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Stewart Investors
Sustainable Funds Group

Tackling plastic pellet loss throughout supply chains

As it is just over 12 months since we instigated the plastic pellet loss investor initiative, we thought we would take the opportunity to provide you with an update and summary of progress since our last update in March 2019.

To recap, the initiative, 'Tackling plastic pellets loss in the supply chain,' was supported by 44 investors with approximately US\$2.6 trillion assets under management.

In December 2018 we wrote to 41 companies who are either involved in the manufacturing, distribution or consumption of plastic pellets. We asked these companies to make a commitment to zero pellet loss within their company and supply chain, work collaboratively to develop an industry tool and set of standards that would enable them to assess their progress towards this goal and commit to publish their progress in their annual report to shareholders.

Most of the companies acknowledged that a closed loop plastic system will not work without addressing pellet loss, and that there is a need for a mandatory industry standard to be introduced.

Although none of the companies put their hands up to drive the implementation of a 'fit for purpose' standard, we believed that a few of the companies are strong signallers either within their supply chain or through their membership of other industry bodies.

Since our initial correspondence and conversations with the companies many have undertaken their

own research to learn more about the issue, and understand what measures are being carried out within their business and supply chain to track and monitor pellet loss.

It is clear that the companies who responded are all committed to reducing plastic, increasing its recyclability and are working both internally and with their suppliers to address and better understand the issue.

We are delighted to share that Godrej Consumer Products Limited, to our knowledge, are the first global consumer company to integrate 'zero pellet loss' into their sustainability procurement policy.

It also looks as though there may be a bit of progress around the development of a plastic pellet loss standard that can be used across the whole of the plastic supply chain. Our understanding is that both Plastics Europe and the British Standards Institution (BSI) are now exploring how such a standard could be implemented. This is an exciting development, but it is still very early days and we have encouraged some of the companies to get in touch with Plastics Europe to ensure that any standard being developed is appropriate for their supply chain.

This is a multi-year engagement and we will continue to discuss the issue with companies until we understand how they are seeking to tackle the issue and help identify appropriate measures for monitoring their supply chains and developing best practice.

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