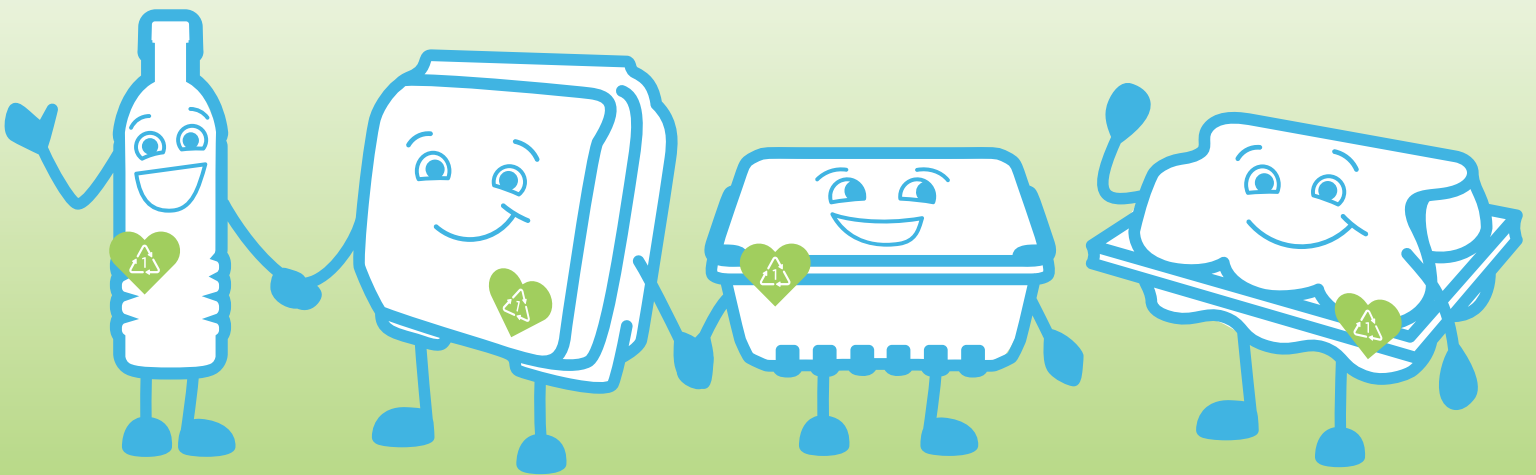


2022 SUSTAINABILITY REPORT



GREEN TOGETHER 2022



Direct Pack, Inc. continues to be a leader in innovative, customized, and fully circular thermoformed packaging for all kinds of food applications. Our global operations in California, North Carolina, Mexico and Taiwan service customers in the foodservice, supermarket, produce and processor sectors.

Green Together is our proactive sustainability platform that aligns our values and business strategy – positively impacting generations to come. It includes our people, improves our operations, evolves our products, and focuses on long-term partnerships with our customers. **In 2020, we created two sustainability goals that we wanted to reach by 2028:**

1. **Expand our number of recycling facilities** from one to three and ensure that we are recycling our full capacity of PET thermoformed packaging, so we can use the material over and over again.
2. Migrate our customers' packaging for cold food to the **highest rPET mix** possible.

In this year's report, we are excited to share our progress toward our Big Picture and 2028 goals.

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THE BOTTLEBOX®

BOTTLEBOX® continues to be the strongest brand in sustainable food packaging, and 2022 was another record year of using post-consumer recycled PET in our products. In 2022 alone, **we saved 2.45 billion post-consumer recycled PET bottles** from ending up in landfills or the ocean and instead turned them into new food packaging containers. That means a **greenhouse gas reduction of 76.5 million pounds, which is equivalent to taking 7,365 cars off the road for the entire year!**

Going back all the way to 2011, when we started measuring the number of bottles used, **the numbers are very impressive:**

2011-2022 SUSTAINABILITY IN NUMBERS



FROM 2011 TO 2022,
THE BOTTLEBOX®
USED **12.2 BILLION**
RECYCLED BOTTLES



SAVING **282 MILLION POUNDS**
OF PLASTIC FROM ENDING UP IN
LANDFILLS OR THE OCEAN

SAVING **381 MILLION POUNDS**
OF CO₂ FROM THE ATMOSPHERE

THAT'S EQUIVALENT TO...

SAVING ENOUGH ENERGY TO
POWER **30,163 HOUSEHOLDS**



ABSORBING CO₂ EQUAL TO **2.9 MILLION**
TREE SEEDLINGS GROWN FOR 10 YEARS



36,721 CARS TAKEN OFF
THE ROAD FOR ONE YEAR



“DPI found 2022 to be an incredible year for growth, especially with our expansion in reprocessing post-consumer recycled PET bottles and thermoformed packaging. As a producer of fully circular food packaging, **our team is working well in advance of what we are seeing as upcoming laws regarding Extended Producer Responsibility (EPR) and post-consumer recycled content requirements,** to ensure that we meet the needs of all of our customer partners and their desire to have the most sustainable and fully circular packaging to support their brand identities.

In 2022, with expert help from DPI team members, **our organization worked closely with many of our brand partners to increase the amount of post-consumer recycled PET (rPET) content in their products.** Based on our capability to supply vertically integrated rPET - both from bottles and thermoformed packaging - many of them have been able to go fully circular with a significant percentage of post-consumer recycled material. In order to meet corporate sustainability goals, we are already seeing other customer partners move quickly in the same direction.

DPR = EPR

DPR = EPR is our mission statement for our take on Extended Producer Responsibility. Our Direct Pack Recycling wash lines allow us to reprocess post-consumer PET packaging into rPET flake and then transform it into brand-new, food-safe products. This process clearly shows that we take responsibility for the end-of-life of our products. In our design process, we also aim to create products with as efficient geometry and use of material as possible, all to minimize the impact on the environment.

Our goal is to remain the industry leader in full circle PET packaging, and at the same time support competitors and the thermoforming industry to achieve the same end result of full circularity, by collecting and reprocessing not only our own PET packaging, but also that of our competitors.



In summary, what allows us to continue to succeed with our circularity goals, is our dedicated team members that have made and continue to make big contributions on behalf of Direct Pack, Inc. We look forward to an incredible 2023 and look forward to sharing our achievements in next year's edition.

- CRAIG SNEDDEN
PRESIDENT, DIRECT PACK INC.

We have now been operating Direct Pack Recycling for three years, and the results are clear: **Our Full Circle Recycling business model works!** Since 2020, Direct Pack Recycling has recycled **over 74.4 million pounds of plastics** — not only bottles, but also mixed thermoformed  PET containers — **and repurposed them back into new packaging.**

BY DECEMBER 2022 WE HAVE REPROCESSED A TOTAL OF:

2,809,365,496

RECYCLED PET BOTTLES

116,431,206

RECYCLED PET CONTAINERS



EL SEGUNDO

As part of our Green Together 2028 vision, **we set a goal of expanding our DPR reclaiming facilities** from one to three to further develop our Full Circle Recycling business model. During 2022, we were focused on opening our second Direct Pack Recycling facility, El Segundo, in Mexicali, Mexico. **This facility will reprocess another 15,000 tons annually of post-consumer recycled PET for new packaging, with a full start-up in spring 2023.**

As a testimony to the pioneering importance of our full circle recycling operations, **Direct Pack Recycling was one of three recipients in the first round of grants from The Recycling Partnership’s PET Recycling Coalition**, to assist in the construction of “El Segundo”. Read more below.

EL TERCERO

In 2022, we also broke ground in Rockingham, NC for our third DPR facility – El Tercero. This facility will be right across the street from our current thermoforming plant, assuring maximum efficiencies in all processes.

Read more at www.richmondnc.com/CivicAlerts.aspx?AID=151.



DIRECT PACK RECEIVES THE RECYCLING PARTNERSHIP GRANT

Direct Pack Recycling (DPR) received a \$400,000 grant from The Recycling Partnership’s PET Recycling Coalition to assist in the construction of “El Segundo”, DPI’s second PET reclamation facility located in Mexicali, Mexico. **The facility will source material from MRFs across the U.S. and produce an additional 15,000 tons of recycled content for new packaging.** DPR specializes in recycling thermoformed PET packaging like clamshells, packaging, and bowls, providing an important new outlet for non-bottle PET recycling.

The Recycling Partnership is a mission-driven NGO, committed to advancing a circular economy by building a better recycling system. The work of the PET Recycling Coalition is supported by contributions from Steering Committee members Eastman, Indorama Ventures, NAPCOR, Procter & Gamble, and the Walmart Foundation. Additional members include The Coca-Cola Company, Danone, The Kroger Co. Zero Hunger | Zero Waste Foundation, and others. **It is an honor to receive funding from our peers and customer partners, and a testament to how important and highly regarded our recycling efforts are.**

MRF PARTNERSHIPS

Material Recovery Facilities (MRFs) are the companies that collect recyclables from households and businesses, and sort and bale the different materials they collect. Since we started reclaiming post-consumer PET bottles and packaging at Direct Pack Recycling three years ago, we have built strong relationships with high performing MRFs in many different states. In fact, we are getting most of our recycled PET from four of the ten largest US cities: Los Angeles, Phoenix, San Antonio, and San Jose.

This year, we would like to highlight two of our partners:

ATHENS SERVICES, LOS ANGELES, CA

Athens Services is right in our backyard and has been a great partner since 2020. They have welcomed many of our customer partners on tours and even helped educate city officials.

Athens is actively informing residents about plastic recycling, the advantages of PET containers, and Direct Pack's commitment to full circle recycling. "It's been a great partnership. We are recovering materials instead of sending them to the landfill," said Athens MRF Product Sales Manager Keng Baloco-Wong. *Read the full article at www.athensservices.com/pet-plastic-containers/*

In 2022, Direct Pack purchased over 6 million pounds of recycled PET from Athens Services.



CITY OF PHOENIX, AZ

The City of Phoenix has a "zero waste" goal by 2050 and is using many different methods to educate the community about waste diversion. Recycling is one of the main waste diversion methods, and the city processes recyclables from more than 400,000 households.



"We don't want recycling to be a mystery," said Phoenix Public Works Director Joe Giudice. "We want every Phoenix resident to know what happens to the things they recycle – not only how they get sorted in our Materials Recovery Facility, but also where they go after that, how our partners like Direct Pack process them, and what the recycled items turn into. A transparent process can help people feel more fulfilled as they put items in their blue bins." *Read the full article at www.phoenix.gov/newsroom/public-works/2637*

In 2022, Direct Pack purchased over 8 million pounds of recycled PET from Phoenix.

SUPPORTING OUR CUSTOMER PARTNERS & EVOLVING OUR PRODUCTS



Customer partners in all industries – whether a restaurant, supermarket, food processor or a fresh produce grower – are increasingly turning to Direct Pack for help to meet their sustainability goals. Customization, innovation, and sustainability are our specialties, and we work with all parameters to optimize everything from branding, recycled content, weight, shape and size, freight and instore efficiencies, wash-away labels and end-of-life recycling.

INCREASE USE OF RECYCLED CONTENT

In 2022, we have supported several fresh produce customer partners in increasing the amount of post-consumer recycled PET, including the amount of recycled thermoformed packaging, in their packaging.



LEGISLATION CONSULTING

We stay on top of legislation and support our customer partners in communicating with the cities and communities. We decipher the new rules and educate and guide our partners to sustainable solutions. With Direct Pack’s full circle business model, we have first-hand proof that full circle recycling really works, and we invite interested parties to come and see it with their own eyes.



Legislation in focus 2022:

- Canada: Single-Use Plastics Prohibition Regulations, banning carbon black
- California: SB343 Truth in labeling and SB54 Solid waste: reporting, packaging, and plastic food service ware
- LA County Unincorporated: Reduction of Waste from Single-Use Articles and Expanded Polystyrene Products ordinance



CARBON BLACK

Black containers are very common for hot and cold take-out applications. Unfortunately, black containers contain “carbon black,” the cheapest black colorant on the market. Carbon black is not recognized by the optical sorters at the Material Recycling Facilities, and often do not get recycled. As Direct Pack is a passionate proponent of recycling, we are working with different customer partners to replace carbon black containers with other colors. In our stock range, we already offer a multitude of colored containers that can be recycled.

EDUCATION & COMMUNICATION

We constantly develop new educational material for our partners and write about recycling and sustainability on social media. **One of our new videos use our Ambassadors to explain the reclaiming process:**

www.youtube.com/watch?v=YsOm9irH5gk



@THE_BOTTLEBOX



@THEBOTTLEBOX



HOW2 RECYCLE



WIDELY
RECYCLED



LIMITED
RECYCLING



NOT YET
RECYCLED



STORE
DROP OFF

Information and locational instructions let you know if an item can be recycled traditionally or by other means.

Read the article at www.how2recycle.info/news/2022/how2recycle-upgrades-recyclability-of-certain-rigid-polypropylene-pp-formats

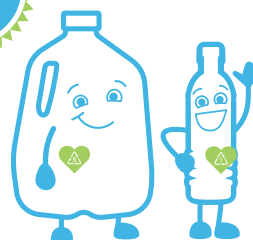
U.S. POPULATION ACCESS TO RECYCLING FACILITIES

The How2Recycle® label is a U.S. and Canada-based standardized labeling system that clearly communicates recycling instructions to the public.

Based on data provided by, and the continued work of, The Recycling Partnership's Polypropylene Recycling Coalition and other industry investments, **#5 PP (Polypropylene) was upgraded from "Check Locally" to "Widely Recyclable" in July 2022.** The current U.S. consumer access rate was reported at 65%, up from 59% in 2020. This is great news for all of Direct Pack's hot food containers.

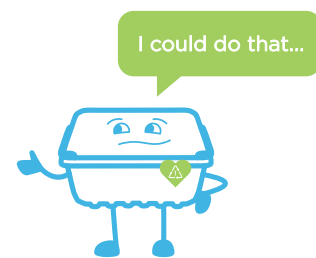
As the PET Recycling Coalition just formed in 2022, we can expect the same outcome for PET within a couple of years.

According to federal government, at least 60% of the population must have access to a facility that recycles a product for it to be considered recyclable.



PP
+60%

PET
+60%



PET PACKAGING
54%

VOLUNTEERING

Our Azusa team was back at The Great LA River Clean Up in 2022 and helped to clean a for us new part of the Los Angeles river in Glendale. As usual engagement and spirit was high, and many of our team members showed up together with their families. Our group of volunteers not only cleaned the surroundings of the river but also made seed balls to help restore natural wildflowers through the riverwalk.



DONATIONS

We are also continuing our Donations program, where our packaging helps charity organizations serve free meals in their communities.

Learn more about our Green Together initiative on our website:

<https://www.directpackinc.com/green-together/>

If you know of any churches or charities needing take-out containers, scan the QR code and fill out the donation form.

