



IT'S OUR NATURE TO PROTECT™



April 06, 2021

Mr. Francis Scarpaleggia, M.P.

Chair, Standing Committee on Environment and Sustainable Development
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6
By email: ENVI@parl.gc.ca

Dear Mr. Scarpaleggia,

Re: Study on Single-Use Plastics

Winpak Ltd. is a multinational packaging company, headquartered in Winnipeg, Manitoba.
Winpak:

- Recognizes the importance of addressing plastic waste and understands that industry must play its part to contribute to solutions.
- Has implemented a comprehensive set of sustainability goals to reduce its impact on the environment.
- Shares the common objective to create a circular economy for plastics and divert plastics from landfills.
- Is committed to working with governments to implement an innovative, forward-looking plan to create a circular economy for plastics through improved product design, enhanced recovery systems, and augmented end-markets for post-consumer plastics.

The Role of Plastics in Our Modern, Sustainable Way of Life

Winpak is committed to advancing viable solutions to address plastic waste. We have made the following commitments:

- To offer sustainable innovations in 100% of our packaging platforms by 2025.
- Implementation of Operation Clean Sweep® an international plastic stewardship program aimed at eliminating the escape of plastic pellets from industry operations, with a focus on preventing leakage into rivers and oceans.
- Winpak supports the CIAC goal of 100 per cent of plastics packaging being reused, recycled, or recovered by 2040.

Winpak commercializes packaging solutions from a variety of materials like paper, aluminum and plastics and thus we are in an objective position to recognize the role that plastics play in our modern and sustainable way of life: protective food packaging helps ensure consumers have access to safe, sanitary food products, and play a significant role in extending product shelf-life, reducing food waste and greenhouse gas (GHG) emissions. While not suitable for all applications, Plastic packaging is lighter and has a lower carbon footprint per package than alternative packages (glass, steel, aluminum) and is critical to achieving our climate change goals.

Winpak is committed to sustainability. We have published our sustainability goals and will report on our progress on an annual basis. We are working on many fronts to contribute to building a circular economy. We are offering modified products that are easier to recycle where infrastructure exists; changing our semi-rigid cups to polypropylene (PP) from polystyrene (PS); offering high barrier pouches and films that can be recycled in polyethylene (PE) or polypropylene recycling streams; developing compostable trays and pouches; and offering food safe products with post-consumer recycled (PCR) content. Winpak is a founding member of the Polypropylene Recycling Coalition, an industry association working to improve access and recovery of PP. Winpak Division, in Winnipeg, our largest Canadian plant, has implemented Operation Clean Sweep to reduce pellet and product loss to the environment. Winpak is working with the University of Manitoba, supporting research into the use of plastic waste as an additive to asphalt paving, and is exploring the marketplace for partners in advanced mechanical and chemical recycling, and additional companies who can offer food safe materials with PCR content.

Winpak is not alone in working to improve outcomes for plastic. Several Members of the CIAC Plastics Division and other innovators across the country are advancing important and innovative technologies to ensure that post-consumer plastics remain in the economy, not the environment. This includes, but is not limited to:

- INEOS Styrolution which entered into a partnership with AmSty and Agilyx to construct a polystyrene recycling facility (a product currently being considered for a Federal ban);
- Modix which recycles and pelletizes low-density polyethylene (including plastic bags which are currently being considered for a Federal ban);
- Revital Polymers which recycles polypropylene (including black plastic which is currently being considered for a Federal ban).
- Ice River Springs which uses 100% recycled content for its green water bottles.
- CleanFarms which provides recycling solutions for agricultural communities.
- Pyrowave which uses innovative microwave technology to depolymerize post-consumer plastics and return it to its molecular level.
- GreenMantra which transforms recycled plastics into value-added synthetic waxes and polymer additives that are used for roofs and roads and composite materials.

These are only a few examples of how innovative thinkers are providing solutions across the country. It also speaks to how the proposed Federal approach fails to harness this innovative drive and, instead, is introducing measures that will hamper and effectively undermine all the investment to date. In face of this innovation, it is unclear what goal is being achieved with a

Federal approach that seeks to ban products that can already be recycled and where companies have made significant investments of time and money to contribute to the establishment of a circular economy for plastics.

Economic and Job Impacts on SMEs and the Plastics Industry of the Proposed Federal Government Approach

Winpak is concerned that The Government of Canada has not taken into account the economic impacts of bans on the plastics sector or the economy.

- The plastics sector is an SME-driven industry; 86 per cent of Canada's plastic product manufacturers are family-run businesses across the country. Based on data from Statistics Canada, the Chemistry Industry Association of Canada has estimated that the designation of single-use plastics could be applied to approximately one quarter- \$5.5 – 7.5 billion- of Canada's plastic product shipments, representing 13,000 – 20,000 Canadian direct jobs. Indirect jobs range from 26,000 – 40,000 jobs.
- For every direct job lost in the plastics sector, there are 2 indirect jobs that are at risk of being lost. Any assessment of the broader economic impacts of this approach must take into account both direct and indirect job losses.
- Many of the items being proposed for ban are everyday products such as packaging materials, foam packaging, bottles, and everyday items like straws, stir sticks, plastic cutlery, etc. Federal bans on these sorts of items puts at risk small producers, the vast majority of the market, many of which do not have the ability to consolidate or pivot to adapt to new product lines since investments in new machinery and equipment may be out of reach financially for many SMEs.
- Furthermore, adding all plastic manufactured items to CEPA Schedule 1 List of Toxic Substances could put at risk additional aspects of the \$35 billion plastics supply chain, especially resin producers with major operations in Alberta and Ontario. Winpak, like much of the industry, exports a large percentage of their production. This generates significant jobs and economic investment in Canada.
- Beyond resin manufacturers, a designation under the List of Toxic Substances would also send a strong negative signal to manufacturers and recyclers who handle plastic materials. The implications and uncertainties around how this designation could affect organizational logistics are introducing risks to businesses. They could face higher operational costs such as: increased liability insurance, higher labour relations costs as employees seek higher compensation for handling products designated under the List of Toxic Substances, higher transportation costs, specific requirements for site storage and handling, employee training, as well as permitting costs and complications when transporting across national borders to meet potential requirements under the Transportation of Dangerous Goods.
- High barrier plastic packages protect and maintain the integrity, safety and shelf-life of many food, pharmaceutical and medical device products and adhere to the stringiest requirements from the Canadian Food and Drugs Act with the lowest environmental impact and cost to Consumers. Risking undermining such effective packaging solutions may put the Canadian Food and Healthcare industry out of business, not being able to rely on effective, competitive and high-performance packaging solutions with the lowest environmental impact.

- This approach suggests that the Government is not aligned in its priorities which on the one hand is urging greater sustainability through a circular economy for plastics while on the other hand putting in place hurdles that will put at risk further investments in recycling.
- This designation on the List of Toxic Substances could put at risk bank loans for business investments.
- It removes valuable products from the 'blue box' recycling system thereby making it more expensive to manage.
- It mischaracterizes a cost-effective and durable product that is effective in achieving sustainability goals, resulting in the use of alternatives that are more expensive and could undermine sustainability goals.
- With no clarity on how extensively the Proposed Integrated Management Approach will continue to assess other plastic items, there is uncertainty regarding even broader economic impacts that the proposed approach will have. For example, the Government has not addressed whether the proposed bans will be on the sale of these products in Canada (while allowing the sale in the US) or whether it will include a manufacturing and export ban. This determination has significant impact on being able to assess the scope of economic and job impacts as many companies export a significant amount of their product lines to the US.

Recommendation 1:

Before proceeding with the proposed approach, the Government should conduct an analysis of the economic and job impacts on SMEs and the plastics industry of designating plastics under Schedule 1 of CEPA and banning some plastic products.

Impact of the Proposed Federal Government Approach and How this Undermines the Establishment of a Circular Economy for Plastics

Wipak is highly concerned with the proposed Federal approach to list "plastic manufactured items" under the Canadian Environmental Protection Act (CEPA) Schedule 1: List of Toxic Substances and ban certain plastic products. Such an approach will not accelerate the solutions required to divert plastic waste from landfills and will have negative consequences on the stability, not mentioning the growth and economic recovery of our industry. Moreover, it will undermine our advancement towards a circular economy for plastics.

- CEPA is the wrong tool to approach the management of plastic waste because it is not designed to regulate a broad set of consumer products. Plastic is an inert product. A scientifically unjustified designation for plastics on the List of Toxic Substances would blur the line with those substances that are truly toxic and are rightfully managed under CEPA.
- Mislabelling plastics on the List of Toxic Substances and banning single-use plastics inappropriately targets the use of plastic products rather than the insufficient end-of-life management of plastics that results from a lack of infrastructure, consumer education, and markets to drive the secondary use of post-consumer plastics.

- Punitive measures like bans on single-use products are counterproductive and create a false dichotomy. Governments should be focused on establishing a circular economy which maximizes the efficient use of resources by enabling continuous re-use and supporting sustainability and net-zero carbon goals. With a circular economy in place, there will no longer be the concept of single-use; our mindset and practices will shift from single-use to re-use.
- Governments should be promoting the expansion of reuse, recycling, and recovery, the integration and development of end-markets, and investments in innovative advanced recycling infrastructure and projects. Banning single-use products undermines the significant investments that both industry and governments have put in place to develop and improve the technologies and systems to recycle plastics and build a circular economy for plastics in Canada. It creates a chill on future investment in a sector that Government is approaching in a punitive manner rather than from an innovation perspective.
- The Proposed Integrated Management Approach does not consider, from a life-cycle perspective, the environmental costs of alternatives that would be selected in the event plastic products are banned. Studies have shown that the environmental cost of using alternative materials to plastic in consumer goods is almost four (4) times higher. Estimates indicate that substituting plastics in consumer products and packaging with alternatives that perform the same function will increase environmental costs from US\$139 billion to US\$533 billion.
- Using CEPA and adding Plastic Manufactured Items to the List of Toxic Substances will create many risks for the food processing industry and packaging manufacturers like Winpak. If the public is reluctant to purchase items packaged in "Toxic" materials, food processors will be forced to use low performing materials, reducing shelf life, increasing food waste, and risking food safety. It will increase waste, as alternative packaging materials are usually heavier. It will likely impact food prices and food security, as higher food waste in the distribution chain will translate to higher costs. This will also put packaging manufacturers like Winpak at risk, as demand drops for our products.
- The Proposed Management Approach does not reflect current and future recycling capabilities. For many single-use plastic products, technologies to recycle and recover them currently exist but limited municipal budgets for investments in recycling technologies, absence of end-markets, and limited sorting capabilities result in poor recycling rates. Future capabilities through improved robotics for sorting and emerging advanced recycling technologies are paving the way for eliminating plastic waste and re-using plastics continuously in the economy. These solutions help us achieve our environmental goals while also spurring innovation and economic development. Winpak is actively working to make our products easier to recycle by reducing the complexity of the products and/or changing the materials to more easily fit into existing recycling systems. Our customers are asking for products that contain recycled content,

and we are working to support companies that are growing the supply of PCR content materials.

- Many of Winpak's customers have committed to adding PCR content to their packages, and to having packaging that is recyclable by 2025. Winpak is spending significant product development and R&D efforts to meet these customer demands. These efforts are undermined by potential changes in regulation and product bans. The entire industry needs access to recycled content to meet the ambitious goals of many consumer goods companies. Banning plastic items that could be easily recycled, with appropriate infrastructure, reduces the supply of materials, and makes it harder to justify investments in the recycling sector.

What is the best path forward?

Recommendation 2:

Do not use CEPA to regulate a set of consumer products like "plastic manufactured items". Rather, the Government should re-focus the Management approach on investments and incentives to develop technological and system-wide process solutions in support of a circular economy. In that context, bans on single-use plastic products would not need to be included as part of the Government's Management Approach since plastic products would be designed for recyclability and infrastructure would be in place for effective recycling and recovery.

Recommendation 3:

We would recommend that the Government develop a life cycle and economic assessment of plastic products compared to alternatives when used in the quantities required to replace plastic. There is a serious risk of increasing the environmental impact of these products by moving them away from plastic, increasing the severity of climate change.

Health Impacts of the Proposed Approach

Plastics play an important role in protecting the health of Canadians and addressing food insecurity. Plastics are critical in the food supply chain for food safety and security, keeping food safe from human contact, germs, and cross contamination between products.

Plastics also reduce and prevent food waste throughout the food supply chain, a critical public health issue. Roughly one-third of the edible food produced for human consumption is lost or wasted globally. The Toronto Food Policy Council reports that \$31 billion worth of food is wasted in Canada each year, representing 40 per cent of food produced in Canada annually. A large portion of this food waste is edible and could be redirected to communities with low food security.

Plastics packaging reduces food loss and waste by protecting food products, extending shelf-life, and promoting behavior change (e.g., portion control, resealable features, consumer messaging). For example, plastic film helps increase shelf-life of fresh meats up to 21 days or more, and plastic vacuum packaging extends shelf life 10 times longer than store-wrapped meat, resulting in 75% less food waste.

Plastics are also prevalent in the healthcare industry as they are impermeable to germs, making medical procedures simpler and safer and preventing the transmission of diseases in hospitals. From medical devices to artificial corneas, hearing aids to time-release pill capsules, innovation in plastics has revolutionized the medical industry. Plastics have also played an essential role in response to the COVID pandemic- from the production of personal protective equipment to the packaging of syringes used to deliver vaccines.

Winpak has partnered with food processors, resin suppliers and recyclers to build and support the development of environmentally friendly packages, and a market for plastic resin that includes PCR content. This is the path that needs to be followed and grown.

The Proposed Management Approach does not consider the impacts that banning plastic products would have from a food safety or food security perspective, nor does it consider the benefits plastics play in the medical and healthcare industries in protecting human health and preventing disease transmission. By associating the use of the word 'toxic' with plastic products, it will create consumer confusion and concern, undermining confidence in the health and safety measures of these highly regulated and very safe products.

Plastics are highly engineered, high performance materials. Small amounts of plastic replace much larger quantities of alternative materials. In very many cases, plastics deliver performance levels that alternatives cannot achieve. Plastic packaging extends shelf life, reduces food waste, and helps to control food cost. The issue that we have not addressed, and remains a great opportunity, is to address the end-of-life issue for plastic. This will be accomplished by industry and government working together to keep the valuable resources in plastic waste in the economy. By developing and building infrastructure, and establishing markets, Canada can be a leader in North America in the Circular Economy. This is where Winpak would ask the government to focus, not on CEPA and product bans. Winpak is committed to work together with all stakeholders, including the Government of Canada, to achieve this important goal.

Sincerely,

A handwritten signature in blue ink, appearing to read "O. Y. Muggli".

Olivier Y. Muggli
President and CEO
Winpak Ltd.

About Winpak

Winpak manufactures and distributes high-quality packaging materials and innovative packaging machines, primarily used for the protection of perishable foods, beverages, pharmaceuticals, medical and personal care. Winpak Ltd. directly employs over 1375 highly skilled, high paid employees in four Canadian manufacturing facilities in Manitoba, Ontario, and Quebec, and paid \$33.5 million in Federal taxes in 2019. Winpak is traded on the Toronto Stock Exchange (WPK) and is included in the TSX Composite Index. Winpak has a comprehensive Sustainability Policy that is available for review here: <https://www.winpak.com/sustainability>

Winpak Ltd. is a member of the Chemistry Industry Association of Canada (CIAC) Plastics Division, which represents Canada's leaders in plastics sustainability – a \$35 billion sector that directly employs over 93,000 Canadians. The Division encompasses the entire plastics value chain, including resin and raw material suppliers, processors/converters, equipment suppliers, recyclers, and brand owners.

Winpak Ltd. is a member of Canadian Manufacturers & Exporters (CME). CME has been advocating for and representing member interests for nearly 150 years. CME has earned an extensive and effective track record of working for and with 2,500 leading manufacturers from coast to coast to help their businesses grow.