ClearSky®

CLEARSKY LIMITED

Plastic Credits

A Corporate Guide to Verra-Certified Plastic Waste Reduction

What plastic credits are. Where they fit in corporate sustainability.
How to use them without greenwashing risk.

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Executive Summary

Plastic credits are a market mechanism for financing waste-management and recycling infrastructure. Their value depends on three pillars: additionality, traceability, and claims discipline. Unlike carbon credits, which address an invisible gas, plastic credits finance verified waste-management outcomes measured through physical quantification, baseline assessment, and third-party verification.

Credits are issued only where projects demonstrate additional collection or recycling beyond business-as-usual waste management. This additionality requirement is central to credit integrity and distinguishes verified outcomes from routine recycling activity.

The market is early-stage. Demand has historically concentrated in cosmetics. But the trajectory is shifting. The Ellen MacArthur Foundation's Global Commitment has revealed that leading brands will miss their 2025 targets. The UN Global Plastics Treaty negotiations push toward binding obligations. EPR schemes are proliferating. Corporates from petrochemicals to financial services are exploring plastic credits as a complementary tool.

This paper is intended for sustainability, legal, and commercial teams evaluating plastic credits within broader circular-economy and material stewardship strategies.

> **ClearSky's view:** Plastic credits are not a substitute for reducing plastic use or increasing recycled content. They are an infrastructure financing mechanism—channeling capital to build collection and recycling capacity where the crisis is most acute. Early participation may provide companies with access to high-integrity projects as supply and verification pipelines mature.

02

The Plastic Waste Crisis: Scale and Trajectory

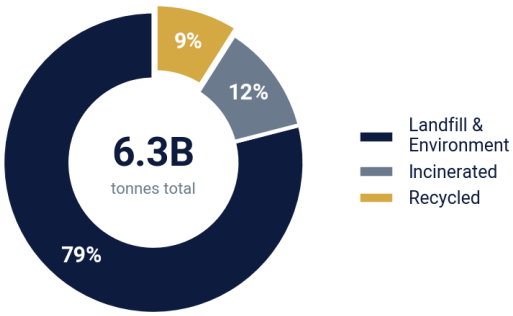
460M	9%	3×	80%
Tonnes produced annually	Of all plastic ever recycled	Projected growth by 2040	Of packaging outside EMF Commitment

Sources: OECD (2022); Geyer et al., Science Advances (2017); Ellen MacArthur Foundation (2024).

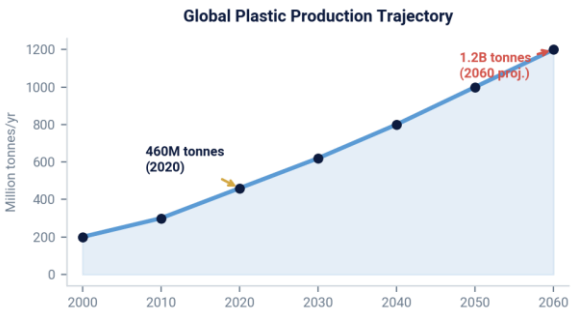
The global plastic waste crisis is defined by a structural mismatch: production scales exponentially while collection infrastructure remains concentrated in wealthy nations. Of the 6.3 billion metric tonnes generated since the 1950s, roughly 79% has accumulated in landfills or the environment.

The OECD projects production reaching 1.2 billion tonnes by 2060. In Sub-Saharan Africa and Southeast Asia, collection rates are 5–20%. In Cameroon, 600,000 tonnes are produced annually; fewer than 1,100 were recycled in 2017.

Fate of All Plastic Waste Ever Produced



Left: Fate of all plastic waste. Right: Production trajectory. Sources: Geyer et al. (2017); OECD (2022).



The Infrastructure Gap

The core challenge is not corporate ambition—it is infrastructure. This is the structural problem plastic credits address: channeling private capital to build collection and recycling systems where they do not yet exist.

03
What Are Plastic Credits?

A plastic credit represents one metric tonne of plastic waste collected and/or recycled, verified by an independent third party, and registered on a public registry. Credits are issued only where projects demonstrate that collection or recycling activity is additional to baseline waste-management conditions.

Dual Crediting Architecture

Source: Verra PWRS v1.0 (2023).

Two Credit Types Under Verra

Feature	Waste Collection Credit (WCC)	Waste Recycling Credit (WRC)
Unit	1 tonne collected	1 tonne recycled
Methodology	PWRM0001 v1.1	PWRM0002 v1.1
What it proves	Plastic removed from environment	Plastic recycled, displacing virgin material
Value proposition	Environmental remediation	Circular economy

Verra Certification Process

Source: Verra PWRS v1.0; Verra Program Guide.

Verra is the world's largest environmental credit registry, with over two decades of operational history. Its Plastic Waste Reduction Standard applies assurance processes modeled on audit and verification standards: accredited VVBs conduct site visits, document reviews, and stakeholder interviews. Every credit is serialized and publicly trackable at registry.verra.org.

04

How Plastic Credits Differ from Carbon Credits

The most common misconception is that plastic credits operate like carbon offsets. They do not. Understanding the structural differences is essential for correct positioning.

Comparative Profile

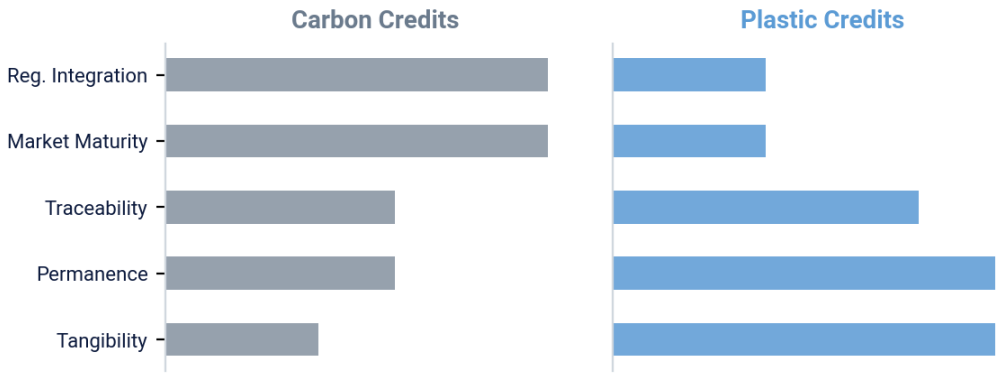


Figure: Comparative profile. Source: ClearSky analysis.

Dimension	Carbon Credits	Plastic Credits
Tangibility	Invisible gas; relies on models	Physical material; weighed, documented, traced
Accounting	GHG Protocol Scopes 1–3	Circular economy, SDG reporting
Baseline dependency	High — counterfactual emissions modeled	High — baseline waste-mgmt conditions assessed
Additionality	Core requirement for both	Core requirement for both
Permanence	Reversal risk (forests burn, soil releases)	Different profile: leakage, landfill fate, end-of-life
Traceability focus	Emissions calculations and models	Material flows and chain of custody
Market maturity	~25 years; $2B+/yr	~5 years; early-stage
Regulation	EU ETS, CORSIA	Philippines EPR; EU/US voluntary
Language	"Offset" (contested)	"Plastic footprint mitigation"

The tangibility advantage: While plastic credit methodologies involve baseline and additionality assessment, the underlying measurement is physical—tonnes on a scale, not modeled emissions. When a company funds collection from Cameroon's waterways, the result is visible: cleaner rivers, fewer blocked drains.

05

Corporate Use Cases: Where Plastic Credits Fit

The central question: if they don't fit in Scope 1/2/3 carbon accounting, where do they belong?

> **Plastic credits do not replace** recycled-content requirements, eco-design obligations, or reduction targets. They function as complementary financing for waste-management infrastructure.

Can Be Reported In	Cannot Be Reported As
✓ Circular economy strategy	✗ Recycled content
✓ Material stewardship	✗ Scope 3 reduction
✓ SDG reporting (12, 14, 8, 3)	✗ Packaging compliance substitute
✓ ESG narrative / sustainability report	✗ Offset or neutralization claim

Where Plastic Credits Fit

Plastic Footprint Mitigation

Most defensible use case. Fund verified collection/recycling of equivalent quantity. Reported as "plastic footprint mitigation."

Circular Economy Strategy

Finance circular infrastructure—collection, recycling, secondary material markets—in regions where none existed.

SDG Alignment and ESG Reporting

Measurable outcomes against SDG 12, 14, 8, and 3. Third-party verified.

EPR Compliance (Emerging)

Philippines' EPR Act explicitly allows plastic credits for compliance. EU and US currently voluntary.

Supply Chain Responsibility

For petrochemical companies: demonstrate end-of-life responsibility for materials produced.

06

The Claims Framework: What You Can and Cannot Say

The language matters enormously. The framework below reflects Verra's guidance, the 3R Initiative (3RI) standards, and evolving best practice including the EU Green Claims Directive proposal.

Three Tests for Defensible Claims

1. **Does the claim describe financing or support, not neutrality or elimination?**
2. **Does the claim avoid implying elimination of plastic impact?**
3. **Is the claim presented alongside the company's reduction commitments?**

If the answer to all three is yes, the claim is likely defensible.

Defensible Claims	Claims to Avoid
✓ "Supporting verified collection and recycling in [region]"	✗ "We are plastic neutral" (unless 3RI-certified)
✓ "We fund infrastructure removing plastic from the environment"	✗ "We offset our plastic footprint"
✓ "Mitigated [X] tonnes through Verra-certified credits"	✗ "Our products are plastic-free"
✓ "Created [X] collection jobs and recycled [Y] tonnes"	✗ "We have eliminated our plastic impact"
✓ "Complementing recycled content with infrastructure investment"	✗ "This replaces our need for recycled content"
✓ "Financing circular economy in underserved regions"	✗ "Carbon-neutral plastic"

> **The golden rule:** *Position plastic credits as financing infrastructure, not as compensating for pollution. You are building systems that don't exist, not neutralizing harm.*

07
Who Is Buying and Why

Verra's Plastic Waste Reduction Program has registered 50+ projects across 25+ countries. While early adoption has concentrated among consumer-facing sectors with high packaging exposure, diversification into financial services, automotive, and petrochemicals signals broader institutional acceptance.

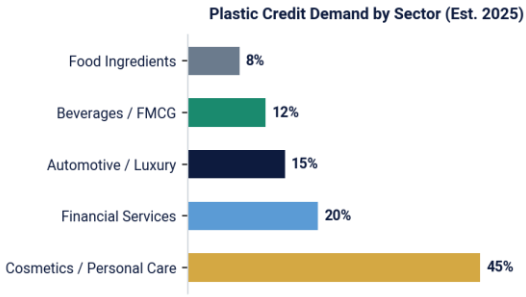


Figure: Estimated sector demand (2025).

Company	Sector	Use Case
Caudalie	Cosmetics	Footprint mitigation
Clarins	Cosmetics	Sustainability commitment
Bentley Motors	Automotive	Beyond-carbon strategy
Société Générale	Banking	ESG / operational
Howden Group	Insurance	CSR sustainability
Heineken	Beverages	Packaging sustainability

Acceleration Signals

- Sector diversification beyond cosmetics into automotive, financial services, beverages.
- Petrochemical interest: Major producers evaluating credits for end-of-life responsibility.
- Regulatory pull: EPR proliferation and UN Treaty negotiations driving pre-compliance positioning.
- EMF target gap: Global Commitment signatories unlikely to meet 2025 targets.
- Supply pipelines: Verra projects take 18–24 months to register. Companies building positions now will have access as verification pipelines mature.

08
The Regulatory Horizon

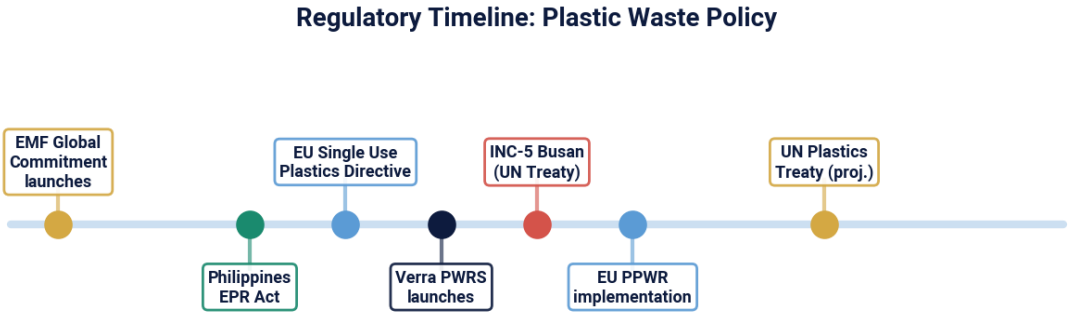


Figure: Regulatory timeline.

Jurisdiction	Framework	Status	Trajectory
Philippines	EPR Act (RA 11898)	Allowed for compliance	Strongest signal globally
EU	PPWR; SUP Directive	Voluntary only	Credits may complement EPR
USA	State-level EPR	Voluntary; state-by-state	Credit integration possible
India	Plastic Waste Mgmt Rules	Govt EPR certificates	Verra supplementary
Global	UN Plastics Treaty (INC)	Under negotiation	Binding measures likely

Policy trajectories point clearly toward increasing integration of producer-responsibility frameworks with verified waste-management outcomes. The Philippines' decision to allow credits for EPR compliance is the first concrete precedent. The question is not whether market mechanisms will be integrated, but when and how.

09
Addressing Greenwashing Risk

Greenwashing risk is the primary concern raised by corporate sustainability and legal teams—particularly in the wake of the EU Green Claims Directive proposal and heightened regulatory scrutiny.

"Are we just buying our way out?"

Mitigated by positioning credits as complementary to reduction efforts. Lead with reduction strategy, present credits as additional infrastructure investment.

"Can we trace where the money goes?"

Yes. Verra requires chain-of-custody documentation. Each credit is serialized and publicly trackable. VVB assurance processes verify volumes and material flows.

"Will the EMF view this negatively?"

The EMF prioritizes physical recycled content. However, financing collection infrastructure in underserved regions aligns with their circular economy mission.

"What if regulators challenge claims?"

Verra certification built on ISO 14064-2:2019 and ISEAL Credibility Principles provides a robust defense.

"Is this like discredited carbon offsets?"

Plastic credit methodologies rely on baseline and additionality assessment, supported by physical measurement of material flows.

Structural Risks in Plastic Credit Markets

Most reputational failures in environmental credit markets arise from corporate claims rather than credit issuance itself. However, structural risks exist that high-integrity markets must avoid:

Weak baselines

Projects that overstate baseline waste mismanagement to inflate credit volumes.

Poor traceability

Inadequate chain-of-custody documentation between collection and processing.

Over-aggressive claims

Corporate communications that imply neutralization rather than infrastructure investment.

Lack of social safeguards

Projects that displace informal waste-picker livelihoods without transition plans.

Opaque pricing

Insufficient price transparency between project cost and credit market value.

Buyers should assess projects against these failure modes. Verra's standard includes safeguards for several—but corporate due diligence remains essential.

10
ClearSky's Approach

ClearSky is an environmental merchant bank that originates, structures, and distributes high-integrity environmental credits. In plastic credits, we serve as project proponent on the Verra registry.

What We Screen For

Every project ClearSky develops is evaluated against five integrity criteria:

- **Additionality assessment:** Is credit revenue genuinely enabling activity beyond existing systems?
- **Baseline modeling:** Are baseline conditions conservatively and verifiably established?
- **Monitoring systems:** Can material flows be documented from collection through final disposition?
- **Conservative accounting:** Are leakage risks and credit volumes conservatively estimated?
- **SDG co-benefits:** Does the project deliver measurable social outcomes beyond waste diversion?

Project Portfolio

Feature	EcoGreen Cameroon (PWRP-5466)	Roded Israel (PWRP-5303)
Material	PET (Type 1)	LDPE, HDPE, PP
Context	Emerging economy, zero infrastructure	Advanced economy, agricultural gap
Output	Food-grade rPET flakes/pellets	Recycled PE pallets (food-grade)
Avg. annual	~10,900 WCC + ~6,600 WRC	~9,400 WCC + ~9,200 WRC
CP1 total	76,035 WCC + 46,500 WRC	66,000 WCC + 64,680 WRC
Period	Dec 2022–Nov 2029 (7yr, 2×)	May 2023–May 2030 (7yr, 2×)
Co-benefits	450+ jobs; SDGs 3,8,11,12,14,15	Patented tech; ISO certified; NYSE:GNE

Roded Israel: Agricultural plastic collection, recycling facility, and recycled PE pallets.

ClearSky®

Geographic diversity. Material diversity.
Impact flexibility for buyers.

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