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CDP Introduces Plastics-Related Disclosure

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By Jason Halper
Partner and Co-Chair | Global Litigation



By Sara Bussiere
Special Counsel | Global Litigation

On April 19, 2023, CDP **launched a request** for 7,000 companies to disclose on the production and use of the most environmentally problematic plastics, i.e., plastic polymers, durable plastics, and plastic packaging, through CDP’s online disclosure platform.

CDP is a not-for-profit that runs a global disclosure system supporting companies, cities, states and regions to “measure and manage their risks and opportunities on climate change, water security and deforestation.” Originally known as the Carbon Disclosure Project, CDP launched in 2003 and initially focused solely on carbon emissions from 500 global companies. It has now expanded its remit to include disclosure of impact on water security and deforestation, and has further expanded to publish data on individual cities, countries and regions. CDP reports that in 2022 more than “18,700 companies worth half of global market capitalization” disclosed climate-related data using the platform. CDP is a founding member of the **Science Based Targets Initiative** and the **Net Zero Asset Managers** initiative. The CDP disclosure framework is aligned with the disclosure framework conceived by the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures.

CDP’s plastics launch follows other international initiatives focused on plastic production and use. A range of single-use plastics will be **banned in the UK** starting 2023. Plastics-related regulation **already exists** in the EU, Canada, Kenya and some U.S. states including New York and California. In March 2022, the UN adopted a resolution to establish an **Intergovernmental Negotiating Committee** that will attempt to forge a global agreement on plastic pollution, the UN Plastics Treaty, by 2024. The **UN Plastics Treaty** will be legally binding and include a series of technical provisions that would address the full lifecycle of plastic from “sustainable production and consumption of plastics” to “environmentally sound waste management.”

Companies reporting on plastics-related data will do so through a “plastics module” included in the CDP’s Water Security questionnaire. Companies will be **requested to answer** five to nine questions that cover “production, use, and disposal of plastics” and about “plastics-related business risks, targets, and raw material content, among other topics.” The definition of plastic in the questionnaire includes “synthetic rubber (and other elastomers),” reflecting that “CDP disclosure goes beyond the production and use of plastic packaging (which generally does not include rubber).”

Taking the Temperature: In the absence of mandatory disclosure requirements, voluntary disclosure platforms are key tools for investors and policymakers to access relevant, comprehensive and comparable data. CDP announced in September 2022 that it will integrate the ISSB’s climate-related disclosure standards into its platform to facilitate greater integration among voluntary disclosure frameworks. Plastics continues to be a focus of shareholders and environmental groups. For example, the NGO ClientEarth commenced an action in Paris against Danone for allegedly violating France’s Corporate Duty of Vigilance Law in that the company supposedly does not have an adequate plan to reduce its plastic footprint. The environmental advocacy group As You Sow announced for formation of a coalition of investors, the Plastic Solutions Investor Alliance, to engage with publicly traded consumer goods companies on the threats posed by plastic waste and pollution. In 2022, 48% of the Amazon shareholders, 41% of McDonald’s Corporation shareholders and 37% of ExxonMobil shareholders voted in favor of resolutions asking these companies to address their impact on plastic pollution.

Company responses to these proposals have been mixed. Amazon’s board of directors recommended its shareholders to vote against the resolution. On the other hand, McDonald’s agreed to publish its first-in-sector report on reusable packaging and As You Sow has subsequently withdrawn its shareholder proposal with the company.