

ESG Matters

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Plastic policy: From refillables to recycling

- ◆ Significant plastics policy mandating refillable bottles and boosting recycling could soon clear Chile's senate
- ◆ We think this type of policy could spread to other markets, as awareness of plastic pollution risks only grows
- ◆ Implications for beverages, retail and other key consumer sectors are likely, in our view

A growing tide of plastic policy: Legislators in Chile have crafted what we believe to be one of the more significant laws we have seen to specifically tackle plastic waste from the consumer sector. The law is now officially in final senate rounds for approval, and could be passed as soon as summer this year.

Refill and recycle: The new law would apply to all points of sale where food and beverages are sold or served, including digital delivery platforms. This covers plastic items such as bottles, cups, utensils, trays, plates, lids, and bottle caps. Supermarkets have long resisted the complexity of refillable bottles but must now take back empty refillables and offer beverages in this format for environmental reasons. Further, the proposed Chilean law also incorporates recycling. All one-way plastic bottles must be made with 70% Chile-sourced recycled resin by 2070.

"Seaspiracy": A leading ocean policy NGO – Oceana – advocated for the bill, calculating that this law would stop 23,000 tons of Chilean plastic from reaching oceans each year. Previous estimates from Oceana found that a 10% increase in the use of refillables by the soft drinks industry could reduce ocean PET plastic pollution by 7.6 billion bottles a year. These findings are made all the more significant now, as we enter the UN's proclaimed "Decade of Ocean Science for Sustainable Development" (2021-2030), and heightened public awareness of the ongoing risks to ocean ecosystems following the release of the Netflix documentary "Seaspiracy".

Beverages and LatAm: There are a number of sector and company implications that could arise from this bill. Our beverages analysts believe that this law may travel well, finding its way to Mexico and to other big beverage markets with support from Coke bottlers. The Coke system already has 30%-50% of its sales in refillable bottles across most LatAm countries.

Beyond beverages: This bill could also have implications for other consumer sectors such as retail and cosmetics, in our view, where pressures to minimise packaging waste are already significant. More broadly, ongoing policy and consumer momentum across all geographies represents the significant shift towards a lower plastic, more circular environment across all regions of the globe, in our view.

This is an abridged version of a report by the same title published on 12-Apr-21. Please contact your HSBC representative or email AskResearch@hsbc.com for more information.

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The global climate calendar: upcoming events

2021	Location	Event
12 April	TBD	60th Session of the IPCC Bureau
13-18 April	TBD	54th Session of the IPCC and WGI- AR6 Approval Plenary
22 April	TBD	Climate Summit of World Leaders
TBD May	Germany	12th Petersberg Climate Dialogue
17-19 May	Berlin, Germany	UNESCO World Conference on Education for Sustainable Development
17-30 May	Kunming, Yunnan, China	UN Biodiversity Conference
25-27 May	Tours, France	Climate Change and Water 2021: Extreme Events
31-May – 04 June	Europe	EU Green Week 2021
02-06 June	Lisbon, Portugal	UN Ocean Conference
20-21 September	Paris, France	Euro-Global Climate Change Conference (EGCCC 2021)
18-19 October	Rome, Italy	10th World Conference on Climate Change
30-31 October	Rome, Italy	G20 Italia 2021
01 – 12 November 2021	Glasgow, Scotland, UK	26 th Conference of Parties (COP 26)
06-07 November	Glasgow, UK	2021 Global Conference on Health and Climate Change
TBD	Beijing, China	UN Global Sustainable Transport Conference
TBD	United Kingdom	47 th G7 2021

Source: HSBC

Disclosure appendix

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