

The international legally binding instrument on plastic pollution, including in the marine environment

Input on the potential areas of intersessional work to inform the work of INC-3 (Contact Group 2)

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Potential area of possible intersessional work	<i>To consider how other MEAs provide for monitoring, and suggest best practice (Contact Group 2)</i>

Executive Summary

CDP welcomes the opportunity as an observer organization to respond to the call for written submissions in relation to input on the potential areas of intersessional work to inform the work of INC-3 (following the lists compiled by the co-facilitators of the two contact groups during INC-2).

The international legally binding instrument on plastic pollution, including in the marine environment (the “Global Plastics Treaty”) is a crucial step towards the global elimination of plastic pollution and waste – and plastic-related corporate disclosure is crucial to the achievement of its objectives.

With the current plastic policy landscape best characterized as fragmented and piecemeal, the Global Plastics Treaty presents Member States with an invaluable opportunity to build the strong framework needed to guide robust, effective and harmonized national legislation, and to ultimately deliver a solution to the plastics crisis. Corporate disclosure of plastic-related risks, opportunities,

dependencies and impacts should be considered a core element of this framework. However, while the current state of negotiations recognize the need for transparency (which necessitates disclosure), they indicate a limited understanding of the full potential of disclosure to facilitate achievement of all other treaty objectives.

On this basis, this submission provides inputs on the following potential area of intersessional work compiled by the co-facilitators of Contact Group 2 during INC-2: “*To consider how other MEAs provide for monitoring and suggest best practice*”. In particular, this submission highlights the need for the Global Plastics Treaty to include a plastic-related corporate disclosure mechanism which draws upon learnings and best practice from the corporate disclosure mechanisms utilized by other multilateral environmental agreements (“MEAs”) in their monitoring and reporting processes, as informed by developments in the broader policy, corporate and capital market contexts. All of which highlight that the treaty’s **corporate plastic-related disclosure** provisions should:

- ▼ Create a conducive policy environment that requires companies and financial institutions to disclose consistent, comprehensive and high-quality plastic-related information on risks, opportunities and dependencies, as well as impacts on people and planet; and
- ▼ Inform the treaty’s national reporting and monitoring system.

CDP also proposes text for this corporate disclosure mechanism, for consideration, in this submission (see section 3.1.1).

CDP seeks to increase accountability and transparency through disclosure, initiating action and driving ambition across both State and non-State actors. Going forward, CDP remains committed to ongoing engagement and collaboration with State and non-State actors on the topic of plastic-related corporate disclosure, in order to build a robust, ambitious and effective Global Plastics Treaty, for the ultimate goal of ending global plastic pollution and waste.



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1. About CDP

CDP is a global non-profit that runs the world's largest environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 740 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and reduce greenhouse gas emissions, safeguard water resources, protect forests and, as of 2023, eliminate plastic pollution and waste.

Nearly 20,000 organizations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD-aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is also a founding member of the Science Based Targets initiative, Science Based Targets Network, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

2. Scaling Plastics Disclosure

CDP is currently working with its partners The Pew Charitable Trusts, Minderoo Foundation, and The Ellen MacArthur Foundation to expand CDP's global environmental disclosure system to help solve the plastic pollution and waste problem.

For the first time in 2023, CDP invited 7,000 companies to disclose on plastic-related questions through its disclosure platform. The ultimate vision for Scaling Plastics Disclosure is to build a plastics disclosure mechanism as robust, comprehensive and business-normal as carbon, ensuring that plastic-related disclosure informs nature-positive decision-making and policymaking into the future.

Scaling Plastics Disclosure will build on existing frameworks (including the Ellen MacArthur Foundation and UNEP's Global Commitment) and current best practice, creating a standardized annual format. It will harness the transparency and accountability obtained through disclosure to drive ambitious action on plastic pollution and waste at scale from companies, investors, governments and regulators to drive ambitious action on plastic pollution and waste at scale. This will be essential to the global protection of the environment and human health, supporting the transition to a 1.5°C, nature-positive, globally equitable world.

3. Input on the Potential Areas of Intersessional Work to Inform the Work of INC-3

3.1 Proposed input – a Corporate Transparency mechanism for the Global Plastics Treaty

This submission provides inputs on the following potential area of intersessional work compiled by the co-facilitators of Contact Group 2 during INC-2: “*To consider how other MEAs provide for monitoring and suggest best practice*”.

To that extent, this written submission considers the following elements:

- ▼ The growing support for corporate disclosure in several cornerstone MEAs;
- ▼ The monitoring and reporting process used for the Paris Agreement;
- ▼ The monitoring and reporting process adopted by the Government of Colombia for the High Level Political Forum (“HLPF”) 2018; and
- ▼ The sentiment of Member State discussions during INC-2,

all within the broader voluntary landscape of (a) market support for plastic-related corporate disclosure, as well as (b) the multiple existing voluntary plastic-related corporate disclosure frameworks.

Based on the above analysis, this submission **recommends that the Global Plastics Treaty:**

- ▼ Includes text mandating corporate plastic-related disclosure, through the establishment of a corporate transparency mechanism; and
- ▼ Sets expectations that corporate disclosure will inform the Global Plastics Treaty’s national-level monitoring and reporting process.

3.1.1 Proposed text for the Global Plastics Treaty

The following text for a new “Corporate Transparency” mechanism is proposed for inclusion in the Global Plastic Treaty, and for consideration as an input for potential intersessional work to be completed prior to INC-3 and during INC-3:

“In order to promote effective implementation of the Treaty, Parties will take legal, administrative or policy measures to ensure that large and transnational companies and financial institutions disclose plastic-related information, including on their risks, opportunities, dependencies and impacts, and including along their operations, supply and value chains and portfolios, and such information shall contribute to the national reporting, monitoring and evaluation mechanism set out in Article [x] of the Treaty.”

The current approach proposed by UNEP through the Options for Elements paper published in April 2023¹ is to nest corporate disclosure within one or more core obligations. This approach means that disclosure is only required on very specific and discrete metrics, such as volumes of certain polymers, chemicals or waste.

Instead, there should be a broader, transversal application of corporate disclosure via the “Means of Implementation” section of the Global Plastics Treaty. Specifically, it is recommended that in addition to the elements of Financial Assistance, Capacity-Building, Technical Assistance and Technology Transfer on Mutually Agreed Terms, a new Means of Implementation named “Corporate Transparency”, and covering the above italicized text, is inserted.

3.1.2 Additional details

To achieve the type of business engagement, policy efficacy and accurate monitoring required to attain treaty objectives, a more robust mechanism for corporate disclosure that goes beyond gathering metrics alone should be included in the Global Plastics Treaty. This Corporate Transparency mechanism should:

- ▼ Recognize that corporate disclosure is a key mechanism for private sector engagement and contribution toward the delivery of all of the Global Plastics Treaty’s objectives;
- ▼ Recognize that corporate disclosure can and should apply in a fulsome manner to the entire plastics life cycle and that, as is the case with other types of environmental disclosure (such as climate), disclosure of risks, opportunities, dependencies and impacts is as valuable and necessary as disclosure of metrics and targets;
- ▼ Recognize that mandatory corporate disclosure ensures a level playing field for business and financial institutions, and ensures that high-quality data is provided to key decision-makers to support shifts in capital toward sustainable activities; and
- ▼ Acknowledge the importance of business and financial institution data towards tracking national progress against the Global Plastics Treaty’s objectives.

As such, in addition to the proposed italicized text, it is also recommended that:

- ▼ The Implementation Measures section of the Global Plastics Treaty cross-reference the Corporate Transparency mechanism. Specifically, data resulting from corporate disclosure should inform national monitoring and reporting on progress; and
- ▼ Member States consider the work CDP has undertaken to establish Principles for High Quality Mandatory Disclosure, as reflected in the 2022 publication by [IFC, CDP and](#)

¹[UNEP/PP/INC.2/4](#).

[UNSSSEI, Analysis of Best Practices in Environmental Disclosure](#). A new CDP policy brief on High Quality Mandatory Disclosure Policy and Regulation is currently being finalized and will be launched at the occasion of G20 in September 2023.

3.2. Proof Points

3.2.1 The power of corporate disclosure is recognized in multilateral environment agreements

As recognized by multiple cornerstone MEAs, such as the Rio+20 Outcome Document², the 2030 Agenda on Sustainable Development³ and the Global Biodiversity Framework⁴ (as set out in detail below), corporate sustainability disclosure is key to activating and engaging businesses for the purpose of progressing toward global goals:

- ▼ **Rio+20 Outcome Document, “The Future We Want”** (2012) – Paragraph 47:
“We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle. We encourage industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting, taking into account experiences from already existing frameworks and paying particular attention to the needs of developing countries, including for capacity building.”
- ▼ **2030 Agenda on Sustainable Development** (2015) – SDG 12.6:
“Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.”
- ▼ **Global Biodiversity Framework** (2022) – Target 15:
“Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

(a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity including with requirements for all large as

² See Paragraph 47 of the [Rio+20 outcome document, “The Future We Want” \(2012\)](#).

³ See SDG 12.6 of the [2030 Agenda on Sustainable Development \(2015\)](#).

⁴ See Target 15 of the [Global Biodiversity Framework](#).

well as transnational companies and financial institutions along their operations, supply and value chains and portfolios [...]"

These MEAs (and the evolution from recognizing to encouraging to, with the Global Biodiversity Framework⁵, *requiring* that Member States ensure corporate disclosure) clearly demonstrate growing understanding and support for the important role of corporate disclosure in delivering global sustainability agendas. However, none of the above MEAs take the additional step of connecting their corporate disclosure mandates with their ongoing State-based monitoring and evaluation processes. As a result, these MEAs arguably do not fully leverage the transformative powers of corporate disclosure.

Crucially, there is a lack of recognition of how Member States can use disclosed information to assess company and financial institution action in their jurisdictions, and thereby shape better policy and regulation in order to scale-up positive actions and address shortcomings while simultaneously measuring national progress against targets. Establishing a clearer link between corporate disclosure requirements and national reporting and monitoring requirements (e.g. by ensuring that the two mechanisms cross-reference each other in the text of the Global Plastics Treaty), would enable Member States to form more robust understandings of national progress, adjust policy where needed, and develop more informative progress reports. The Colombian National Voluntary Report developed for HLPF 2018 provides a prime example, and is explored in detail in Section 3.2.3 below.

3.2.2 The Paris Agreement's monitoring process includes private sector data

While the Paris Agreement does not expressly mention corporate sustainability disclosure in its text, businesses and society at large are considered central to the agreement. As such, the UNFCCC and Parties to the Paris Agreement have overwhelmingly recognized the importance of corporate disclosure and, as a result, launched multiple initiatives over the years to drive public-private collaboration, improve corporate engagement and, crucially, incorporate corporate sustainability reporting into the overall reporting and monitoring system of the Paris Agreement. The initiatives of particular interest are set out below:

- ▶ the Global Stocktake, the first of which will culminate at COP28 in 2023 (and repeat every five years thereafter), aims to assess progress against Paris Agreement goals with contribution from non-Party stakeholders;
- ▶ the Global Climate Action Portal ("GCAP"), launched by UNFCCC, Peru and France in 2014, which has fed into the Global Stocktake and enables both Parties and non-Party stakeholders (such as cities, regions, companies, investors and other organizations) to

⁵ See also Business for Nature, "[Recommendations for governments on the implementation of Target 15\(a\) of the Global Biodiversity Framework](#)" (2023), published in collaboration with CDP.

display climate change commitments. It also includes a progress tracking mechanism for voluntary climate action;

- ▶ the Recognition and Accountability Framework (the “Accountability Framework”), launched in June 2023 by the UNFCCC, which aims to recognize, celebrate and incorporate voluntary non-Party stakeholder contributions and pledges on the GCAP;
- ▶ the High-Level Expert Group on Net-Zero Emissions Commitments of Non-State Entities (“HLEG”), launched by the UN Secretary-General in March 2022, which aims to develop clear guidelines for net-zero emissions pledges by non-State entities, and whose [recent report](#) expressly calls for the disclosure of standardized, publicized corporate sustainability information to the GCAP;
- ▶ the High-Level Champions, appointed during COP21, to better connect the work of Parties with the voluntary and collaborative actions taken by cities, regions, businesses and investors; and
- ▶ the Marrakech Partnership for Global Climate Action, launched during COP22, to strengthen collaboration between Parties and non-Party stakeholders in order to expedite ambition toward the Paris Agreement goals within the context of the 2030 Agenda for Sustainable Development.

Together, these initiatives clearly indicate a strong and growing understanding amongst UN entities and Parties alike around the importance of engaging businesses and financial institutions for the purpose of achieving global sustainability objectives. Importantly, they recognize the need to apply frameworks targeted at improving transparency and accountability not only to Parties but also non-Party stakeholders, and particularly, businesses and financial institutions.

Of the initiatives listed, the first four are especially informative for the development of the Global Plastics Treaty’s monitoring and reporting system. The Paris Agreement’s ongoing Global Stocktake system is a Party-driven system which expressly calls for non-Party contributions. Part of these non-Party contributions comprise the business and financial institution information that is disclosed through the GCAP. Layered on top of this is the Accountability Framework, which has now designated the GCAP as the central mechanism through which non-Party data is to be accessed by the UNFCCC for general progress monitoring purposes and to support the Global Stocktake. Further layered on this is the report by HLEG which highlights the importance of public and standardized corporate reporting for the GCAP. The climate data collected through CDP’s voluntary global disclosure system is provided to GCAP (and forms a central component of the progress tracking mechanism), and will continue to be provided into the future. CDP has also made separate submissions to the Global Stocktake.

While an assessment of the effectiveness of these initiatives cannot yet be undertaken, as the first Global Stocktake is scheduled to conclude at the end of COP28 this year, the Global Plastics Treaty can nonetheless take on a number of lessons from the Paris Agreement. First, the sheer number of initiatives that have been developed clearly highlight that harmonized and standardized disclosure of corporate data should be considered a core component of the monitoring and reporting system of any MEA. Second, the patchwork proliferation of these initiatives indicate the

importance of (a) cementing a corporate disclosure system into the text of the MEA, and (b) linking this system to the national-level monitoring and reporting process, so as to provide clarity from the outset.

3.2.3 The Government of Colombia's assessment of private sector contribution to the SDGs for the Colombian National Voluntary Report for High Level Political Forum (HLPF) 2018

As a more specific best practice example of how corporate data can (and should) contribute to monitoring of national progress against global targets, the Government of Colombia recently engaged in a collaborative effort to assess the contribution of its private sector to the SDGs for its Voluntary Report submitted during HLPF 2018.

In collaboration with GRI, UNDP and the Business Call to Action, the Government of Colombia identified eight indicators relating to five SDGs⁶ as ones for which company data on impacts and contributions were particularly important. Once this data was gathered, the Government of Colombia was able to develop a robust understanding of the key contributing sectors to each SDG and incorporate this information into the tracking of nation-wide progress and its HLPF 2018 Voluntary Report. Relevantly for the Global Plastics Treaty, the Government of Colombia was able to identify that there was a growth in use of recycled feedstocks in products (rather than virgin feedstocks) from 20.9% in 2016 to 25.2% in 2017, which indicated that plastic recycling contributed to a reduction in the national depletion of natural resources.

Upon conclusion of the reporting for HLPF 2018, the Government of Colombia highlighted two key lessons. One of these lessons is particularly relevant for development of the Global Plastics Treaty's monitoring and reporting process. This was that the measurement and systemization of information on sustainability within private sector actors required strengthening in the future. It is recommended that the Global Plastics Treaty take this lesson onboard by establishing a robust corporate disclosure mechanism in its text.

3.2.5 Mandatory corporate disclosure regimes are on the rise in many jurisdictions

The growing understanding and support of corporate disclosure by Member States is evinced not only by the multiple MEAs analyzed above, but also in national policy worldwide. Publication of the TCFD recommendations in 2017 catalyzed the implementation of a wave of mandatory disclosure policy across the G20 countries and beyond. Now, climate-related disclosure is mandated in most major economies. As of this year, 35 nations and jurisdictions around the world have implemented mandatory disclosure legislation, and at COP15 last year, 196 countries

⁶ These were SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production) and SDG 15 (Life on Land). See the Government of Colombia, ['The Private Sector and its Contribution to the SDGs: A Journey to Data Gathering Through Corporate Sustainability Reporting in Colombia'](#) (2018).

committed to ensuring large and transnational companies and financial institutions monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity through their operations, supply and value chains and portfolios by 2030 at the latest.

As climate-related mandatory disclosure rapidly becomes a business and policy norm, many jurisdictions are also taking steps to expand their disclosure regulations beyond that of only climate, to also cover water-, biodiversity- and, at times (though rarely) plastic-related data.

3.2.6 Corporate disclosure on plastic is gaining traction

In order to act effectively on plastic pollution, companies require a robust understanding of how they contribute to the plastic pollution crisis, and the financial, commercial, legal, and reputational risks and opportunities associated with plastic-related activities and undertakings, as well as their impacts on people and planet. Disclosure of this information on a regular basis is also critical in providing decisionmakers, including financial institutions, policymakers and consumers, with clear, comprehensive, consistent data.

Corporate disclosure allows companies to understand their risks, opportunities, dependencies and impacts, and drives them to take action to manage them. Corporate sustainability performance is therefore improved over time, accelerating the transformation of capital markets and economies. Indeed, CDP has witnessed that while typically only 38% of suppliers disclosing climate data through CDP for the first time have emission reduction targets in place, 69% of suppliers have emission reduction targets by their third year of disclosure. This indicates that the act of disclosure triggers many companies to take further action (such as by setting targets) in order to better manage the risks, opportunities, dependencies and impacts identified. A CDP consultation conducted in 2022 also indicated that 88% of responding companies said plastic is a relevant issue to them, yet a third (32.5%) did not have any plastic-related targets.

Disclosed information is also used by financial institutions to make investment decisions, and shift capital allocation towards global agendas. Over 44% of CDP's investor signatories indicated that they were interested in data obtained via plastic-related disclosure in a survey undertaken in 2022.

Over the past two decades, corporate and financial institution support for corporate disclosure has grown exponentially. Indeed, leading up to COP15 and the launch of the Global Biodiversity Framework, over 400 businesses collectively called for the adoption of mandatory assessment and disclosure requirements to establish a level playing field, drive ambition, and ensure that data was equally available amongst policymakers, investors and civil society alike.

Similar groups such as the Plastic Solutions Investor Alliance (convened by As You Sow), the Finance Leadership Group on Plastics (convened by UNEP FI) and the Business Coalition for a Global Plastics Treaty (convened by the Ellen MacArthur Foundation and WWF) have also been developed around the Global Plastics Treaty. Each of these call for the inclusion of corporate disclosure in the text of the treaty, amongst other things.

Alongside the strong and growing market support for plastic-related corporate disclosure, multiple voluntary disclosure frameworks such as the Ellen MacArthur Foundation and UNEP's Global

Commitment and GRI 306: Waste 2020 have also developed in recent years. Indeed, over 500 companies, representing 20% of all plastic packaging produced globally, have been disclosing on a range of plastic packaging-related indicators through the Global Commitment for over 4 years. Evidently, companies and financial institutions are not only supportive of plastic-related corporate disclosure but have also demonstrated that they already possess the knowledge and capacity to perform such disclosure.

Critically, this submission recommends that while the existing market support and capacity around plastic-related disclosure can and should be leveraged as a strong foundation upon which to build a corporate disclosure mechanism, it should be recognized that voluntary action alone is not enough. Robust policy, particularly in the form of a robust Global Plastics Treaty, is essential. This is something also recognized and supported by the market (per the vision statements of the Plastic Solutions Investor Alliance, the Finance Leadership Group on Plastics, and the Business Coalition for a Global Plastics Treaty).

3.2.7 The importance of corporate disclosure was recognized by Member States during INC-2

The importance of corporate disclosure for achieving environmental goals is recognized not only by cornerstone MEAs, in national legislation and in the private sector, but also by Member State INC participants themselves. During the Plenaries and Contact Group discussions that took place over the course of INC-2, Member States frequently stressed the importance of improved transparency, engagement and activation of the private sector, the need for public-private cooperation, and improved alignment of public-private capital flows in order to deliver an effective Global Plastics Treaty.

A broader corporate disclosure mechanism would facilitate the achievement of these goals, though was not introduced for discussion during substantive Contact Group negotiations on the text of the treaty. Improved clarity on (a) the financial, physical, legal, technological, regulatory and reputation risks, opportunities, dependencies and impacts associated with plastic-related activities and undertakings, along with (b) requirements to develop strategies, governance and targets for the management of these risks, opportunities, dependencies and impacts, would enable businesses to make better decisions and financial institutions to better allocate capital, thereby working toward the ultimate objective of eliminating plastic pollution and waste.

Corporate and financial institution data should also be considered a key element of national-level progress tracking and reporting and, indeed, informed policy decisions. A harmonized corporate disclosure mechanism will not only enable governments to fulfill their national reporting requirements under the Global Plastics Treaty more easily, and allow them to more clearly measure progress, but also enable national governments to understand whether their policies are delivering the desired outcomes.

4. Conclusion

While Member States have made a positive first step toward harnessing the transformative power of corporate disclosure by proposing disclosure on discrete elements related to certain potential core obligations of the Global Plastics Treaty, further capacity- and knowledge-building around the concept is required.

This submission proposes that, as a potential area for possible intersessional work to be completed prior to INC-3 and during INC-3, Member States should consider building on the:

- ▼ Provisions on corporate disclosure, and monitoring and reporting processes, in other MEAs;
- ▼ Uptake of mandatory corporate disclosure in national legislation worldwide;
- ▼ Strong and growing market support for plastic-related corporate disclosure; and
- ▼ Existing capacity and knowledge amongst companies and financial institutions on plastic-related corporate disclosure as demonstrated through their engagement with existing voluntary disclosure frameworks.

These elements are strong foundations upon which to establish a plastic-related corporate disclosure mechanism, or Corporate Transparency mechanism, in the text of the Global Plastics Treaty.

Going forward, CDP remains engaged with the INC process and the development of a strong, robust Global Plastics Treaty for the purpose of ending the plastic pollution and waste crisis. This submission constitutes a first set of analysis and recommendations for plastic-related disclosure in the Global Plastics Treaty. These recommendations will continue to be refined and developed as negotiations on the text of the treaty continue evolving.