



## Nestlé: Plastic brand-waste audit in the Philippines

Swiss food and beverage company Nestlé's packaging leads to huge amounts of plastic pollution for which the company takes no responsibility.

### Problem Analysis

The Philippines is the third-biggest source of plastic pollution entering the world's oceans. The environmental damage has a domino effect, impacting on fishing, food security, the health of people and marine life, tourism, and people's livelihoods. This case shows how the absence of government policy and corporate accountability allows the problem to persist and worsen. Transnational companies like Swiss-based Nestlé can continue to act as the originators of plastic pollution, due to a lack of regulation in their home states, and an inadequate and ineffective national waste management system in host states such as the Philippines. The first step to reducing the volume of plastics at source is Extended Producer Responsibility (EPR)<sup>1</sup> and company disclosure, which makes important information available to the public.

### Company

**Main Company:** Nestlé S.A.

**Head office:** Switzerland<sup>2</sup>

**Subsidiary:** Nestlé Philippines

**Other companies in the plastic pollution top 10:** PT Torabika, Universal Robina Corp, Unilever, Zesto, Procter & Gamble, Colgate, Palmolive, Monde Nissin, and Nutri Asia<sup>3</sup>

### Company background

**Publicly traded company**

**Top 5 shareholders:** Norges Bank Investment Management (2.76%), Capital Research and Management Company (2.52%), Vanguard Group Inc (2.31%), Massachusetts Financial Services Co (1.43%) and BlackRock Fund Advisors (1.36%).<sup>4</sup>

**President:** Peter Brabeck-Letmathe (income US\$ 5 million, estimate)<sup>5</sup>

**CEO:** Paul Bulcke (salary 2016: US\$ 2,598,898; total income \$11,614,166)<sup>6</sup>

**Annual profit:** CHF 13,693 million<sup>7</sup>

**Annual turnover:** CHF 89,469 million

**Presence:** sales in 191 countries; 418 factories in 86 countries

**Number of employees:** +/- 328 000

### Company activity

Nestlé is the world's largest food and beverage company. It has more than 2,000 brands and is present in 191 countries.<sup>8</sup>

### Country and location in which the violation occurred

Freedom Island, Paranaque, Metro Manila, Philippines

### Summary of the case

In 2010, eight million tons of plastic trash from coastal countries ended up in the ocean.<sup>9,10,11,12</sup> The Philippines has been identified as the third-biggest source of plastics leaking into the world's oceans.<sup>13,14</sup> During an eight-day beach cleanup at Freedom Island, a critical wetland habitat and Ramsar site in Manila Bay, Greenpeace volunteers and coalition partners from the #breakfreefromplastic movement found items ranging from styrofoam to footwear, along with single-use plastics such as bags, plastic bottle labels, and straws. A total of 54,260 pieces of plastic waste were collected during the audit, with most products being sachets, i.e. small sealed packets made of plastic, usually containing small quantities of consumer products, which are designed for low-income consumer segments in the so-called "sachet-economy".<sup>15,16</sup> Through this cleanup, companies from which plastic pollution originates could be identified, Nestlé being number one.<sup>17,18,19</sup>

The mangroves at Freedom Island face physical threats, since their roots are literally smothered by plastic marine debris and their openings clogged with refuse washing in from the bay. The mangrove forest and swamps serve as critical habitat for more than 80 migratory bird species

and as spawning grounds for numerous fish species. The livelihood of fisherfolk living around Freedom Island is under threat as the mangroves are destroyed and the fisheries that depend on them decline. Fisherfolk in the area have recently revealed that up to 40% of their catch is plastic.<sup>20,21</sup>

Some government action against plastic pollution has been taken. On March 15, 2017 Senator Cynthia Villar filed Senate Resolution No. 329 on Plastic Wastes Leakage into the Seas.<sup>22</sup> The resolution directs the Senate Committee on Environment and Natural Resources to conduct an inquiry, in aid of legislation, on the measures being undertaken to prevent plastic waste polluting the seas. On Nov. 15, 2017 the Association of Southeast Asian Nations (ASEAN) under the Philippine chairmanship recognised “with great concern” the plastic waste problem and committed to “strengthen coordinated efforts at regional level to address this issue”.<sup>23</sup>

However, ending plastic pollution requires more strategic policy making in the long term, such as banning corporations from producing single-use plastic packaging. Today the absence of such a policy and of corporate accountability in line with Extended Producer Responsibility-principles (EPR)<sup>24</sup> allows the problem to continue and worsen.

The consumer goods sector is a primary user of plastics. The social and environmental impacts of their use of plastics have been quantified in their ‘natural capital cost’, which equates to a monetary value of \$75bn per year. The natural capital cost to marine ecosystems of plastic waste is \$13bn per year. As such, it is important for companies to monitor their production of plastic to cut pollution and improve resource efficiency. In one study, only half of 100 companies assessed reported quantitative data on plastics.<sup>25,26</sup>

There are a multitude of steps companies can take to reduce the pollutants they produce, reduce the quantity of plastics used and increase recyclability of their products. Company disclosure, which makes important information available to the public, is the first step to increase pressure on companies to reduce the volume of plastics at source.

Greenpeace entered a dialogue with Nestlé after the 2017 brand audit.<sup>27,28</sup> While Nestlé is taking some measures, they are far from what Greenpeace and the Break Free From Plastic movement are calling for. The company hardly addresses the problem at source, and reduction targets are vague. In an official reply, Nestlé has agreed to engage with Break Free From Plastic on the issue<sup>29</sup> and to address the following key concerns:

stopping the production, distribution and use of single-use and zero-value plastic packaging for their products, and investing in alternative reuse and delivery systems;

saying no to incineration, burning in cement kilns or waste-to-energy processes to deal with the problem;

supporting Zero Waste programmes and solutions<sup>30</sup>; and advocating for and supporting the implementation of Extended Producer Responsibility (EPR)<sup>31</sup> regulations that strongly support the above objectives.

With regard to home state action, there is a lack of regulation in Nestlé’s home state Switzerland to implement due diligence of Swiss-based corporations in preventing, controlling and remedying plastic pollution in their transnational operations.

As a host state, the Philippines lacks policy and regulation on single-use plastic, and the national waste management system is inadequate and ineffective. This makes it difficult to access available remedies and reduces chances of successful litigation.

## Endnotes

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3 Manufacturers and their count of plastic pollution, Plastic Polluters at <http://ba.plasticpolluters.org/manufacturers>

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5 “CEO Compensation,” Forbes, 1 September 2003 at <https://www.forbes.com/global/2003/0901/046tab.html#36cfe6783694> (accessed at 14-11-2017)

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8 See Nestlé company website at <http://www.Nestle.com/>

9 Laura Parker, “Eight Million Tons of Plastic Dumped in Ocean Every Year,” National Geographic, 13 February 2015 at <https://news.nationalgeographic.com/news/2015/02/150212-ocean-debris-plastic-garbage-patches-science>

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11 “UN Declares War on Ocean Plastic,” UNEP, 23 February 2017 at <http://web.unep.org/newscentre/un-declares-war-ocean-plastic>

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- 15 "Sachet economy," *Appropedia*, undated at [http://www.appropedia.org/Sachet\\_economy](http://www.appropedia.org/Sachet_economy) (accessed at 22-11-2017)
- 16 Dennis Posadas, "Sachets help low-income communities but are a waste nightmare," *The Guardian*, 22 May 2014 at <https://www.theguardian.com/sustainable-business/sachet-packaging-low-income-communities-waste-nightmare> (accessed 22.11.2017)
- 17 "Where do these plastics come from?," #breakfreefromplastic movement, undated at <http://plasticpolluters.org>
- 18 "Nestlé, Unilever, P&G among worst offenders for plastic pollution in Philippines in beach audit," *Greenpeace International*, 22 September 2017 at <http://www.greenpeace.org/international/en/press/releases/2017/Nestle-Unilever-PG-among-worst-offenders-for-plastic-pollution-in-Philippines-in-beach-audit>
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- 21 Stiv Wilson, "Let's Break Free From Plastic," *Story of Stuff*, undated at <https://storyofstuff.org/blog/lets-break-free-from-plastic> (unpublished statement made by an interviewee)
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- 23 "Chairman's Statement of the 31st ASEAN Summit, 13 November 2017, Manila, Philippines. 'Partnering for Change. Engaging the World,'" ASEAN, 2017, paragraph 133, at <http://asean.org/storage/2017/11/final-chairman%E2%80%99s-statement-of-31st-asean-summit.pdf>
- 24 An EPR system that sets:  
-Targets for reuse and refill systems as a priority as well as separate collection, preparation for reuse, recycling, recycled content and waste reduction#. Minimum requirements ensuring:  
Coverage of full costs of plastic pollution (including impacts on oceans, waterways and communities) and of waste management of single-use packaging waste  
Lower fees for products that are reusable, more durable, non-toxic and recyclable, and higher fees for lightweighted or no-value plastic packaging materials such as multi-layered packaging, sachets, polystyrene and others and  
- ensures that environmental impacts and social impacts on local communities are Monitored and Managed appropriately.
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- 29 Ibid.
- 30 Zero Waste, undated at <https://www.zerowasteurope.eu/about/principles-zw-europe>
- 31 "EPR - Extended Producer Responsibility," *Greenpeace International*, 27 September 2006 at <http://www.greenpeace.org/international/en/publications/reports/epr>