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## Investor Coalitions Urge Consumer Goods Companies to Take Action to Reduce Plastics

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In a [statement](#) released on May 3, 2023, the Dutch Association of Investors for Sustainable Development (VBDO) called for companies in the fast-moving consumer goods (FMCGs) and grocery retail sectors to reduce their dependence on single-use plastic packaging. The investor group is calling on companies and other market participants to “bring production and consumption of plastics within the limits of planetary boundaries and alignment with the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework,” warning that “clean-up is futile” if production continues at current rates. VBDO is an independent group of investors comprising more than 185 organizations with more than \$10 trillion in assets under management that describes itself as a driver, motivator and knowledge leader for responsible investment.

VBDO notes that plastics are costly to society, imposing \$350 billion in costs related to greenhouse gas emissions and ocean pollution. The investors also pointed out that companies involved in producing single-use plastics are increasingly exposed to financial risks as a result of both efforts by policymakers to address plastics-related environmental crises and mounting societal pressure for these companies to be held accountable. Those risks include regulatory challenges, responsibility costs, reputational issues, plastic-related regulation and increased raw materials costs, resulting in higher costs and lost business opportunities for companies that fail to address those risks.

The investor group also says that actions taken by companies in this sector—many of which are signatories to the [Ellen MacArthur Foundation-United Nations Global Commitment](#) — have so far failed to have a significant impact on the scale and at the rate required, in particular to meet the Global Commitment 2025 goal for all packaging to be reusable, recyclable and compostable.

The investors called on the FMCGs and grocery retail companies to make “real and scalable change”—“setting more ambitious targets and taking stronger actions” to “drastically reduce production and consumption of single-use plastic packaging and phase out hazardous chemicals[.]” The statement also called on companies to lobby for and not against “the policy framework needed to support these actions.”

To accomplish these goals, the investors presented three expectations of the companies that intensively use plastic packaging:

1. Support ambitious plastics policies for effective outcomes, including by supporting a Global Plastics Treaty currently being negotiated, joining the Business Coalition for a Plastics Treaty, advocating for legally binding measures that would reduce production and consumption of single-use plastics, boosting reuse of plastic products, and publicly supporting—and not lobbying against—the European Commission’s efforts to reform the Packaging and Packaging Waste Regulation (PPWR).
2. Commit to and achieve an absolute reduction of single-use plastic packaging by developing and implementing a clear plan of action that prioritizes eliminating single-use packaging altogether and scales up reusable packaging systems, including defined timelines and external verification.
3. Address toxicity in value chains by committing to identifying and eliminating the use of hazardous substances in products and packaging, and publicly reporting their progress.

**Taking the Temperature: As we have [reported previously](#), the environmental impact of plastics continues to be a focus for governments and regulators, investor coalitions, and environmental groups across the globe. Nor is this the first time that an investor group has been formed to engage with consumer good companies over the issue of plastic use. The environmental advocacy group As You Sow organized the formation of a coalition of institutional investors, the Plastic Solutions Investor Alliance, to engage with leading consumer goods companies on the threats posed by plastic pollution. As of the end of 2022, the coalition comprised more than 50 investors that had signed the [Investor Declaration on Plastic Pollution](#) aimed at compelling companies that use plastic packaging to take action, including: disclosing plastic packaging use; setting goals to reduce plastic packaging and develop recyclable, reusable or compostable packaging; taking “producer responsibility” for plastic packing use and taking a role in funding and facilitating recycling or composting of packaging; and supporting public policy measures on reducing plastic waste.**

**At least one environmental activist group has decided to litigate rather than simply encouraging companies to act in this area. As we [reported in January](#), environmental nonprofit ClientEarth, along with other activist groups, brought suit against global food-products company Danone, alleging that the company has breached France’s Corporate Duty of Vigilance Law for failing to have an adequate plan to reduce its plastic footprint. Prior to filing the claim in a Paris court, ClientEarth served “legal warnings” on Danone and other French companies, including Auchan, Carrefour, Casino, Lactalis, McDonald’s France, Les Mousquetaires, Picard and Nestlé France. This indicates that other similar actions may follow, including possibly in other jurisdictions.**