

MEDIA RELEASE

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Ausbil first in Australia to sign the landmark Investor Declaration on Plastic Pollution

Ausbil Investment Management (**Ausbil**) has become the first Australian company to sign the landmark *Investor Declaration on Plastic Pollution*, a declaration citing plastic pollution as a clear corporate brand risk and pledging to interact with leading companies to find solutions through new corporate commitments, programs, and policies.

In becoming a signatory to the *Investor Declaration on Plastic Pollution*, Ausbil joins 40+ market participants from North America, Europe, and Canada as the alliance's first Australian representative.

"At Ausbil, we have integrated ESG into our investment process," said Paul Xiradis, Executive Chairman and Head of Equities. "In signing the Investor Declaration on Plastic Pollution, we stand behind the active engagement that is going into reducing the impact of plastic on our world, an issue that we believe is close to everyone."

The *Investor Declaration on Plastic Pollution* was initiated by As You Sow, a global non-profit leader in shareholder advocacy based in the United States. The full text of the *Investor Declaration on Plastic Pollution* appears in Appendix A.

"As You Sow is taking an active engagement approach with the major users of plastic to help increase the use of sustainable materials, and reduce the reliance on plastics that end up in the environment and our waterways," said Måns Carlsson-Sweeny, Head of ESG Research at Ausbil. "The Plastic Solutions Investor Alliance accords closely with how we actively engage with ESG at Ausbil."

A recent study by Jambeck et al. at the University of Southern California – Santa Barbara (2015)¹ found that the ocean contains an estimated 150 million tons of plastic, with 8 million tons added annually, the equivalent of a garbage truck load every minute. A much publicised 2016 Ellen MacArthur Foundation study predicted that oceans will contain more plastic than fish by 2050 if no action is taken to reduce the flow of plastics into waterways.²

"Signing the Investor Declaration on Plastic Pollution further enhances the structure around our ongoing environmental engagements with the leadership of Australia's top 200 companies," says Nicholas Varcoe, ESG Analyst at Ausbil. "This mutual collaboration with like-minded global investors seeks to reduce the risk of plastics to sustainable earnings."

Ausbil's active ESG engagement program involves ongoing engagement and monitoring of Australia's largest companies. Ausbil engages some 170 times a year, with boards and CEOs, with companies representing more than half of the market capitalisation of the Australian Stock Exchange, representing over \$1 trillion in value. Ausbil's ESG engagement covers multiple areas of environment, social and governance activity, covering 22 ESG areas, including human rights and modern slavery, climate change, and corporate governance.³

Ausbil became a signatory with the PRI (Principles of Responsible Investing) in 2016 and is a leading advocate for the integration of ESG in investing, the allocation of capital, exercise of voting rights, and advocacy across the marketplace to increase company ESG awareness and improvement.

ENDS

About Ausbil Investment Management

Ausbil Investment Management Limited is a leading Australian based investment manager. Established in April 1997, Ausbil's core business is the management of Australian and Global equities for major superannuation funds, institutional investors, master trust and retail clients. Ausbil is owned by its employees and New York Life Investment Management (NYLIM), a wholly owned subsidiary of New York Life Insurance Company. As at 31 August 2019, Ausbil manage over \$11.9bn in funds under management.

About As You Sow

As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building and innovative legal strategies. As You Sow was founded in 1992 and further information can be found at www.asyousow.org

1. J. R. Jambeck, R. Geyer, C. Wilcox, T. R. Siegler, M. Perryman, A. Andrady, R. Narayan, & K. L. Law. (2015) Plastic waste inputs from land into the ocean. *Science*, 2015; 347 (6223): 768 DOI: 10.1126/science.1260352
2. Retrieved from www.ellenmacarthurfoundation.org/publications/the-new-plastics-economy-rethinking-the-future-of-plastics
3. Source: Ausbil ESG Engagement Report 2018, available at www.ausbil.com.au

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Appendix A: Investor Declaration on Plastic Pollution

We, the undersigned investors, have formed a Plastic Solutions Investor Alliance to engage publicly traded companies on the threat posed by plastic pollution, a clear corporate brand risk. We believe our community of socially and environmentally concerned investors can have a positive impact due to longstanding relationships with many companies.

While plastic has many beneficial uses, its production has grown exponentially for many years without sufficient regard to its environmental impacts. This trend is expected to continue as plastic production is projected to triple by 2050, yet currently only 14% of plastic packaging is collected for recycling. Most plastics are burned, buried, or littered onto land or oceans. 95% of plastic packaging material value (\$80–120 billion annually) is lost to the economy after a short first use. Without fundamental redesign and innovation, about 30% of plastic packaging will never be reused or recycled.

Nearly all plastic is derived from fossil fuels. Plastic's contribution to global warming is substantial with greenhouse gas emissions from the plastics sector expected to grow to 15% of the total global annual carbon budget by 2050. There are also special concerns about the impact of plastic on oceans, which contain an estimated 150 million tons of degraded plastic, with four to 12 million tons added annually. The environmental cost of plastic production for the consumer goods industry is estimated at \$75 billion annually, including a preliminary estimate of \$13 billion of damage to marine ecosystems, including losses incurred by fisheries, and costs to tourism and for beach clean-ups.

Scientists predict oceans will contain more plastic than fish by 2050 if no actions are taken. Nearly 700 species have been affected by marine trash, most of which is plastic, including every species of sea turtle, and more than half of all whales, dolphins, porpoises, and seabirds. Toxins can become concentrated in degrading plastic in water, and may be transmitted to marine food webs. With more than one billion people depending on protein from the ocean, the potential human health implications are concerning.

Our current focus as investors is on plastic packaging. Twenty-five percent of plastic is made into packaging, making it the largest single use category, and one where much negative impact has occurred. Much of this packaging is for single use applications where materials are used briefly and then discarded. These materials can persist in the environment, partially degraded, for hundreds of years, which, as well as causing damage to marine life, could also have a material impact by exposing companies to reputational damage.

The inability to recycle or safely contain in landfills significant amounts of plastic packaging suggests that society needs to carefully assess the continued growth of plastic use, especially for single use applications. If governments and industry cannot manage to recycle even one-fifth of plastic packaging, it is unclear how they can make sufficient progress to keep plastic out of rivers and oceans if production of plastic triples by 2050.

In December 2017, nearly 200 nations at a UN Environment Assembly in Nairobi signed a resolution to eliminate plastic pollution in world oceans. In January 2018, the European Commission released a plastic strategy calling for all plastic packaging in the EU market to be recyclable or reusable by 2030 and reduced consumption of single-use plastic.

Reducing plastic pollution makes demonstrable progress towards fulfilling multiple United Nations Sustainable Development Goals: Responsible Consumption and Production (SDG 12), Life Below Water (SDG 14), Life on Land (SDG 15), Good Health and Well-being (SDG 3), and Sustainable Cities and Communities (SDG 11).

Companies that place plastic packaging on the market need to demonstrate awareness of these challenges and prioritize actions to resolve them. Companies using plastic packaging should:

- Transition plastic packaging to be recyclable, reusable, or compostable to the fullest extent possible.
- Disclose annual plastic packaging use.
- Set plastic use reduction goals.
- Develop alternatives to plastic for packaging purposes, especially for single use packaging.
- Acknowledge responsibility and play a significant role in funding and facilitating collection and recycling or composting of packaging in markets where they operate (i.e. producer responsibility).
- Support public policy measures on reducing plastic waste and broadening producer responsibility.
- Accelerate research on the potential for technology and innovation to provide solutions.