

STATEMENT FROM THE PRIVATE FINANCIAL SECTOR TO THE MEMBER STATES NEGOTIATING THE INTERNATIONAL LEGALLY BINDING INSTRUMENT (ILBI) TO END PLASTIC POLLUTION

The purpose of this statement is to demonstrate support from the financial sector for an ambitious international legally binding instrument to end plastic pollution and to set out what a robust agreement would include from the perspective of the financial sector.

This statement was drafted by UNEP FI, PRI, Finance for Biodiversity Foundation, Business Coalition for a Global Plastics Treaty, Dutch Association of Investors for Sustainable Development (VBDO) and CDP.

Introduction

Our world is facing a triple planetary crisis of climate change, biodiversity loss and pollution. This crisis impacts our planet, ecosystems, and the wellbeing of people, especially the most vulnerable. Over recent decades, the production and consumption of plastic, particularly single-use items, has surged. The resulting increase in plastic waste and pollution is a significant and growing threat to climate change, biodiversity, human rights, and public health, which exacerbates system level risks. These risks cannot be mitigated simply by diversifying financial portfolios; they threaten the functioning of wider systems on which financial performance relies.¹ Consequently, they demand urgent and necessary collaboration by all actors, including the international financial community.

Action taken by the financial sector could play a crucial role in addressing the root causes of plastic pollution, and in enabling a sustainable, safe, and just circular plastics economy. A circular plastics economy involves addressing the full life cycle of plastic, with after-use considerations at the design phase, and supporting the development of circular business models for reducing, reusing, refilling, and repairing plastic products and packaging, as well as collection, sorting, recycling, and waste management.

Increasingly, the financial sector is stepping up to the plastic pollution challenge in line with internationally agreed frameworks such as the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework (including Target 7c) and by engaging with governments on the ILBI negotiations. This includes, among others, initiatives such as the Finance Leadership Group on Plastics,² VBDO's investor statement³ and letter to Members States,⁴ an open letter from a group of CDP's financial investor signatories to governments calling for mandatory plastic-related corporate disclosure,⁵ and the financial institutions supporting the Business Coalition for a Global Plastic Treaty.⁶

But voluntary action is not enough. We take inspiration from multilateral environmental agreements such as the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework which set a clear mandate for countries to provide frameworks to sustain the necessary redirection of financial

¹ unpri.org/policy/a-legal-framework-for-impact

² unepfi.org/industries/banking/new-finance-leadership-group-to-support-development-of-international-agreement-to-end-plastic-pollution/

³ vbdo.nl/en/2023/03/call-on-investors-sign-our-investor-statement-on-plastics/

⁴ vbdo.nl/en/2023/05/investors-with-us10-trillion-aum-call-on-corporates-to-drastically-ramp-up-action-on-plastics/

⁵ cdp.net/en/plastics/open-letter-to-governments-on-plastics-crisis

⁶ [Endorsers | Business Coalition for a Global Plastics Treaty](#)

flows towards climate and biodiversity goals. The ILBI provides an opportunity to establish a similar policy mandate with regards to eliminating plastic pollution.

The financial sector calls for an ambitious international legally binding instrument to end plastic pollution and sets out what a robust agreement would include.

As signatories to this statement, we each acknowledge that the financial sector can have a role in mitigating the material financial risks related to plastic pollution through our financed activities and investments, where to do so is consistent with relevant legal frameworks and aligned with our fiduciary duty. This can include, for example: incorporating plastic pollution risks into our investment and financing decision-making processes; stewardship with companies and policymakers to address plastic pollution risks; seeking appropriate disclosure from businesses on plastic related issues; and engaging in plastic value chain initiatives to further our efforts.

We express our willingness to actively address the risks of plastic pollution through our financed activities and investments, and to promote the transition to a sustainable, safe, just, resource efficient, and circular economy for plastics. However, we cannot do this alone.

We call on governments to agree an ambitious ILBI that sets a clear objective to end plastic pollution and that is supported by binding rules and obligations for governments to address the full life cycle of plastic. The ILBI should also be based on a scientific approach and create a framework to align all economic actors towards its objectives. A robust ILBI agreement would:

- **Set an objective to align financial flows, public and private, with the objectives of the ILBI.** Member States could draw inspiration from the similar objective on aligning financial flows as set in the Paris Agreement, in its article 2.1.c,⁷ and in the Kunming-Montreal Global Biodiversity Framework, in its Goal D.⁸
- **Set harmonised targets and binding obligations across the plastics value chain.** This would enable business and financial institutions to make more informed, policy-driven, lending and investment decisions with regards to the plastics value chain.
- **Enable and ensure companies assess and disclose plastic related risks and opportunities** (e.g., as part of their assessment of nature-related risks). This should be enabled through consistent mandatory disclosure requirements, which build on existing voluntary frameworks (such as the TNFD recommendations), and harmonised sustainable finance taxonomies (to support the mobilisation of financial flows to a circular plastics economy).
- **Promote an enabling policy environment for the transition to a sustainable and equitable economy that addresses plastic pollution, such as through the provision of well-designed, harmonised extended producer responsibility schemes** that help scale collection, sorting and recycling systems.
- **Catalyse further private investment to end plastic pollution through public-private partnerships, blended finance, and de-risking mechanisms.** These mechanisms mitigate investment risks and incentivise private sector involvement in combating plastic pollution.
- **Identify and optimise the co-benefits and synergies between financial flows addressing plastic pollution, climate action, and biodiversity preservation and restoration** and ensure these links are reflected in policy and regulatory interventions.

⁷ unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf

⁸ cbd.int/gbf/goals/

This statement does not constitute legally binding commitments, nor should it be interpreted as itself dictating or altering the strategies of individual signatories, whose own actions, strategies and policies, as designed and guided by their own business activities and country context, are subject to change and dependent on a variety of factors and variables including actions by other private and public actors, legislations, available methodologies on pathways, as well as accessing client information. Signatories volunteer to sign this statement individually and independently, and signing should not be interpreted as any form of collective action.