RECYCLE FLORIDATODAY
FOR A SUSTAINABLE TOMORROW

PRATT 100% RECYCLED

Paper Stock Industries

ISRI
Institute of Scrap Recycling Industries, Inc.
Voice of the Recycling Industry™

Myles Cohen

Today's Topics

- P.S.I. Paper Grade Changes
- About Pratt Recycling
- Recycling Markets and Recovery Rates
- Q&A / Discussion

Today I Wear 2 Hats

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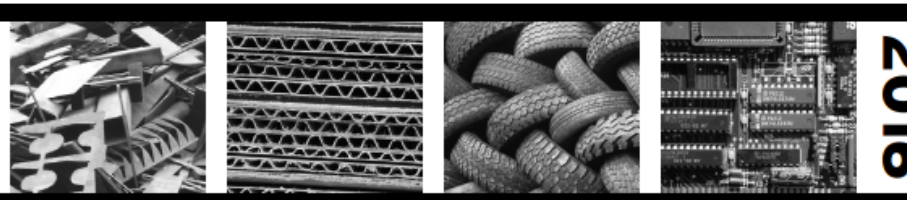
SCRAP SPECIFICATIONS CIRCULAR



2016

GUIDELINES FOR NONFERROUS SCRAP • FERROUS SCRAP • GLASS CULLET
PAPER STOCK • PLASTIC SCRAP • ELECTRONICS SCRAP • TIRE SCRAP

EFFECTIVE 1/21/2016

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Paper Stock Industries (P.S.I.) Grade Changes

Deleted Grades

Mixed Paper #1

Mixed Paper #2

Mixed Paper #3

Old Newspaper #6

Old Newspaper #7

Old Newspaper #8

New Grades

Mixed Paper #54

Consist of all paper and paperboard of various qualities not limited to the type of fiber content, sorted and processed at a recycling facility .

Prohibitive materials may not exceed 2%
Outthrows may not exceed 3%

Sorted Residential Paper #56

Consist of sorted newspapers, junk mail, magazines, printing and writing papers an other acceptable papers generated from residential programs (such as residential household and apartment collections and drop-off centers) sorted and processed at a recycling facility.

Sorted Clean News #58

Consists of sorted newspapers from source separated collection programs, converters, drop-off centers and paper drives containing the normal percentages of roto gravure, colored and coated sections. Must be free of excessive ink, brown grades and non-paper material.

Paper Stock Industries (P.S.I.) Grade Changes

Timing

Deleted Grades	New Grades
Effective June 30, 2017	Effective Now

Overlap now to ensure adequate transition time and negotiation of amended contracts

About Pratt

About Pratt

"From Schlock Recycler to trailblazer" Anthony Pratt – RISI CEO of year

- **Largest ($2.5B) 100% fully integrated Recycled corrugated packaging company in North America**
  - **Family-held**
- **U.S.A.= 4 – 100% Recycled Paper Mills**
  - **Largest user of RESIDENTIAL mixed paper in North America**
  - **Mills COMSUME ~10 million pounds/day of recycled paper**
- **5th Largest corrugated box company in the U.S.A.**
  - **40+ Converting plants – 6,000 green-collar employees**
- **17 Material Recovery facilities (MRFs)**
  - **Majority of which were built during the past decade**

Close-the-Loop Integrated

Pratt…a true "Circular Economy" company

Fully Integrated Close-the-Loop

Our Customers

Pratt Industries is known by the companies we keep

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10 Factors / Trends in Recycling

Factors/Trend in Recycling

1.

Recycling Rate Obscurity – Fuzzy Math

- Unclear
- Opaque
- Mysterious

- No harm intended, but industry/gov't has done a poor job standardizing definitions and calculations
- Has lead to recovery rate-itis, recovery rate envy, recovery rate exaggeration
- Truth is…residential MATERIALS recycling rate = 10 to 15% maximum

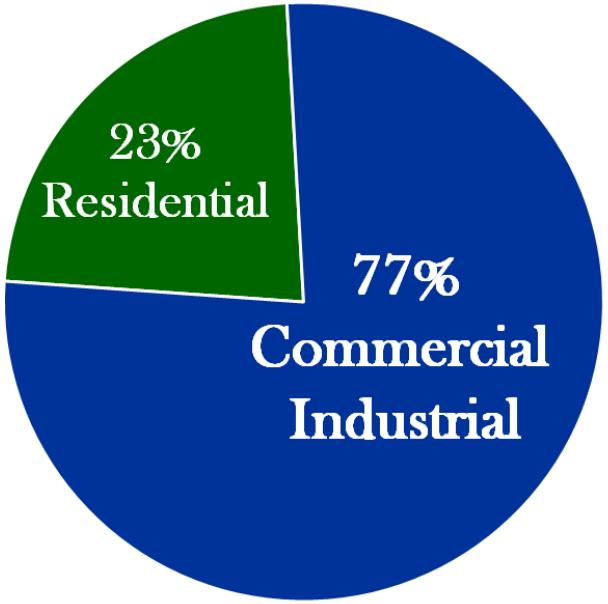
Factors/Trend in Recycling

2.

Imbalance of MRF Infrastructure

- Residential vs. Commercial/Industrial (C&I)

Where Materials Recovery is Generated*



*White Paper – June 2016 – Demystifying Recycling Rates

- And C&I has minimal visibility locally…most is "Mill Direct"

Factors/Trend in Recycling

3.

"American Recycling is stalling, and the big blue bin is one reason is one reason why"

Single-Stream did not exactly work out as planned

- Processing costs underestimated
- Contamination underestimated
- Volume declines worse than expected
- Wear and tear/R&M underestimated (plastic bags, glass, etc.), at MRFs, and rest of supply chain (Mills)
- Commodity price volatility worse than expected

Washington Post

Factors/Trend in Recycling

3.(con't)

Single-Stream Distress

For example…many cities seeing DECLINING recycling rates; especially within single-stream

Example: Chicago

2014	11.08%
2015	10.23%
2016	9.09%

Factors/Trend in Recycling

3.(con't)

Single-Stream Distress

Recent statements (past 100 days) from Recycling Industry CEOs/COOs (not Pratt)

"...we're still committed to recycling for customers that are willing to pay...company is being more strategic with its decisions. This includes avoiding long-term contracts with decreasing value over time, closing unprofitable facilities..."

AND

"...absolutely will never go back to the old style of doing business in recycling as long as I am breathing..."

Factors/Trend in Recycling

4.

Contamination!!

- Some cities report as much as 30%+
- Ruins good commodities
- Adds unnecessary expense/processing costs/energy use
- Takes a much longer, costlier trip to landfill

Factors/Trend in Recycling

5.

GLASS

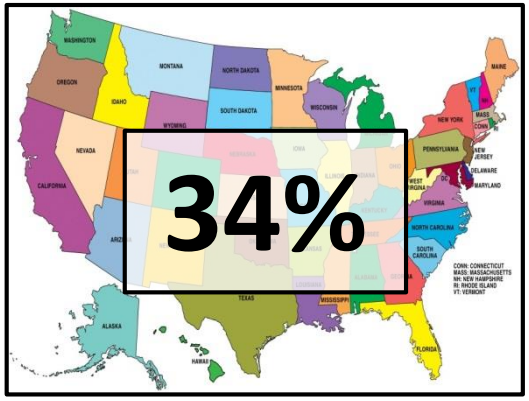
Needs a better solution than single-stream

Factors/Trend in Recycling

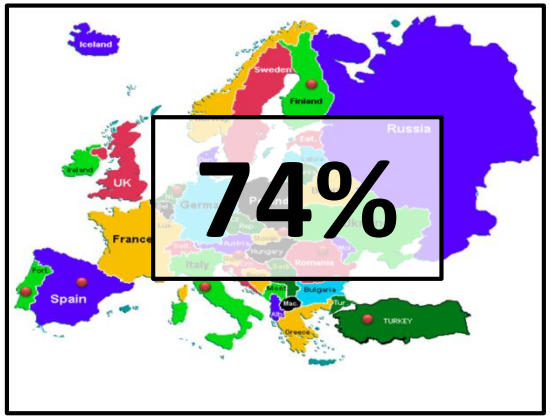
5.

GLASS

Recycling Rates (USA vs. Europe)



CDL States = 63%
Non-Deposit States = 24%



Sweden **95%+**

That's a big difference – What can we learn?

Factors/Trend in Recycling

5.

GLASS

USA

2 Primary Methods

Europe

Source Separation

Factors/Trend in Recycling

6.

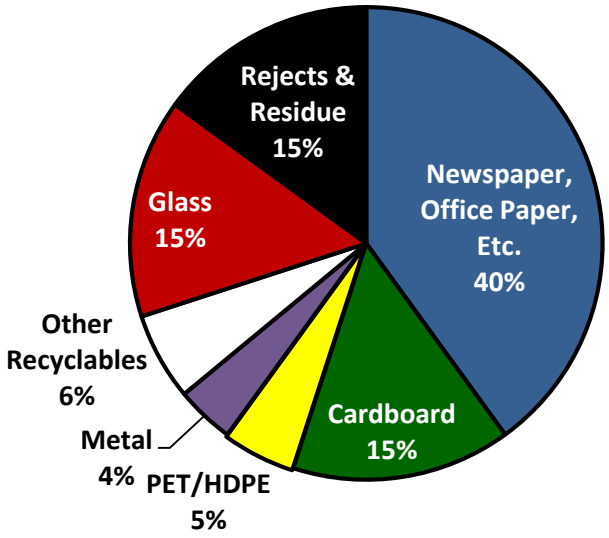
Sustainable Materials Management

Factors/Trend in Recycling

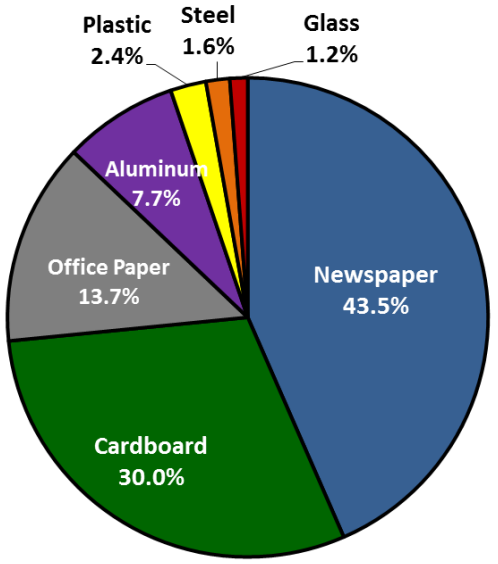
6.

Sustainable Materials Management

U.S.A. Residential Recycling tons Collected % by Weight[1]



Estimated USA Residential Recycling $MTCO_2E$ Savings Based on Material Type Recycled[2]



1. Source: June 2016 Moore/Kessler report Demystifying Recycling Rates

2. Pratt Estimate

Factors/Trend in Recycling

7.

OCC (Cardboard) Growing @ curbside due to on-line shopping

- Presents some challenges for communities with carts

Factors/Trend in Recycling

8.

More organizations willing to invest in curbside infrastructure

Factors/Trend in Recycling

9.

Education/Awareness

Factors/Trend in Recycling

10.

...And the biggest wild card is....

Factors/Trend in Recycling

10.

China and Export

China...Self-Sufficiency

It's Not All Gloom and Doom!

- Commodity prices are rising now
  - Unsure how long it will last
- The industry needs the feedstock

QUESTIONS?