



PCX Solutions' written submission in response to the Call for Submission from the Intergovernmental Negotiating Committee on Plastic Pollution

Name of country (for Members of the committee)	N/A
Name of organization (for observers to the committee)	PCX Solutions (HOPEX Environment Group, Inc)
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Elements not discussed at INC-2

1. Scope

What is the proposed scope for the future instrument?

Which types of substances, materials, products and behaviors should be covered by the future instrument?

Proposed scope:

Plastic credits help solve both environmental and social issues, and incentivise capital investment in long-term circular solutions. They constitute a critical financing mechanism to ensure we can address the legacy and growing amount of plastic waste entering our environment today. Properly verified credits create incentives to invest in longer term tools for reduction, reuse and circularity in the plastics supply chain. They can also deliver benefits beyond the traditional return on investment, such as increased wages for the informal waste sector and socioeconomic empowerment of women.

Explanatory Text:



The plastic pollution crisis presents a tremendous opportunity for humanity to demonstrate its ingenuity, creativity, and resilience. With the right public policies, technology innovation, and market-based solutions, we have all the tools needed to transform our relationship with plastic.

Luckily, many necessary solutions already exist. But they have not been deployed with the coverage, scale, and quality that is required to address the problem. The industry faces numerous roadblocks. Upstream, the availability of recyclables is highly variable. This is especially true in geographies where recycling collection programs depend on the health of municipal budgets. Downstream, recycled commodity prices, too, suffer from fluctuations — closely following the vagaries of primary commodity markets.

These pressures and uncertainties do not help the recycling industry when seeking to secure finance for upgrades and/or expansion of its capacity. The transition to a circular economy in the historically underfunded waste management sector will require investments of \$1.2 trillion USD to reach the scale of infrastructure needed by 2040. Finance flows will need to be redirected through regulatory action, multilateral development aid, and new investment mechanisms such as plastic credits.

Accredited and fully tracked plastic credits can help deliver near-term impact from collection, transportation, and processing of plastic waste, through both voluntary and compliance-driven producer action, and incentivise capital investment in long-term circular solutions.

2. Principles

What principles could be set out in the future instrument to guide its implementation?

Proposed principles:

- A) Plastic Credits as mechanism to
 - a) help build infrastructure,
 - b) increase socio-economic benefits,
 - c) clean up legacy pollution,
 - d) support Extended Producer Responsibility (EPR) implementation
- B) Plastic Credits need to follow rigorous standards
- C) Compliance blocks for regional collaboration and capacity sharing

Explanatory Text:

A) a) Infrastructure Credits

Plastic credits can generate funding for a wide diversity of projects (plastic type, collection, processing, geography) that enable a more balanced diversion of waste streams and help reduce the burden on municipal budgets. Credits will also incentivize longer-term, sustained investments in circular solutions and infrastructure such as upcycling and recycling facilities.



As a mechanism to build the infrastructure needed within each country, governments could allow Obligated Enterprises/Responsible Parties within EPR schemes to meet part of their compliance obligations (potentially capped) through infrastructure credits. This is a fundraising mechanism, deposited possibly in a trust, that co-invests in public sector approved projects that build collection, sorting/pre-processing, and processing capacity that responsibly deals with plastic waste to ensure it doesn't pollute nature. The relevant government agencies may approve the use of these funds (including the extent to which these may be used) based on their EPR objectives/National Action Plans (NAP's). For example: If a country has 10% ability to recycle/process its plastic waste, then they may require companies to offset 10% of their plastic footprint and then buy infrastructure credits for the balance of 90%. These fund the building of collection, sorting, and recycling/processing capacity. Each year the percentage shifts (through government agency review) as more and more circularity is brought online.

A) b) Social-economic benefits

It is estimated that at least 15–20 million people globally are working in the marginalized, informal waste sector. Plastic credits should be integrated with desirable investments to deliver benefits beyond the traditional return on investment, such as increased wages for the informal waste sector and socioeconomic empowerment of women and other vulnerable groups. They place an economic value on plastic waste that can help to lift up the informal waste sector and incentivize capital investment in long-term solutions.

The credit and offsetting system can help bring visibility and recognition to this important population and strengthen its voice in the international sustainability debate. Through rigorous but non-burdensome due diligence requirements and reporting processes, waste collectors can benefit through better wages, working conditions and upskilling.

The value generated through credits must be shared equitably through the entire value chain, and third-party auditors should track the socio-economic impact of schemes on participating informal waste collectors over time.

Women represent the majority of the informal waste sector, often working at the lower end of the value chain (e.g. in waste picking and separating at landfill sites). Plastic credit schemes should seek to eliminate existing gender inequalities and help increase the socioeconomic empowerment of women engaged in informal waste management activities.

A) c) Legacy Plastic Pollution

Credits constitute a critical financing mechanism to ensure we can address the legacy and growing amount of plastic waste entering our environment today. Properly verified credits also create incentives to invest in longer term tools for reduction, reuse and circularity in the plastics supply chain. Offsets should not be an excuse to pollute, but the fight against plastic waste requires



comprehensive solution sets. Any plastic that can be safely removed from the supply chain should be removed. Any plastic that can be reused or recycled should be labeled and directed to those use cases. And any plastics that cannot yet be removed from the supply chain should be offset to ensure that it does not pollute the planet and wind up in nature.

A) d) Plastic credits to support EPR implementation

Properly incorporated plastic credits can enable and accelerate EPR schemes based on the ‘polluter pays concept’. This is most effective when EPR regulation explicitly includes offsetting and credits as an approved approach to delivering impact.

The EPR regulation in the Philippines is one of the most aggressive policies in the world, requiring companies to take responsibility for 80% of their plastic packaging waste footprint by 2028 (starting with 20% in 2023). Offsets (defined similarly to plastic credits) offer a way for businesses to comply with the EPR Act, while the cost of these credits also presents an incentive for obligated companies to develop and implement upstream strategies for the avoidance and reduction of plastic in their supply chains.

Early signs are very positive in driving action and impact. Offset purchases from obligated companies are already incentivizing additional investment in upcycling and recycling infrastructure to meet growing and clear demand.

B. Plastic Credits need to follow rigorous standards

Maintaining a very high bar for the efficacy and verifiability of plastic credits will be critical to scale impact, enabling stakeholders to take action through 3rd party verified project partners globally and to confidently make claims on the associated impact. Credits should be issued for every tonne of post-consumer plastic waste that has been collected and managed, and should adhere to minimum requirements on transparency, legal compliance and impact.

Clear, rigorous and transparent standards for this work, such as the publicly available [Plastic Pollution Reduction Standard \(PPRS\)](#), are important to ensure that bad actors do not exploit credits for greenwashing. They require the assurance of additionality of waste diversion and compliance to safeguard systems that aim to protect the people involved in waste management projects. This includes aspects such as occupational health and safety, gender equality, social inclusion and feedback and grievance mechanisms — all of which must be verified by third-party auditors.

Standards should further provide frameworks for the implementation of a credible and verifiable plastic offsetting program, where every ton of plastic waste diverted is recorded on a [publicly accessible blockchain registry](#), with associated certificates of authenticity.



Unlike carbon emissions and the challenges that come with carbon credits, plastic is a tangible material that can be more easily tracked through collection, transport, and processing. In combination with blockchain technology, this means it is possible to track additional and verifiable impact.

C. Compliance blocks for regional collaboration and capacity sharing

International and regional collaboration is key to fight the current plastic pollution crisis. But not all countries are equally placed to handle different waste streams. Compliance blocks offer the opportunity for countries to work together on a regional level and share responsibility, while offering economic benefits to countries which are able to process waste from their neighbors.

Compliance blocks would allow countries to meet their National Action Plans (NAP) without geolocating the entire value chain immediately, especially if these are not yet economically viable. In some geographies labor and water are expensive, and land scarce, therefore it is not prudent to geolocate processing plants within its borders. If a compliance block is allowed with neighbors, then countries can utilize each other's capacities to meet obligations under the Treaty while at the same time investing in much needed infrastructure of partner countries through credits. This is also true for countries who intend to, but have yet to build out, their own recycling or processing facilities. All requirements for transboundary movement of hazardous and other wastes according to the UN Basel Convention must be considered.

About PCX:

PCX is accelerating the transition to a circular economy and building a future where no plastic ends up in nature. The origin story of PCX begins as a non-profit in one of the epicenters of the plastic pollution crisis, the Philippines, with the mission to take responsibility for plastic waste. The non-profit organization **PCX Solutions** was the first in the world to establish a fully transparent, third-party audited Plastic Pollution Reduction Standard to ensure the impact and responsibility of plastic waste projects. It works closely with organizations on the ground, the corporate sector to understand its plastic footprint and to establish ambitious reduction plans, and with governments and the wider ecosystem to boldly tackle the plastic issue both upstream and downstream. PCX is addressing the plastic waste problem by activating an ecosystem of partners who collect, track, monetize, and repurpose plastic, while supporting communities on the ground with programs that improve livelihoods, scale up social impact, and reduce the flow of plastic pollution into nature.

For more information, please also refer to the PCX Position Paper "*How Plastic Credits are Supporting the Global Plastics Treaty*" <https://www.plasticcreditexchange.com/position-paper/> and contact us at info@pcxsolutions.org.