


PLASTIC RISK – Measuring investors’ risk in the plastic sector

Questions for investors and lenders to ask management

Recommended Questions		Report’s Key Takeaways
Q.1	How is your company measuring plastic related risks? Background: Corporates in the plastic value chain face physical, transitional, legal, and reputational risks. Each plastic company’s risk register should include exposure to CO ₂ emissions, harmful toxic discharges, visible and invisible plastic pollution (for land, sea and air), chemical additives exposure and rising harm to people and nature. Target: The sensitivity of corporate earnings to plastic risks.	<ul style="list-style-type: none"> • Risk, as measured by the equity risk premium, has remained fairly stable since 2012 for companies in the plastic value chain; however, it started declining (i.e., perceived as less risky) in 2022. • When compared to those industries which are also materials-based, the plastic-exposed sector trades on the lowest risk premium (i.e., is perceived as less risky). • Within the plastic value chain, the single-use plastic producers are generally perceived as the riskiest segment and the consumer staples the least. Packaging & container converters mostly fluctuate between these two. • The universality of plastics, for which demand continues to rise, may make the plastic industry appear like an attractive growth story, but it also increases the sector’s regulatory and litigation exposure. <p>Click to view the report online</p>  <p>Disclaimer: Click here</p>
Q.2	What plastic pollution policies are you forecasting? Background: Between 2012 and 2022, 713 plastic pollution policies have been introduced worldwide. Also, legal cases linked to plastic pollution are expected to grow. Estimates suggest that the social costs associated with these additives between 2022 and 2030 will surpass USD 100 billion per annum globally. Corporate liabilities from plastics litigation between 2022 and 2030 are forecast to rise above USD 20 billion and even further beyond 2030. Target: The financial provisions in place for possible litigation.	
Q.3	When do you expect to reach peak plastic? Background: It is forecast that plastic production is anticipated to almost triple by 2060. Plastic pollution changes habitats and natural processes and impacts human health and social welfare. The planet is unable to cope with the avalanche of waste and pollution resulting from plastic products. In turn, this is causing significant environmental degradation. Target: A firm date for peak plastic.	
Links: <ul style="list-style-type: none"> • Packaging Labels – Don’t lose your bottle over the label • UNEP: Undertaking Negotiations to Eliminate Plasticization • The Greenwashing Hydra 		