



Carton end-markets: then, now, & the challenges along the way

CWMA Virtual Conference

Hot Topic Discussion: Recycling End Markets

October 7, 2020



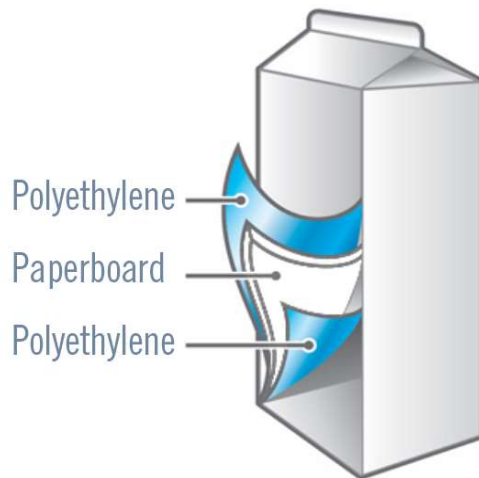


What Constitutes a Food & Beverage Carton?

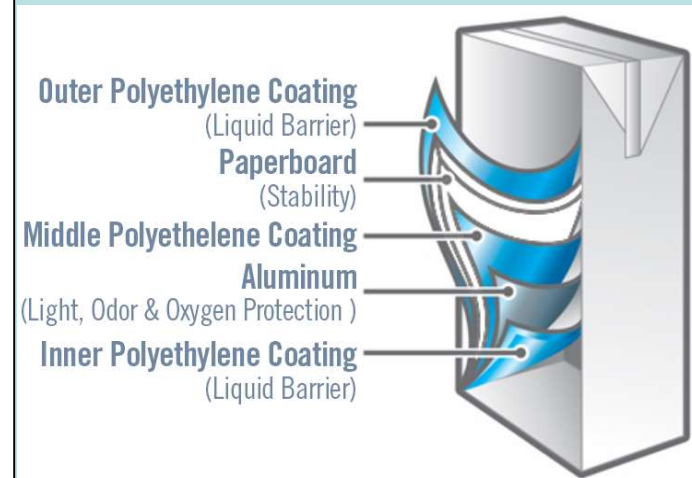
- made **mainly from paper**
 - a renewable resource
- light weight & compact
- **low carbon footprint**
- **recyclable**

Multi-layer design provides protection against light, air & harmful bacteria

Refrigerated “gable top”



Shelf stable “aseptic”



No wax or “waxy coating”

Who is the Carton Council?

- Voluntary industry organization
- Competing companies working together to grow the recovery & recycling of used cartons nationwide

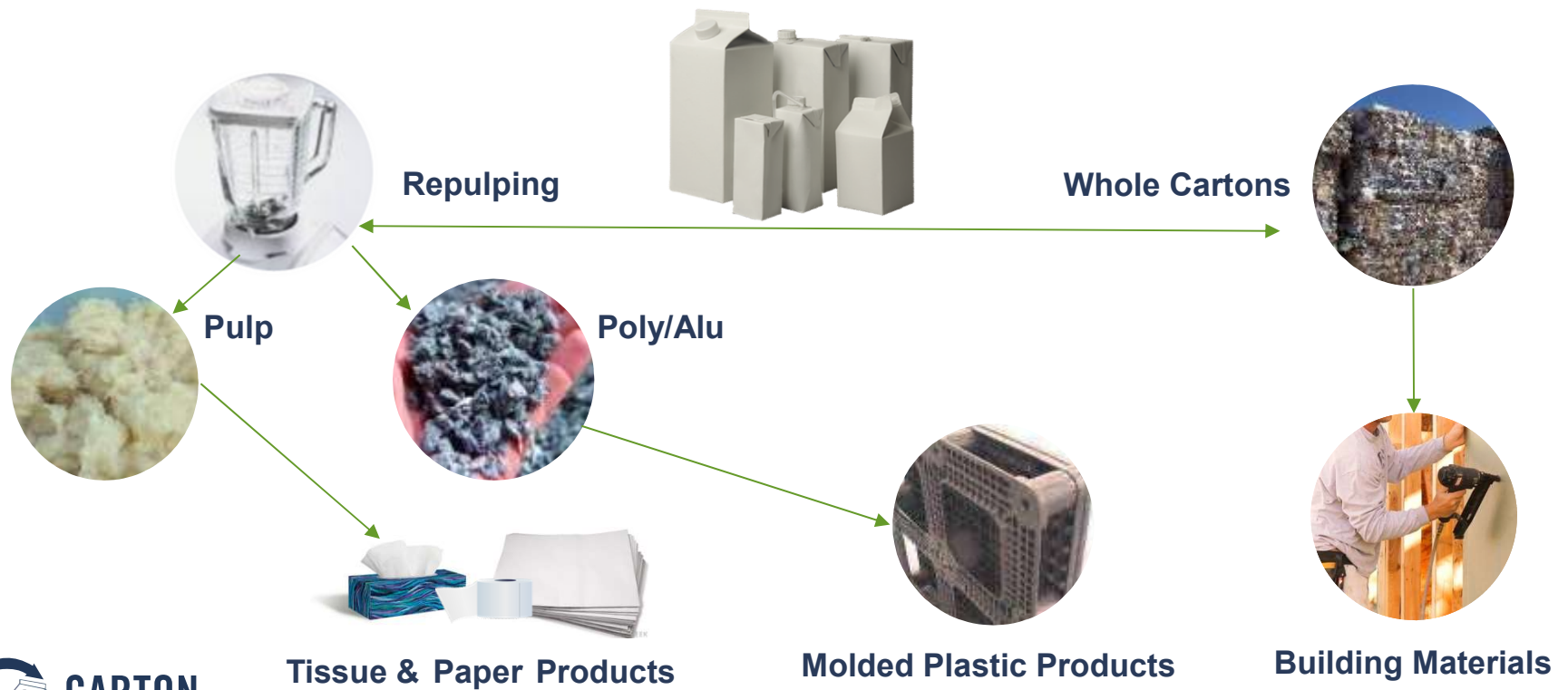


What We Do

- CCC helps increase carton recovery & recycling in Canada by:
 - ✓ Financing & producing carton-recycling awareness campaigns
 - ✓ Providing consulting services to optimize sorting processes
 - ✓ Financing pilot projects
 - ✓ Connecting sellers & buyers of carton bales

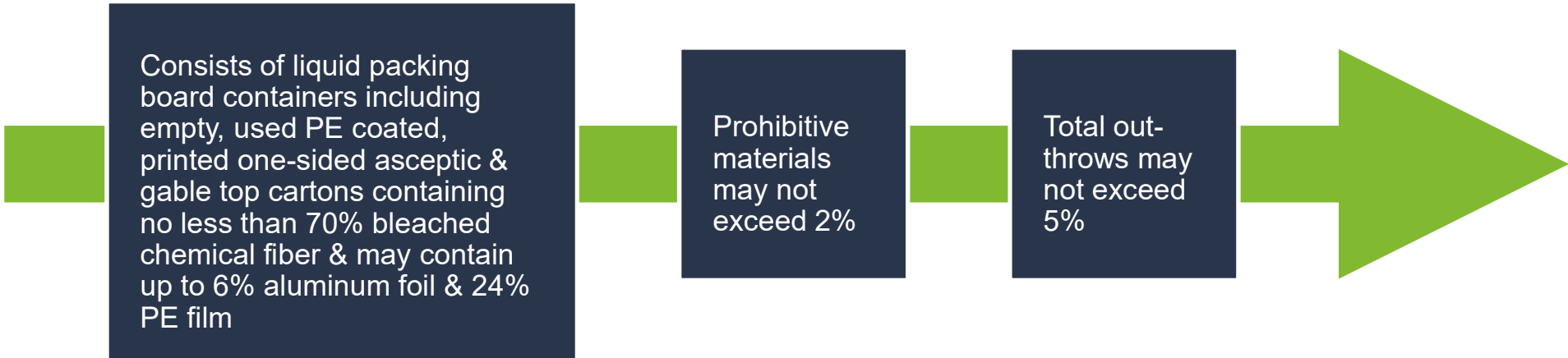


Best Value for Cartons: Sorting Them into Grade #52



What Exactly is Grade #52?

Paper Stock Industries (PSI) is a national chapter of the Institute of Scrap Recycling Industries, Inc. (ISRI). It is dedicated to the recovered paper industry & issued this grade in 2011.



Consists of liquid packing board containers including empty, used PE coated, printed one-sided aseptic & gable top cartons containing no less than 70% bleached chemical fiber & may contain up to 6% aluminum foil & 24% PE film

Prohibitive materials may not exceed 2%

Total out-throws may not exceed 5%

Stable & Regional End-Markets Are Key

In 2008...



Recyclers of Used Cartons in 2020



CCC Maintains List of Brokers & End-markets



END-MARKETS & BROKERS

Please note: End-markets have their own purchasing specifications and requirements. Some may buy directly from generators of grade PSI 52 while others may use their existing sourcing network or the brokers/traders listed below to purchase their volumes of post-consumer cartons.

UNITED STATES & CANADA

- Sustana Fiber Canada, Lévis, Quebec, Canada
- Sustana Fiber USA (formerly Fox River Fiber), De Pere, WI, USA
- Continuous Materials (formerly ReWall), Des Moines, IA
- Great Lakes Tissue, Cheboygan, MI

ASIA

- Kyungbo Paper, Imsil-gun, Jeollabuk-do, S. Korea
- Prince, Yesan-gun, Chungcheongnam-do, S. Korea
- Deluxe Recycling, India

MEXICO - MILLS CONSUMING CARTONS

- Biopappel, Tres Valles, Veracruz State (aseptic loads only)
- Kimberly-Clark, San Juan del Rio, Queretaro State
- Kimberly-Clark, Ecatepec, Mexico State

MEXICO - CONSUMERS OF POLY/ALUMINUM AND POLY RESIDUAL

- Ecolaminados, Morelia, Michoacan State
- Ecomadera, Jiquilpan, Michoacan State
- Grupo Tea, Zumpango, Estado de Mexico
- IMERSSA, Zumpango, Estado de Mexico
- PLACOVE, Toluca, Estado de Mexico
- Q.F. Mex, Mexico D.F
- Ziklum, Acolman, Estado de Mexico Ecolaminados, Morelia, Michoacan State

BROKER	LOCATION	CONTACT PERSON	EMAIL ADDRESS
Ace Fibers Ltd.	Mississauga, ON	Ajay Jindal	acefiberltd@gmail.com
Berga Recycling	St-Eustache, QC	Gaëtan Dumas	jean@berga.com
Canada Fibers Ltd.	Toronto, ON	Jonny Handler	jhandler@gfenv.com
Ekman Recycling	Brockville, ON	Bill Renkema	bill.renkema@ekmangroup.com
Jushin USA	Temecula, CA	Paul Chung	paulchung01@gmail.com
Newport CH International Lic	Orange, CA	Clark Hahne	chahne@newportch.com
North South Fibers	Brossard, QC	Edward Murphy	emurphy@northsouthfibres.com
Omnisphere	Miami, FL	Alex Valdes	avaldes@omnisphere.net
Recyclage Laroche	Candiac, QC	Gerry Laroche	gerry@larocherecycling.com
Recyclable Materials Marketing (ReMM)	Brantford, ON	Duane Maladecki	duane@remm.ca
Sustana Fiber	Levis, QC	Jean-Sebastien Foisy	jsfoisy@rollandinc.com
The Paper Tigers	Bannockburn, IL	Nick Halper	nhalper@papertigers.com
Waste Management (aseptic loads only)	Lewisville, Texas	Raul Garcia	rgarcia@wm.com

The brokers listed above are known to the CCC as brokers of post-consumer cartons (PSI-52 grade). The list is presented for consideration only and does not contain all available options. Please conduct proper due diligence when selecting a broker to ensure pricing and services are competitive and suited to your needs.



www.recyclecartons.ca

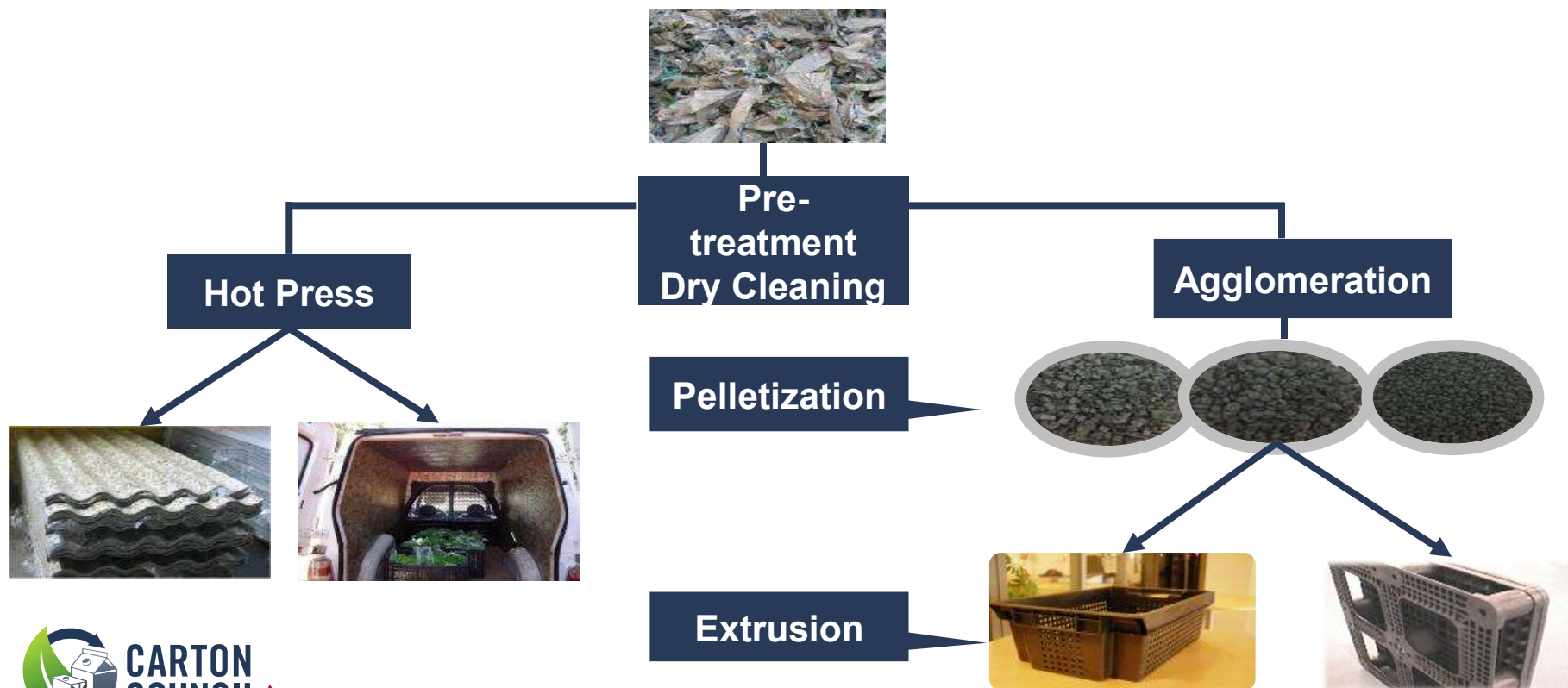
Updated April 2020

Current COVID Context, Challenges & Lessons Learned

- **Sharp drop in availability of Sorted Office Paper (SOP)**
 - More mills looking for replacement grade to make tissue, toweling, molded pulp, etc.
 - Used cartons are a substitute to SOP; increased interest from mills
- **But, mill end-users more sensitive to overall yield**
 - 25% on average of carton feedstock is non-fibre (“poly-alu”)
 - This residue stream has significant impacts on process & profitability
- **Possible solutions**
 - Full carton recycling (e.g. Continuous Materials, KGB)
 - Support for mills to get poly-alu into “sellable” form (reduced moisture content, transport-ready commodity)

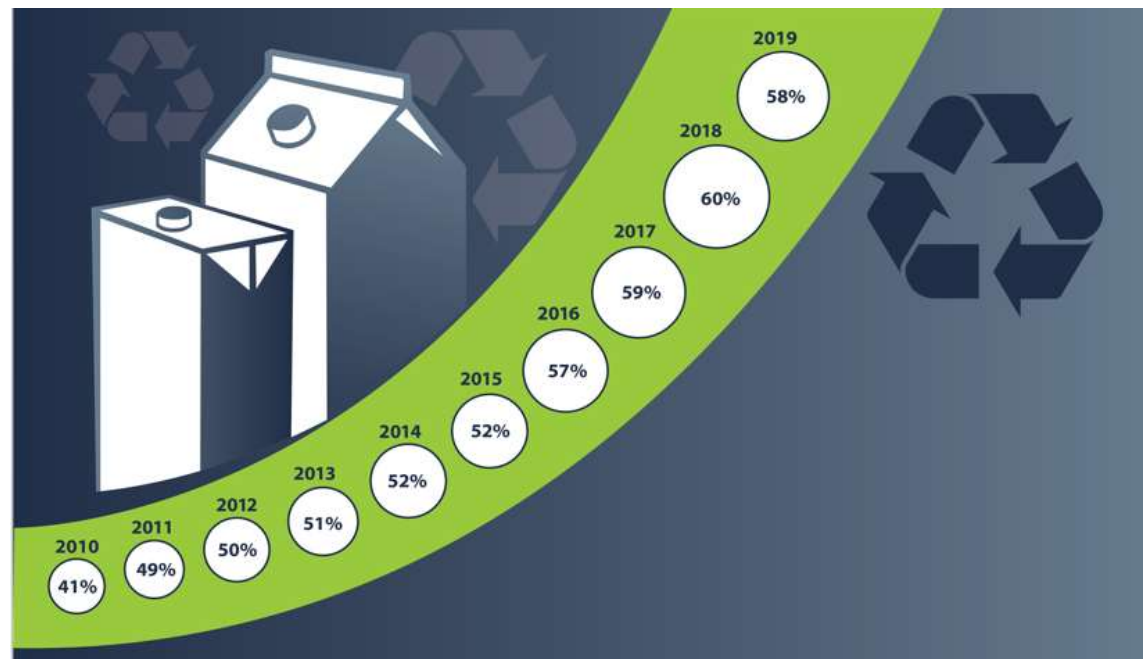


Additional Poly/Aluminum Recycling Ways



Progress to Date

- Blended national carton recovery-recycling rate is 58% (as of 2019)
- Represents 41 % point increase over last 9 years



Chinese National Sword

Arguably the most transformative event for the waste paper industry

- Removed most important purchaser for a number of paper grades
- Caused material back-ups, created problems for MRFs
- Drove down value of all paper grades
- Negative effect on whole recycling system; cartons were “co-lateral damage”
- Main driver for slight dip in carton recycling rate from 2018 to 2019
 - Despite slight set-back, CCC committed to achieving a 70% recycling target by 2025





Thank you!

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