



Sustainability in Our Businesses



Sustainability in Our Businesses and How it Positively Impacts Profitability

CPA ENGAGE 2025, CLEARWATER, FL

CHARLES WEINBERG - CEO MSI EXPRESS, INC.

DR. ANNETTE OLSON – PRESIDENT, CLIMATE STEPS

Bios

Charles Weinberg - CEO MSI Express, Inc

- 20+ years in Contract Manufacturing
- Part of Engineering & Startup team of first zero discharge plant for Clorox
- 10+ years making money on recycling

Dr. Annette Olson – President, Climate Steps

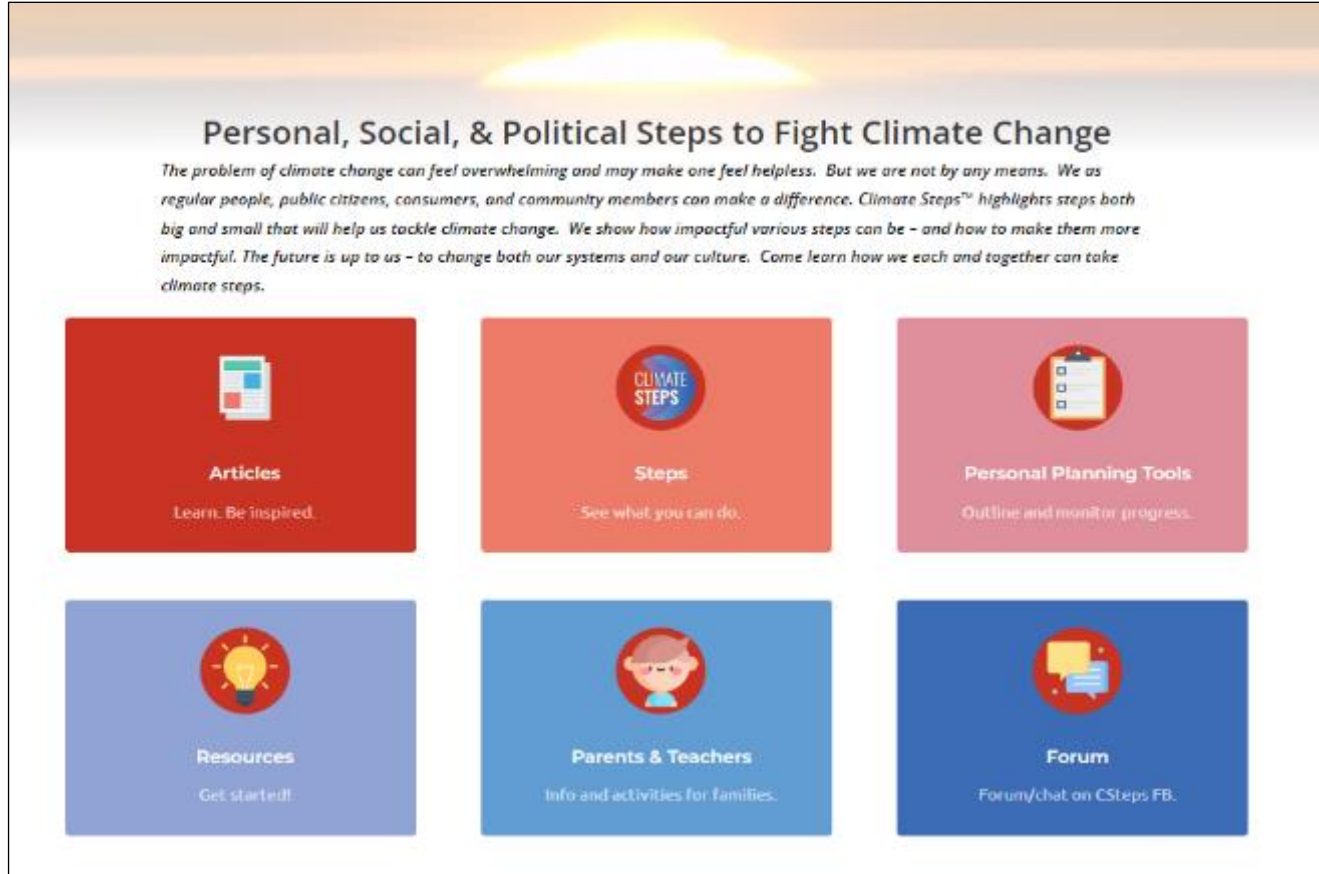
- 20+ years in Fed Gov. & NGO organizations for science & conservation
- Founding Member of the app Earth Hero (earthhero.org)
- Data advisor for NOAA, Audubon Core, & Encyclopedia of Life (to name a few)

501(c)(3)

Nonprofit

Science-based research into solutions and is a community hub.

www.climatesteps.org



Personal, Social, & Political Steps to Fight Climate Change

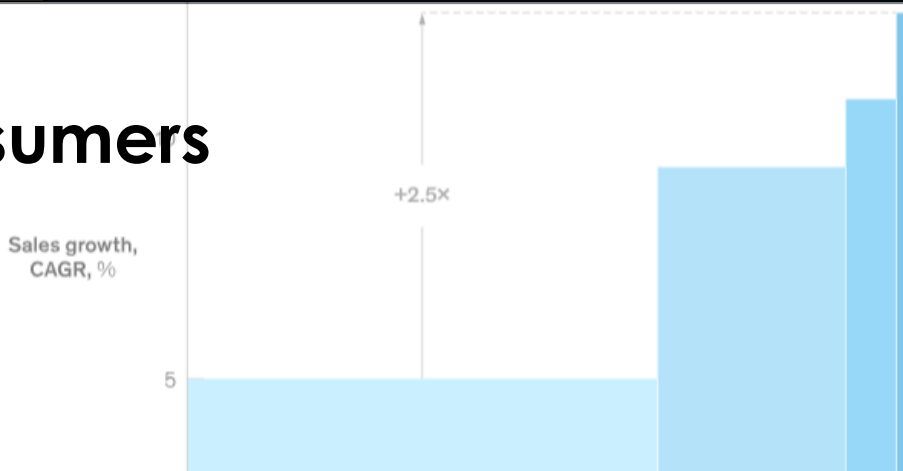
The problem of climate change can feel overwhelming and may make one feel helpless. But we are not by any means. We as regular people, public citizens, consumers, and community members can make a difference. Climate Steps™ highlights steps both big and small that will help us tackle climate change. We show how impactful various steps can be - and how to make them more impactful. The future is up to us - to change both our systems and our culture. Come learn how we each and together can take climate steps.

- Articles**
Learn. Be inspired.
- Steps**
See what you can do.
- Personal Planning Tools**
Outline and monitor progress.
- Resources**
Get started!
- Parents & Teachers**
Info and activities for families.
- Forum**
Forum/chat on CSteps FB.

AGENDA

- Sustainable Practices - (who wants them and why?)
- Using Sustainable Practices to create Profit
- How Climate Change may Impact CPA Members & What We Can Do
- Upcoming State Regulationswhat do they mean to CPA members?
- Q&A

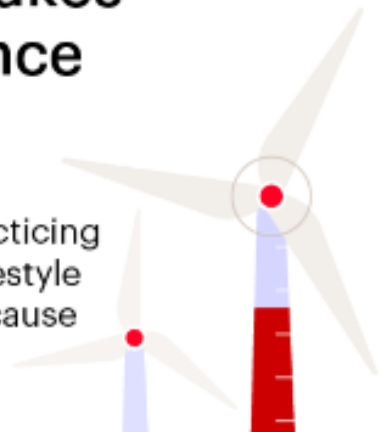
Consumers



Consumers believe action makes a difference

76%

globally say practicing a sustainable lifestyle is important because it has an impact



Consumers care about sustainability
back it up with their wallets

February 8, 2023 | Article

Products making ESG-related claims averaged 28 percent cumulative growth over the past five-year period, versus 20 percent for products that made no such claims.



Industry Cares about Sustainability



 The Clorox Company

To reach net zero, Clorox must operate in new ways and help facilitate broader structural changes to our industry and economy.



NET ZERO

Scope 1 and 2 Abatement Levers:



Expanding renewable electricity to international



Sourcing green fuel global operations

Scope 3 Abatement Levers:



Changing product/package composition



Reducing upstream supplier/partner emissions



Incorporating regenerative agriculture in supplier practices



Optimizing efficiency of distribution and logistics



Deploying next-generation technology/business model innovations



Shifting to electric or hydrogen vehicles in distribution



Partner With Purpose

2022 [Harris Poll for Google Cloud survey](#) of industry Chief Executive Officers (CEOs), which found that almost 90% of respondents agreed that they cared more about sustainability at the time of the survey than they had during the previous year.”

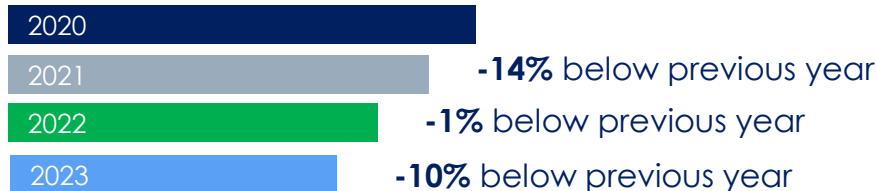
Reduce, Reuse, Recycle

- Reducing materials - working with CPG's to improve packaging design
 - Reducing energy and water usage - saves on your utility bills
 - Reusing materials - plastic pallets, reusable WIP packs
 - Recycling - easier for some materials than others, but also critical.
-
- 2023 MSI Express
 - Generated \$800,000 of income from recycling materials
 - Saved \$250,000 in trash hauling fees
 - 2024 MSI Express
 - Generated \$500,000 of income from recycling materials
 - Saved \$350,000 in trash hauling fees

MSIE Results:

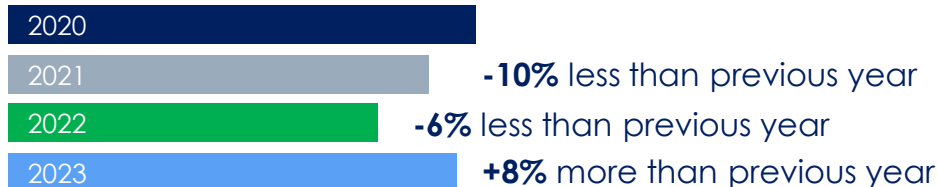
Overall emissions from our plants have decreased

Overall Emissions



Electricity usage in our plants increased by addition of facilities and increased production, but still below 2020 levels

Electricity Usage




Recycling at our plants has increased


Recycling



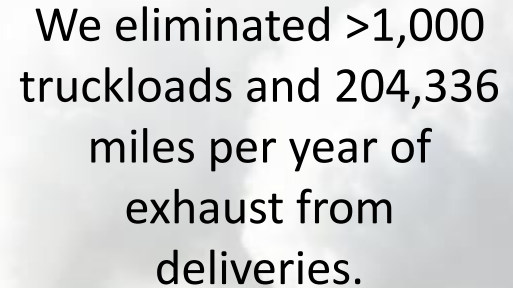
In 2023 & 2024 we implemented new sustainable packaging options and energy reporting capabilities to our customers. We redesigned our distribution and delivery methods to lessen the environmental impact of shipping products.



We have produced over 2.5 billion drink sticks, reducing plastic bottles in the environment.



We recycled over 30,000 tons of materials which diverted >60% of our trash from landfills.



We eliminated >1,000 truckloads and 204,336 miles per year of exhaust from deliveries.

This makes money for us and our customers.....win - win!

- Profit from solar installations on facilities
 - Costs have dropped – one of cheapest forms of energy now.
 - Generates reduced or even free utility bills (*plus tax credits*)
 - With storage, provides electrical stability during storms
 - *Can sell excess via [Solar renewable energy credits](#) (SRECs), (depends on state as to capability and value.)*
 - Industry Profits: Payback of investment 6-10 years, panels last 25+ yrs.
 - MSI is looking at Solar on 3 facilities in IL.
- Small wind turbines less profitable, but coming..

Oklahoma Medical Research Foundation, Venga building, OKC, 2018, CC-By 4.0 Annette Olson



Our Goal:

Be the sustainability leader in the packaging industry

Our Road Map

Pursue innovative answers to achieve high impact results

Fact:

Food systems account for over 1/3 of global greenhouse gases

Fact:

79% of plastic packaging ends up in landfills, dumps or nature

Fact:

40% of plastics are single use items



- Changes in Demand
 - Sustainable packaging impacts our equipment.
- Consumer preferences
 - Selling Direct-to-Consumer is increasing....how to do with less packaging?
 - Which customers win, based on consumer demand?.....impacts your volume.

To sum, it will:

- Create longer-term, lasting relationships with your customers (77%)
- Provide healthier relationships with your employees as well
- Reduce manufacturing costs
- Actually brings in money from recycling

You don't even have to advertise it – many companies do not do PR on green initiatives so there won't be confusion about green-washing.

And if I didn't support this stuff, my daughter would be very disappointed in me...remember they are our future consumers. A Neilson study found 73% would change consumption based on the environment.

The earth is warming.....:-

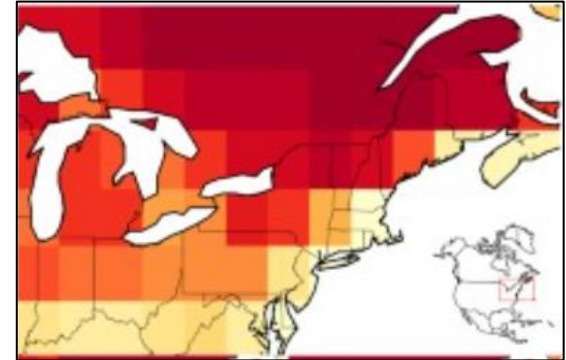
<https://svs.gsfc.nasa.gov/5190/>

NASA Data
Visualization Studio/
Professor Ed
Hawkins, University
of Reading, UK,

NOAA, NASA

Open use with
credit.

- ▶ Heat/Extreme Heat
- ▶ Humidity
- ▶ Rising Sea Levels
- ▶ Drought; Fires
- ▶ Severe precipitation events
- ▶ Agricultural change
- ▶ Transportation issues/Fumes from asphalt
- ▶ Fires, smoke, dust storms
- ▶ Destructive pests (chewing beetles,...)



- Physical impacts such as heat increases, weather,.....
- Materials/Manufacturing
 - Working in ambient conditions
 - Materials do not like temp swings - corrugate, ingredients, etc.
 - Pest Control impacts - e.g. flour beetles
- Storage
 - Storage <80 deg F
 - More HVAC costs
- Shipment
 - More Reefer Shipments = \$\$
 - Product issues from Hot/Wet Trucks

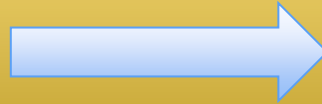
How dangerous is extreme heat for America's workers?

Nearly 40 US workers die annually due to environmental heat exposure.
Thousands more are injured.

Published September 15, 2023 by the [USAFacts team](#)

- Consumer preferences – discussed, will be higher impact in future
- Ag Production, manufacturing, and consumer locations
 - Where do our products come from and go to
 - Where should we expand?
- Regulations
 - State by State

Moving forward



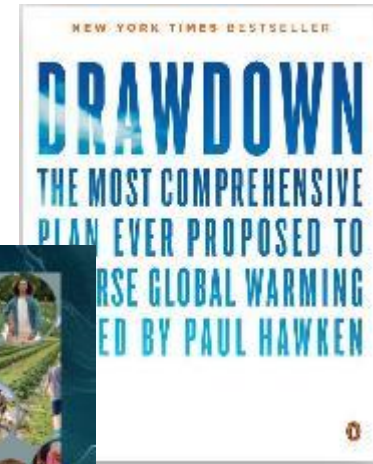
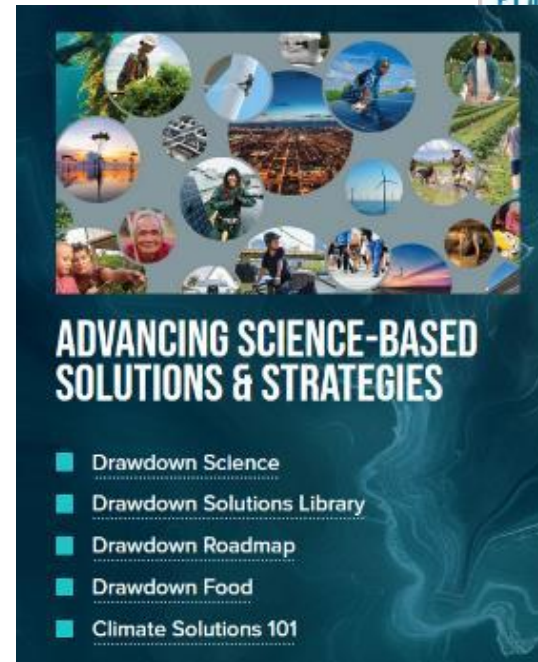
What Can We Do About It?

SCIENCE has determined climate solutions already.

Project Drawdown, 2024

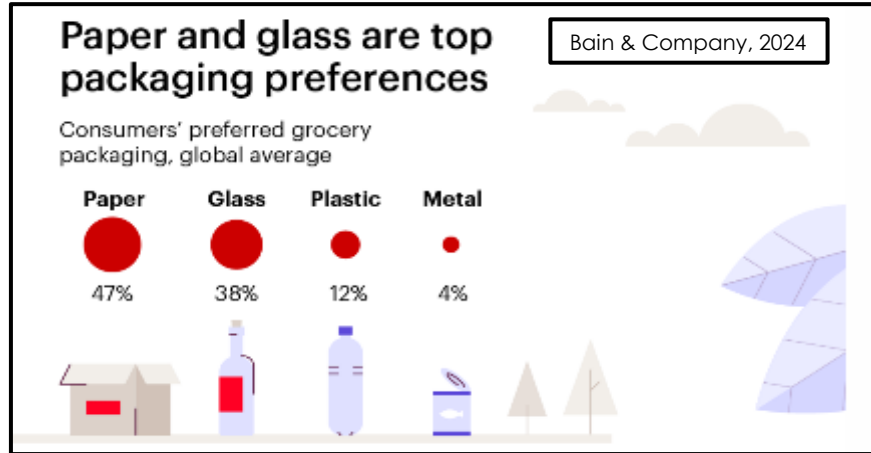
Key overlaps for contract packagers:

- ▶ Food waste reduction (packaging)
- ▶ Refrig. = (including alternate refrigerants)
- ▶ Forest restoration (land, offsets)
- ▶ Utility-scale solar/wind (purchasing energy)
- ▶ Clean "cooking" (materials)
- ▶ Distributed solar



Evaluate future packaging materials, re:

- Reducing Emissions
- Waste and environmental cleanup (reduce, reuse and recycle)
- New materials for extreme heat, humidity, pests
- SEQUESTERING carbon and composting (= nutrients)



Testing/Implementation

Seaweed, Hemp, Mushroom
Bioplastics/Adhesives
Plant-based/Cellulose
Cornstarch/Water-soluble
Edible coatings
Worms/beetles on
styrene/polyurethane....

Physical spaces – Cost Savings, Profits

- Retrofitting - Efficiency with smart thermostats, motion-sensing lights, heat pumps, insulation
- Save water - dry vs. wet cleans, less cleans/changeovers, return condensate
- Consider solar as mentioned - especially in states with incentives – or purchasing green energy (onshore wind/solar farms)
- Shutters/storm proofing
- Prevent food waste

Business Energy Investment Tax Credit (ITC)

Transportation

- Move to electric lift trucks
- Redesign delivery and distribution routes for efficiency
- Shipping – via greener/insulated trucks, rail more energy efficient.

Risk Management

Evaluate manufacturing locations and transportation routes for coastal flooding, heat, flash flooding, wildfires, severe storms.

- Negative – South coasts
- Positive - Water sources (Great Lakes)
- Insurance costs are rising in the higher risk, regional locations

In 2023, 30% of trains were delayed in 2023 due to heat

but many road problems as well.



Internal processes

- Create a Green Team -- let your employees help lead the effort and training, (e.g., Delete data regularly and minimize AI to truly practical/critical use.)
- Consider a Risk Manager in tune to climate risks.
- Ensure you have a Sustainability Manager in leadership who can recommend other ideas and liaise with the public and partners.
- Change your own investments to ESG-related funds.
- Funds described as offsets – actually important, but use as last step – as can cause a backlash.

- ▶ Reduce, Reuse, Recycle -- cut out waste (and carbon emissions), & *Make Money*
- ▶ Improve yield & *Make Money*
- ▶ Improve supporting infrastructure to yield benefits down the road
- ▶ Build the packaging community's actions *and* resilience
- ▶ Be well-positioned in advance of upcoming regulations

Extended Producer Responsibility (EPR) - Strategy to add all estimated environmental costs associated with a product 's life cycle to the market price of that product, mainly applied in waste management. EPR laws:

- ▶ Shift the responsibility for packaging waste from the consumer and government to the company manufacturing or selling the product. They incentivize the design of more sustainable packaging.
- ▶ Impose a host of legal obligations on producers, including:
 - Fees based on the volume/type of packaging produced in the market
 - Source reduction targets.
 - Data reporting, including reporting related to material type, material weight, how packaging was supplied to the market, and related information.

- ▶ Presently, six states have EPR packaging laws: California, Colorado, Maine, Maryland, Minnesota, and Oregon.
- ▶ State packaging EPR laws generally apply to single-use packaging products.
- ▶ Legal burdens can be reduced by concentrating responsibility in a Producer Responsibility Organization (“PRO”). Producers pay into the PRO and then the PRO distributes the funds to cover the costs for the end-of-life management of covered products.



Official website of the State of California

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SB 54 Plastic Pollution Prevention and Packaging Producer Responsibility Act Permanent Regulations

- ▶ Question for us is: Who is the Producer?
 - ▶ We believe it to be the CPG or product owner, however....
 - ▶ How do we ensure we are covered in our contracts?
 - ▶ What if CPG's push back on us?
 - ▶ What if legal definitions push this on us?

Ameripen & IBA- links through CPA



EDUCATION

IBA hosts virtual conferences like the [FDA COSMETICS REGULATIONS WORKSHOP](#), the [COSMETIC TECHNICAL/REGULATORY FORUM](#), and the [SUPPLY CHAIN & SUSTAINABILITY SUMMIT](#). Plus our newsletters, webinars, and panels keep members updated with the latest news in the ever-evolving beauty industry.

About AMERIPEN

We represent the North American packaging value chain by providing public policy makers with fact-based, material inclusive, scientific information.

Using sound science and a philosophy of material inclusivity, AMERIPEN develops and advocates positions on issues related to packaging and the environment. Members include leading brand owners, packaging converters, materials suppliers, and recyclers.

AMERIPEN is leading on...

- **Proactive public policy**, by developing legislative solutions, building industry coalitions, and directly advocating on behalf of its members with an innovative multi-state government affairs strategy.
- **Critical policy discussions** across the country to advance positive solid waste management solutions like sustainable materials management, life cycle thinking and more. We host webinars, generate media attention on critical issues, and educate members and policy makers.
- **Food waste**, by articulating the role packaging plays in prevention, and identifying best practices and elevating case studies to creating understanding that a little packaging can reduce a lot of waste.

Let's figure out how Sustainable Practices can position you for a changing climate – and for success

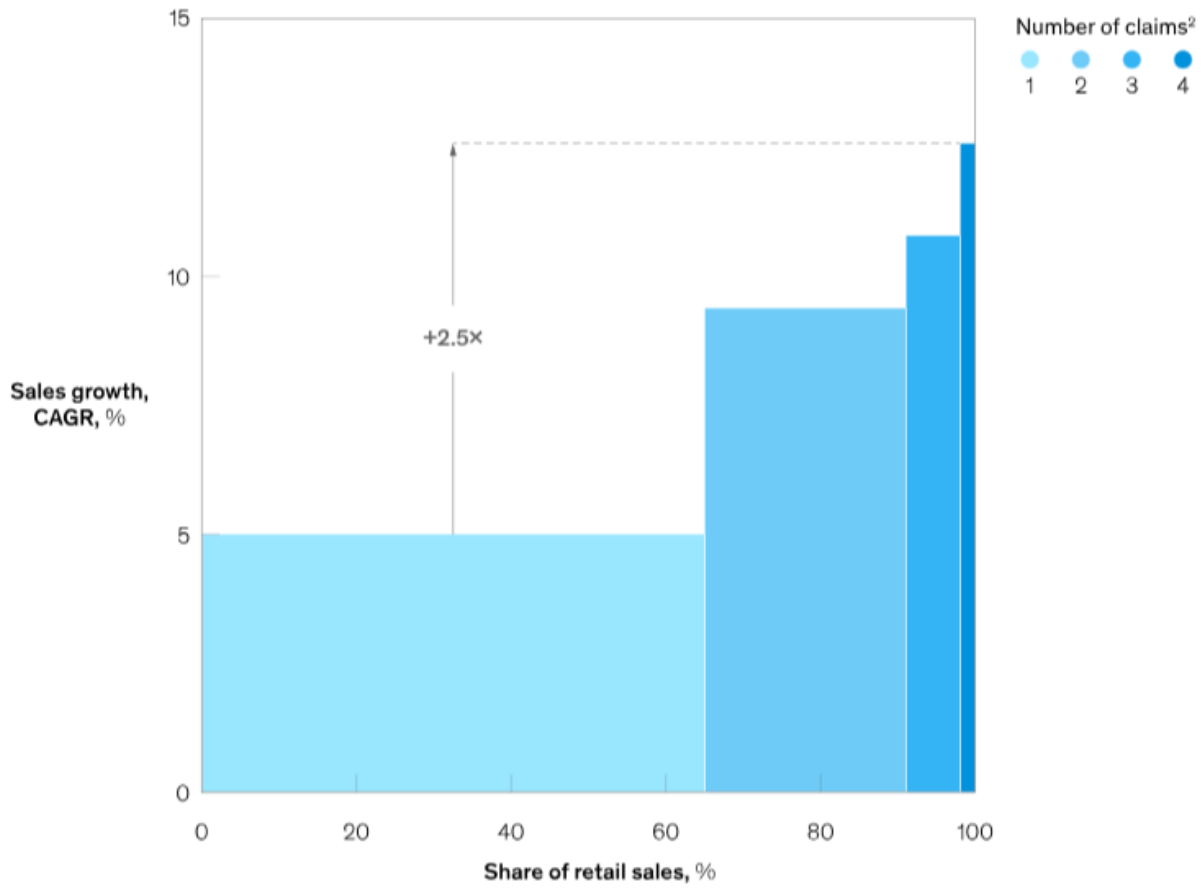


Happy to answer any questions

APPENDIX



Sales growth vs share of retail sales by number of ESG¹-related claims made by a product, US, 2018–22



¹Environmental, social, and governance.

²There are 6 types of claims; scenario types 5 and 6 were not included due to low sample size.

Source: NielsenIQ

Products that make environmental, social, and governance-related claims have achieved disproportionate growth.

Retail sales growth, US, CAGR 2018–22, %



Environmental, social, and governance.
Source: NielsenIQ

- Consumers will care more - so products and companies that are green will grow

Critically,

Chart?

Harvard Business Review, Sept. 2023

- Trust drives behavior and, ultimately, business outcomes.
- Sustainability promotes trust, particularly among younger generations.
- Younger generations will soon have most of the purchasing power in the U.S.

The [Harris Poll for Google Cloud survey](#) found that “Environmental, Social and Governance (ESG) initiatives were a top — and rising — priority for executives in the survey (64%), on par with evolving or adjusting business models (63%).”

E - Environment

- Water & pollution management
- Efficient use of energy
- Value chain practices
- Greenhouse gas emissions
- Climate change

S – Social

- Healthy and safe working conditions
- Labor standards/Fair Pay
- Conflict Resolutions
- Human Rights, equal opportunity
- Local Communities

G - Governance

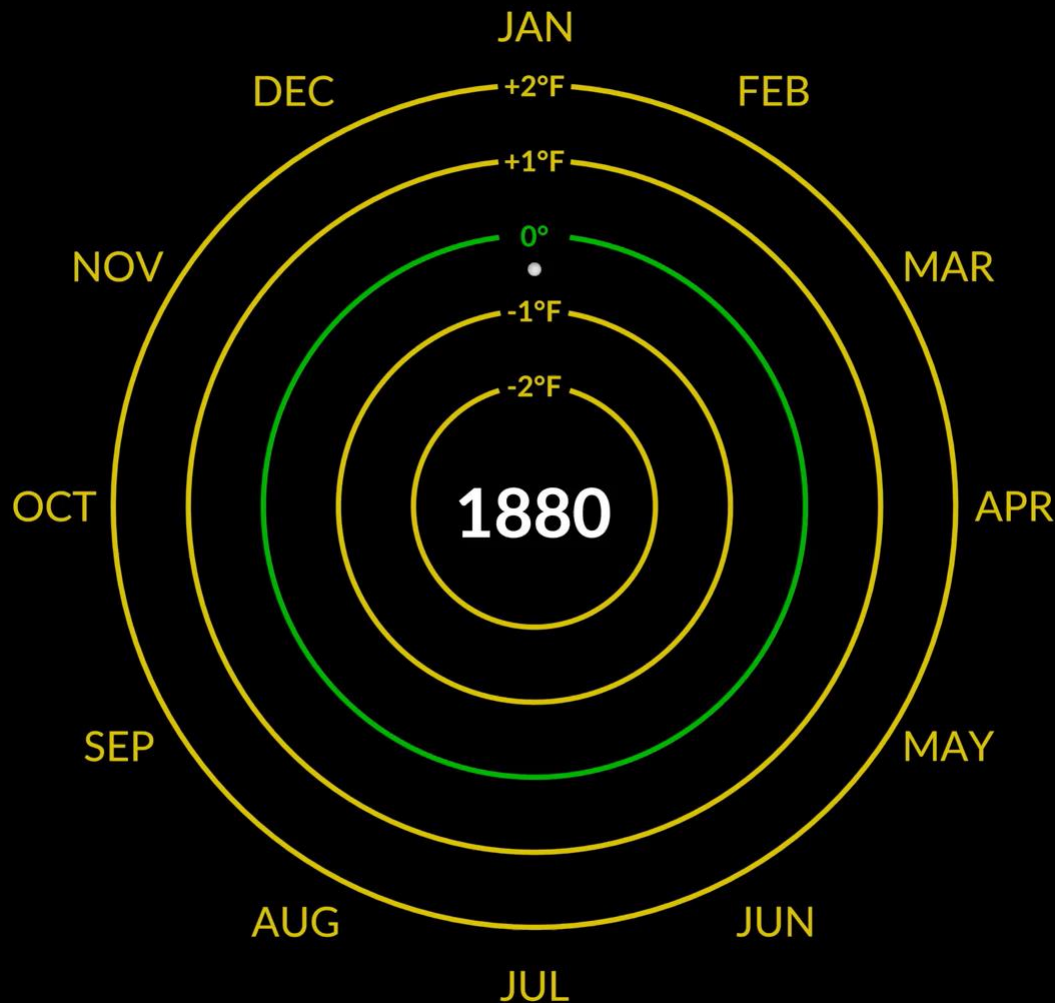
- Business Ethics
- Accounting
- Corporate Risk Management
- Leadership (compensation)
- Shareholders Interest
- Donations/Political Lobbying
- Compliance

1 min Video

Professor Ed
Hawkins,
University of
Reading, UK,

NOAA, NASA

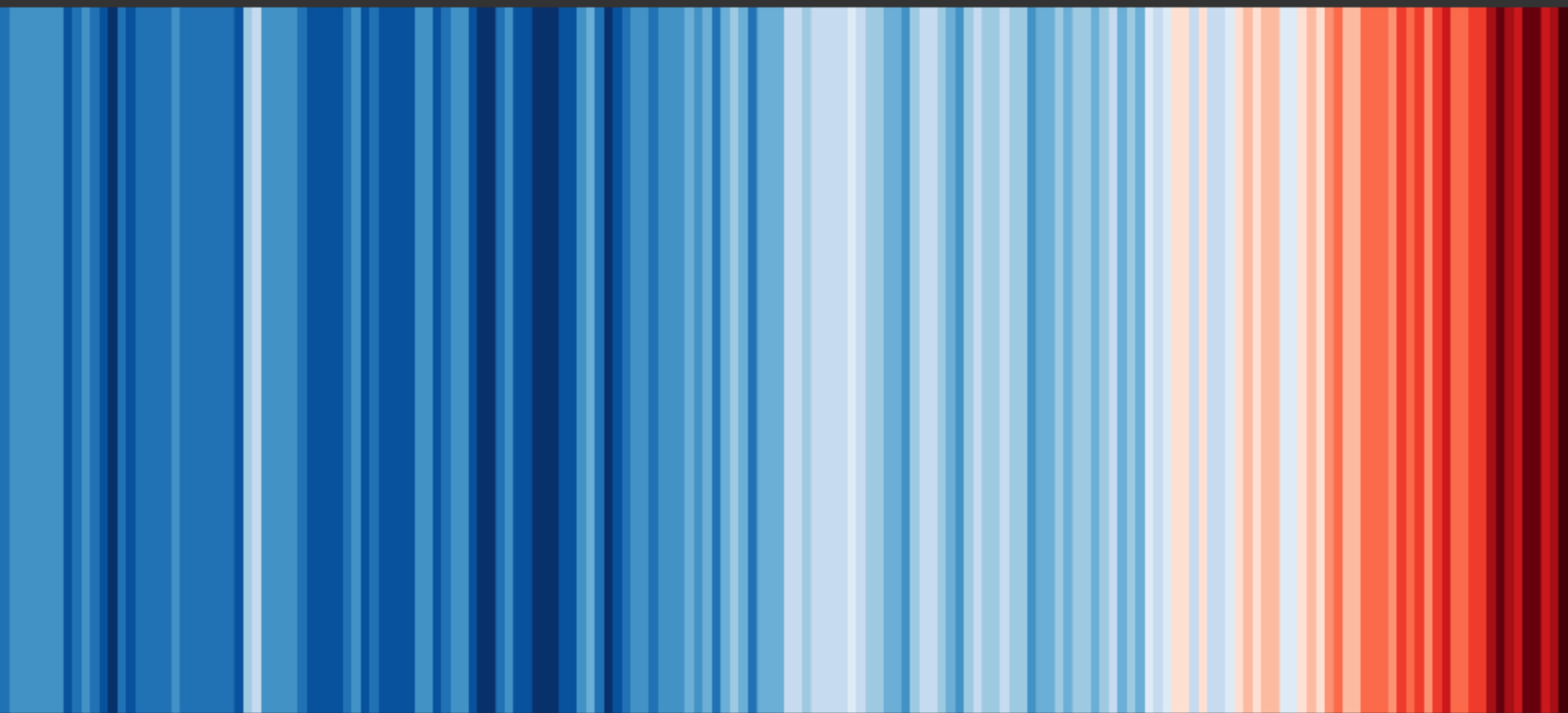
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with credit.



Zero baseline is
set using
temperatures
from 1951 to
1980

Global temperature change (1850-2023)

<https://showyourstripes.info/>



1860

1890

1920

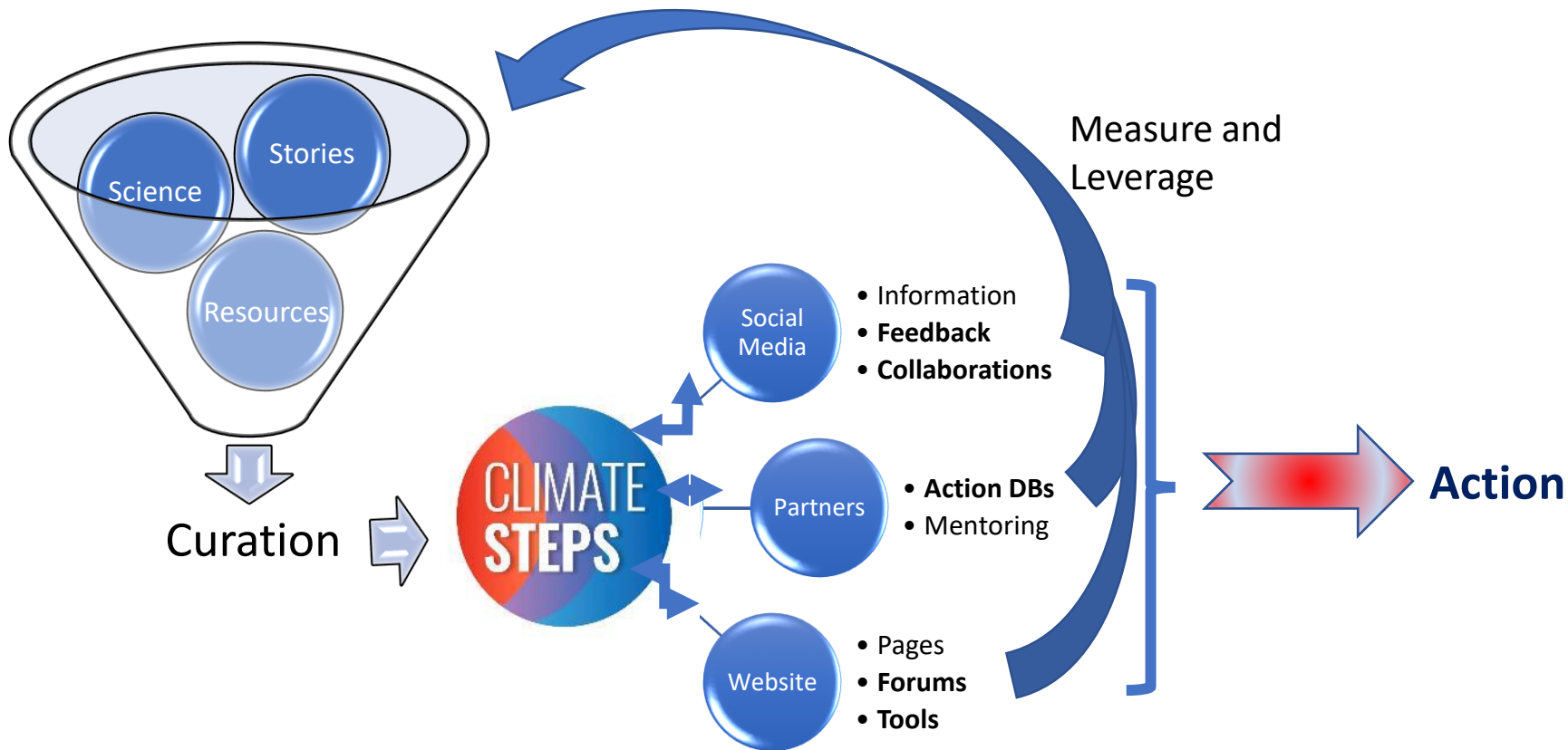
1950

1980

2010

CLIMATE
STEPS

Hub Network



Additional, more specific slides of climate change data available upon request

More information than you may want....