



**WHEREAS:** Plastic, with a lifecycle social cost at least ten times its market price, threatens the world's oceans, wildlife, and public health.<sup>1</sup> Concern about the growing impact of global plastic pollution has elevated the issue to crisis levels.<sup>2</sup> Of particular concern are single-use plastics (SUPs), which make up the bulk of the 11 million metric tons of plastic ending up in waterways annually.<sup>3</sup> Without drastic action, this amount could triple by 2040.<sup>4</sup>

A shift away from virgin plastic production is critical to curbing the flow of plastic into oceans.<sup>5</sup> One of the most robust pathways is presented in the widely respected *Breaking the Plastic Wave* report, which finds that plastic leakage into the ocean can feasibly be reduced 80 percent under its System Change Scenario (SCS), which is based on a global shift to recycled plastics (almost tripling demand for recycled content) coupled with a one-third absolute reduction of virgin demand (mostly of virgin SUPs).<sup>6</sup>

The future under the SCS – built partly on recycled plastics and circular business models – looks drastically different than today's linear take-make-waste production model and would peak virgin plastic demand globally before 2030. Countries and major packaging brands are already beginning to call for reductions in plastic production and virgin plastic use.<sup>7</sup>

Westlake Chemical is estimated to be among the largest global producers of SUP-bound polymers, and among the largest greenhouse gas emitters of such producers, yet has not issued a goal for transition to a significant amount of production of recycled polymers.<sup>8</sup> Competitor Dow Inc. has committed to produce 3 million tons of feedstock from recycled and renewable sources annually by 2030. ExxonMobil has pledged capacity to process 450,000 tons of plastic waste for recycling by 2026. In light of the changing regulatory and competitive environment, shareholders face a growing risk from our Company's lack of substantial commitment to recycled polymers.

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<sup>1</sup> [https://wwfint.awsassets.panda.org/downloads/wwf\\_pctsee\\_report\\_english.pdf](https://wwfint.awsassets.panda.org/downloads/wwf_pctsee_report_english.pdf), p.15

<sup>2</sup> <https://www.unep.org/resources/pollution-solution-global-assessment-marine-litter-and-plastic-pollution>

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0904&from=EN#page=8;>  
<https://www.minderoo.org/plastic-waste-makers-index/findings/executive-summary/>

<sup>4</sup> <https://www.nationalgeographic.com/science/article/plastic-trash-in-seas-will-nearly-triple-by-2040-if-nothing-done>

<sup>5</sup> <https://www.theguardian.com/environment/2021/jul/01/call-for-global-treaty-to-end-production-of-virgin-plastic-by-2040>

<sup>6</sup> [https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave\\_report.pdf;](https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf)  
<https://www.science.org/doi/full/10.1126/science.aba9475>

<sup>7</sup> <https://www.pbs.org/newshour/science/bold-single-use-plastic-ban-kicks-europes-plastic-purge-into-high-gear;>  
<https://www.businessforplasticstreaty.org/>

<sup>8</sup> <https://www.minderoo.org/plastic-waste-makers-index/>



**BE IT RESOLVED:** With board oversight, shareholders request that Westlake Chemical prepare a report, at reasonable cost and omitting proprietary information, describing how the Company could shift its plastic resin business model from virgin to recycled polymer production as a means of reducing plastic pollution of the oceans.

**SUPPORTING STATEMENT:** Proponents suggest, at Company discretion, the analysis include:

- Quantification (in tons and/or as a percentage of total production) of the Company's polymer production for SUP markets;
- Development of a substantive time-bound recycled polymer goal as a share of virgin polymer production;
- Plans to ensure that shifting from virgin to recycled plastics will utilize recycling technologies that are cost-effective, process and energy efficient, and environmentally sound;
- An assessment of the resilience of the Company's portfolio of petrochemical assets under virgin to recycled transition scenarios of five and ten years, and the financial risks and benefits associated with such scenarios; and
- The benefits of such a shift in terms of plastic pollution avoided.