



October 31, 2023

The Honorable Melanie Loyzim, Commissioner
Maine Department of Environmental Protection
17 State House Station
Augusta, Maine 04333-0017

RE: Maine Conceptual Draft Rules for the Stewardship Program for Packaging

Dear Maine Department of Environmental Protection,

Sonoco has valued our participation thus far to help inform the Maine Department of Environmental Protection as they develop the Conceptual Draft Rules for the developed by the State's Extended Producer Responsibility (EPR) Program for Packaging. We recognize that ERP schemes take many forms across North America and the globe and are very complex to organize and launch. We also appreciate the opportunity to provide comments on EPR Conceptual Draft Rules.

About Sonoco

Founded in 1899, Sonoco is a global provider of packaging products. With net sales of approximately \$7.3 billion in 2022, the Company has approximately 22,000 employees working in more than 310 operations around the world, serving some of the world's best-known brands. We are committed to creating sustainable products, and a better world, for our customers, employees and communities. The Company ranked first in the Packaging sector on Fortune's World's Most Admired Companies for 2022 as well as being included in Barron's 100 Most Sustainable Companies for the fourth consecutive year.

Sonoco has operations throughout the packaging supply chain. We are a packaging converter of a wide range of substrates, including rigid and flexible plastics, steel cans and aerosols and paper products including paper cans with metal ends. We are also a top 10 domestic recycler with 16 commercial recycling plants and 5 single-stream material recovery facilities. Finally, we are a large consumer of recovered packaging with 10 100% recycled paper mills in North America and an estimated global usage of 2,629,265 tons of recycled paper, plastic, and metal in 2022.

Our roles in the packaging and packaging recycling value chain provide us with unique perspective into the interplay between municipalities, material recovery facilities, end markets and the converters of new products.

We would like to use that perspective to highlight areas in the Conceptual Draft Rules that could cause unnecessary challenges in Maine's program or require clarification.

Conceptual Draft Rules Part 1

Definitions- Commodity

We believe that the Part 1 definition of "commodity" is overly prescriptive, excludes many current recycling processes and shuts the door to future innovation. Using paper as an example, the definition restricts commodities to those that do not require further processing before entering pulping operations. However, recycling facilities often purchase bales of paper, transport them to a different facility and then process them to a new bale weight or specification. Additionally, by limiting the definition of a paper commodity to pulping operations Maine is excluding other current and/or future recycling processes. Paper packaging material types today and in the future are and will be incorporated into products including cellulose insulation¹ or other building materials.² These processes also require additional processing like shredding before being incorporated into a new product. This risk is not limited to paper as other commodities often require additional processing before reaching an end market or are recycled in processes not included in the Commodity definition. Sonoco suggests that DEP remove 1(A)(1-4) and use 1(A) as the definition of Commodity: "processed material that meets an industry specification."

Conceptual Draft Rules Part 2

Readily Recyclable Definitions- Remanufacturing facility

We are concerned that the current Part 2 definition of "remanufacturing facility" will cause confusion and potentially negative outcomes. The definition of remanufacturing facility refers to the final processing of a commodity. Based on the Part 1 definition of "commodity," DEP is likely referring to pulping operations, smelters, and other end markets for materials generated at bale quantity at material recovery facilities. However, these are rarely the facilities responsible for the "final processing of a commodity prior to its use in a new product" as "product" is defined in Part 2 of the conceptual draft rules. Two examples from Sonoco; we purchase rolls of steel from a smelter, but a Sonoco converting operation transforms that steel into a new steel can, our pulping operation turns collected OCC into new recycled paper, but a Sonoco converting operation uses that paper to make a paper can. Sonoco suggests DEP instead refer to end markets and define it as the facility responsible for the processing of a commodity into a new base material.

Readily Recyclable Definitions- Transitional Period

We believe a healthy and dynamic recycling program will see materials transition from not readily recyclable to readily recyclable. We also anticipate that due to market or volume changes some materials will transition from readily recyclable to not readily recyclable. We would like to request more information on why there are

¹ <https://fiberlitetech.com/Fiberlite-Technologies-2nd.php?pagename=Homeowners-Environmental-Insulation>

² <https://www.continuousmaterials.com/everboard/>

significant time lags in fees as those changes occur. We would also suggest that if these transitional fees are desired, they are delayed for the first few years of the program as the readily recyclable list matures.

Program Goals- Base material-specific recycling and Overall recycling rate

We would like to highlight that the goals in these sections are likely impossible to achieve given the realities of recycling using today's processing technologies. All base materials have a goal of 70% recycling from 2040 to 2049 and 80% from 2050 onwards. These figures are calculated by multiplying the packaging material type sent for recycling by the recycling yield. All recycling industries have yield losses and in the paper industry we have seen yield estimate between 60 and 95%.³ Assuming an 80% average paper yield, the Maine EPR program would need 100% of the paper base-material to be sent for recycling to achieve the goal. It is possible that some base materials could not achieve an 80% recycling rate with 100% of the material sent for recycling.

Similarly, the overall recycling rate goal of 80% from 2040 to 2049 and 90% from 2050 onward may require more than 100% of program material to be sent for recycling to satisfy the requirement. We believe it is important that if Maine is going to create goals for the EPR program they are attainable, and we recommend that DEP remove the yield component of the base material-specific recycling and overall recycling rate goals.

Defining Packaging material- Readily Recyclable

We have significant concerns about the Readily Recyclable criteria for both Marketability and Throughput.

Marketability- This section highlights the need to clarify the definition of "remanufacturing facilities" as DEP is likely referring to end markets for bales of materials generated at a material recovery facility and it is not clear that the definition captures that meaning. Beyond that clarification, we question why DEP has chosen the requirement for 3 facilities if (b) requires capacity to recycle the packaging material type. Since the Readily Recyclable list is updated annually a packaging material type could be removed if a facility closes or no longer accepts a packaging material type. It is also unclear who has responsibility to identify these facilities, how often they must be identified, where they must be located and what the implications would be if a remanufacturing facility chose not to disclose their capacity. Finally, we are concerned that taken literally (c) "or that are known to results in the release of material into the environment," would exclude nearly all remanufacturing facilities as most release some materials into the environment. These water or air releases are monitored and permitted to ensure environmental safety, but if the language is taken literally, they would be disqualifying.

Throughput- We question the need for a throughput requirement. Without program packaging weight data and without packaging material types we do not believe a Readily Recyclable list could be created at this time that

³ https://www.energy.gov/sites/prod/files/2013/11/f4/pulppaper_profile.pdf
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takes throughput into account. While Sonoco is an operator of residential material recovery facilities, we do not have an estimate of what packaging material types would meet the 1% threshold. This is due to the Maine EPR program using a denominator of the total packaging material in the program and not the material inbound at a MRF. Furthermore, we are not aware of a list of product material types that has been created for analysis. We can see from other data sources that a 1% threshold is likely too low when compared to the total packaging materials in the program. For example, King County Washington found in 2020 that their inbound material was only 3% total plastics, 1% HDPE natural, 1% HDPE colored, 1% mixed metals, 1% tin and 2% aluminum cans.⁴ These are all materials that would likely fall under the 1% threshold when compared to the total weight of packaging material- especially when broken down further into distinct packaging material types.

Subsection (b) does not alleviate our concerns as currently constructed. The term “already” is unnecessary as it disqualifies future developments of industry specifications that often change and evolve⁵. Additionally, we are concerned that any packaging material type that results in a lower value for a bale is considered contamination. There are many packaging material types that may be considered contamination in one end market’s process (HDPE color, aluminum foil, aluminum pet food cans, aerosol cans, PET thermoforms, etc.), but are highly valued in others. Mixed paper is an excellent example of a specification that is lower in value than other paper bales but is critically important to the recycling industry. Sonoco invested \$115 million in our Hartsville, South Carolina paper mill⁶ in part to use higher quantities of mixed paper. Maine should incentivize end markets that invest in processes that allow for a greater range of recycled products (our Hartsville mill can now accept paper cups⁷ and all our mills can accept paper cans in residential mixed paper⁸) and work to increase the amount of packaging material types collected for recycling.

We believe the Marketability and Throughput definitions are overly prescriptive and will result in commonly recycled material being placed on the not readily recyclable list. We recommend Maine take inspiration from the collaborative process undertaken in Oregon to develop their Uniform Statewide Collection List (USCL) as a model to engage stakeholders and gather input on the development of the Readily Recyclable list. We also believe that the SO or other interested stakeholders should have a clear pathway to inclusion on the Readily Recyclable list during the annual updates.

We take the sustainability of our packaging and the viability of the recycling value chain seriously and thank you for considering our views and the continued opportunities to provide comments. We hope that this process results not only in the recycling of more packaging and more packaging material types, but in a system with greater transparency and more positive environmental outcomes. Please feel free to contact Scott Byrne, Director of Global Sustainability Services at Scott.Byrne@Sonoco.com for further information.

⁴ https://kingcounty.gov/~media/depts/dnrp/solid-waste/about/documents/MRF_assessment-2020.ashx?la=en

⁵ <https://www.isri.org/news-publications/news-details/2022/09/20/isri-and-apr-release-updated-recycled-plastics-specifications>

⁶ <https://resource-recycling.com/recycling/2021/07/13/sonoco-offers-update-on-project-horizon/>

⁷ <https://investor.sonoco.com/news-releases/news-release-details/sonoco-expanding-residential-recycling-paper-cups-its-mill>

⁸ <https://investor.sonoco.com/node/45941/pdf>

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Byrne". The signature is fluid and cursive, with the first name "Scott" being more legible than the last name "Byrne".

Scott Byrne

Director, Global Sustainability Services, Sonoco