FPA Flexible Packaging Association
Connecting. Advancing. Leading.

State of the U.S. Flexible Packaging Industry

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President & CEO
April 15, 2024

TAPPI INTERNATIONAL FLEXIBLE PACKAGING & EXTRUSION DIVISION

Let’s Talk About Flexibles!

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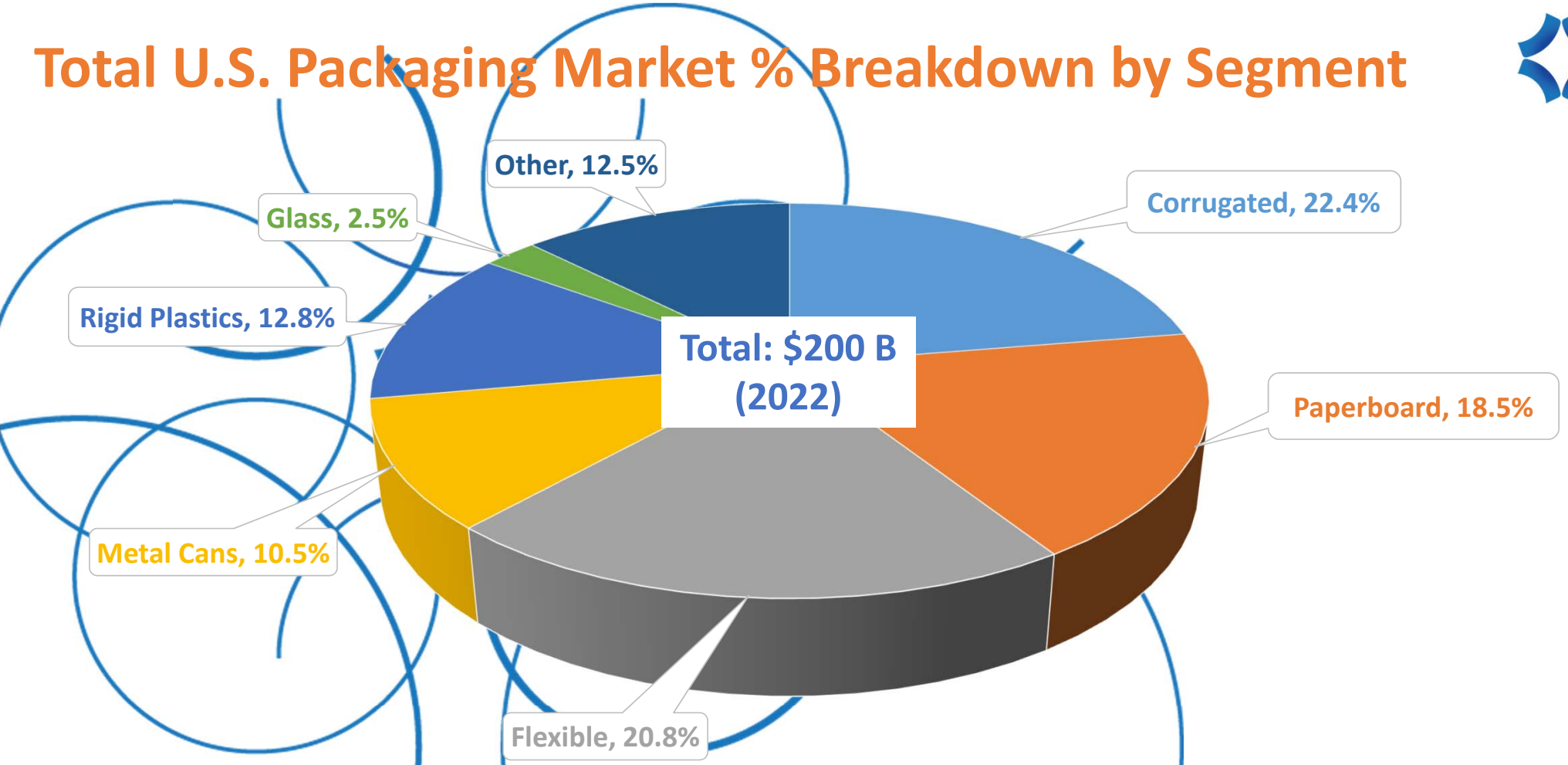
Total U.S. Packaging Market % Breakdown by Segment



Source: Inforum (2024)

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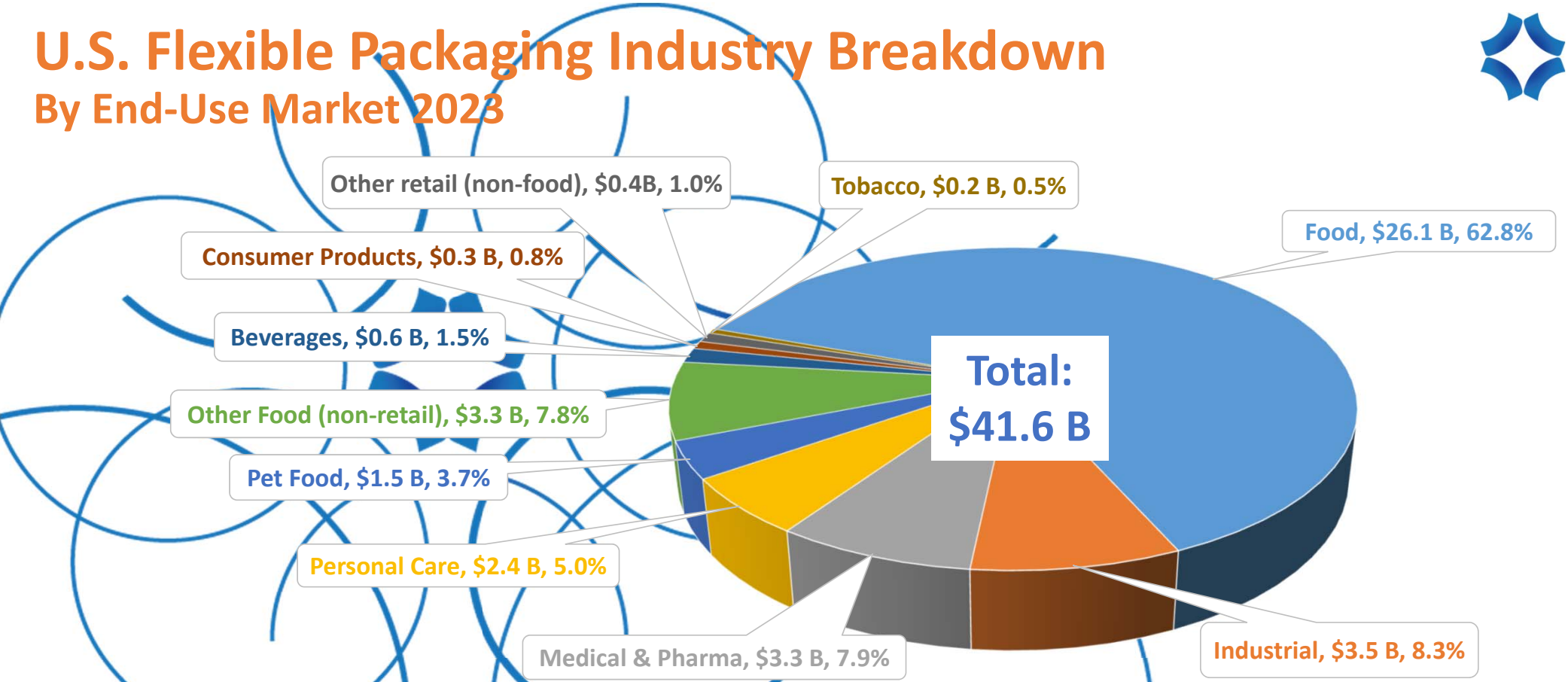
U.S. Flexible Packaging Industry Breakdown

By End-Use Market 2023



Source: 2024 State of the U.S. Flexible Packaging Industry Survey
Industry size (2022) based on Inforum recalculation – March 2024
Note: Average used for calculation. There is insufficient data to report Institutional (non-food), Shipping, and Nutraceuticals

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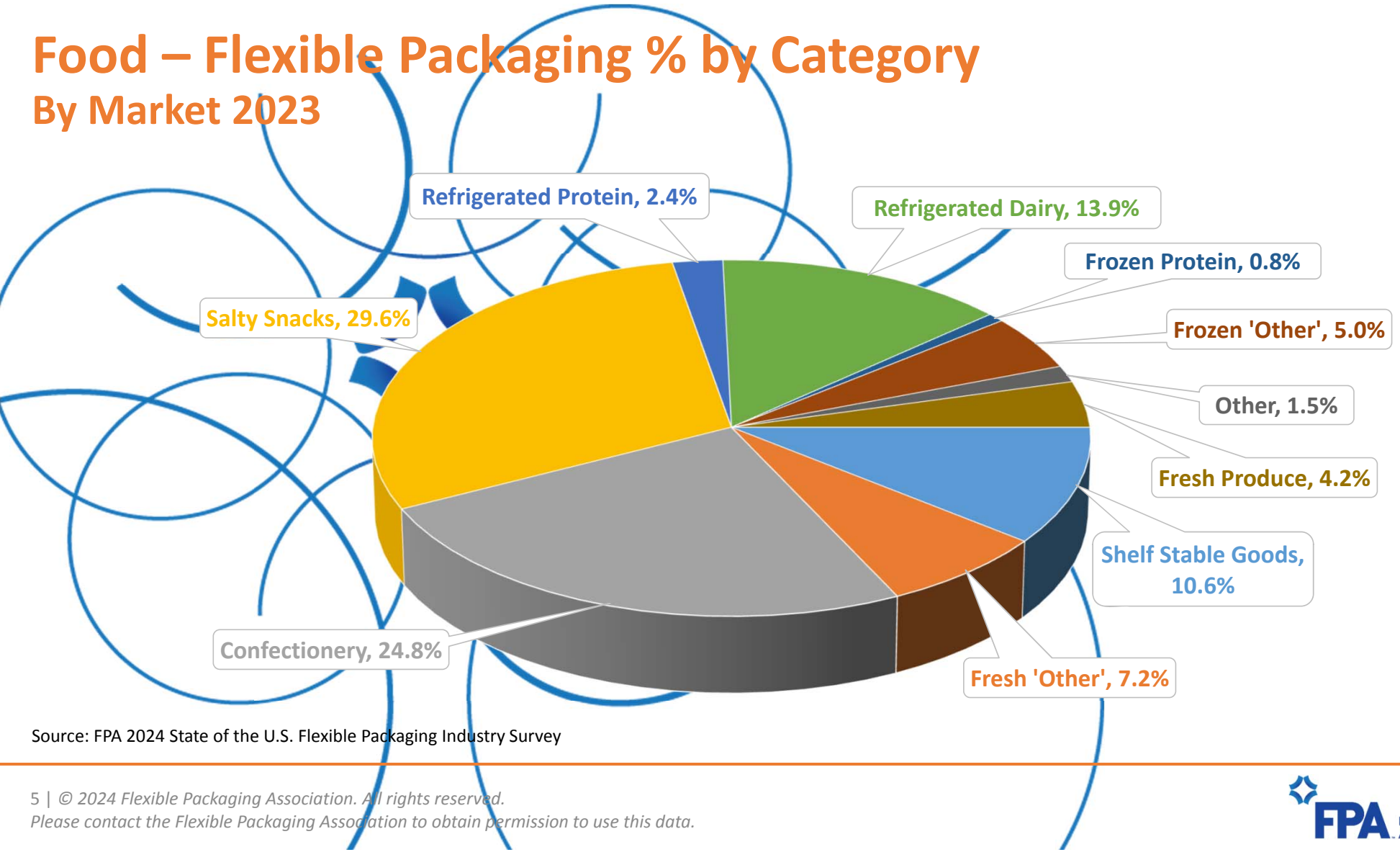
Food – Flexible Packaging % by Category

By Market 2023



Source: FPA 2024 State of the U.S. Flexible Packaging Industry Survey

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Economic Impact of the Flexible Packaging Industry

	Employment (1,000 persons)	Labor Income (Billion $)	Value Added (Billion $)	Output (Billion $)
Direct	$83.0	$7.2	$10.9	41.5
Indirect	$112.2	$10.2	$19.7	48.9
Induced	$120.9	$7.9	$14.4	25.4
Total	**$316.1**	**$25.3**	**$45**	**115.8**

Source: Inforum and the U.S. Census Bureau

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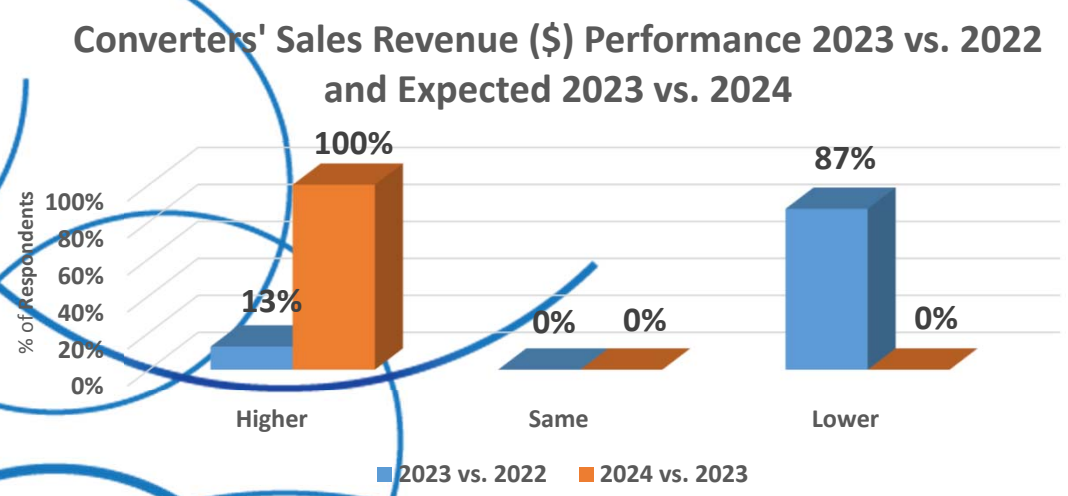
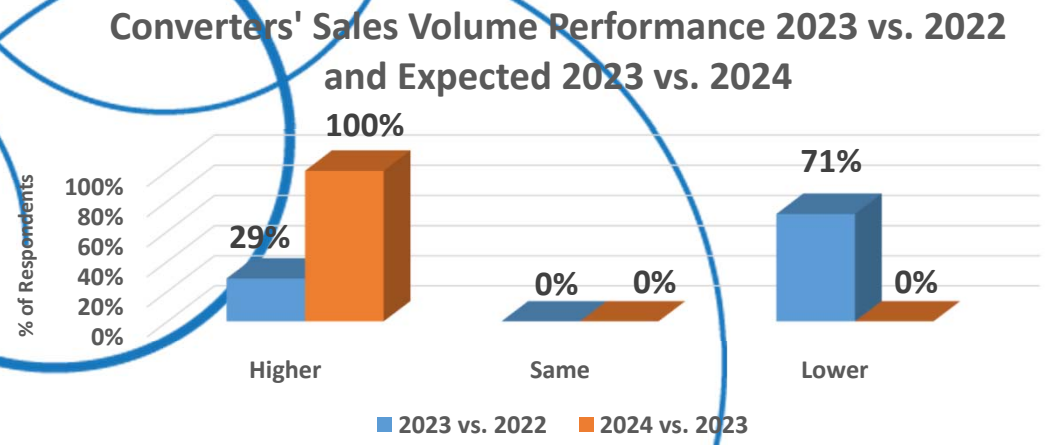
Converters' Sales Revenue and Volume Performance





Source: FPA 2024 State of the U.S. Flexible Packaging Industry Survey

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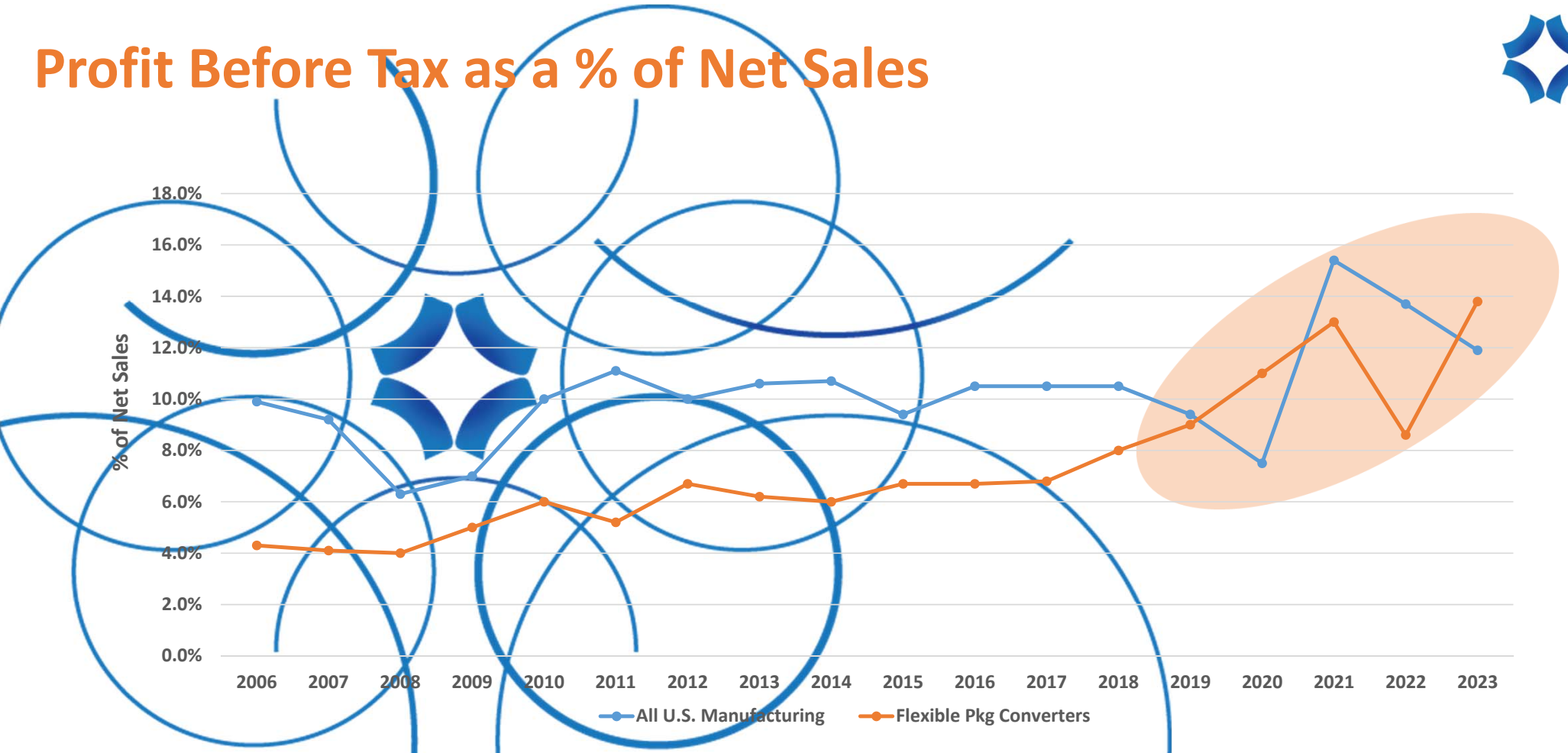
Profit Before Tax as a % of Net Sales



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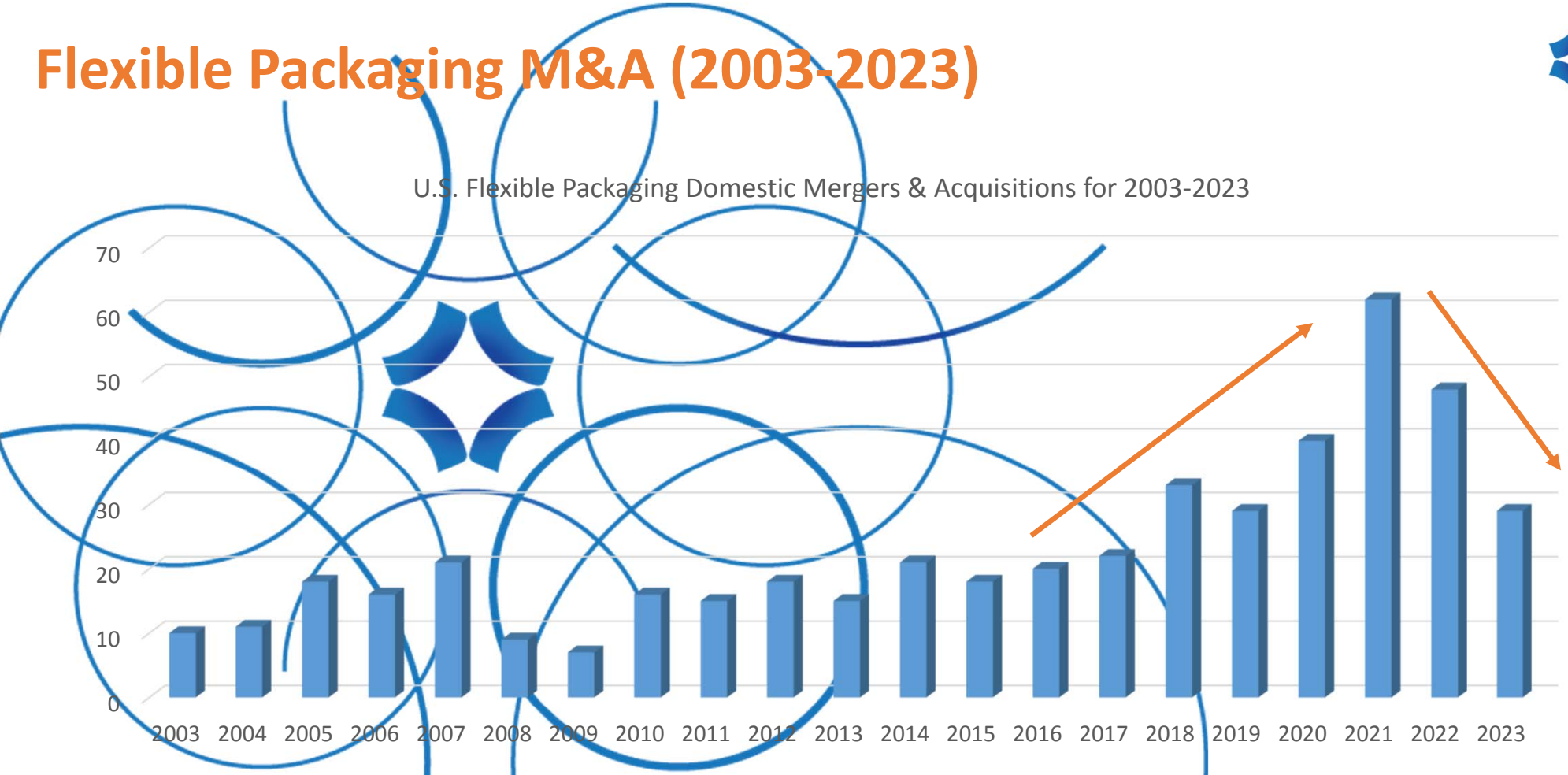
Flexible Packaging M&A (2003-2023)



Source: FPA *State of the Industry Reports*, FPA accumulated M&A data for 2023, precedent flexible packaging transactions, and PMCF

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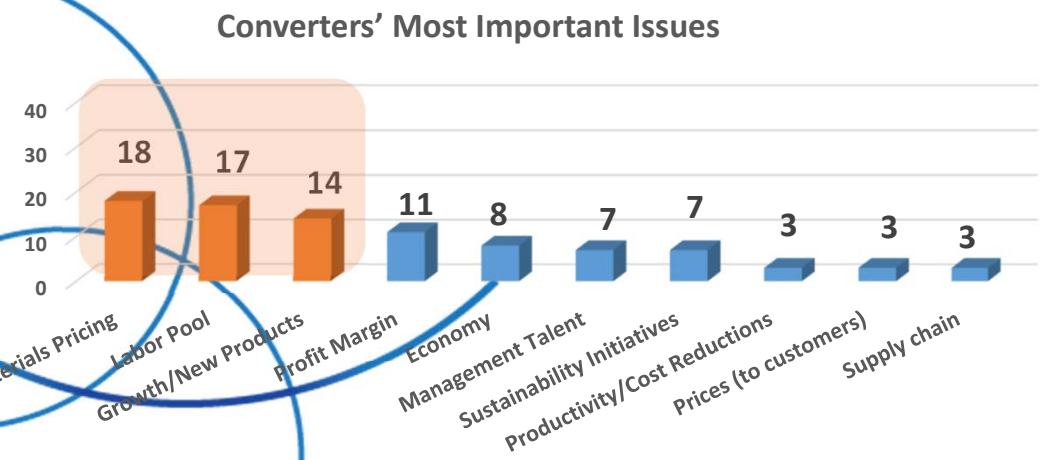
Converter & Supplier Most Important Issues

Relative importance based on combined rank totals.

Weighted 1-5, with 5=most important



Source: 2024 State of the U.S. Flexible Packaging Industry Survey

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U.S. Flexible Packaging Unit Volume Growth Potential

Market	2019-2024 CAGR	2024 - 2027 CAGR
FOOD	**2.1%**	**2.3%**
Plant-based Dairy	9.2%	7.9%
Dried Baby Food	12.4%	7.5%
Food Kits	2.5%	16.2%
Chocolate Pouches & Bags	6.0%	5.9%
Shelf Stable Fruit & Vegetables	10.5%	5.0%
Meat Snacks	6.5%	4.8%
Savory Snacks	4.7%	3.7%
Sugar Confectionery	2.4%	3.4%
Snack Bars	0.6%	3.3%
Chocolate Spreads	15.9%	8.5%
BEVERAGES	**-0.8%**	**-1.1%**
Tea	9.5%	3.8%
Juice	-1.8%	-2.1%

Market	2019-2024 CAGR	2024 - 2027 CAGR
HOME CARE	**1.4%**	**2.1%**
Liquid Air Fresheners	3.3%	2.6%
Detergent Tablets	5.0%	5.1%
Laundry Care	3.7%	3.7%
DOG & CAT FOOD	**4.8%**	**2.6%**
Cat Treats & Mixers	11.7%	6.8%
Cat Food	7.1%	4.7%
Dog Treats & Mixers	2.5%	-0.2%
Dog Food	2.9%	0.6%
BEAUTY & PERSONAL CARE	**0.3%**	**-0.9%**
Liquid Soap	8.1%	4.5%
Adult Sun Care	4.2%	2.8%
Hand Sanitizers	12.3%	-3.1%
Facial Makeup	-0.4%	1.9%
Lip Products	-0.5%	1.3%

Source: Euromonitor International Passport Data – March 2024
Based on the number of packaging units sold to consumers through all retail channels

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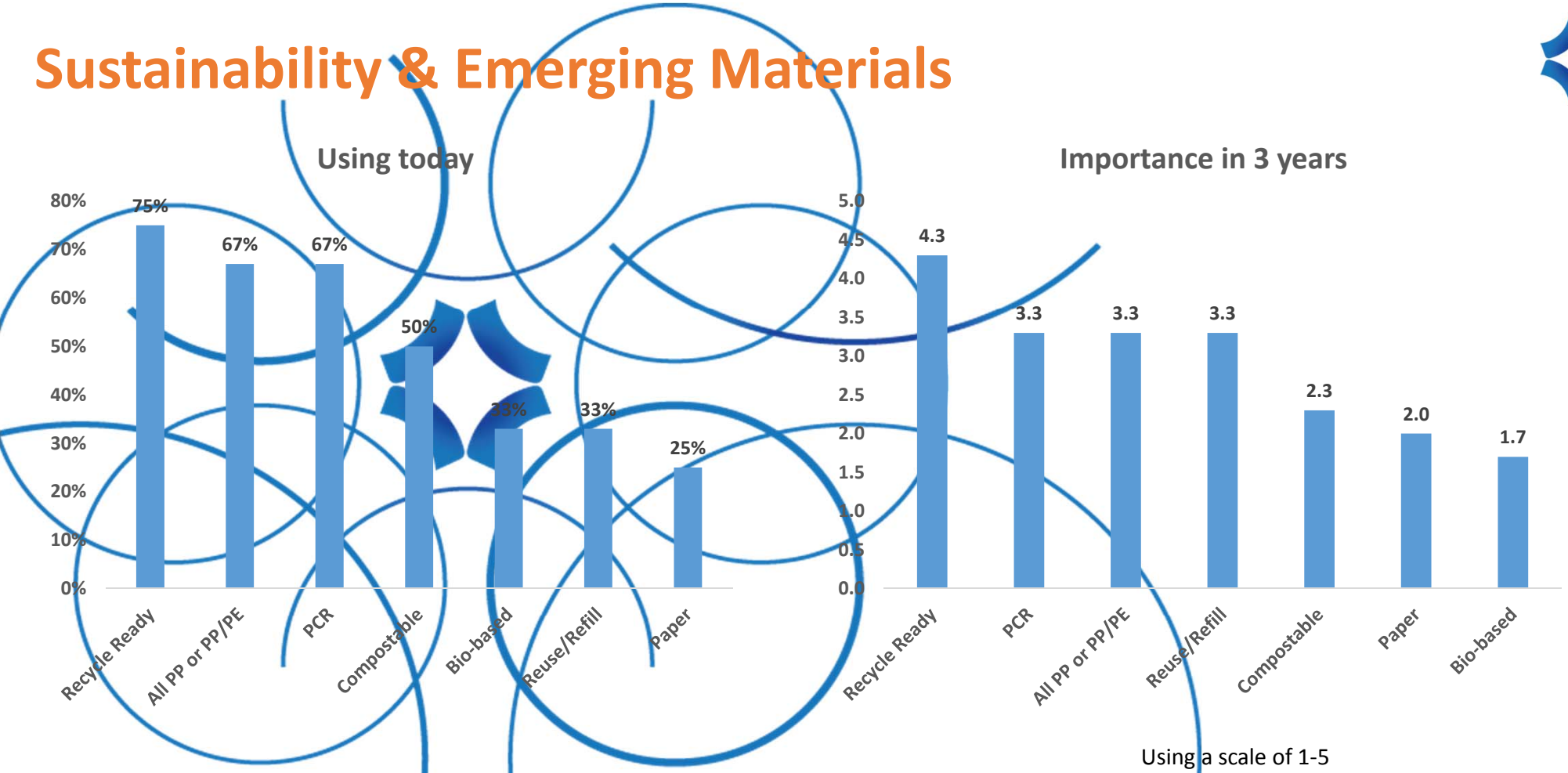
Sustainability & Emerging Materials



Source: 2024 State of the U.S. Flexible Packaging Industry Survey

Using a scale of 1-5
(5 = Extremely Important / 3 = Moderately Important / 1 = Not Important)

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Public Perception of Plastic and Packaging

- Push to eliminate plastic and plastic packaging continues, with a new emphasis on toxics
  - Regardless of sustainability and lifecycle implications
  - Regardless of recyclability and compostability
  - Not just an ENGO issue anymore

SAY NO TO PLASTIC

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Brand's Packaging Circularity Goals

- Ellen MacArthur Foundation's (EMF) Global Commitment
- US Plastics PACT/Plastics Pollution Treaty (INC)
- U.S. SEC ESG/Proxy Votes
- State EPR Mandates
  - Recyclable as well as Recycled; PCR; Reduction; Toxics
  - Labeling
- Canadian Plastic Pollution Prevention Programs

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State Advocacy 2024

- Packaging legislation in:
  - Washington (EPR dead)
  - Hawaii (Needs Assessment)
  - New York (EPR)
  - New Jersey (EPR)
  - Minnesota (EPR)
  - New Hampshire (EPR dead)
  - Rhode Island (EPR, Toxics)
  - Vermont (Labeling)
  - Maine (Labeling, Toxics, Advanced Recycling)
  - Tennessee (EPR)
  - California (Bag Ban, Toxics)








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State Advocacy 2024

- Extended Producer Responsibility
  - California, Colorado, Oregon and Maine
    - –Needs Assessment – Maryland, Illinois
    - –New states? Election Year…
- PFAS (processing aids)
  - And other “toxics” in packaging legislation
- Advanced Recycling
- PCR Content
- Labeling
  - Recyclability

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Flexible Packaging and Circularity – FPA Principles

- Benefits of flexibles need to be promoted and infrastructure investment needs to be prioritized
- A well-crafted extended producer responsibility (EPR) scheme
  - Doesn't ban or restrict the production or sale of flexibles
  - Creates sustainable funding for a dynamic recycling system with advanced recycling infrastructure
  - Harmonization among states or at the federal level
- A suite of options is needed to ensure all packaging is collected, processed, and available for new uses

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State Advocacy 2024 – EPR Regulations

- Circular Action Alliance chosen as PRO
  - Oregon, Colorado, California and Maryland
    - Maine and Illinois?
- OR: January 1, 2025 program must be implemented
  - Payment timeframe not dictated
- CO: January 1, 2025 producers pay, prior to program plan submission and approval
  - Implementation tied to scenario and program approval
  - Needs assessment open for public comment
- ME: 2026 producers pay
  - Tied to effective/approval date of PRO
- CA: January 1, 2024 PRO must be formed with participating producers (done)
  - July 1, 2027 Producers must participate?

Circular Action Alliance

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Federal Advocacy 2024

- Labeling for Recyclability
  - Federal Trade Commission Green Guides
  - National Legislation?
- Administration's Strategy for Reducing Food Loss and Waste
- EPA's Strategy to Reduce Plastic Pollution
- Two Federal Bills
  - Recycling Infrastructure and Accessibility Act
  - Recycling and Composability Accountability Act
- Hearing on Federal EPR 3.6.24
- Congressional Chaos/2024 Presidential Election Year
  - Lack of Federal Action Means More State Action
- Canadian Pollution Prevention Plans and Regulations

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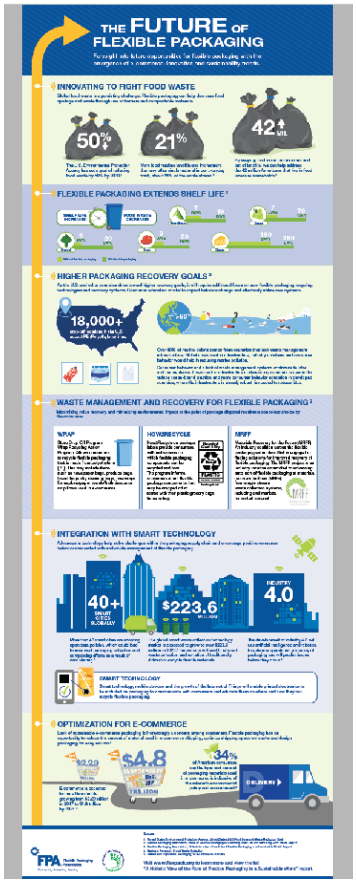
Challenges

Infrastructure for Collection, Sortation, and Reprocessing

- All 4 EPR laws treat film and flexibles differently
- General lack of access to curbside collection for flexibles regardless of the state
- Store drop-off program in jeopardy
- Preliminary regulations in California state film is not recyclable and can not be labeled as such
- Need prove of concept and scalable solutions for collection, sortation and reprocessing



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Solutions

Infrastructure for Collection, Sortation, and Reprocessing

- Coalitions and Partnerships to address film and flexibles circularity and leverage resources

Hefty ReNew PROGRAM

THE RECYCLING PARTNERSHIP

PATHWAY to CIRCULARITY
FILM & FLEXIBLE COALITION
AN INITIATIVE OF THE RECYCLING PARTNERSHIP

FFRA
FLEXIBLE FILM RECYCLING ALLIANCE

recycled material STANDARD

PLASTICS INDUSTRY ASSOCIATION

CONSORTIUM FOR WASTE CIRCULARITY

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- Renewed TRP Film and Flexible Coalition Membership
  - Pilot/Proof of concept for California EPR
- Engaged with the Recycled Material Standard
  - The RMS is the most comprehensive third party standard available for recycled materials.
    - Full Chain of Custody
    - Mass Balance
    - Includes Post-Consumer & Post-Industrial Materials
    - Multi-Site Certification and Group Certification
    - Consensus Body Development Process
    - Book and Claim System
    - Fuel Exclusion
  - Have been asked to join Advisory Committee

Initiatives of

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FFRA
FLEXIBLE FILM RECYCLING ALLIANCE

- A collaboration open to all stakeholders ensuring the value & recovery of flexible films and store drop off labels.
  - Operate a **best-in-class plastic film recycling directory**
    - Establish a verification program to ensure data, validity, and robustness
    - Publicly report on program success through annual reports
  - Educate consumers and policymakers on the **benefits of flexible plastic film products**
  - Promote the **responsible use and recycling** of flexible plastic film products
    - Increase recycling opportunities
    - Develop end markets for recycled plastic film and flexibles
  - Educate consumers on **how to recycle** flexible plastic film products

An initiative of

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Sustainability Benefits of Flexibles

BENEFICIAL ATTRIBUTES OF FLEXIBLE PACKAGING

Optimizes volume and weight of packaging necessary to protect products as they move through the supply chain

Resource efficient, thus reducing water, energy, and GHG emissions during production, distribution, and use

Protects products throughout e-commerce supply chain thus reducing damage and loss

Reduces volume and weight of packaging waste in need of end-of-life management

Improves transportation and storage efficiency

Extends shelf-life of food thus reducing food waste

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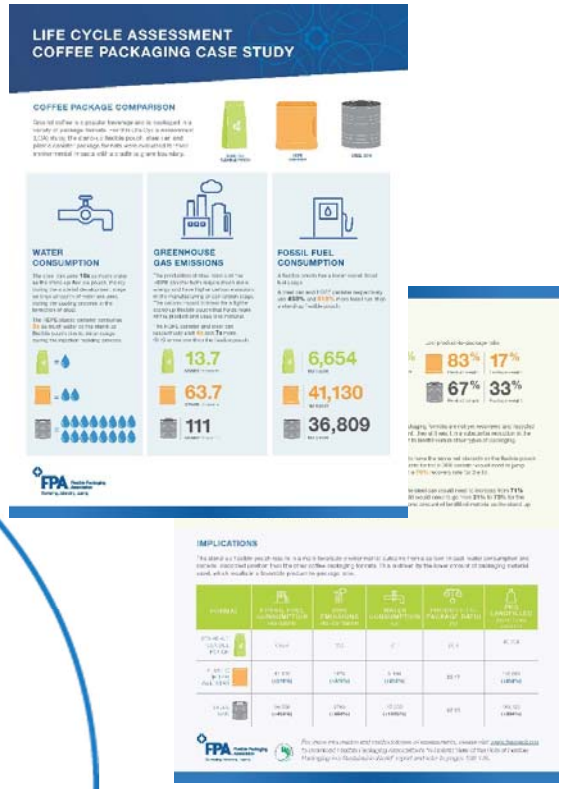
Sustainability Case Studies

E-Commerce

Product



Food

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Promotion

FlexPack VOICE®
Perfect Packaging
SPMC
Social Media

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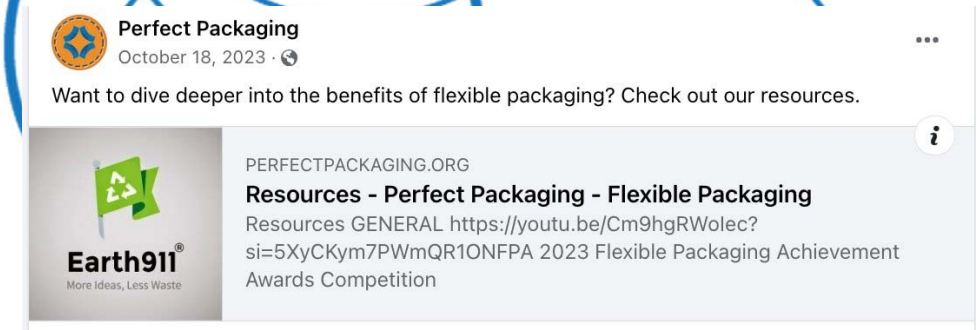
Join the Conversations

- Join us on Social Media
  - FPA
  - Perfect Packaging
  - ELC
  - SPMC



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The Future is Flexible!

- Industry continues to grow despite packaging and plastic backlash
- FPA assists with information, protection, connection, and promotion
- Labor, supply chain, and sustainability remain the top issues
- Need to continue to work on closing the circularity loop while protecting our products by emphasizing their benefits
- Supply chain collaboration is key

Packaging Second only to Nature's Original

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