter emission controls, bans, taxation, and extended producer responsibility costs), reputational risks, plastic-related litigation, and increased consumer demand for safe and more sustainable products. These risks could be financially material for corporates and their funders<sup>10</sup>.

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<sup>1</sup> [Global Plastics Outlook – Policy Scenarios to 2060 – OECD \(2023\)](#)

<sup>2</sup> [Oil 2023 – Analysis and forecast to 2028 – IEA \(2023\)](#)

<sup>3</sup> [Global Plastics Outlook – Policy Scenarios to 2060 – OECD \(2023\)](#)

<sup>4</sup> [Global Plastics Outlook – Policy Scenarios to 2060 – OECD \(2023\)](#)

<sup>5</sup> [The Minderoo-Monaco Commission on Plastics and Human Health - Annals of Global Health 2023](#)

<sup>6</sup> [State of the Science on Plastic Chemicals - PlastChem \(2024\)](#)

<sup>7</sup> [State of the Science on Plastic Chemicals – PlastChem \(2024\)](#)

<sup>8</sup> [The Minderoo-Monaco Commission on Plastics and Human Health - Annals of Global Health 2023](#)

<sup>9</sup> [The Minderoo-Monaco Commission on Plastics and Human Health - Annals of Global Health 2023](#)

<sup>10</sup> [Investors need to ensure that risks associated with plastic are adequately priced - Planet Tracker 2023](#)

As responsible investors, we are concerned that petrochemical companies are not proactively addressing their plastic-related risks with actions aimed at reducing their dependence on fossil fuel feedstocks and eliminating hazardous chemicals and additives from their products, and as a result, face higher costs and miss out on business opportunities, ultimately diminishing investment returns and long-term value creation. We therefore urge companies to act and align their business practices with a clearly defined transition plan to a safe and circular plastics economy, as outlined below.

#### Our expectations for accelerated corporate action on plastics

We expect petrochemical companies that produce plastic polymers to take stronger actions towards plastics circularity. To this end, we expect petrochemical companies that produce plastic polymers to:

1. **Transparently disclose, define strategies and set clear targets** – we expect companies to transparently disclose their plastic impacts (e.g., CDP’s plastics disclosure), establish a clear strategy and timebound roadmap to reduce fossil fuel feedstock in polymer production and transition to production of safe, environmentally sound and sustainable plastics.
2. **Address polymers and chemicals of concern in their products** – we expect companies to commit to identifying and eliminating the production and use of hazardous chemicals and additives in polymers and to publicly report their progress in doing so.
3. **Build suitable infrastructure** – we expect companies to support their transition to sustainable feedstocks with well-defined capital expenditure plans to develop technology and build suitable infrastructure.
4. **Establish dedicated governance** – we expect companies to have clear oversight and responsibility for their commitments on plastics sustainability at Board level – for example, by establishing a dedicated committee on circularity, and linking a share of management compensation to circularity commitments.
5. **Publicly support an ambitious international legally binding instrument for ending plastic pollution** – we expect companies to support international efforts for an ambitious plastics treaty by joining the Business Coalition for a Plastics Treaty, advocate for legally binding measures designed to reduce production and consumption, and refrain from lobbying and obstructing ambitious outcomes.

This envisioned acceleration towards a circular plastics industry supports the UN plastic treaty goals, but is also in line with the Paris Climate agreement and the Kunming Montreal GBF.

## List of signatories

1. abrdn
2. Achmea
3. Achmea Investment Management
4. Adrian Dominican Sisters, Portfolio Advisory Board
5. Alquity Investment Management
6. Ashmore Group
7. Bâtirente
8. Benguela Global Fund Managers
9. Boston Common Asset Management
10. Cardano
11. CCLA Investment Management
12. Change Finance
13. Church Investment Group
14. Congregation of St. Joseph
15. Dana Investment Advisors
16. Daughters of Charity, Province of St. Louise
17. Dominican Sisters ~ Grand Rapids (MI)
18. Dorval Asset Management
19. EOS at Federated Hermes Limited
20. Ethical capital
21. Ethos Engagement Pool International
22. Ethos Engagement Services
23. Ethos Foundation
24. Everence and the Praxis Mutual Funds
25. Figure 8 Investment Strategies
26. Future Group
27. Green Century Capital Management
28. Horizons Sustainable Financial Services, Inc.
29. JGP Asset Management
30. KBI Global Investors
31. Lady Lawyer Foundation
32. Legal & General Investment Management (Holdings)
33. LGPS Central
34. LocalTapiola Asset Management Ltd
35. Maryknoll Sisters
36. Mercy Investment Services, Inc.
37. MN
38. Natural Investments
39. NEI Investments
40. Newground Social Investment
41. Norcross Wildlife Foundation
42. Nordea Asset Management
43. P1 Investment Services Ltd
44. Pensioenfond Metaal en Techniek
45. Pictet Group
46. PME pensioenfond
47. Rathbones Group Plc
48. Rethink Food
49. Reynders, McVeigh Capital Management
50. River Global Investors
51. Robeco
52. Rockefeller Asset Management
53. School Sisters of Notre Dame Collective Investment Fund
54. SEB Asset Management
55. Sisters of St. Francis Dubuque, IA
56. Sisters of St. Francis of Philadelphia
57. Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD
58. Socially Responsible Investment Coalition
59. Stichting Pensioenfond voor Huisartsen
60. Storebrand Asset Management
61. Strathclyde Pension Fund
62. Sustainable Advisors Alliance LLC
63. The Committee on Mission Responsibility Through Investment of the Presbyterian Church, (U.S.A.)
64. The Local Authority Pension Fund Forum (LAPFF)
65. The Seva Foundation
66. Trillium Asset Management
67. Trinity Health
68. VBV - Vorsorgekasse AG
69. Veris Wealth Partners
70. WHEB

## **Quoted signatories**

*abrdn's work to understand the challenges relating to the petrochemical industry underpins our support for this investor statement. Signing marks a step towards tackling the significant issues arising from reliance on fossil fuel-based plastics and hazardous chemicals. This initiative emphasises the critical need for petrochemical companies to transition towards more sustainable practices, not only to mitigate the environmental and health impacts but also to align with global efforts towards a circular economy.*

**Scott McQuiston, ESG Investment Analyst  
abrdn**

*Achmea Investment Management supports this call on the petrochemical companies as we are concerned about the mismatch between the industries plans to accommodate the 'business as usual' scenario of substantial growth in global plastic production, and the increasing regulatory pressure to reduce the use of single use plastics. As a responsible investor, Achmea Investment Management has been engaging its investee companies in the plastic value chain to prevent plastic pollution. And we see a need for better legislation to create a level playing field and drive the breakthrough of sustainable innovations. Better policies are also needed in many countries to organize waste collection and recycling and thus put an end to plastic pollution. We therefore support a strong and ambitious legally binding instrument to fight plastic pollution (UN Plastics Treaty) and call on the petrochemical industry to publicly support such instrument, that addresses the full plastic value chain, from production to waste collection and recycling.*

**Arthur van Mansvelt, Senior Engagement Specialist, Achmea Investment Management  
Achmea Investment Management**

*CCLA considers that by transparently disclosing their strategies and targets, companies can demonstrate their commitment to mitigating the harmful effects of plastic waste. Core to this, is the transition to the production of sustainable materials and the support of an ambitious international agreement to drive the necessary systemic changes.*

**Tessa Younger, Stewardship Lead Environment, CCLA  
CCLA Investment Management**

*The use and misuse of plastics lies at the heart of the climate and biodiversity crises and is now also understood to directly threaten human health. This statement provides the essential building blocks for how the plastics industry could be part of the solution.*

**Seb Beloe, Partner and Head of Research  
WHEB**

*The world is producing too much plastic waste, and too much of it is made with toxic ingredients. It's past time for companies to stop using unsafe and untested ingredients, and commit to fully circular production methods that don't rely on fossil fuels.*

**Leslie Samuelrich, President  
Green Century Capital Management**

*Investors have a crucial role to play in supporting wider efforts to address the damaging effects of plastic waste, the chemical toxicity threats it poses, and its harmful effects on wildlife and sea creatures.*

**Dr Quintin Rayer, Head of Research and Ethical Investment  
P1 Investment Services Ltd**

*We all need to overcome the BAU scenario. Growing plastic polymer production is a significant threat to the plastic pollution crisis, climate change, biodiversity and human health. We need to align our business practices with a clearly defined transition plan to a safe and circular plastics economy.*

**Michela Cocchi, Lady Lawyer Foundation' President  
Lady Lawyer Foundation**