

How is the Paper Industry Addressing Post Consumer Recycled Content?



**Building Better
Recycling Markets**

SPRING CONFERENCE — MARCH 20-21, 2019
CHASE CENTER ON THE BAYFRONT | WILMINGTON, DELAWARE

William Schlenger,
Marcal, a Soundview Paper Co.

- Post Consumer Recycling really took off in the 1980's and 90's.....
- Before I talk about Marcal/Soundview, I think it is important to understand some "Recycling History" about Post Consumer Recycled Content

CAPACITY

- Paper Mills began to improve deinking capabilities to allow more grades of wastepaper with more “contaminants” to be mixed together.
- Twin Ram-Automatic Balers that had been used for Solid Waste began being used for wastepaper, allowing higher volumes of paper to be baled with less labor.
- This higher volume, low labor production allowed recyclers to profitably begin selling lower priced grades of Sorted Mixed Office Papers.

GRADE DEVELOPMENT



- Office Papers had high brightness but needed sophisticated deinking equipment.
- Marcal Paper, along with others like Fort Howard Paper Co. were the leaders in development of this capability.
- For the Paper Mills, this became lower cost furnish than the Computer Paper and White Ledger grade they had been using.

OFFICE & COLLECTION PROGRAMS

- These programs were based on separate collection baskets for office paper so it could be collected separately by haulers without being contaminated with garbage.
- These Office Recycling Programs reduced the amount of paper going to the landfills and improved US Recovery rates.

RESIDENTAIL COLLECTION PROGRAMS

- Residential Collection programs were developed to facilitate the collection of News, Magazines and Junk Mail from homes with trucks that would pick up only paper.
- The Municipalities would contract with processors to buy the paper.
- This generated revenue, reduced the volume going to the landfill as well as the cost and increased US Recovery rates.

Fast Forward to all of the changes in the 2000's...

- Technology like Computers and the Internet impacted all of these industries:
 - Newspapers
 - Magazines and Brochures
- More office paper from home offices and much less News and Magazine.
- This has caused the closure of many Newsprint Mills and Printing Plants.

RECYCLING

- The decline of the printing industry spurred the NEED for more post consumer paper to replace the lost production of recovered fiber grades.
- Paper Mills were trying to address where the new streams of recovered fiber would come from

RECYCLING DEVELOPMENTS

- Identity Theft and security concerns spurred the growth of the entire Record Destruction Industry. This is where much of today's SOP comes from.
- Government agencies began to require a % of post consumer content in their contracts and bids to spur the Paper Industry to use more recovered fiber and less virgin pulp.

RESIDENTIAL COLLECTION CHANGES

- More Office Paper in Residential Collection generated from home offices and much less News and Magazines.
- The “Amazon Effect” has dramatically increased the amount of Cardboard (OCC) coming from homes
- Paper, Plastic, Metals and (sometimes Glass) were mixed in the collection process known as “Single Stream”

CHALLENGES TO RESIDENTAIL COLLECTION

- Collection is Co-mingled with Cardboard, Kraft Carrier Stock (beverage carriers), Gray Chipboard, Plastics, Metal
- Overseas customers (China) who accepted contaminated (low quality) material for quite some time and used very low cost manual labor to do additional sorting without realizing the environmental impact.
- MRF are receiving large % of material that should not be collected that is Sorted out and then landfilled.

CHANGES COMING TO RESIDENTIAL COLLECTION

- MRF's are retro fitting their plants to sort to a cleaner specification.
- Paper Mills are making capital expenditures to use lower grades of wastepaper
- Municipalities are looking at eliminating collection of commodities that are no viable markets for.

OUR HISTORY

- Formerly Marcal Manufacturing and Putney Papers, Marcal, a Soundview Paper Company is one of the oldest paper companies in the USA
- A leading, world class manufacturer of affordable and sustainable MARCAL® branded towel and tissue as well as Private Label and Away-From-Home products
- Acquired Marcal assets in 2012 and Putney Papers assets in 2013 to establish strategic locations in Northern NJ and Southern VT
- By the end of 2017, \$23 million will have been invested to improve assets and increase capacity
- Consumer focused approach has led to significant product quality improvements across all segments



OUR HISTORY

Then



Our company was founded by a hardworking entrepreneur and inventor whose imprint on the organization is still evident today. Founded in 1932 by Nicholas Marcalus, Soundview Paper Company has had a history of continuous innovation and dedication to the recycled manufacturing process, receiving numerous awards, and today remains one of the most respected environmentally-conscious companies in the industry.



Now



GOALS:

- Provide innovative, high-quality products and superior customer service at a competitive price
- Provide employees a safe and respectful work environment that encourages personal accountability and development
- Strive for the highest quality results while adhering to the highest ethical standards
- Employ the highest standards of environmental stewardship and sustainable practices
- Engage and contribute to the economic and social development of our communities

MARCAL 2018



MARCAL 2019



SOUNDVIEW PAPER – MARCAL UPDATE



- On January 30, we had a fire and unfortunately it occurred on the coldest day of the year and the results were devastating. We lost our NJ Paper Converting Operation and Offices.
- The exact cause was not determined, a thorough ATF Investigation report confirmed it was accidental.
- Luckily no one was killed or injured and the only good news was that the Paper Mill Bldg with our Two Tissue Machines was saved.
- There was a lot of damage to the infrastructure needed to operate the Paper Mill (gas, electric and water).

MOVING FORWARD...

We were properly insured, so we are:

- Cleaning up the site.
- Determining the cost and time-line to restore utilities needed to operate the paper mill
- Then we can determine if there is additional damage to the equipment. We are hopeful that this can occur later this year.
- Working with other Paper Converters to assist us in making the Marcal products that our Soundview-Putney, VT Mill cannot.

SOUNDVIEW, PUTNEY, VT CAPITOL PROJECT



- \$1.5-2MM Investment is the largest made at the Putney facility since we acquired it in 2013.
- Improved pulping system will allow us to use more Post Consumer grades for our White and Natural/Kraft grades.
- In addition to using more Sorted Residential Papers (SRM) for our White Grades, it will allow use a significant amount of Mixed Paper from MRF's in the production of our Natural/Kraft Grade.
- Start-up is expected in June 2019

SUSTAINABILITY

Marcal's daily focus is on:

- Green Seal Certifications
- Energy Management
- Water Conservation
- Solid Waste Reduction
- Supply Chain Performance
- Stewardship to the Environment



ENVIRONMENTAL COMMITMENT:

All of our products are 100% recycled, meet or exceed EPA guidelines for post-consumer/recycled content, process chlorine free, and are manufactured at our facilities in Vermont and New Jersey. We are proudly Made in the USA. We strive to exceed customer needs while attaining our highest levels of environmental and social stewardship goals.



GREEN SEAL CERTIFICATION

- Our Green Seal Certified products meet the most stringent environmental standards in the market.
- Green Seal Standard GS-1 is based on chlorine-free processing, energy, and water efficiency.
- It contains 100% recovered materials, with a min. 50% post consumer material for Towels and 25% for Bath Tissue.
- Cores, Plastic Wrap and Corrugated Packaging all must meet recovered material and post consumer fiber requirements as specified.
- Green Seal allows customers to fulfill their paper needs with the highest quality, environmentally sound products available in the market while supporting recycling initiatives.

