Recycling in Uncertain Times

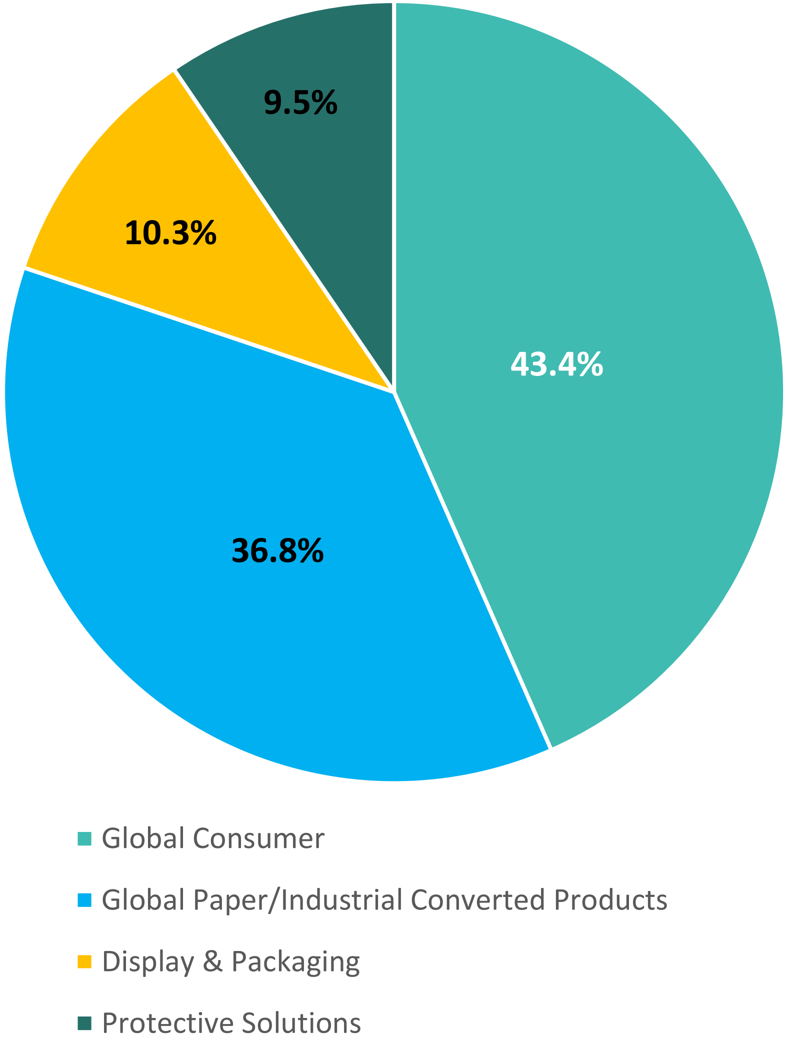
SERDC 2020 Annual Fall Meeting

Laura Rowell

Director, Global Sustainability

Laura.rowell@Sonoco.com

Sonoco Overview



Award-Winning Corporate Responsibility

Including being recognized as the most sustainable company in our home state of South Carolina by Shorr Packaging

AMERICA'S MOST RESPONSIBLE COMPANIES 2020
Newsweek
POWERED BY statista

BARRON'S
100 Most Sustainable Companies for 2019

FORTUNE
WORLD'S MOST ADMIRED COMPANIES® 2020

SAM | Sustainability Award Industry mover 2020
MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

SOUTH CAROLINA MANUFACTURERS ALLIANCE
Corporate Responsibility Award

Forbes | 2019
AMERICA'S BEST LARGE EMPLOYERS

SONOCO

Sonoco's Sustainable Packaging Partnerships

Sonoco is constantly reviewing new organizations and opportunities, including holding board or steering committee seats with many organizations

AMERIPEN®

Member of SUSTAINABLE PACKAGING COALITION®

FPA Flexible Packaging Association
Connecting. Advancing. Leading.

ISRI
Voice of the Recycling Industry™

CEFLEX
A CIRCULAR ECONOMY FOR FLEXIBLE PACKAGING

THE RECYCLING PARTNERSHIP™

NAPCOR
National Association for PET Container Resources

CIRCULAR FIBRE FORWARD
4ever green

APR® The Association of Plastic Recyclers

American Forest & Paper Association®

Operation Clean Sweep®

NERC NORTHEAST RECYCLING COUNCIL
SUSTAINING MEMBER
2020

2025 Sonoco Plastics Commitments

Increase, by weight, the amount we recycle, or cause to be recycled, relative to the volume of product we put into the global market place from:

65% to 85%

Increasing the use of post-consumer recycled resins in plastic packaging from:

19% to 25%

Percent of global rigid plastic packaging capable of making the relevant on-package recyclable claim:

75%

Sonoco will not utilize resin additives that purport to degrade in landfills or waterways by simply breaking up into smaller pieces

Sonoco will ensure all of its production facilities utilizing plastic pellets have systems to prevent environmental discharge of these pellets

Recycling in Uncertain Times: Issues

- New Plastics Economy (NPE) packaging recycling, composting and reuse commitments are currently more relevant than packaging's contribution to reducing climate change and food waste. Meeting their recyclability and recycled content goals continue to sharply drive CPG packaging focus.
- NPE dictates a 30% recovery rate to be considered 'recyclable'; currently only 6 plastic formats meet this definition: PET, HDPE and PP bottles; HDPE and PP tubs; some LDPE film
- Mechanical recycling is not healthy financially
  - End markets for high value plastics are being undercut by oversupply in virgin resins
  - Increased domestic processing needed due to closed export markets
- However, CPG recycled content goals under NPE cannot be met through mechanical recycling alone; alternative recycling technologies are needed
- COVID has refocused the need for single use packaging but created complications for recyclers early on

Recycling in Uncertain Times: Challenges

- Legislators (state and federal) are throwing darts at issues they little understand resulting in broad-based packaging legislation that hurts more that it helps
- Packaging chain not in alignment; each part of the recycling value chain has different (sometimes conflicting) requirements for sorting, processing, and markets:
  - Brands want differentiated packaging that performs, sells their product and can meet their NPE commitments on recovery and use of PCR at the lowest cost possible – BUT, they are also indicating their willingness to help address some of the needs
  - Cities / states want high recycling rates and someone to pay for it all
  - MRFS want only profitable materials (not everything brands put into the market) and no contamination; however, they are typically capital and space constrained
  - Processors want to meet demand for PCR but also fight contamination and competitive virgin markets
  - NGO's want mono-material packaging for everything and to eliminate plastics where possible; they also don't want solutions like pyrolysis etc.

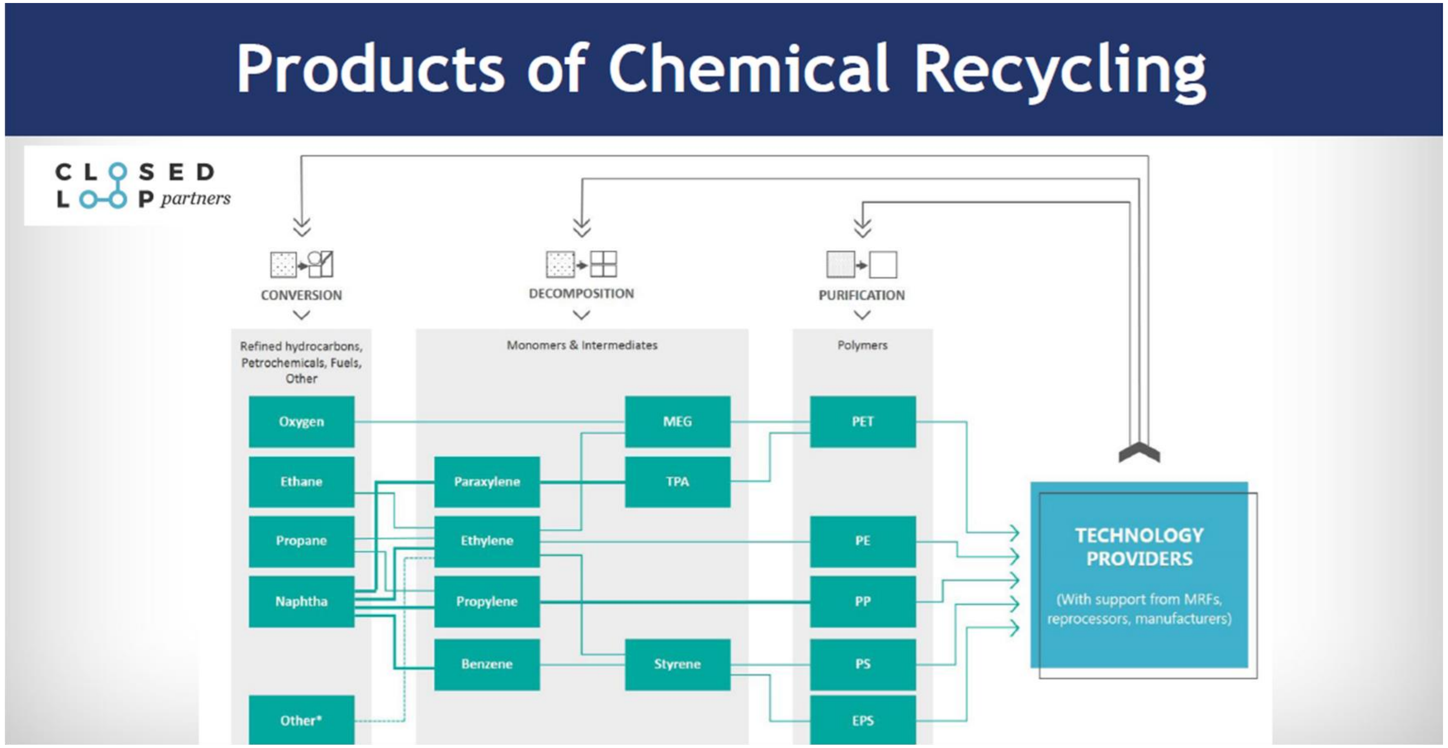
Recycling in Uncertain Times: Opportunities

Emerging agreement that some form of EPR is coming

Alternate recycling becoming a reality for addressing most critical issues while achieving NPE targets

Three broad categories cover most needs, but differ in approach, cost, output

Recognize that not everything has to be done at once. Phased in process needed to ensure efficiency, applicability based on need and reasonable costing structure



Source: American Chemistry Council Plastics Division citing Closed Loop Partners (2018). *Accelerating Circular Supply Chains for Plastics.*

Thank You!

Laura Rowell
Laura.rowell@Sonoco.com