Assessing the Plastics Policies of Banks

Methodology of Plastic Banks Tracker

February 2024

Introduction

This document describes the methodology used by Plastic Banks Tracker (PBT) to assess the plastics policies of banks. This initiative is set up by Profundo, BankTrack and Plastic Soup Foundation. PBT aims to contribute to a global transition towards sustainable production, utilization, and waste management of plastics, which is necessary because of the negative impacts of plastics and their additives on climate change, biodiversity, human health and communities.

With this broader goal in mind, PBT focuses concretely on convincing banks and other financial institutions to use their leverage over client and investee companies in the entire plastic life cycle, so that these companies commit to the plastic transition. The plastics life cycle consists of three segments - each including different industries:

- **Upstream**: polymer production, both based on virgin feedstocks (oil and gas) and on recycled plastics;
- **Midstream:** plastics converters and packaging manufacturers; and
- **Downstream:** fast-moving consumer goods companies, other sectors that process plastics, and waste management companies.

Because of their important role in allocating capital, banks have contributed to the present global plastics problem through their financing of companies in all three segments of the plastics life cycle. Simultaneously, banks can be agents of change and play a role in tackling the plastics problem by using their financial leverage over companies in all three segments of the plastics life cycle.

1 Assessment methodology

1.1 Objective

This methodology aims to assess the extent to which banks, through their commitments, policies and implementation practices, contribute to the necessary plastics transition. The assessment evaluates if and how the commitments, policies and practices of banks:

- acknowledge plastics production and consumption as negatively impacting on climate, nature, and human health and communities;
- decrease financial flows towards projects and companies that result in emissions and releases to the environment from plastics and plastic products across the life cycle, including microplastics; and

- increase financial flows towards projects and companies that prevent or reduce emissions and releases to the environment of plastics and plastic products across the life cycle, including microplastics, including for the development of adequate waste management infrastructure.

1.2 Scope of the assessment methodology

The assessment methodology is divided in three parts, in line with the three consecutive phases that, according to Plastic Banks Tracker, banks should go through as they assume their share of responsibility for preventing the impact of plastics on climate, nature, and health and communities. These three phases are:

1. **Acknowledgement and Commitment**: Banks explicitly acknowledge that they, through their financing of companies across the plastics life cycle, are linked to the large negative impacts across the plastics life cycle on:

    - climate change;
    - nature; and
    - human health and communities.

    Based on this acknowledgement, banks should commit to supporting a circular plastics life cycle, by decreasing financial flows towards companies and projects that result in emissions and releases to the environment from plastics and plastic products, and by increasing financial flows towards companies and projects that prevent or reduce plastics production and consumption.

2. **Policy development**: Banks should build on their plastics commitments by developing or updating policies aimed at preventing the negative impacts of plastics on climate change, nature, human health and local communities. These policies should cover the upstream, midstream and downstream segments of the plastics life cycle.

3. **Implementation:** Banks should take decisive steps to meet their plastic commitments and ensure that their financing of companies throughout the plastic life cycle (through various forms of loans, credits and issuance underwritings, as well as through investments in shares and bonds) aligns with their policies. Implementation activities will include the screening of new clients, setting conditions for loans, excluding certain companies and projects, engaging with existing clients, reporting on how policies are implemented, participation in multi-stakeholder initiatives and calls for binding legislation.

1.3 Scoring model

The assessment methodology includes 21 criteria which are essential for the three phases a bank has to go through if it decides to take up its responsibility with regard to the plastics problem in an effective way (see section 1.2). For each element, a maximum number of points is defined, which can be assigned to the bank depending on the contents and robustness of its commitments, policies and implementation measures. In section 1.5 a scoring table is defined for each element, to guide a consistent scoring process.

As Plastic banks Tracker considers it crucial that banks properly acknowledge the plastics problem and commit to play their role in addressing it, criteria 7 to 21 are only scored when a bank scores at least 10 points for the first 4 criteria related to acknowledgement and commitment.

The total number of points a bank has scored will be normalized on a scale of 0 to 10.

1.4 Criteria included in the assessment methodology

The assessment methodology includes 21 criteria that gauge banks based on their public documentation concerning their acknowledgement of the problem, their policies and implementation activities. The framework is summarized in Table 1. More background about the criteria and the scoring tables for each criterium are provided in section 1.5 of this document.

Table 1 Criteria to assess how banks deal with plastics

Phase	Impact	No.	Element description	Points
Acknowledge-ment and Commitments	General	1	The bank publicly acknowledges the negative impacts of plastics on: • climate change • nature • human health and local communities	4
		2	The bank acknowledges its responsibility to help tackle the problem caused by plastics production and waste, due to its financing of companies across the plastics life cycle	4
		3	The bank commits to decrease financial flows towards companies and projects that result in emissions and releases into the environment from plastics and plastic products across the life cycle	4
		4	The bank commits to increase financial flows towards companies and projects that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle	4
Total points for Acknowledgement and Commitments				**16**
Policies	General	5	The bank commits to reduce the financing for companies that have no credible timebound phase out plan for the production of virgin polymers	4
		6	The bank commits to reduce the financing for midstream and downstream companies in the plastics life cycle that have no credible timebound phase out plan for the production of plastics or for their use in production processes	4
	Climate change	7	The bank sets Paris Agreement-aligned emission reduction targets for its financed and facilitated GHG emissions, including short and medium term targets, which cover scope 1, 2 and 3 emissions of the companies it finances	4
		8	The bank sets specific GHG emission reduction targets (scopes 1, 2 and 3) for companies in the plastics life cycle and expects companies to commit to those	4
	Nature	9	The bank requires companies to act in accordance with the following international agreements and standards: • UN Sustainable Development Goals 12 and 14; • UN Convention on the Law of the Sea; • Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework; • Ramsar Convention on Wetlands; and	4

Phase	Impact	No.	Element description	Points
			• IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources.	
		10	The bank requires companies to reduce, and ultimately prevent, emissions and releases to the environment (soil, water and air) from plastics and plastic products across the life cycle, including microplastics	4
		11	The bank requires companies in the plastics life cycle to collaborate with partners on plastic waste collection, sorting and recycling systems and capacities	4
	Health and commu nities	12	The bank requires companies to act in accordance with: • IFC Performance Standards 3 (Resource Efficiency and Pollution Prevention) and 4 (Community Health, Safety and Security); • The Stockholm Convention on Persistent Organic Pollutants; • The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; • The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; and • EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).	4
		13	The bank requires companies in the plastics life cycle to have a human rights due diligence process to identify, prevent, mitigate, and account for the human rights impacts of their present and planned production facilities	4
		14	The bank requires companies in the plastics life cycle to have a human rights due diligence process to identify, prevent, mitigate, and account for the health impacts of all emissions and releases into the environment of plastics and plastic products, caused by the companies themselves and by their customers	4
Total points for Policies				**40**
Implementation	General	15	Does the bank screen current and prospective clients in the plastics life cycle against the bank's commitments and policies by using corporate, scientific and civil society data?	4
		16	Does the bank engage with existing clients in all three segments of the plastics life cycle to ensure they will align with the bank's policies within an ambitious timeline?	4
		17	Does the bank take steps to end financing relationships with existing clients that are not willing to align with the bank's policies within the timeline set?	4
		18	Does the bank offer sustainability-linked loans for companies and projects that aim to reduce or prevent emissions and releases into the environment by plastics and plastic products?	4
		19	Does the bank transparently disclose the bank's exposure to the three segments of the plastic life cycle and to the different	4

Phase	Impact	No.	Element description	Points
			industries involved in these through its loans, investments and/or underwriting services?	
		20	Does the bank use a robust methodology to measure and disclose its financed and facilitated GHG emissions (scope 1, 2 and 3), for companies in the plastics life cycle?	
		21	Does the bank demonstrate public leadership in tackling the plastics pollution crisis, by calling for, and supporting binding national and international legislation and setting up multi-stakeholder initiatives	4
Total points for Implementation				**28**
Total points to be earned in the assessment methodology				**84**

1.5 Background and scoring tables for the assessment criteria

1.5.1 Criteria on acknowledgement and commitments

The following four criteria are included in the assessment methodology to assess if and how the bank acknowledges the plastics problem and commits to contributing to a solution:

1. **The bank publicly acknowledges the negative impacts of plastics on climate change; nature, and human health and local communities**

   Generally speaking, the negative impacts of plastics can be grouped in three categories:

   - **Climate**: As most plastics are derived from fossil fuels (97-99%)[1], plastics have a large carbon footprint and as such accounted for 3.4% of global greenhouse gas emissions in 2019.[2] This share is expected to grow rapidly, as the direct use and combustion of fossil fuels is expected to decrease because of climate policies. The UN Environment Programme (UNEP) estimates that plastics could account for 19 percent of the remaining greenhouse gas emissions by 2040.[3]
   - **Nature**: Significant stocks of plastics have already accumulated in aquatic environments across the globe: by 2022, this amounted to 109 million tonnes of plastic waste in rivers, and 30 million tonnes in the ocean.[4] However, terrestrial ecosystems are also harmed by microplastic contamination, since most plastics are first produced, used, and disposed of on land.[5] Agricultural land may contain four to 23 times more microplastics than the oceans do.[6]
   - **Health and local communities:** Plastics pollution and waste has repercussions not only for the environment and biodiversity, but also for human health. In 2021 and 2022 alone, over 400 scientific articles were published on the health effects of microplastics.[7] As plastics are used and spread all over the world, impacts are felt by people in many countries and regions but communities living closely to a polymer or plastics plant run even higher health risks.

   As banks play an important role in the global allocation of funds needed for investments, they can potentially play an important role in addressing the plastics problem. This requires, however, as a first step, an acknowledgement of the negative impacts of plastics on climate change, nature and/or human health and local communities. This is reflected in the scoring table for criterium 1.

Table 2 Scoring table criterium 1

Score	Assessment
0	The bank does not acknowledge the negative impacts of plastics
1	The bank does name plastics as an ESG-issue it is paying attention to
2	The bank publicly mentions the negative impacts of plastics on climate change, nature and/or human health and local communities
3	The bank publicly mentions the negative impacts of plastics on climate change, nature and human health and local communities
4	The bank publishes its own analysis of the global plastics crisis, discussing impacts on climate change, nature and human health and local communities

2. The bank acknowledges its responsibility to help tackle the problem caused by plastics production and waste, due to its financing of companies across the plastics life cycle

The plastics life cycle consists of three segments - each including different industries:

- **Upstream**: polymer production, both based on virgin feedstocks (oil and gas) and on recycled plastics;
- **Midstream**: plastics converters and packaging manufacturers; and
- **Downstream**: fast-moving consumer goods companies, other sectors that process plastics, and waste management companies.

Because of their important role in allocating capital, banks have contributed to the present global plastics problem through their financing of companies in all three segments of the plastics life cycle. Simultaneously, banks can be agents of change and play a role in tackling the plastics problem by using their financial leverage over companies in all three segments of the plastics life cycle. To do so, in the first place requires the acknowledgement from banks that they are enabling, with their financings, the future business models of companies in all three segments of the plastics life cycle and that they therefore have a responsibility to help tackle the plastics problem.

Table 3 Scoring table criterium 2

Score	Assessment
0	The bank does not acknowledge its shared responsibility for the plastics problem
1	The bank acknowledges that it is financing companies in the plastics life cycle
2	The bank acknowledges that it is financing companies in the upstream segment of the plastics life cycle and that this brings along some sort of responsibility
3	The bank acknowledges that it is financing companies in all segments of the plastics life cycle and that this brings along some sort of responsibility
4	The bank acknowledges that it is financing companies in all segments of the plastics life cycle and is explicit about its shared responsibility to tackle the plastics problem

3. **The bank commits to decrease financial flows towards companies and projects that result in emissions and releases into the environment from plastics and plastic products across the life cycle**

To help address the impacts of plastics on climate change, nature and health, an "Intergovernmental negotiating committee" hosted by the United Nations Environment Programme (UNEP) is at present discussing an "International legally binding instrument on plastic pollution, including in the marine environment".[8] The objective of this so-called "Plastics Treaty" is "to protect human health and the environment from plastic pollution, including in the marine environment." With this objective in mind, the draft Plastics Treaty discusses steps which need to be taken over the full plastics life cycle to enable a transition to a circular economy, from polymer production via the usage of plastics in various products to the management of plastic waste. All countries signing the Treaty commit to develop and implement a national plan to achieve its objectives.

The negotiators acknowledge that banks and other financial institutions can play a critical role in facilitating the necessary transition of the plastics life cycle, by making capital available for companies and projects which support the transition and by denying funding to plastics activities which continue to threaten the climate, nature and health. The draft Plastics Treaty therefore mentions: "Each Party shall take measures to:

- decrease financial flows from all domestic and international, public, and private sources, towards projects that result in emissions and releases to the environment from plastics and plastic products across the life cycle, including microplastics; and
- increase financial flows from all domestic and international, public, and private sources, towards projects that prevent or reduce emissions and releases to the environment of plastics and plastic products across the life cycle, including microplastics, including for the development of adequate waste management infrastructure."[9]

Table 4 Scoring table criterium 3

Score	Assessment
0	The bank makes no commitment regarding decreasing financial flows towards plastics companies and projects
1	The bank states without further details that in certain cases it could choose not to finance plastics companies and projects
2	The bank states that in certain cases it could not to finance plastics companies and projects, linking this to production expansion or a type of product
3	The bank makes a broader commitment to decrease financial flows towards companies and projects in the upstream stage of the plastics cycle that result in emissions and releases into the environment from plastics and plastic products
4	The bank makes a broader commitment to decrease financial flows towards companies and projects in all stages of the plastics cycle that result in emissions and releases into the environment from plastics and plastic products

4. **The bank commits to increase financial flows towards companies and projects that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle**

As mentioned under criterium 3, the draft Plastics Treaty explicitly advocates for increasing financial flows towards companies and projects that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle. This is aligned with the goal of the Plastics Treaty and other policy initiatives to strive for a circular economy for plastics, defined by the Ellen MacArthur Foundation as “A systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution. It is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature.”[10]

In a circular plastics economy, the following is ensured:

- Elimination of problematic or unnecessary plastic packaging through redesign, innovation, and new delivery models is a priority;
- Reuse models are applied where relevant, reducing the need for single-use packaging;
- All plastic packaging is 100% reusable, recyclable, or compostable;
- All plastic packaging is reused, recycled, or composted in practice;
- The use of plastic is fully decoupled from the consumption of finite resources; and
- All plastic packaging is free of hazardous chemicals, and the health, safety, and rights of all people involved are respected.[11]

The EU’s plastics strategy, adopted in January 2018 as part of the EU’s circular economy action plan, aims to transform the way plastic products are designed, produced, used and recycled in the EU. Part of this strategy is to make recycling profitable for business, to design new rules on packaging to improve the recyclability of plastics and increase the demand for recycled plastic content, improve the separate collection of plastic waste, among other actions.[12]

The EU Packaging and Packaging Waste Directive (PPWD) in 2019 also sets out EU Member States’ recycling targets for used packaging, and contains packaging design requirements that aim to reduce packaging waste. Targets are set for 2025 and 2030.[13]

Table 5 Scoring table criterium 4

Score	Assessment
0	The bank makes no commitment regarding increasing financial flows to plastics companies and projects that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle
1	The bank states without further details that it looks positively at financing companies or projects that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle
2	The bank states that it finances companies or projects that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle, mentioning one or two clear examples
3	The bank makes a broader commitment to increase financial flows towards companies and projects in one stage of the plastics cycle that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle
4	The bank makes a broader commitment to increase financial flows towards companies and projects in all stages of the plastics cycle that prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle

1.5.2 Criteria on policies

The following eleven criteria are included in the assessment methodology to assess the policies of the bank which are relevant for dealing with the plastics problem:

5. **General: The bank commits to reduce the financing for companies that have no credible timebound phase out plan for the production of virgin polymers**

The production of plastic polymers uses 6-8% of global oil and gas production.[14] While oil and gas companies must reduce production to meet global climate commitments, the production of virgin fossil-based plastic polymers is increasing rapidly. Recent investments of billions of dollars by major integrated oil companies in new oil and gas fields are also compromising international agreements on the reduction of plastic.[15] Plastics production has already risen exponentially in recent decades, currently amounts to some 400 million tons per year, and is forecast to double by 2040.[16]

The natural gas boom, especially in the United States, has made plastic feedstocks cheap and abundant. Ethane, originating from shale gas sources, has become the new cheap feedstock for the petrochemical ethylene which is used to make a variety of plastic products, including the most common ones: polyethylene (PE), polyvinylchloride (PVC), polystyrene (PS) and polyethylene terephthalate (PET). This development has led to a significant drop in the costs of production of new virgin plastic, an increase in the production and use of plastic and, consequently, more plastic waste.[17]

Solving the plastics problem will be impossible if the production of plastic polymers from virgin feedstocks will continue to increase. Acknowledgement of their shared responsibility for the global plastics problem therefore needs to be accompanied by an acknowledgment of the first priority: reducing the financing for new, (virgin) polymer production capacity.

Table 6 Scoring table criterium 5

Score	Assessment
0	The bank does not make a commitment in relation to virgin polymer production
1	The bank commits to consider carefully if it should participate in financing new virgin polymer production capacity
2	The bank commits to stop financing projects that expand the production of virgin polymers
3	The bank commits to stop all types of financing to companies that expand the production of virgin polymers
4	The bank commits to stop financing companies that have no credible timebound phase out plan for the production of virgin polymers

6. **General: The bank commits to reduce the financing for midstream and downstream companies in the plastics life cycle that have no credible timebound phase out plan for the production of plastics or for their use in production processes**

Single-use plastics (SUPs), which are mainly used for packaging all sorts of products, are the most controversial form of plastics. Because of the single use, their carbon footprint is very high in relation to their lifetime. And they constitute a very high proportion of the volume of plastics released into the environment every year.[18]

Reducing the production and use (e.g. by fast-moving consumer goods companies) of single-use plastics therefore is one of the priority steps to tackle the global plastics problem. The acknowledgement by banks of their shared responsibility for the global plastics problem therefore needs to be accompanied by an acknowledgment of this priority.

Table 7 Scoring table criterium 6

Score	Assessment
0	The bank does not make a commitment in relation to single-use plastics
1	The bank commits to consider carefully if it should participate in financing new single-use plastics production capacity
2	The bank commits to stop financing projects that expand the production of single-use plastics
3	The bank commits to stop the financing of companies that expand the production of single-use plastics (SUPs) or to stop the financing of companies that expand the use of single-use plastics in production processes
4	The bank commits to stop financing companies that have no credible timebound phase out plan for the production of single-use plastics (SUPs) or for their use in production processes

7. Climate change: The bank sets Paris Agreement-aligned emission reduction targets for its financed and facilitated GHG emissions, including short and medium term targets, which cover scope 1, 2 and 3 emissions of the companies it finances

Plastic polymers are usually fossil-fuel based products made by petrochemical producers, and are often part of integrated oil and gas companies. Fossil-based plastic polymers have high carbon footprints during production, as well as throughout their lifecycle: from the extraction and transport of fossil fuels to energy, from the emissions-intensive refining processes to plastic waste management, or leakage into the environment.[19]

According to UN Environment Programme (UNEP), the global plastics industry is the fastest-growing source of industrial greenhouse gases in the world. The UNEP further estimates that the greenhouse gas emissions from plastic production, use and disposal could account for 19 percent of the total global carbon budget by 2040.[20]

The latest scientific consensus released by the IPCC in 2022 indicates that to achieve the 2015 Paris Agreement to limit global warming 1.5º C, GHG emissions need to be cut 43-50% by 2030 in comparison to 2019 levels.[21] Furthermore, the Paris Agreement sets the goal of *"making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development"*.[22]

Since the adoption of the Paris Agreement in 2015, the world has seen an increasing number of net-zero pledges, criterium and benchmarks of varying robustness, by non-State actors, including banks. To tackle greenwashing, the UN High-Level Expert Group (UN-HLEG) on the Net-Zero Emissions Commitments of Non-State Entities established ten recommendations to develop stronger and clearer standards for net-zero emissions pledges by these non-State entities, and speed up their implementation.[23] The UN-HLEG recommends that banks make a net zero pledge representing a fair share of the needed mitigation effort, containing interim targets in 2025, 2030 and 2035.

Table 8 Scoring table criterium 7

Score	Assessment
0	The bank does not set Paris Agreement-aligned emission reduction targets for its financed and facilitated GHG emissions
1	The bank sets Paris Agreement-aligned emission reduction targets for its portfolio, but it is not clear of all financed and facilitated GHG emissions are covered or these only cover the long-term ("Net zero by 2050")
2	The bank sets Paris Agreement-aligned emission reduction targets for all its financed and facilitated GHG emissions, but these only cover the medium- and/or long-term
3	The bank sets Paris Agreement-aligned emission reduction targets for its financed and facilitated GHG emissions, including short and medium term targets, which cover scope 1, and 2 emissions of the companies it finances
4	The bank sets Paris Agreement-aligned emission reduction targets for its financed and facilitated GHG emissions, including short and medium term targets, which cover scope 1, 2 and 3 emissions of the companies it finances

8. **Climate change: The bank sets specific GHG emission reduction targets (scopes 1, 2 and 3) for companies in the plastics life cycle and expects companies to commit to those**

Complementing the emission reduction targets for their entire portfolio, banks should set sectoral targets for the economic sectors they are financing. Banks need to understand for all sectors they are active in how much the sectoral GHG emissions need to decrease to get in line with a 1.5 degrees scenario. Therefore they use the sectoral pathways developed by organizations like the Transition Pathway Initiative and the Science Based Targets Initiative.[24]

"Sectoral pathways provide the link between the science of the remaining carbon budget and the detailed steps that a specific sector could take to reduce GHG emissions to a particular level in a specified timeframe. (..) Such pathways provide a useful benchmark for financial institutions to shape their lending, investment, and insurance activities, and related services, in line with the net-zero transition in particular sectors."[25]

With these pathways they can assess if companies are following the projected GHG reduction for their sector or not. So this is an approach which can help with screening and excluding companies (as they are not following the sectoral reduction pathway), but also to engage with companies to stimulate them to follow the sectoral pathway.[26] In relation to the plastics problem, the sectoral targets should cover the sectors which are part of the plastics life cycle.

The sectoral targets should align with a 1.5 °C global warming scenario under the Paris Climate Agreement, which requires a pathway towards zero GHG emissions by 2050 and a GHG reduction of around 50% by 2030. The Expert Peer Review Group (EPRG) of the UN Race to Zero campaign notes that this reduction target implies average annual reductions of approximately 7 per cent following the 'Carbon Law' as a rapid roadmap for global decarbonisation. However, the EPRG also recognises that change may not be linear, in particular for hard-to-abate sectors and that 7% per year may be more/less ambitious depending on baseline, sector and geography.[27]

The United Nation's High-Level Expert Group recommends: "Company transition plans must: [...] disclose short-, medium- and long-term absolute emission reduction targets, and, if relevant, relative emission reduction targets."[28] The targets and pathways to net zero should be generated using a robust methodology consistent with limiting warming to 1.5°C with no or limited overshoot verified by a third party "for example by the Science Based Targets Initiative (SBTi), the Partnership for Carbon Accounting Financials (PCAF), The Paris Agreement Capital Transition Assessment (PACTA), the Transition Pathway Initiative (TPI), the International Organization for Standardization (ISO), among others".[29]

Table 9 Scoring table criterium 8

Score	Assessment
0	The bank does not set sectoral GHG emission reduction targets
1	The bank sets sectoral GHG emission reduction targets for 1 or 2 sectors included in the plastics life cycle, covering scope 1 and 2 emissions
2	The bank sets sectoral GHG emission reduction targets for 1 or 2 sectors included in the plastics life cycle, covering scope 1, 2 and 3 emissions
3	The bank sets specific GHG emission reduction targets (scopes 1, 2 and 3) for most sectors in the plastics life cycle
4	The bank sets specific GHG emission reduction targets (scopes 1, 2 and 3) for all sectors in the plastics life cycle

9. **Nature: The bank requires companies to act in accordance with the following international agreements and standards:**
   - **UN Sustainable Development Goals 12 and 14;**
   - **UN Convention on the Law of the Sea;**
   - **Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework;**
   - **Ramsar Convention on Wetlands; and**
   - **IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources.**

Plastic pollution has been widely recognized as a new global environmental issue with many negative impacts.[30] The United Nations Environment Programme (UNEP) describes the impacts of plastic production and pollution as a planetary crisis, and a catastrophe in the making.[31] Some scientists believe that plastic pollution could trigger tipping Score, risking irreversible consequences for ecosystems, and it has been suggested as a geological indicator of the Anthropocene era.[32]

In July 2017, the United Nations met on the implementation of Sustainable Development Goal 14: Preserve and make sustainable use of oceans, seas and marine resources,[33] and adopted the resolution Our ocean, Our future: call for action. All countries agreed to "implement long term and robust strategies to reduce the use of plastics and microplastics, in particular plastic bags and single use plastics, including by partnering with stakeholders at relevant levels to address their production, marketing and use".[34] Countries confirmed their support at the UN Ocean Conference in 2022.[35] In March 2022, UN Member States representatives endorsed a landmark agreement during the fifth session of the UN Environment Assembly (UNEA-5.2) to end plastic pollution – both terrestrial and aquatic - and to forge an international legally binding agreement by 2024.[36]

Banks should commit to require companies in the plastics life cycle to act in accordance with international agreements that aim to protect the natural environment. Relevant agreements include the:

- **UN Sustainable Development Goal (SDG) 12**: Ensure sustainable consumption and production patterns[37] and **SDG 14**: Preserve and make sustainable use of oceans, seas and marine resources.[38]
- **UN Convention on the Law of the Sea**: This convention obliges all signatory countries to protect and preserve the biodiversity in ocean areas, including to safeguard international fishing waters from pollution. In article 4, pollution is defined as: "the introduction by man, directly or indirectly, of substances or energy into the marine environment, including estuaries, which results or is likely to result in such deleterious effects as harm to living resources and marine life, hazards to human health, hindrance to marine activities, including fishing and other legitimate uses of the sea, impairment of quality for use of sea water and reduction of amenities".[39]
- **Convention on Biological Diversity (CBD) and the Kunming-Montreal Global Biodiversity Framework (GBF)**: The CBD promotes biological diversity and sustainable ecosystems, while the GBF is an implementation plan for the CBD that includes target 7 to eliminate (plastic) pollution: "Reduce pollution risks and the negative impact of pollution from all sources by 2030, to levels that are not harmful to biodiversity and ecosystem functions and services, considering cumulative effects, including: (a) by reducing excess nutrients lost to the environment by at least half, including through more efficient nutrient cycling and use; (b) by reducing the overall risk from pesticides and highly hazardous chemicals by at least half, including through integrated pest management, based on science, taking into account food security and livelihoods; and (c) by preventing, reducing, and working towards eliminating plastic pollution".[40]
- **Ramsar Convention on Wetlands**: The convention protects the ecosystems and habitats of wetlands including swamps and bogs, which are rich in biodiversity. Plastics are identified as a major threat to these areas on the convention website: "Wetlands are grievously affected by plastic pollution with more than 800 marine and coastal species affected by this pollution through ingestion, entanglement and other dangers. Rivers and other wetlands are not only places which plastic waste flows through, they are also places where long-term deposits settle."[41]
- **IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources**: The Performance Standards of the International Finance Corporation (IFC), the private sector arm of the World Bank Group, provide guidance to companies on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. In the financial sector these standards are followed by many private banks as well. Performance Standard 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and managing living natural resources adequately are fundamental to sustainable development. [42]

Table 10 Scoring table criterium 9

Score	Assessment
0	The bank does not require companies to act in accordance with international agreements and standards related to nature
1	The bank mentions two or more international agreements and standards related to nature, but does not make clear if it requires financed companies to act in accordance with these standards
2	The bank requires companies to act in accordance with two of the mentioned international agreements and standards
3	The bank requires companies to act in accordance with three of the mentioned international agreements and standards
4	The bank requires companies to act in accordance with all mentioned international agreements and standards

10. Nature: The bank requires companies to reduce, and ultimately prevent, emissions and releases to the environment (soil, water and air) from plastics and plastic products across the life cycle, including microplastics

By 2022 an estimated 30 million tonnes of plastic waste had accumulated in seas and oceans, and a further 109 million tonnes in rivers.[43] In 2019 alone, 6.1 million tonnes of plastic waste leaked into aquatic environments and 1.7 million tonnes into oceans.[44] Plastics are not biodegradable: they fragment into smaller pieces rather than decompose. Even when plastics break down into microplastics of five millimetres or less, the fragments contaminate soil and waterways, and the chemicals leach out and cause health damage. More than 800 marine and coastal species are affected by plastics pollution through ingestion, entanglement, and other dangers.[45]

Terrestrial ecosystems (both flora and fauna) are also damaged by microplastic contamination, since most plastics are first produced, used, and disposed of on land.[46] It is estimated that agricultural land may contain four to 23 times more microplastics than the oceans do.[47] In addition, choked waterways exacerbate the effects of natural disasters.

Table 11 Scoring table criterium 10

Score	Assessment
0	The bank has no policy on emissions to the environment
1	The bank mentions environmental pollution as an ESG-issue it is paying attention to
2	The bank requires companies to reduce emissions and releases to the environment (soil, water and air), without specific reference to plastics
3	The bank requires companies to reduce emissions and releases to the environment (soil, water and air) from plastics and plastic products across the life cycle, including microplastics
4	The bank requires companies to reduce, and ultimately prevent, emissions and releases to the environment (soil, water and air) from plastics and plastic products across the life cycle, including microplastics

11. **Nature: The bank requires companies in the plastics life cycle to collaborate with partners with plastic waste collection, sorting and recycling systems and capacities**

Businesses producing and/or selling plastic packaging have a responsibility beyond the design and use of their packaging, which includes contributing towards it being collected and reused, recycled, or composted in practice.[48]

Of the estimated 6,300 million tonnes of plastics waste generated between 1950 and 2015, twelve per cent was incinerated, 80 per cent accumulated in landfills or the natural environment, and only nine per cent recycled.[49] One significant contributor to the creation of marine plastic waste and chemical pollution was the trade of plastic waste from developed to developing countries. This led restrictions on the plastics waste trade under the Basel Convention in May 2019. The Convention was amended to include plastic waste "in a legally-binding framework which will make global trade more transparent and better regulated, whilst also ensuring that its management is safer for human health and the environment".[50]

Table 12 Scoring table criterium 11

Score	Assessment
0	The bank has no policy on waste collection and recycling
1	The bank makes a general statement in favour of waste collection and recycling
2	The bank requires companies in the plastics life cycle to consider the waste they are co-responsible for
3	The bank requires companies in the plastics life cycle to collaborate with partners with plastic waste collection, sorting and recycling systems and capacities
4	The bank requires companies in the plastics life cycle to collaborate with partners with plastic waste collection, sorting and recycling systems and capacities, with a focus on high-leakage countries

12. **Health and communities: The bank requires companies to act in accordance with:**
    - **IFC Performance Standard 3 (Resource Efficiency and Pollution Prevention) and 4 (Community Health, Safety, and Security)**
    - **The Stockholm Convention on Persistent Organic Pollutants;**
    - **The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal;**
    - **The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; and**
    - **EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)**

The plastics lifecycle causes health problems for humans. The breakdown of plastics into micro- and nanoplastics (defined as plastic particles < 5 mm, and < 0.1 µm in size, respectively) poses risks to humans through inhalation, ingestion and dermal contact.[51] The breakdown causes damage to health as a result of chemicals released or leached into the soil, water, air, and into items that people use. Many of the hazardous chemicals that leach from plastics are endocrine disrupting chemicals (EDCs). These include bisphenols, alkylphenol ethoxylates, perfluorinated compounds, brominated flame retardants, phthalates, UV stabilizer, and metals.[52]

The Endocrine Society has demonstrated that exposure to many of the EDCs that are integral to plastics can lead to cancers, diabetes, kidney, liver, and thyroid impacts, metabolic disorders, neurological impacts, inflammation, alterations to both male and female reproductive development, infertility, and impacts to future generations as a result of germ cell alterations.[53]

One type of EDCs are per- and polyfluoroalkyl substances (PFAs). Around 4,000 PFAs are estimated to be in commercial use, have been widely incorporated into consumer products since the 1940s.[54]

Relevant international standards on the health impacts of plastics and their additives are:

- **IFC Performance Standard 3 (Resource Efficiency and Pollution Prevention) and 4 (Community Health, Safety, and Security)**: The Performance Standards of the International Finance Corporation (IFC), the private sector arm of the World Bank Group, provide guidance to companies on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. In the financial sector these standards are followed by many private banks as well. Performance Standard 3 guides companies to integrate practices and technologies that promote energy efficiency, use resources — including energy and water — sustainably, and reduce greenhouse gas emissions.[55] Performance Standard 4 helps companies adopt responsible practices to reduce risks and adverse impacts related to worksite accidents, hazardous materials, spread of diseases, or interactions with private security personnel, including through emergency preparedness and response, security force management, and design safety measures.[56]
- **The Stockholm Convention on Persistent Organic Pollutants**: Exposure to Persistent Organic Pollutants (POPs) can lead to serious health effects including certain cancers, birth defects, dysfunctional immune and reproductive systems, greater susceptibility to disease and damages to the central and peripheral nervous systems.[57] Throughout the processes of production, consumption, and disposal, plastics interact with and accumulate POPs through several mechanisms and end up co-existing in the environment. Plastic waste can undergo long-range transport through rivers and the oceans, break down into microplastics and get transported through the air, or remain locked in waste dump yards and landfills. Over time, environmental processes lead to the leaching and release of accumulated POPs from these plastic wastes.[58] The Stockholm Convention is a global treaty to protect human health and the environment from these Persistent Organic Pollutants: chemicals that remain intact in the environment for long periods, become widely distributed geographically, accumulate in the fatty tissue of humans and wildlife, and have harmful impacts on human health or on the environment.[59]
- **The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal**: Awakening environmental awareness and corresponding tightening of environmental regulations in the industrialized world in the 1970s and 1980s had led to increasing public resistance to the disposal of hazardous wastes and to an escalation of disposal costs. This in turn led some operators to seek cheap disposal options for hazardous wastes in Eastern Europe and the developing world, where environmental awareness was much less developed and regulations and enforcement mechanisms were lacking. It was against this background that the Basel Convention was negotiated in the late 1980s, and its thrust at the time of its adoption was to combat the "toxic trade", as it was termed. The Convention entered into force in 1992.[60]

In 2019 amendments to the Convention were adopted with the objectives of enhancing the control of the transboundary movements of plastic waste and clarifying the scope of the Convention as it applies to such waste.[61] The Convention has listed two PFAs in the global elimination list, and a third has been recommended for inclusion. The Convention also lists for elimination certain plastics polymer additives such as brominated flame retardants (BFRs).

- **The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade**: The Rotterdam Convention was adopted in 1998 entered into force in 2004. The Convention aims to promote shared responsibility and cooperative efforts in the international trade of certain hazardous chemicals in order to protect human health and the environment from potential harm and to contribute to the environmentally sound use of those hazardous chemicals.[62]

  More than 6000 chemicals are found in plastics, including at least 1518 plastic-related chemicals of concern. These chemicals include intentionally added, also known as additives, to ensure plastic has the essential properties that make it one of the leading materials in various sectors. They include plasticizers, flame retardants, pigments, and stabilizers. In addition, plastic may contain other substances, like solvents, processing aids and non- intentionally added chemicals. The Rotterdam Convention requires the Prior Informed Consent procedure for some metals and organic compounds relevant to plastics.[63]

- **EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)**: This regulation of the European Union specifies how to protect people's health and the environment against the risks of chemicals.[64] In order to comply with the regulation, companies must identify and control the risks connected to the chemicals they produce in Europe or which they launch in the European market. They must show how the chemical may be safely used and must report measures that reduce risks to the users. Under REACH, all companies in the supply chain of chemicals (producers, importers, users, and buyers) are responsible. When the risks involved with the use of a substance cannot be satisfactorily quantified and removed, even if a cause and effect relationship has not been fully proven scientifically, then the substance should not be used. A lack of scientific consensus on the possible harmfulness of a chemical is not a sufficient reason to avoid precaution. This is also the case when a substance is not restricted or regulated by the government. Furthermore, the principle also entails considering alternatives and considering the full impacts of a substance over time.[65]

Table 13 Scoring table criterium 12

Score	Assessment
0	The bank has no policy on harmful emissions
1	The bank requires companies to limit harmful emissions to the environment, without reference to international standards
2	The bank requires companies to limit harmful emissions to the environment and to act in accordance with at least one international standard mentioned
3	The bank requires companies to limit harmful emissions to the environment and to act in accordance with all international standards mentioned
4	The bank requires companies and their suppliers to limit harmful emissions to the environment and to act in accordance with all international standards mentioned

13. **Health and communities: The bank requires companies in the plastics life cycle to have a human rights due diligence process to identify, prevent, mitigate, and account for the human rights impacts of their present and planned production facilities**

The bank should require that companies it finances fully comply with the UN Guiding Principles on Business and Human Rights, which amongst others require that companies establish human rights due-diligence processes and monitoring systems. The aim of human rights due diligence and monitoring systems is to assess how the human rights of individuals and communities are affected by their present operations and how they could be affected by their expansion plans. This requirement should also apply to the company's subsidiaries and direct and indirect suppliers.

This obligation is grounded in the 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs) which clarify that the responsibility to respect human rights is a global standard of expected conduct for all companies, wherever they operate. It exists independently of states' abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations. Furthermore, this responsibility exists over and above compliance with national laws and regulations protecting human rights.

The responsibility to respect human rights requires that companies:[66]

- Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and
- Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

According to Guiding Principle 15 of the UNGPs, in order to meet the responsibility to respect human rights, companies must have in place a *policy commitment* to meet their responsibility to respect human rights and establish a *human rights due-diligence process* to identify, prevent, mitigate and account for how they address their impacts on human rights. Guiding Principles 16 to 24 of the UNGPs provide operational guidance on how the required policies and processes should be put into practice. [67]

The UNGPs are broadly supported, among others the OECD Guidelines for Multinational Enterprises[68] and the Equator Principles[69] have aligned their human rights requirements with the UNGPs.

Table 14 Scoring table criterium 13

Score	Assessment
0	The bank has no policy regarding the rights of local communities living near the present and planned production facilities of the companies they are financing
1	The bank expects companies to take into account the rights of local communities living near their present and planned production facilities
2	The bank requires companies to respect the UNGPs or to undertake Environmental and Social Impact Assessments for new production facilities, without explicitly requiring a human rights due diligence process
3	The bank requires companies to have a human rights due diligence process to identify, prevent, mitigate, and account for the human rights impacts of their present and planned production facilities

Score	Assessment
4	The bank requires companies to have a human rights due diligence process to identify, prevent, mitigate, and account for the human rights impacts of their present and planned production facilities, as well those of their suppliers

14. Health and communities: The bank requires companies in the plastics life cycle to have a human rights due diligence process to identify, prevent, mitigate, and account for the health impacts of all emissions and releases into the environment of plastics and plastic products, caused by the companies themselves and by their customers

The production, use and disposal of plastics can have serious impacts for the human rights of people across the world, beyond the human rights impacts for communities living in the immediate surroundings of the present and planned production facilities of companies in the plastics life cycle (which are central to criterium 13). These broader, not geographically limited human rights impacts of plastics are mainly related to the impacts of plastics on human health, as discussed under criterium 12.

The right to health is a fundamental part of our human rights and of our understanding of a life in dignity, explains a joint publication of the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the World Health Organization (WHO).This right was first articulated in the 1946 Constitution of the WHO, whose preamble states that “the enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition.” The 1948 Universal Declaration of Human Rights also mentioned health as part of the right to an adequate standard of living (art. 25). The right to health was again recognized as a human right in the 1966 International Covenant on Economic, Social and Cultural Rights.[70]

This means that banks should expect from the companies they finance that they identify, prevent, mitigate and account for how they address the negative health impacts of the production, use and disposal of plastics worldwide. [71]

Table 15 Scoring table criterium 14

Score	Assessment
0	The bank has no policy acknowledging the right to health as an universal human right
1	The bank expects companies to acknowledge the right to health as an universal human right
2	The bank requires companies to respect the UNGPs, without explicitly requiring a human rights due diligence process
3	The bank requires companies to have a human rights due diligence process in place to identify, prevent, mitigate, and account for the human rights impacts of their emissions and releases into the environment of plastics and plastic products
4	The bank requires companies to have a human rights due diligence process in place to identify, prevent, mitigate, and account for the human rights impacts of all emissions and releases into the environment of plastics and plastic products, caused by the companies themselves and by their customers

1.5.3 Criteria on implementation

The following seven criteria are included in the assessment methodology to assess how the bank implements its commitments and policies in its relationships with companies in the plastics life cycle:

15. The bank screens current and prospective clients in the plastics life cycle against the bank's commitments and policies by using corporate, scientific and civil society data

The commitments and policies formulated by the bank regarding its financings of companies in the plastics life cycle require a rigorous implementation to become effective. This implementation process starts with screening all the companies in the plastics life cycle with which the bank already has financing relationships with, as well as all of its prospective clients, to understand their strategies, production plans, and their impacts on climate change, nature, health and communicates, through emissions and releases into the environment from plastics and plastic products.

At present, some sort of screening of clients on Environmental, Social and Governance (ESG) issues is quite common among banks, but there are big differences in rigour and in sources used. Often the screening is quite superficial, just checking if the companies is listed as being controversial on one or more ESG issues by specialized ESG rating agencies. As these rating agencies have to operate on a market where prices are under pressure, they often simply do not have the time and means to assess the practices of companies very rigorously.

To be effective, an extensive screening of all present and prospective clients in the plastics life cycle is needed, complementing data supplied by the companies themselves and the ESG rating agencies with more in-depth assessments made by scientists, civil society organizations and other stakeholders. Only by such an elaborate screening process, the bank can really understand the impacts which companies in the plastics life cycle are having on climate change, nature, health and communities. On this topic the Organisation for Economic Co-operation and Development (OECD) recommends: "Where information deficits exist, banks are encouraged to embrace complementary approaches, i.e. to combine quantitative and qualitative means, such as checklists, assessment tools, algorithm-based tools, indexes, reports, and regular consultation with clients and stakeholders in order to identify actual and potential Responsible Business Conduct risks linked to specific companies or to industry sectors as a whole."[72]

The Global Reporting Initiative also recommends banks to be transparent on their screening processes. The new *GRI Universal Standard*, released in 2021, will be complemented by various *Sector* and *Topic Standards*.[73] As long as the three new Sector Standards for the financial sector are under development, the Global Reporting Initiative recommends banks and other financial institutions to continue using the older *G4 Financial Services Sector Disclosure* together with the new *GRI Universal Standard*.[74] This publication recommends banks to report on: "The process and procedures used to screen and assess environmental and social risks, including the use of third-party, non-client consultants or other information sources for identifying and assessing risks."[75]

Table 16 Scoring table criterium 15

Score	Assessment
0	The bank does not provide information on how it is screening its clients
1	The bank briefly mentions that high-risk clients are screened, without further details how clients are identified as high-risk

Score	Assessment
2	The bank describes how all current and prospective clients are screened, without details on the data used or by referring only to data from ESG rating agencies
3	The bank describes that it is sometimes using corporate, scientific and civil society data (next to data from ESG rating agencies) to screen all current and prospective clients
4	The bank describes how it is systematically using corporate, scientific and civil society data to screen all current and prospective clients

16. The bank engages with existing clients in all three segments of the plastics life cycle to ensure they will align with the bank's policies within an ambitious timeline

In 2021, the UN Principles for Responsible Investment (PRI) and the Ellen MacArthur Foundation (EMF) published new guidance for investors on how to engage with companies on plastic waste and pollution. Guidelines are published for the different actors in the plastics life cycle, including petrochemicals, containers and packaging, Fast-Moving Consumer Goods companies (FMCGs) and on waste management.[76]

According to these guidelines, investors should constructively engage with companies in the plastic packaging life cycle to determine how they are managing risks and opportunities in relation to plastic packaging and encourage them to take action by 2025 to:

- eliminate the production and use of problematic or unnecessary plastics;
- innovate to ensure that all plastics are reusable, recyclable, or compostable; and
- circulate materials to keep plastics in the economy and out of the environment.[77]

Although these guidelines were developed specifically for investors, they are similarly applicable for banks financing companies in the plastics life cycle.

Table 17 Scoring table criterium 16

Score	Assessment
0	The bank does not mention that it is engaging with clients on ESG- or sustainability-related topics
1	The bank mentions that it is engaging with clients on ESG- or sustainability-related topics, but does not provide any details
2	The bank reports that it is engaging with clients on climate change, nature OR health and communities
3	The bank reports in detail about its engagements with clients on climate change, nature AND health and communities, mentioning the number of companies engaged
4	The bank reports in detail about its engagements with clients on climate change, nature AND health and communities, mentioning the number of companies engaged, differentiated per sector

17. The bank takes steps to end financing relationships with existing clients that are not willing to align with the bank's policies within the timeline set

To implement its policies in a credible way, the bank should take steps to end financing relationships with existing clients that are operating and investing in ways that systematically go against the thresholds and exclusion criteria included in the policies of the bank. This also applies to companies for which it seemed possible to align with the bank's policies after some encouragement, but which have not taken the necessary steps despite the bank's efforts through engagements and clauses in loan contracts.

Ending financing relationships with such existing clients is not always easy. It requires from the bank not to grant any new financing or extensions of existing contracts to these clients, as well as juridical steps to end financing relationships prematurely - where possible. Selling loans on the secondary market is not a credible option. The OECD recommends in this respect: "Disengagement from a client may be facilitated by establishing a policy and process when a client does not meet its commitments or is unwilling to further engage on Responsible Business Conduct issues."[78]

The bank is expected to report about the number of existing clients in the plastics life cycle with whom it has ended the financing relationship because the clients did not meet the thresholds and exclusion criteria included in the policies of the bank. This in line with the requirements on transparency as laid down in the *G4 Financial Services Sector Disclosure* of the Global Reporting Initiative. This publication recommends banks to report "how outcomes [of screening processes] influence transaction decisions (e.g., decision to decline or approve transaction, addition of preferential conditions, adding performance standards to the transaction, establishing monitor requirements, etc.).[79]

Table 18 Scoring table criterium 17

Score	Assessment
0	The bank does not mention that it can decide to end the financing relationship with existing clients for ESG- or sustainability-related reasons
1	The bank mentions that it can decide to end the financing relationship with existing clients for ESG- or sustainability-related reasons, but does not provide any details
2	The bank discusses how and when it will try to end the financing relationship with existing clients if they do not meet the bank's policies
3	The bank discusses how and when it will try to end the financing relationship with existing clients if they do not meet the bank's policies and reports the number of financing relationships ended
4	The bank discusses how and when it will try to end the financing relationship with existing clients if they do not meet the bank's policies and reports the number of financing relationships ended, differentiated per sector

18. The bank offers sustainability-linked loans for companies and projects that aim to reduce or prevent emissions and releases into the environment by plastics and plastic products

To honour its commitment to increase financial flows towards companies and projects that prevent or reduce plastics production and consumption, the bank should offer such companies sustainability-linked loans. Such loans offer more advantageous interest rates, if and when the company meet certain sustainability-linked goals. For companies in the plastics lifecycle, these conditions should be defined as positive impacts on climate change, nature and health and communities.

To ensure that the sustainability-linked loans offered are well-defined and can be verified, it is important that the banks follows Sustainability-Linked Loan Principles (SLLP) of the LSTA.[80]

Table 19 Scoring table criterium 18

Score	Assessment
0	The bank does not offer sustainability-linked loans
1	The bank claims it offers sustainability-linked loans, without providing details
2	The bank describes how it is offering sustainability-linked loans to clients, but these are only linked to the client's climate performance
3	The bank describes how it is offering sustainability-linked loans to clients, linked to criteria related to (at least) climate change, nature, communities and health
4	The bank describes how it is offering sustainability-linked loans to clients that aim to reduce or prevent emissions and releases into the environment by plastics and plastic products?, linked to criteria related to (at least) climate change, nature, communities and health

19. The bank transparently discloses the bank's exposure to the three segments of the plastic life cycle and to the different industries involved in these through its loans and/or underwriting services

The bank should publish on its website to which companies active in the three segments of the plastic life cycle it is providing financing. This transparency should preferably include the name of the company, the sector it is active in, the country/ies and region(s) it operates in and the size of the financing(s).

As a second-best option, the bank can provide an overview in its annual report or on its website of the sectoral and regional breakdown of its financings. This in line with the requirements on transparency as laid down in the *G4 Financial Services Sector Disclosure* of the Global Reporting Initiative. This publication recommends banks to report on the "percentage of the portfolio [..] by specific region, size (e.g. micro/sme/large) and by sector".[81] If the sector breakdown is sufficiently detailed, for example based on the first four digits of NACE or ISIC codes, this would give a good indication of the bank's exposure to the three segments of the plastic life cycle.

Table 20 Scoring table criterium 19

Score	Assessment
0	The bank does not publish a break-down per sector of the companies it is financing
1	The bank publishes a break-down of the companies it is financing across a limited number of broadly defined sectors, which do not give any indication of the bank's exposure to the three segments of the plastic life cycle
2	The bank publishes a break-down of the companies it is financing across a larger number of sectors, which does give a reasonable indication of the bank's exposure to the three segments of the plastic life cycle
3	The bank publishes a break-down of the companies it is financing across a large number of sectors, based on the first four digits of NACE or ISIC codes, which does give a good indication of the bank's exposure to the three segments of the plastic life cycle
4	The bank publishes the names of the companies it is financing, the sectors they are active in, the country/ies and region(s) they operate in and the size of the financings per company

20. The bank uses a robust methodology to measure and disclose its financed and facilitated GHG emissions (scope 1, 2 and 3), for companies in the plastics life cycle

To measure progress towards its (sectoral) emission reduction targets, measuring financed and facilitated emissions is necessary. In that respect, the standards of the Greenhouse Gas Protocol (scope 1-3)[82] and the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) are relevant.[83]

Various methodologies to measure the financed emissions of a bank have been developed by for instance the Platform Carbon Accounting Financials (PCAF)[84] and the Paris Agreement Climate Transition Assessment (PACTA) project.[85]

Table 21 Scoring table criterium 20

Score	Assessment
0	The bank does not measure and disclose its financed and facilitated GHG emissions
1	The bank does measure its financed and facilitated GHG emissions but it is unclear which methodology is used or the results are not disclosed
2	The bank uses a robust methodology to measure and disclose its financed and facilitated GHG emissions, but the disclosures do not specify per sector
3	The bank uses a robust methodology to measure and disclose its financed and facilitated GHG emissions (scope 1, 2 and 3), showing results for at least two sectors included in the plastics life cycle
4	The bank uses a robust methodology to measure and disclose its financed and facilitated GHG emissions (scope 1, 2 and 3), showing results for all sectors included in the plastics life cycle

21. The bank demonstrates public leadership in tackling the plastics pollution crisis, by calling for binding national and international legislation and setting up multi-stakeholder initiatives

Due to its financing of companies across the plastics life cycle, the bank has a clear responsibility to help tackle the problems caused by plastics production and waste. For this reason, the bank should demonstrate public leadership in tackling the plastics pollution crisis, in various ways. The OECD describes this as follows: "Appropriate responses for addressing systemic issues may include joining geographic or issue-specific initiatives that seek to prevent and mitigate adverse impacts in the areas identified (e.g. country, commodity, or sector roundtables or multi-stakeholder initiatives), which may also include engagement with governments" and "Banks may also engage in advocacy in the context of public policy or industry initiatives which seek to raise minimum standards of conduct expected of clients or banks' due diligence processes."[86]

One way should be to call for binding national and international legislation which forces all companies active in the plastics life cycle to look for alternative products, production processes and services, to stop producing plastics from virgin feedstocks as well as single-use-plastics and to prevent or reduce emissions and releases into the environment of plastics and plastic products across the life cycle. This would give clarity to all companies in the plastics life cycle, as well as to their financiers and other stakeholders, on which investments are needed and which investments are no longer possible. There is clear interest for banks to get such clarity, as this creates the incentives to orientate their policies and offerings of products and services upon.

As banks have financing relationships with various companies across the plastics lifecycle, they should also play an active role in setting up multi-stakeholder initiatives working on solutions for the plastics pollution crisis. New packaging solutions and other products which can replace plastics, new logistic concepts which can limit the demand for single-use-plastics and other innovations often require collaboration to companies active in different sectors, governments, scientists and civil society representatives. Because of their present financing relationships with various companies in the plastics lifecycle and as potential financiers of solutions, banks can play a very important role in initiating and stimulating in such innovative multi-stakeholder initiatives.

Table 22 Scoring table criterium 21

Score	Assessment
0	The bank does not show any form of public leadership in relation to the plastics pollution crisis
1	The bank has taken some cautious steps in the public debate about plastics, for instance by publishing study which analyses possible solutions for the plastics pollution crisis
2	The bank participates in a multi-stakeholder initiative to discuss possible solutions for the plastics crisis
3	The bank has supported a call for binding national or international legislation
4	The bank demonstrates public leadership in tackling the plastics pollution crisis, by calling for binding national and international legislation and by setting up multi-stakeholder initiatives

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