State of the Industry Report

2021 Edition

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INTRODUCTION

Every year, the Foodservice Packaging Institute (FPI) conducts a survey to glean information on the industry. FPI looks at issues, like changes to volume and profits; expansion and purchasing plans; opportunities and challenges facing the industry; and more. The survey is sent to FPI members and non-members, representing the entire value chain in North America, including:

- raw material suppliers;
- machinery suppliers;
- converters;
- foodservice distributors; and
- foodservice operators.

Participation in the survey is completely voluntary and respondents can opt out of any question asked.

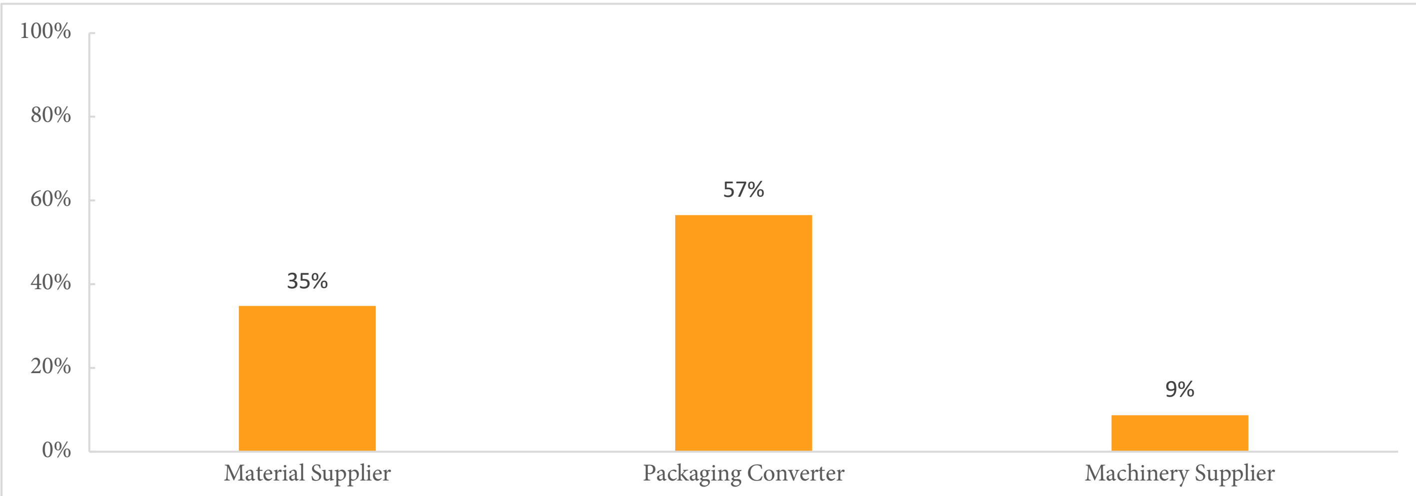
Using the data collected, FPI has produced its 22nd annual "State of the Industry Report," which contains questions and responses of the surveys conducted. Please note that responses included were taken verbatim, with very few exceptions. Results have been split into three sections:

- Pages 3-21: Converters, Raw Material Suppliers and Machinery Suppliers
- Pages 22-27: Foodservice Distributors
- Pages 28-41: Foodservice Operators

All questions are welcome. Please contact Ashley Elzinga, Director of Sustainability & Outreach, at aelzinga@fpi.org.

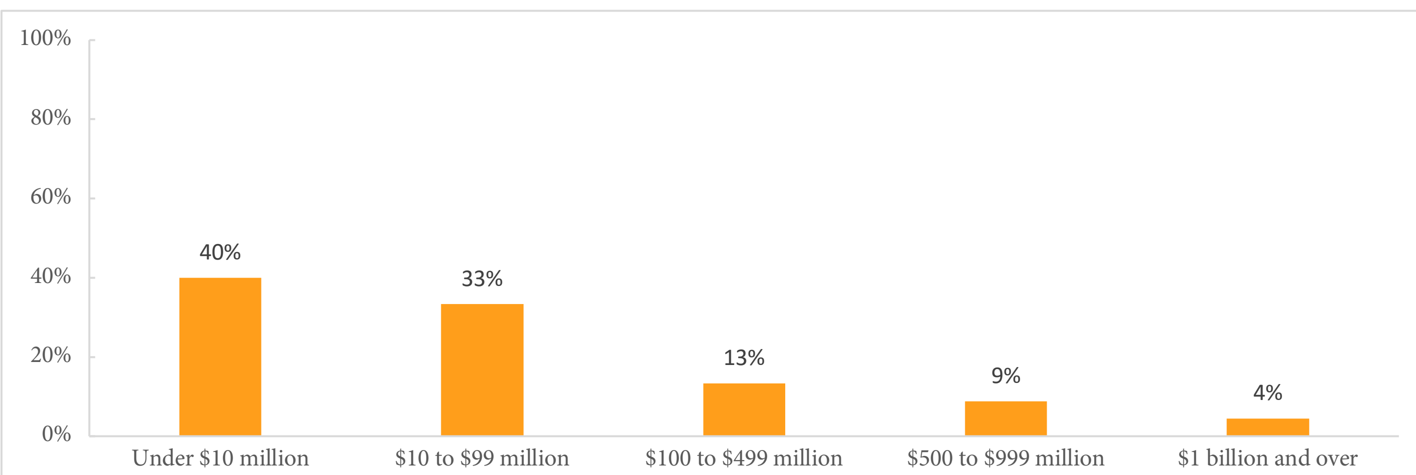
Converter, Raw Material Supplier and Machinery Supplier Results

<u>Question 1.</u> Are you a:



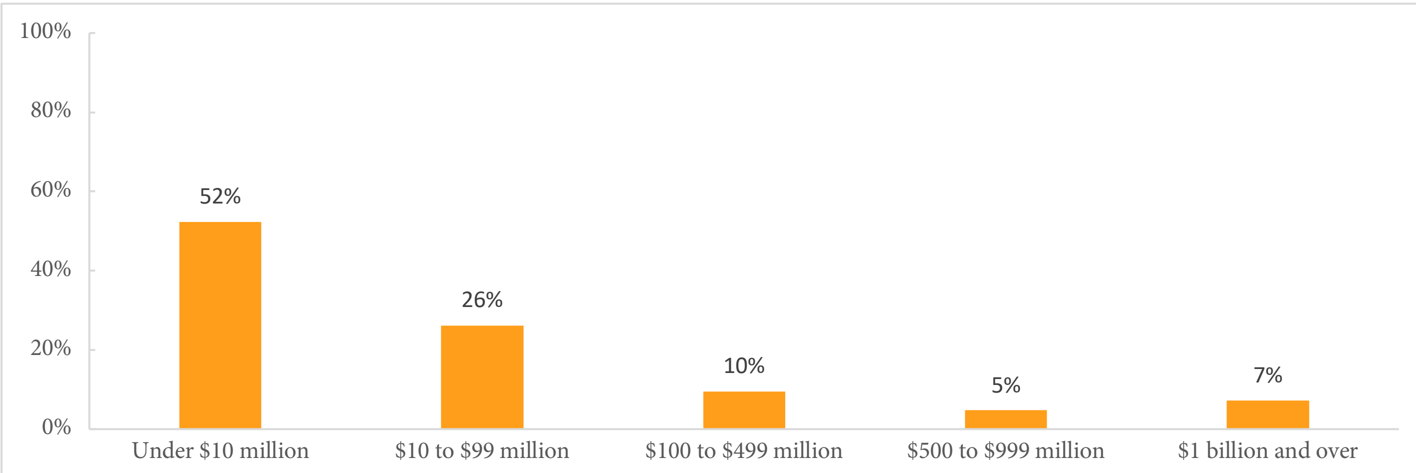
Total Count: 46

<u>Question 2A.</u> What were your firm's net global sales of <u>foodservice packaging</u> (i.e., cups, plates, cutlery, clamshells, etc.) products or <u>materials for the foodservice packaging industry</u> in the year 2020?



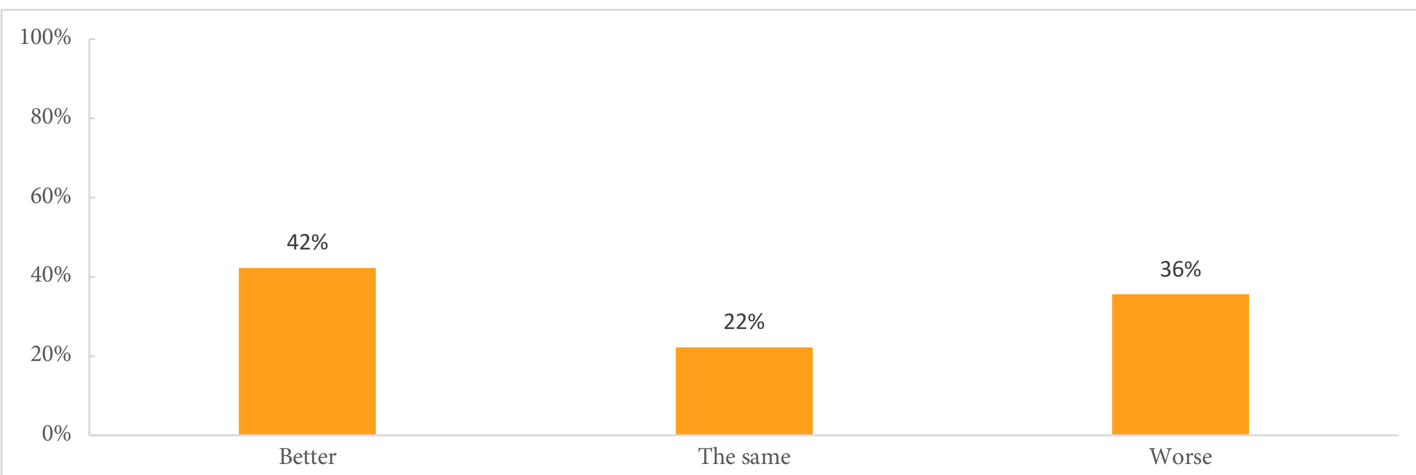
Total Count: 45

Question 2B. **What were your firm's net global sales of food packaging (i.e., egg cartons, meat trays, dairy or produce containers, etc.) products or materials for the food packaging industry in the year 2020?**



Total Count: 42

Question 3A. **How do you rate 2020 compared to 2019, in terms of volume?**



Total Count: 45

Key Influences:

Converters

Better…

- Covid, restaurants closing, more people eating at home.
- COVID-19 [x2]
- Home meal delivery, Take away, grocery store meat tray.
- Prevalence of takeout

- Start-up company so our commercialization and onboarding of customers led to the growth. Plus our end markets were not impacted too severely by Covid-19 in the food packaging supply space.
- More food (Meat/Eggs/etc.) being diverted from restaurants to grocery stores due to Covid-19 restaurant curtailment.
- Takeout Packaging.
- COVID, COVID, COVID, recession, high un-employment

Worse…
- COVID-19 [x2]
- Pandemic-related foodservice business closures and capacity restrictions.
- COVID restrictions, home office, travel restrictions, etc.
- In-restaurant dining down and school closures.
- COVID declines in early part of year with stay-at-home orders and operators scrambling to figure out go forward negatively impacted volumes overall. There were certainly bright spots, but overall, down.
- COVID related influences. Restaurant sales down (direct and indirect (prepared foods))
- COVID-19 drove significant demand drops.
- COVID-19 market impacts; Labor issues.

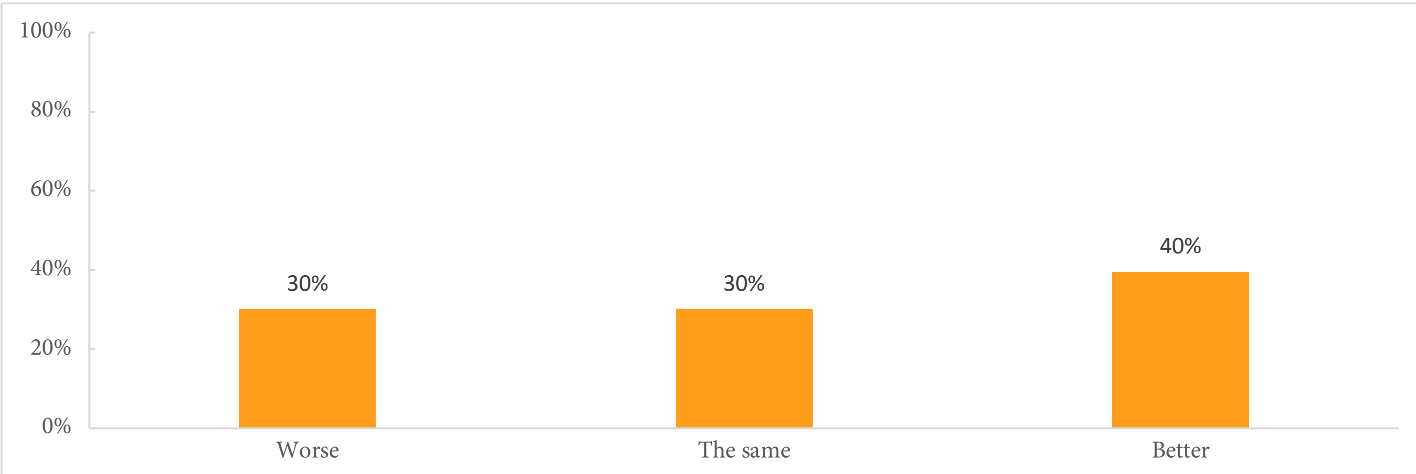
The same…
- We are pre-commercialization
- Covid severely affected Q2, but we bounced back strong in Q4
- The pandemic was the obvious influencer for us.
- COVID, takeout, delivery

Raw Material Suppliers
Better…
- Higher demand on products.
- Shift to paper: compostable and recyclable
- Growth of new asset (ramp up)

Worse…
- COVID-19
- COVID-19 related restrictions.
- Poor but inaccurate environmental perception.
- Pandemic and its effect on food supply into restaurant industry.
- COVID-19, hospitality closures, economy.

Machinery Suppliers
Worse…
- Slow demand for Capital Equipment; Lower volume for Cups, Lids suppliers

Question 3B. **How do you rate 2020 compared to 2019, in terms of profit?**



Total Count: 43

Key Influences:

Converters

Better…

- More volume.
- Ran more efficiently.
- COVID, COVID, COVID, recession, high un-employment.
- Mix favorable.

Worse…

- Inventory holding costs, raw material increases, production inefficiency, labor costs vs sales
- Closure of restaurants and economy.
- Some negative product mix impacts.
- COVID and mix of product.

The same…

- Higher freight costs
- Costs increased
- Volume up but not reflected in pricing.
- Not much growth due to the pandemic.

Raw Material Suppliers

Better…

- Higher exchange rate between the Dollar and Pesos.
- Demand for bio-based alternatives. Identification of PFAS and PFOA in fiber packaging with new legislation in over 23 states. Safer State Tracker provide states that are active with PFAS legislation.

Worse…

- COVID

The same…

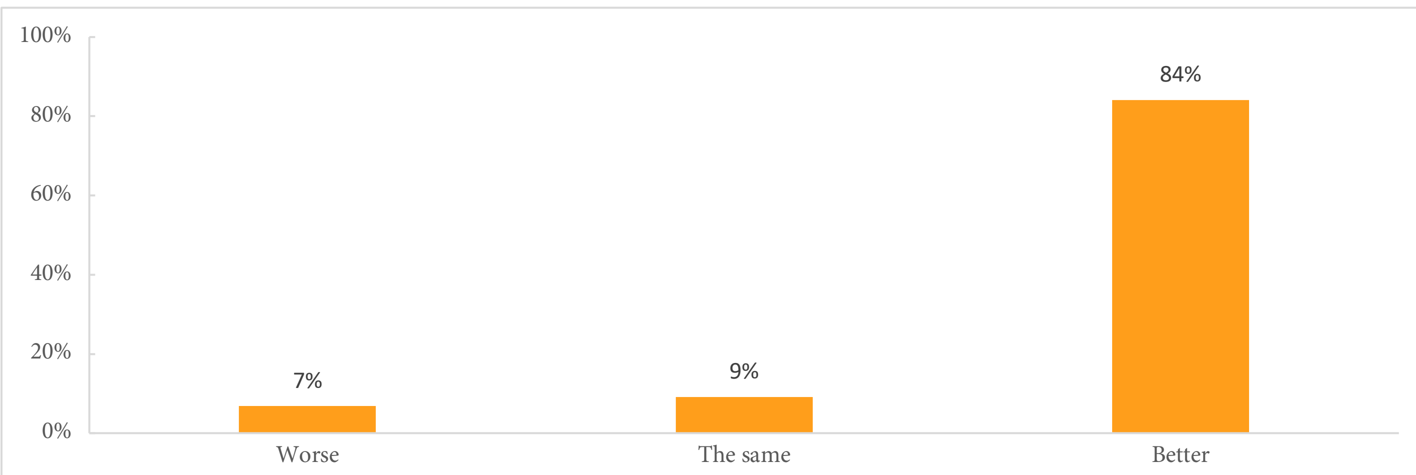
- Downtime on assets.

Machinery Suppliers

Better…

- Positive product mix and cost cutting.

Question 4A. How do you expect 2021 to be compared to 2020, in terms of volume?



Total Count: 45

Key Influences:

Converters

Better…

- COVID effect for a while longer, new business opportunities.
- We start production this year.
- COVID recovery.
- Adding capacity.
- Rollout of vaccines across the country will hopefully have a positive impact on removing state-imposed restrictions on restaurants and other businesses.
- Mostly from our scale up.
- Investing in capital equipment to allow alternate substrate base to compensate for packaging movement away from hard-to-recycle plastics (PS) into fully recyclable and/or compostable products.
- Business opening up mid-year.

- With operator's largely through the learning curve on off premise, grocers firmly planted as a meal option, expecting volume increases through 2021. With vaccines rolling out through the year, optimistic that operations remain open.
- Economy improving. Restaurant sales improving.
- We are expecting the foodservice demand for our products to open up in Q3/Q4 2021. Hopefully labor availability will improve in the latter half of the year.
- New energy better tendencies.
- Coming out of COVID.

Worse…

- Return to normal, wind down of COVID.

The same…

- Continued COVID impacts are not expected to subside until (hopefully) later in Q3-Q4.
- COVID.

Raw Material Suppliers

Better…

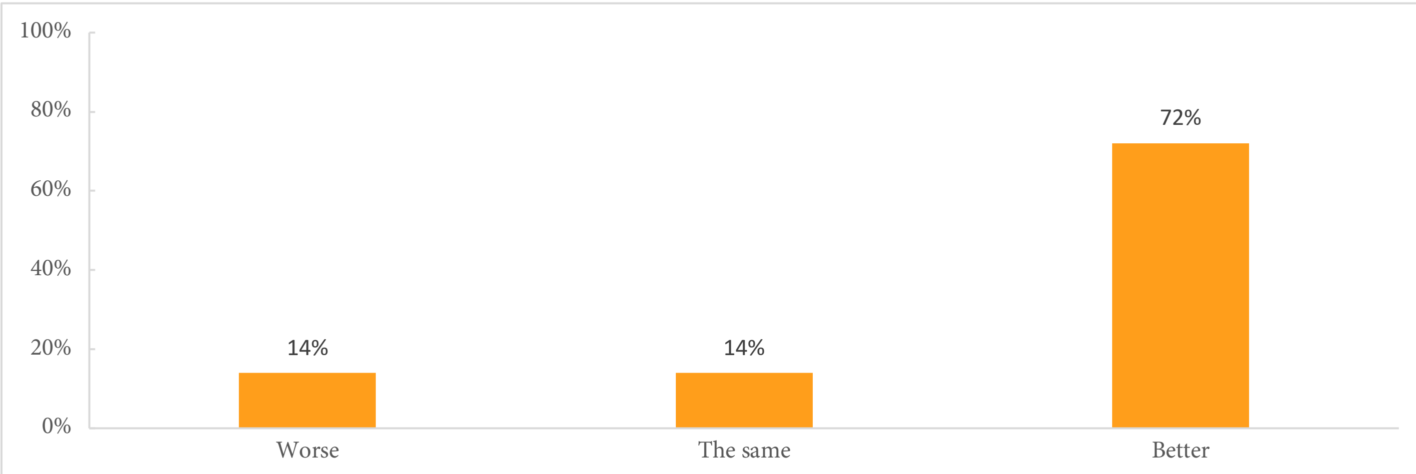
- Return to normalcy in demand.
- Less COVID impact.
- Pandemic recovery
- Demand for bio-based packaging and again identification of PFAS in fiber based packaging.
- Increased demand as a result of the economy recovering.
- Continued growth.
- Less stress from Covid19. More industries returning to “in person”.
- Markets recovering.

Machinery Suppliers

Better…

- Rebound in Capital Equipment market; strong demand for Food Packaging.
- Strong economy and COVID decline.

Question 4B. **How do you expect 2021 to be compared to 2020, in terms of profit?**



Total Count: 43

Key Influences:

Converters

Better…

- More revenue, thus more profit flowing to the bottom line.
- Anticipated increase in production and sales volumes.
- There are a lot of external pressures in the industry with rising costs in key areas and tight supply in the market. Some behavior changes expected to positively impact mix.
- Pricing adaptation.

Worse…

- Food service business loss.
- Return to normal, wind down of COVID.
- Cost of raw materials.
- Margin pressure. Mix unfavorable.
- Resin prices continue to increase, impacting profit margins.

The same…

- CAPEX
- COVID related impacts, with rising material costs, continued production inefficiency due to forecasting inaccuracy, inventory holding costs, overall decreased volume and inability to leverage scale.
- COVID

Raw Material Suppliers

Better…

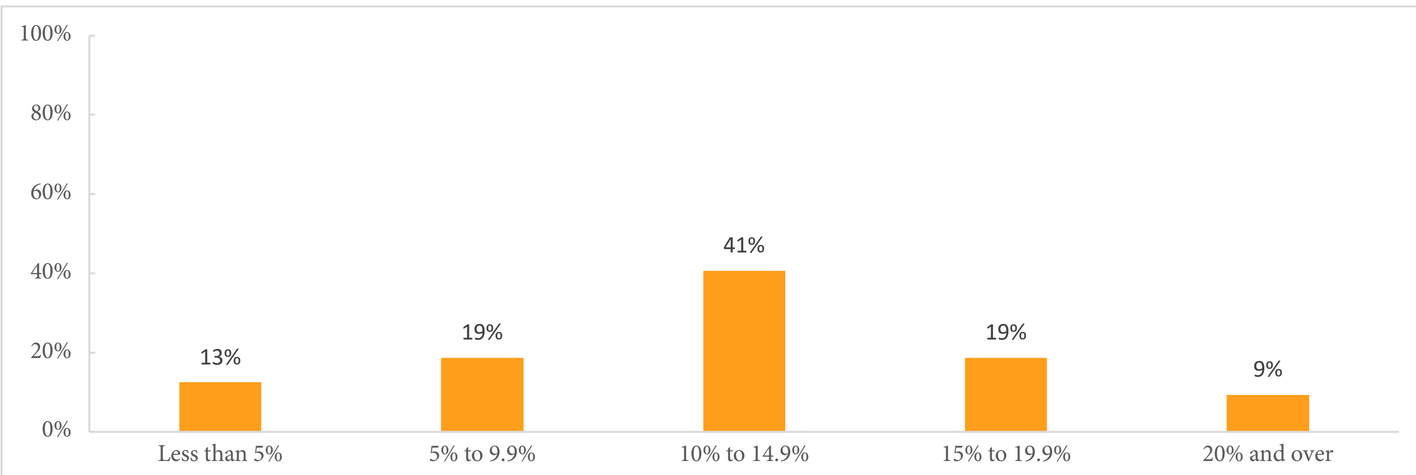
- Increased demand as a result of the economy recovering.
- Demand

- Markets recovering

Machinery Suppliers

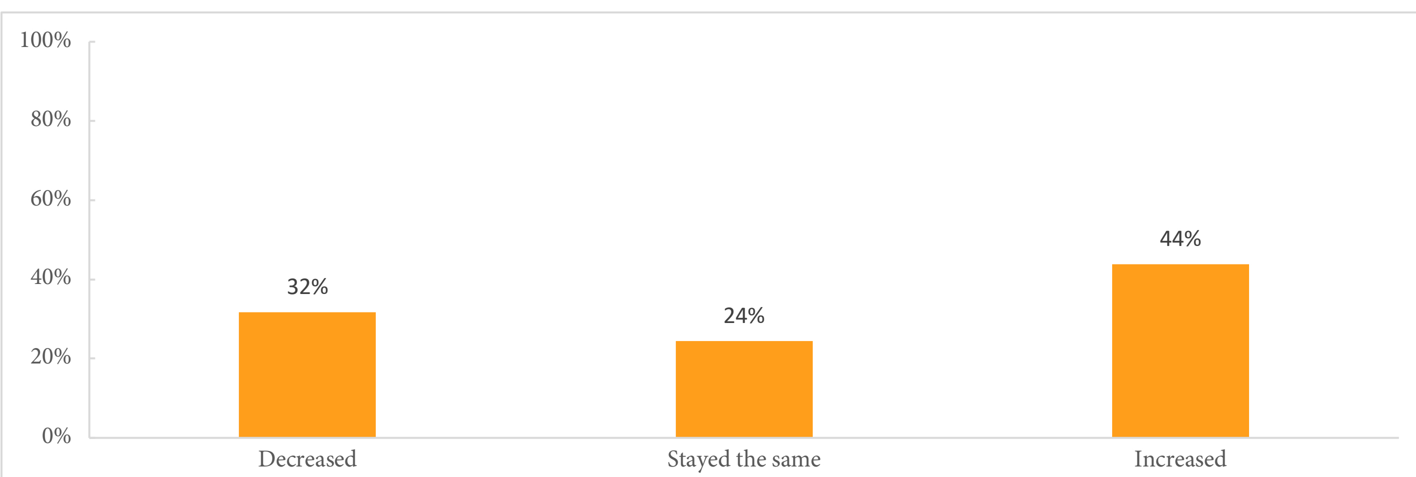
There were no inputs….

Question 5. **What was your firm's 2020 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) as a percent of net sales?**



Total Count: 32

Question 6A. **In 2020, what happened to your production levels (pounds/kilograms, units, etc.) as compared to 2019? (Be sure to include any acquisitions made in 2020.)**



Total Count: 41

Question 6B. By what percent?

Converters

Increased by…

- 5%
- 6%
- 10%
- 11%
- 15%
- 20%
- 300% - due to scale up

Decreased by…

- 8%
- Approximately 15-20%
- 20%
- 40%

Raw Material Suppliers

Increased by…

- 20%
- 30%

Decreased by…

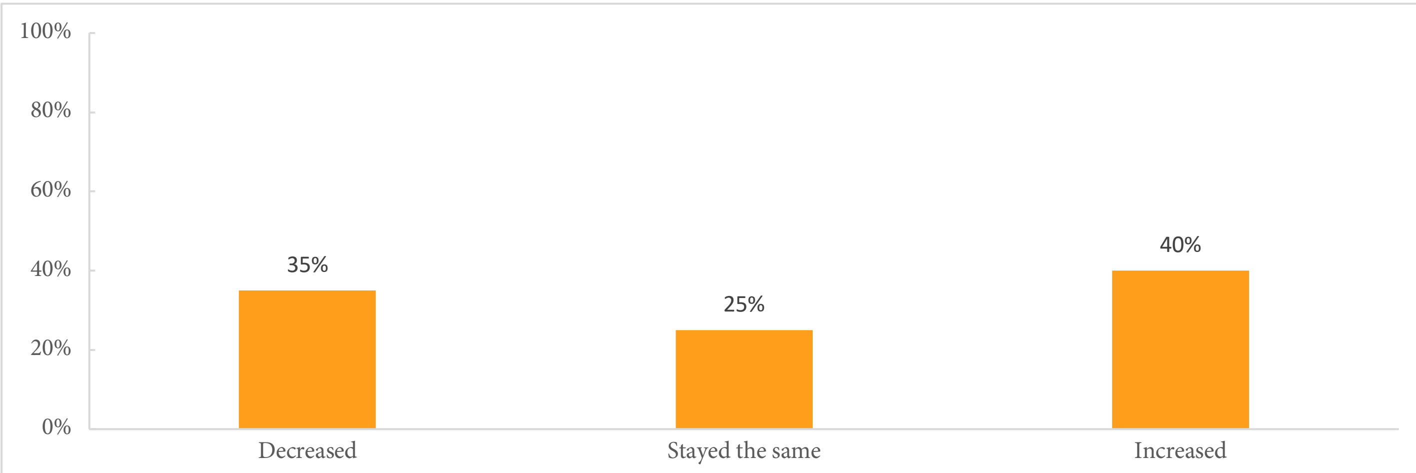
- 5%
- 15%
- 25%

Machinery Suppliers

Decreased by…

- 15%

<u>Question 7A.</u> In 2020, what happened to your <u>dollar value of shipments</u>, as compared to 2019? (Be sure to include any acquisitions made in 2019.)



Total Count: 40

<u>Question 7B.</u> By what percent?

<u>Converters</u>

Increased by…

- 5%
- 8%
- 11%
- 13%
- 20%
- 300% - scale up

Decreased by…

- 15%
- 20%
- 39%

<u>Raw Material Suppliers</u>

Increased by…

- 10%

Decreased by…

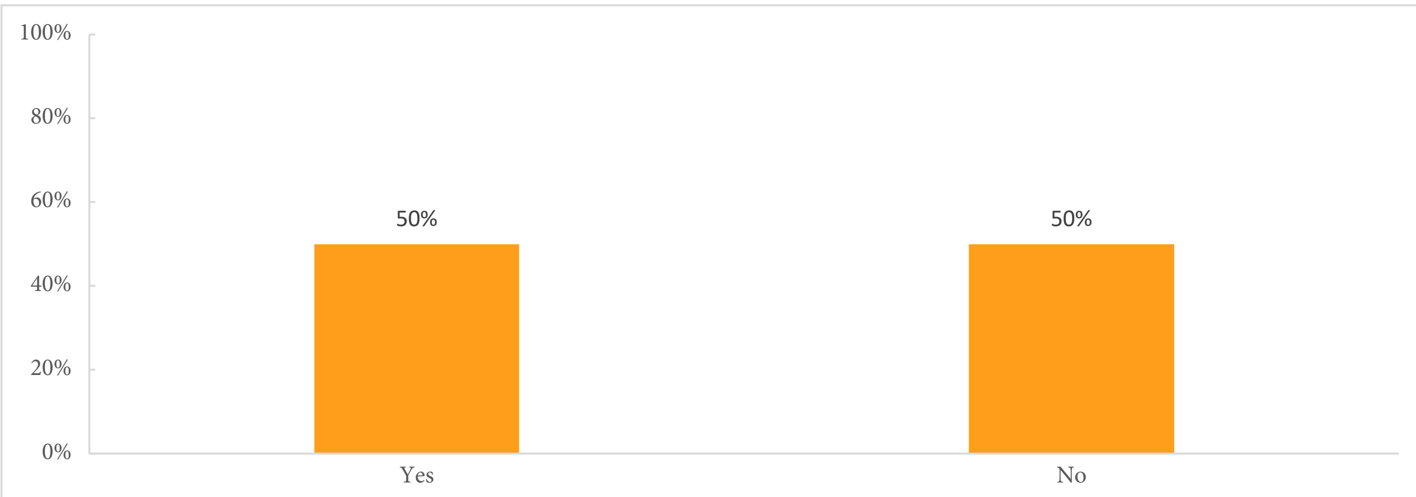
- 5%
- Approximately 10%
- 15%
- 25%
- 30%

Machinery Suppliers

Decreased by…

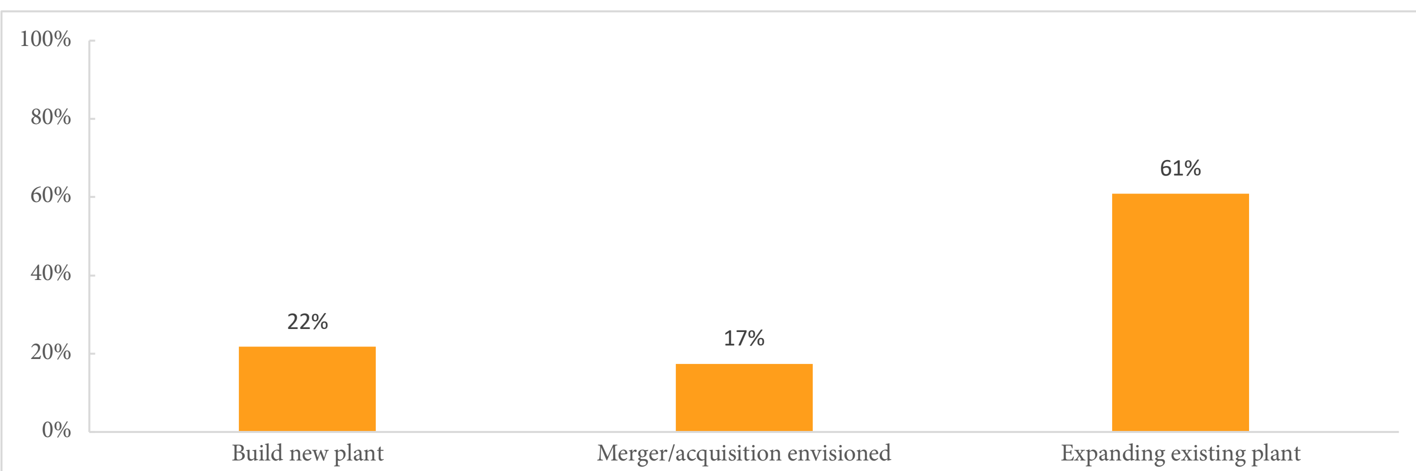
- 15%

Question 8A. Is your company planning to expand in 2020?



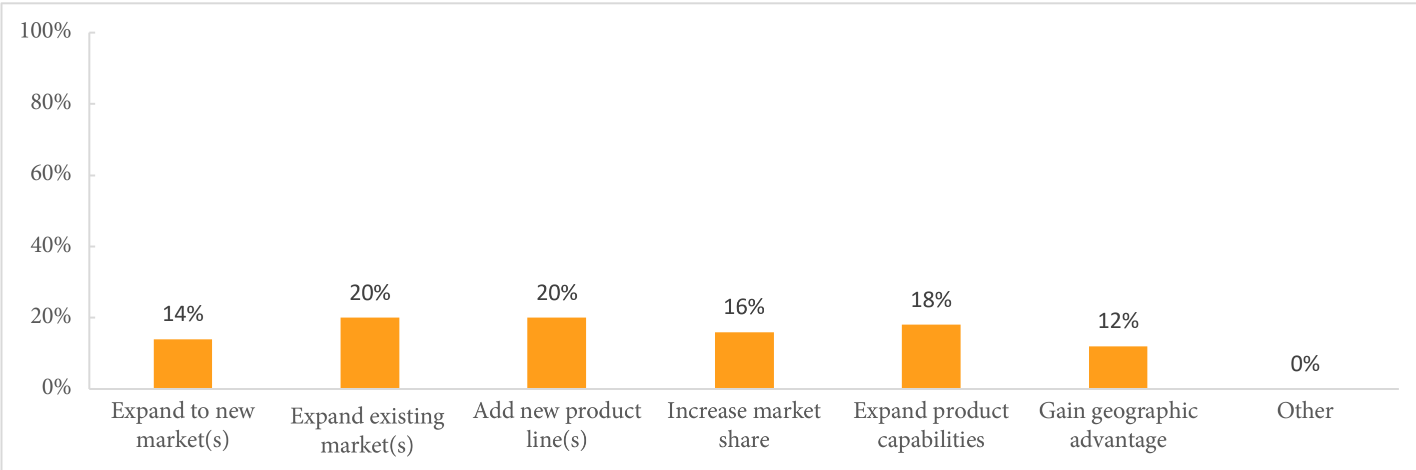
Total Count: 30

How/where does your company plan to expand (select all that apply)?



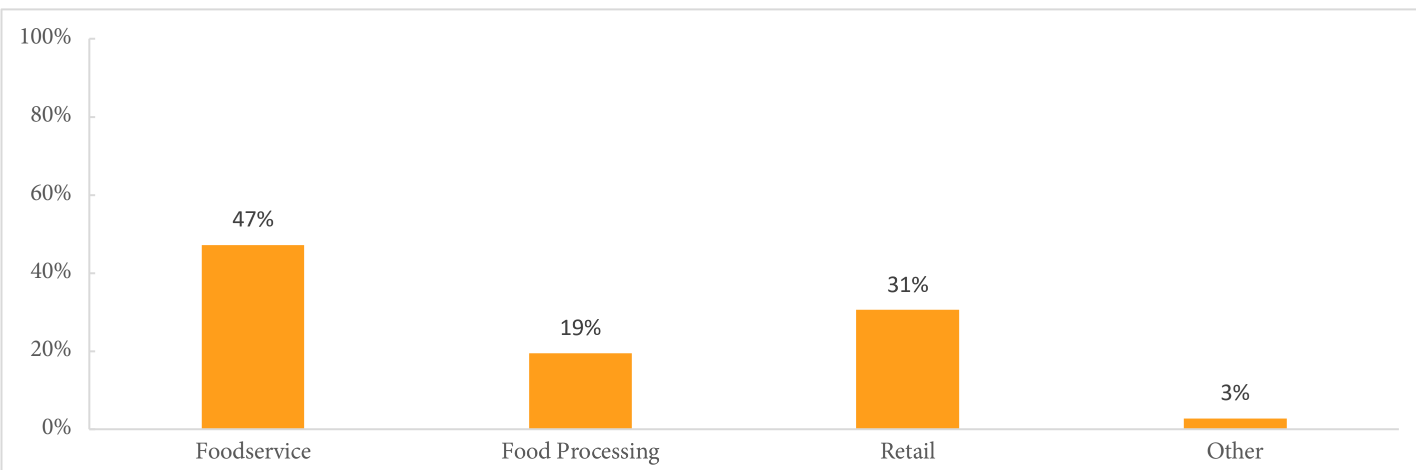
Total Count: 23

Question 8B. **What is the main purpose of this expansion to your operations (select all that apply)?**



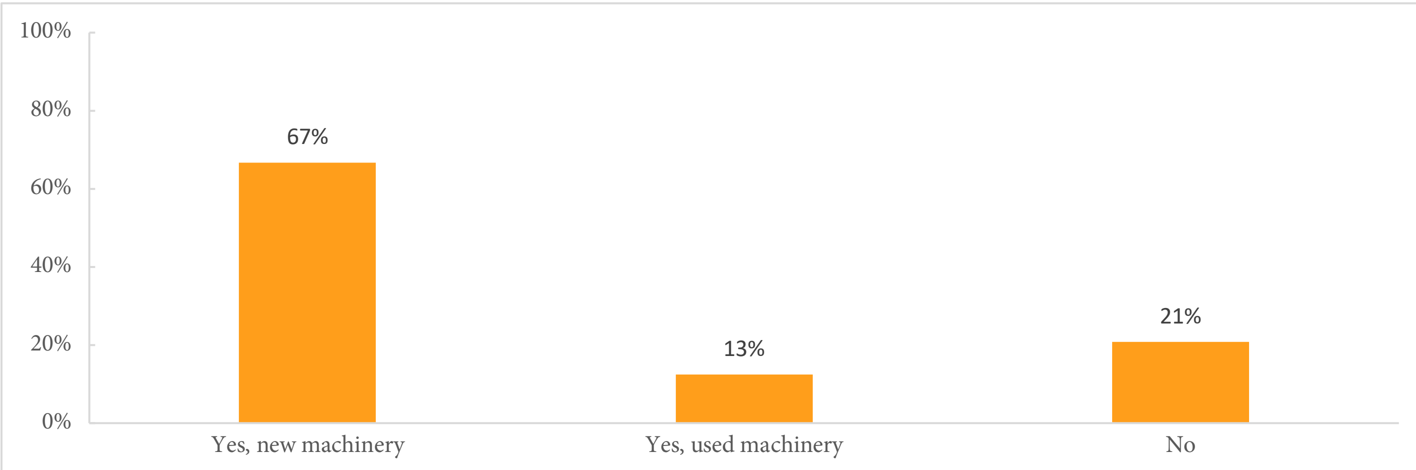
Total Count: 50

Question 8C. **In what market segment do you plan to expand (select all that apply)?**



Total Count: 36

Question 9A. **Does your company plan to purchase converting machinery in 2020 (select all that apply)?****

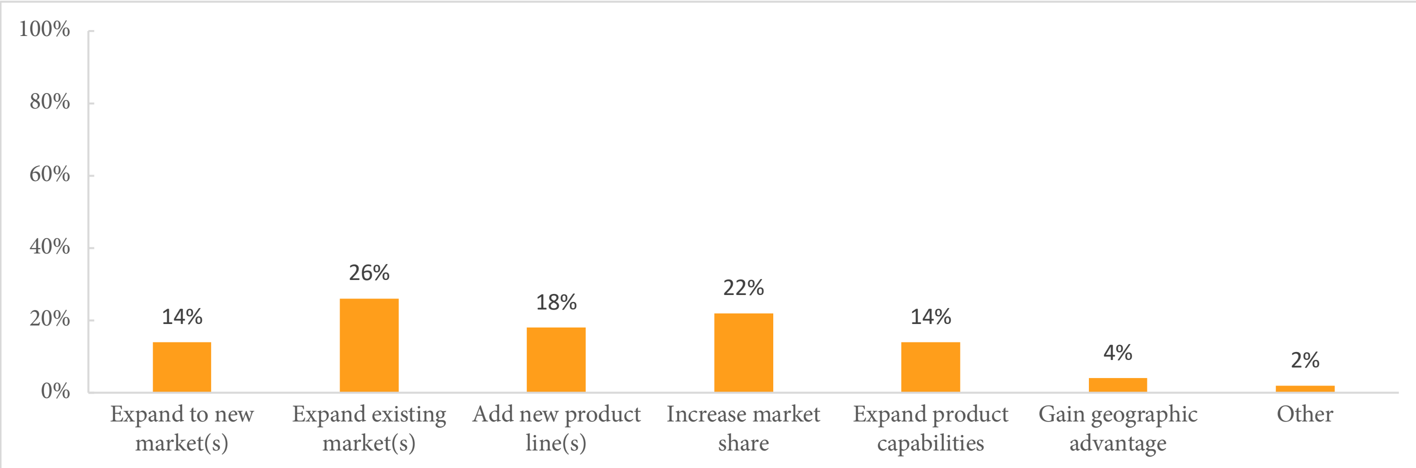


Total Count: 24
**Question asked solely of converters

Question 9B. **If your company does plan to purchase, what type of machinery and/or for what application?**

- Thermoforming [x7]
- Extrusion [x3]
- Formers [x2]
- Packaging
- David Standard extrusion
- Injection molding
- Window Machines
- Automation
- Molds
- Printers
- Sleevers
- Our machines are proprietary to us and patented, we have them build for us.

<u>Question 9C</u>. For what purpose does your company plan to purchase new converting machinery (select all that apply)?**



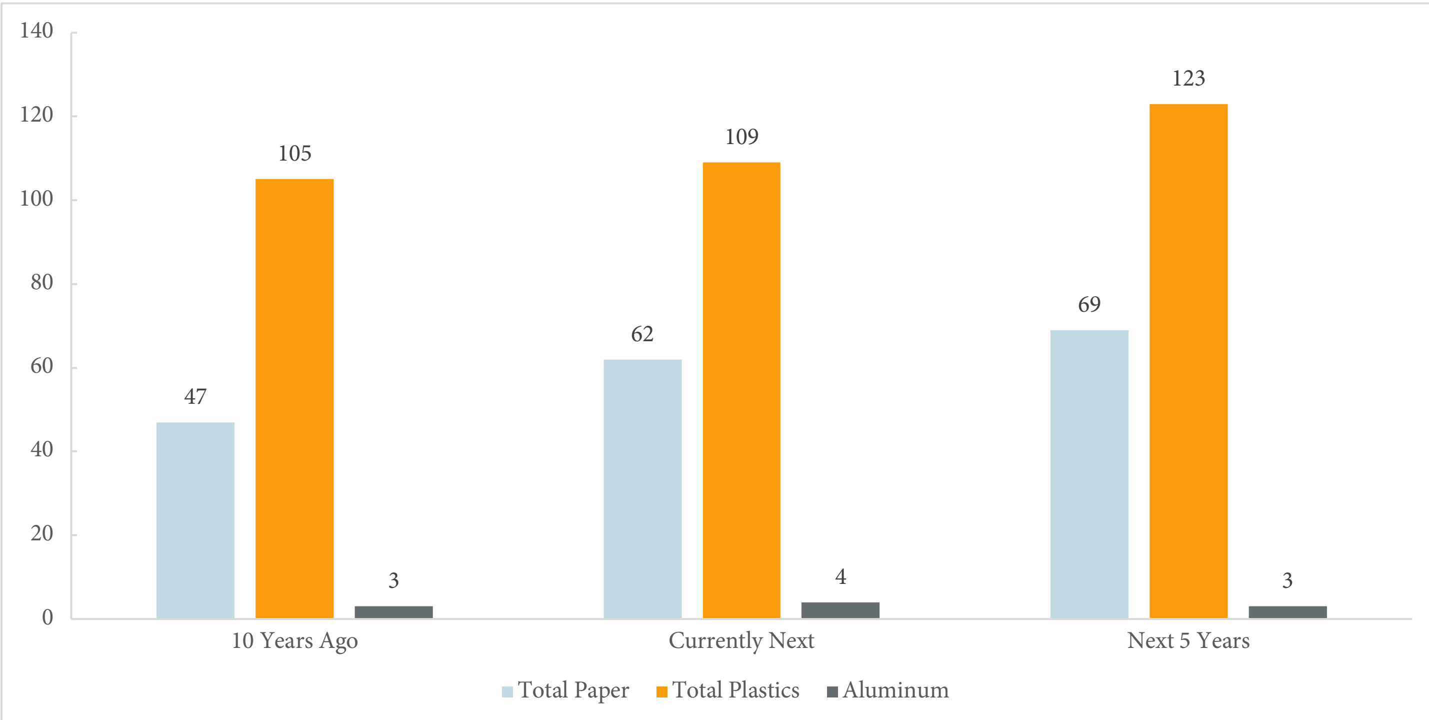
Total Count: 50

**Question asked solely of converters

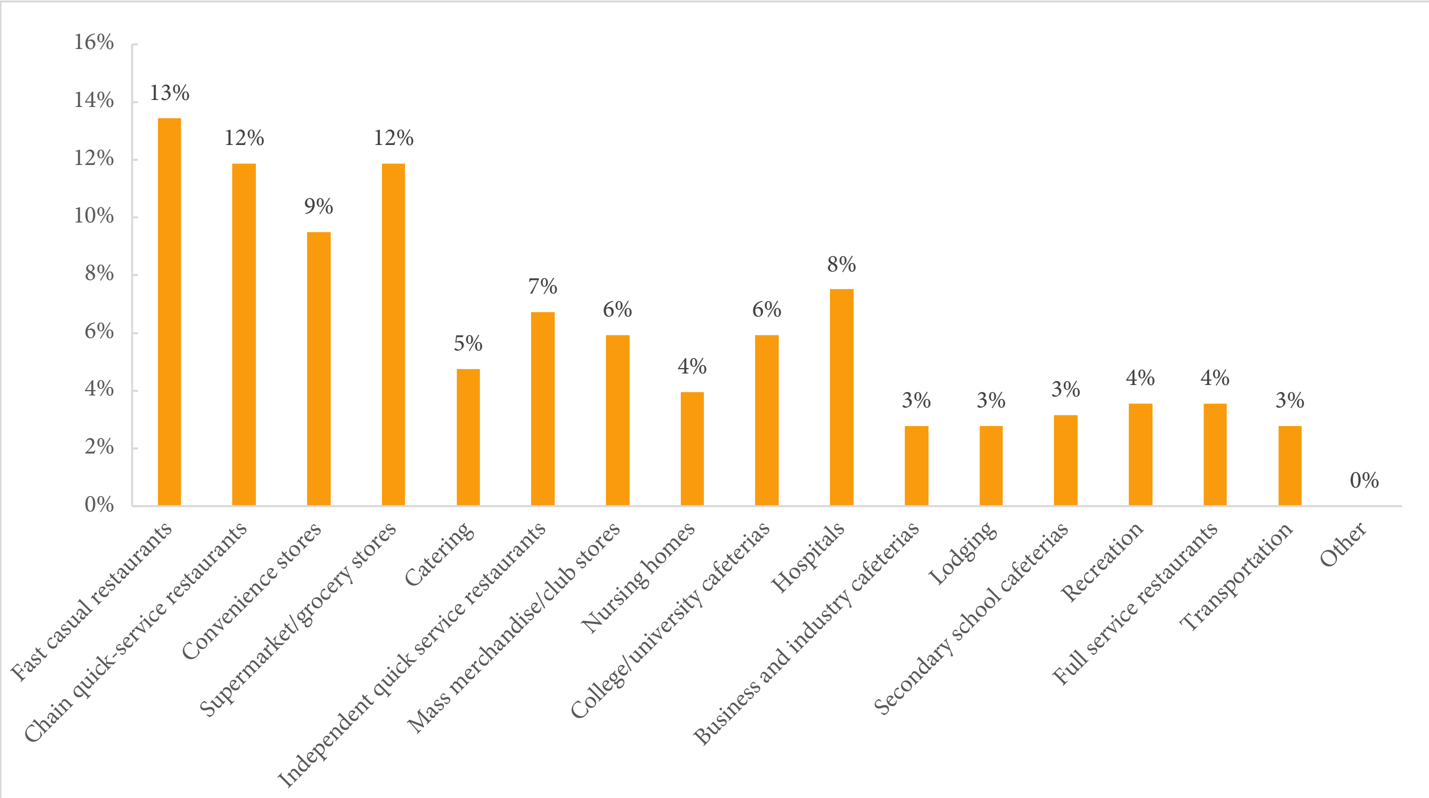
Question 10. **Please check the appropriate box according to your company's production or use of the following substrates for the time frames listed:**

		10 Years Ago	*Currently*	*Next 5 Years*
Paper		**9**	**12**	11
Coated Paperboard w. Traditional Coatings		**9**	**11**	8
Coated Paperboard w. Bio-based Coatings		**4**	**6**	10
Uncoated Paperboard		**8**	**10**	10
Pulp/Molded Fiber (from trees)		**4**	**7**	8
Pulp/Molded Fiber (from other sources)		**0**	**7**	10
Paper w. Recycled Content		**5**	**9**	12
PS		**16**	**12**	12
EPS		**7**	**6**	7
HIPS		**9**	**10**	11
OPS		**5**	**4**	4
PE		**5**	**6**	5
HDPE		8	0	0
LDPE		5	5	5
LLDPE		3	4	4
PET		10	18	19
PP		11	18	20
Bio-based Plastic (PLA, PHA)		12	15	20
Plastic w. Recycled Content		4	11	16
Aluminum Foil		3	4	3
Other		0	0	0

Based on the information above:



Question 11A. **Which of the following market segments do you believe will see strong growth in the next five years (select as many as you wish)?**



Question 11B. **Please indicate which ONE market you believe will see the greatest growth and explain why:**

Fast Casual ***[mentioned 6 times]***

- It was the hardest hit by COVID
- As capacity restrictions begin to lift, we anticipate seeing in a growth in fast casual restaurant volumes.
- Catering to "take-out" will grow due to post-pandemic health & safety concerns. The "eat-in" dining experience will take time to recover from Covid-19.
- Better food, faster.
- Operators look to re-design units to accommodate more drive-thru, enhance safety features and offer hybrid of convenience intake and go, delivery, dine-in.

Quick Service Restaurants ***[mentioned 4 times]***

- Convenience of using delivery food apps.

Convenience Stores ***[mentioned 2 times]***

- Everyone wants grab and go, people will still be afraid to sit down at a restaurant, so why not "kill two birds with one stone" and get gas and lunch at the same place!

- Fast growing trend that focus on fresh food to go, whether it be for a quick breakfast or lunch, or to take home for dinner.

Supermarket/Grocery ***[mentioned 2 times]***
- Our products will be more abundantly used in those applications.
- Supermarkets are poised to continue growth post-COVID through the rise of increased supermarket foodservice solutions and consumer demand for at-home meal solutions.

Ghost Kitchens
- Tamper evident line should continue to prosper and grow

Recreation
- COVID

Eat at home occasions
- Lower negative impact of Single Use Plastics for FMCG vs. Foodservice

Nursing Homes
- Due to aging population

Delivery

Healthcare

Other
- Toss-up between Fast Casual an Chain quick service – think COVID shrunk overall units, paring down; Both these segments are well funded, have pivoted well and have the ability to scale and serve customers in a new rightsized market.

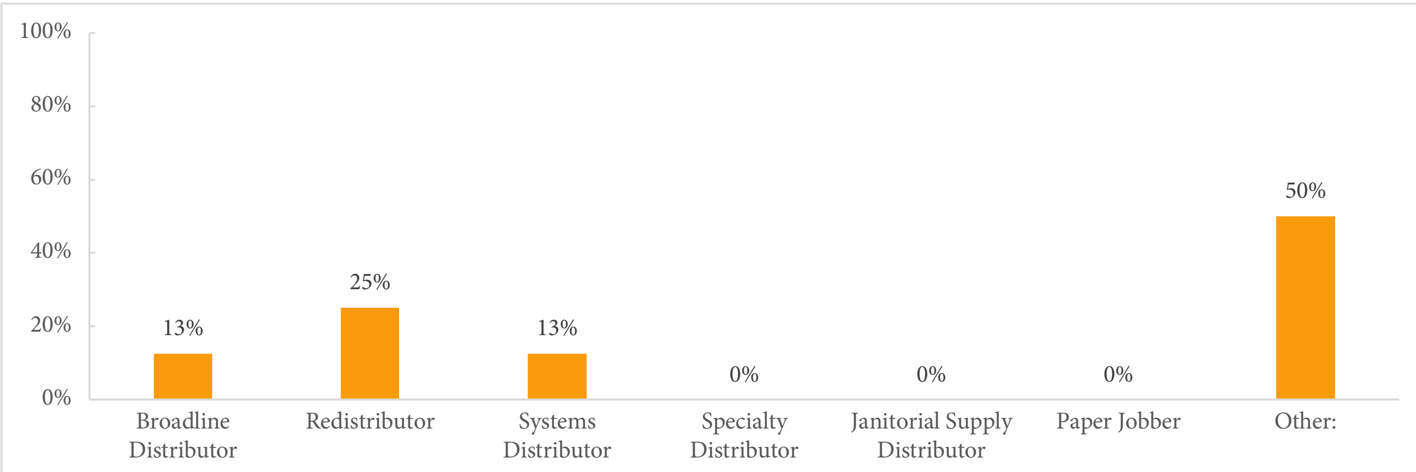
<u>Question 12</u>. Please review the list below and select what you believe are the FIVE most important challenges facing the food/foodservice packaging industry over the next couple of years. Please rank (1-5) the following in order of importance, with 1 being the most important:
[Listed in descending order, in terms of cumulative number of mentions and weighting.]

<u>Comparison of Top 5 Challenges Facing the Food/Foodservice Packaging Industry</u>

	CONVERTERS	RAW MATERIAL SUPPLIERS	MACHINERY SUPPLIERS
1	Public perception of packaging or foodservice packaging as "waste"	Government legislation/regulation	Public perception of packaging or foodservice packaging as "waste"
2	Government legislation/regulation	Environmental activism Call for changes to extended producer responsibility/product stewardship programs	Recovery/end of life options for foodservice packaging
3	Recovery/end of life options for foodservice packaging	Recovery/end of life options for foodservice packaging	Margin compression
4	Margin compression Addressing chemicals of concern	Litter/marine debris concerns	Increasing raw material costs
5	Lack of qualified labor	Public perception of packaging or foodservice packaging as "waste"	Lack of qualified labor

Foodservice Distributor Results

<u>Question 1.</u> Which category best describes your company (select only one):

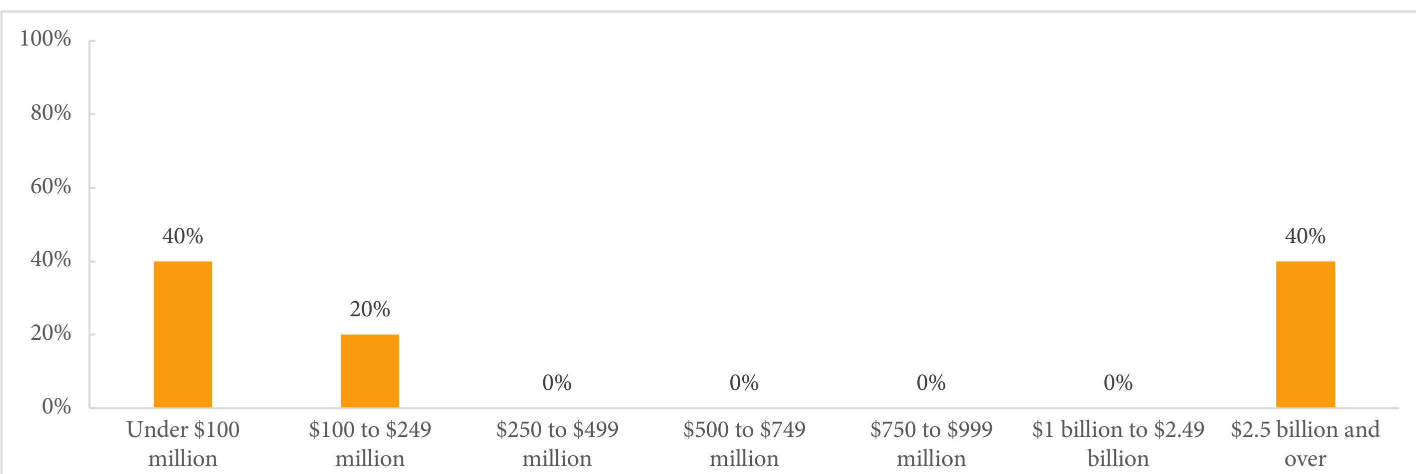


Total Count: 8

Other…

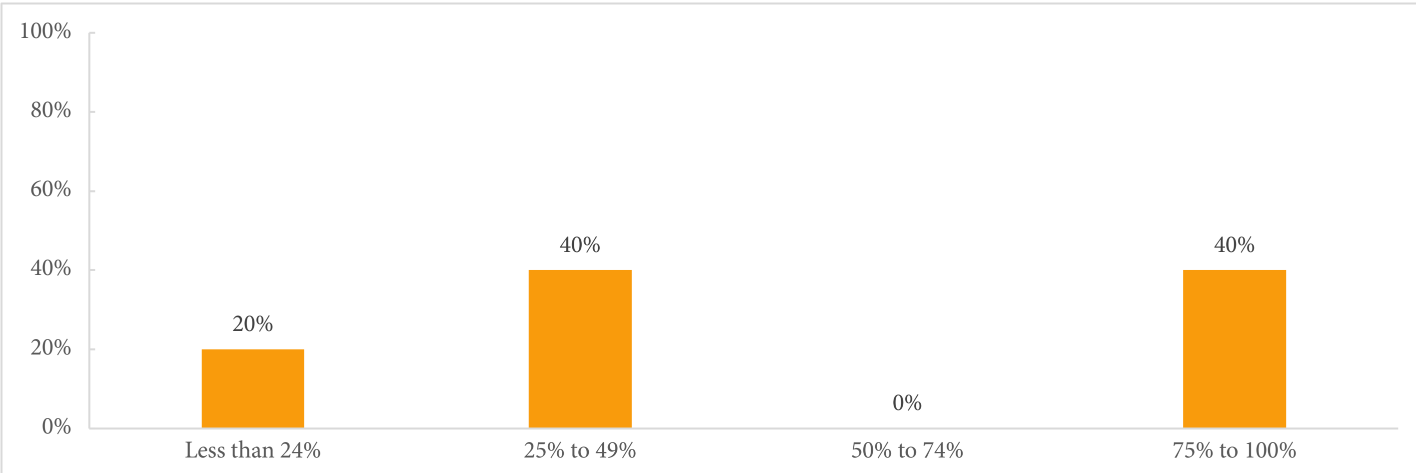
- Non-Foods Distributor
- European distributor food service
- Professional services provider
- Brand

<u>Question 2.</u> What were your company's North American systemwide foodservice sales in 2020 (in U.S. dollars)?



Total Count: 5

Question 3. If known, what percent of your company's North American systemwide foodservice sales were foodservice packaging products in 2020?



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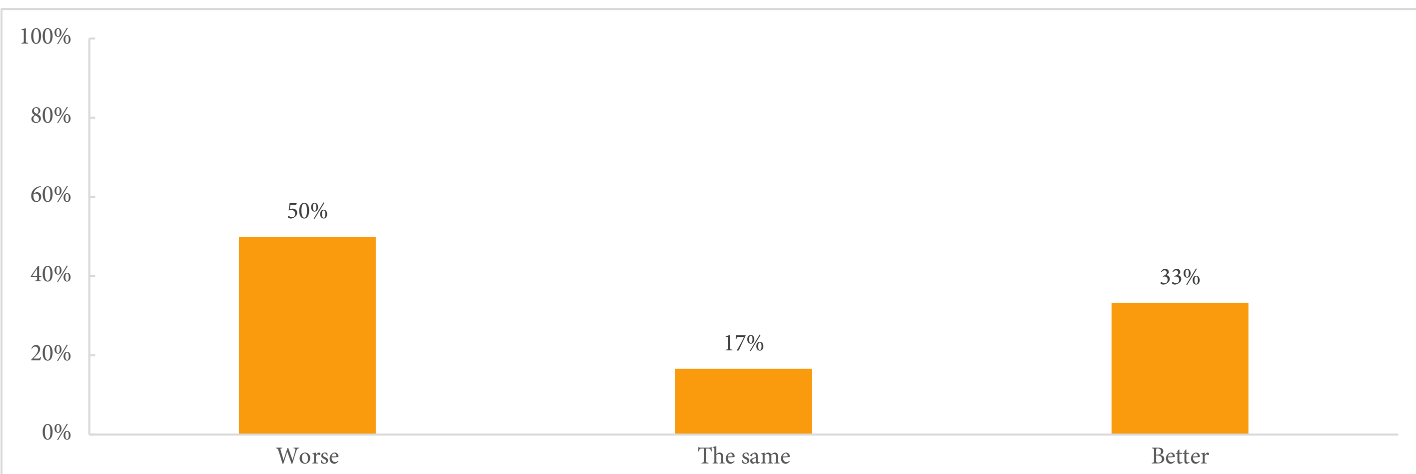
Question 4. How would you rate 2020 compared to 2019, in terms of total foodservice sales?



Total Count: 9

Key Influences:

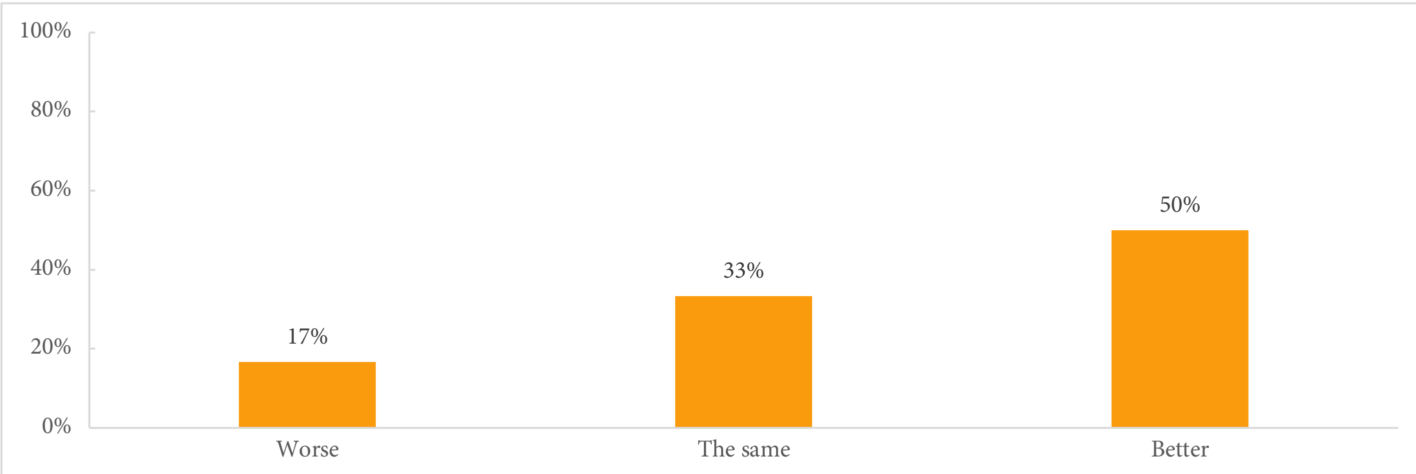
Better…

- Better and worse, packaging sales were better but the food division was worse.

Worse…

- Due to Covid-19 our restaurant & cafe supplies for food packaging products sell decrease.
- COVID

Question 5. **How do you expect 2021 to be compared to 2020 in terms of total foodservice sales?**



Total Count: 6

Key Influences:

Better…

- With New year 2021 and new covid-19 vaccination program. all small & big box business will be open for new business opportunities.
- Depends on the Governor's ability to see clearly or not.

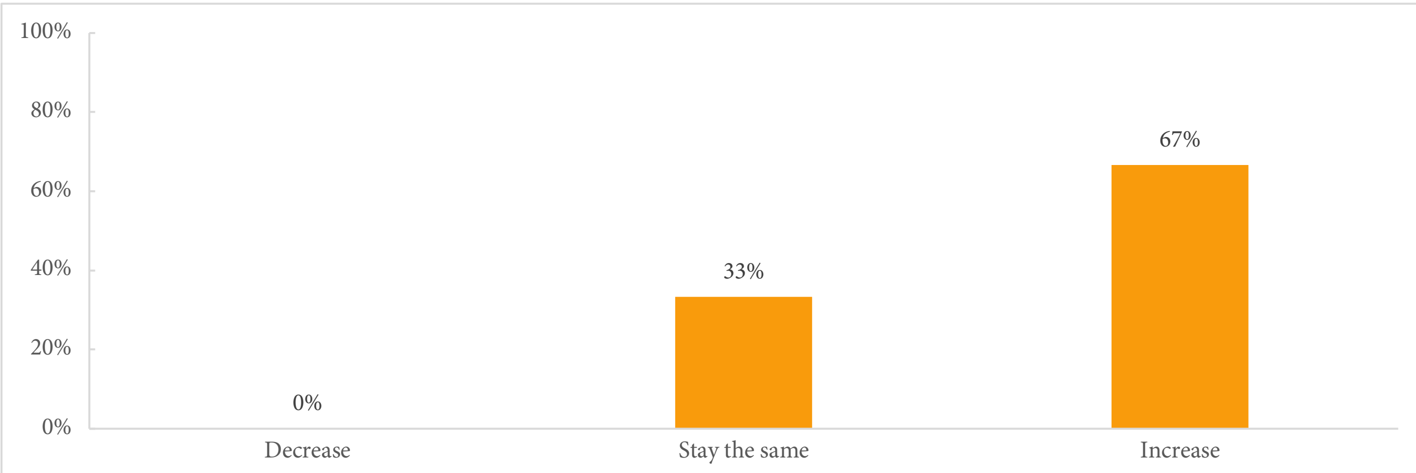
Worse…

- COVID

The same…

- Flat for 2021 vs 2020

<u>Question 6A.</u> Specifically looking at foodservice packaging products, do you expect that your sales of will increase, decrease or stay the same in 2021, as compared to 2020?



Total Count: 6

<u>Question 6B.</u> By what percent?

Increase…

- 40%
- 15%
- Unknown

<u>Question 6C.</u> For what reasons?

Increase…

- For new take away & hygiene habits from customers.
- More capacity to open up with manufacturers and new clients.
- Last year what horrible plus the vaccinations should provide some relief.
- COVID rebound and true business growth.
- Hopefully the governor won't shut down the entire restaurant segment all year. Last year what horrible, plus the vaccinations should provide some relief.

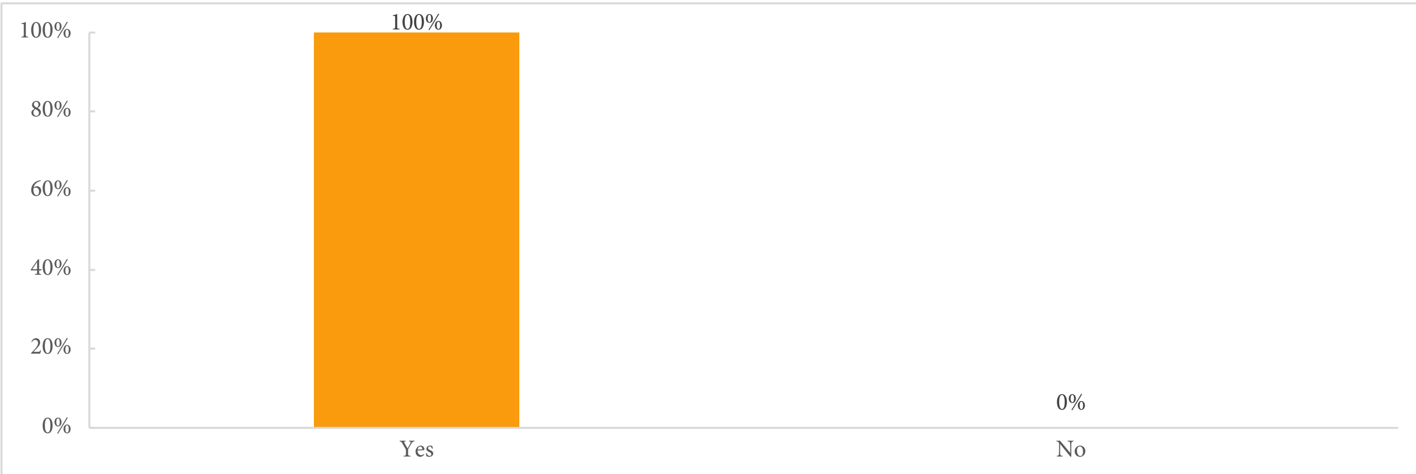
Stay the same…

- Decreases in restaurant take out volume.
- cases flat sales increase because of inflation

<u>Question 7.</u> From how many manufacturers does your company purchase foodservice packaging?

- 3
- 400
- 60
- 100

<u>Question 8A.</u> Does your company plan to change foodservice packaging suppliers in 2020?

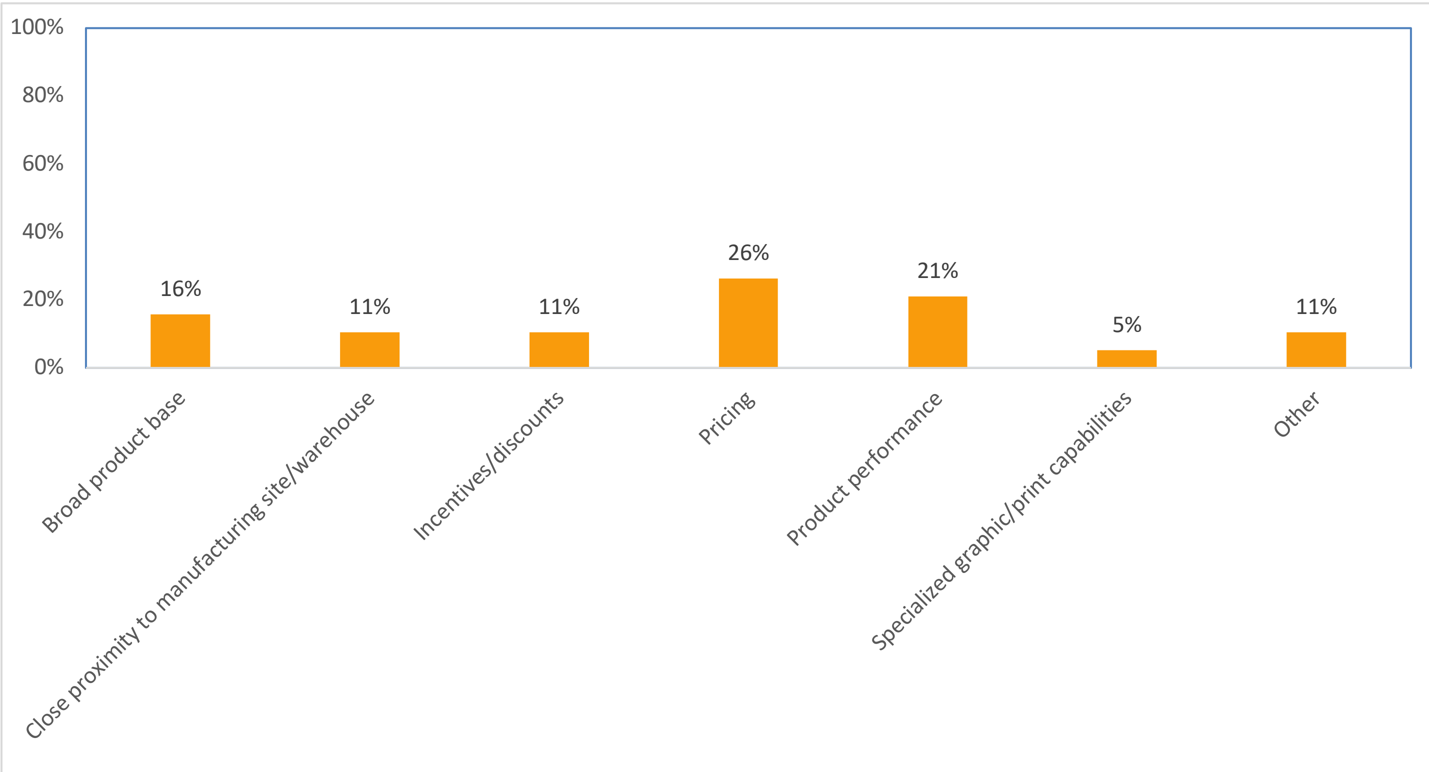


Total Count: 6

<u>Question 8B.</u> If yes, why?

- New products
- Competitive prices
- New customized products
- Capacity constraints and work for consolidation opportunities where we had to expand due to supply challenges in this last year.
- Looking for best options in this changing world.
- Based on ability to get us supply: Primarily take out packaging has been extremely difficult to get consistently due to pandemic still affecting plant production/shortage of labor to run machines.
- Looking for new products.
- We continue to onboard new suppliers and switch packaging to more sustainable and renewable options.

<u>Question 9.</u> What criteria do you use to select your foodservice packaging suppliers (select all that apply)?



Other…

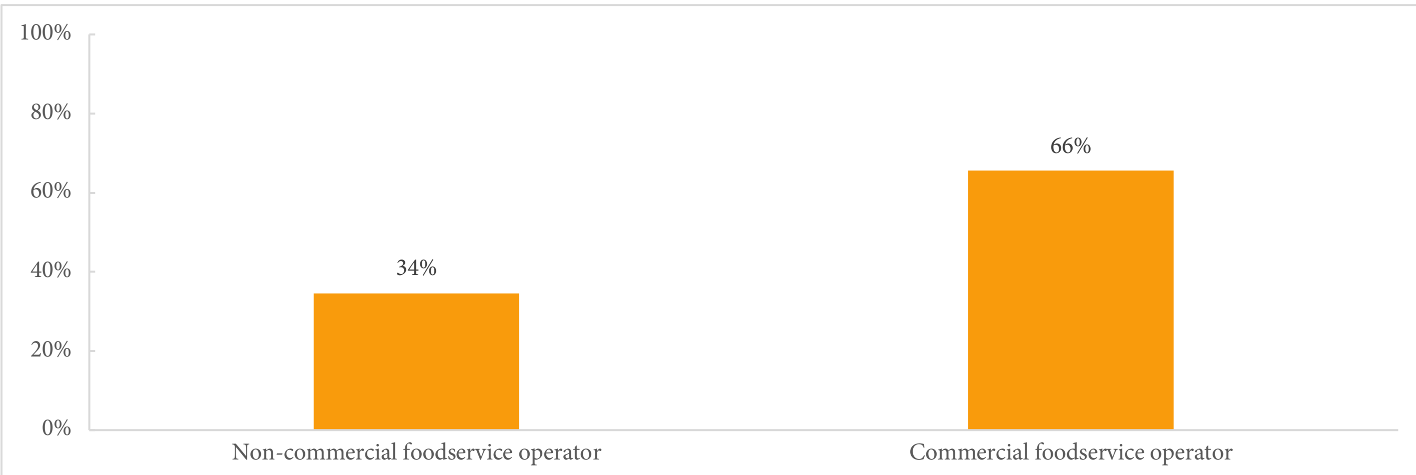
- Global look, what can we combine, shipping costs, product quality.
- Sustainability impacts and end of life recoverability.

<u>Question 10.</u> What changes would you like to see made to the foodservice packaging you currently sell?

- More products offerings & competitive pricing
- Ability to get more supply to meet the ever-changing demands. There's a severe lag in productions abilities to even maintain.
- Increase availability of recycled content. Usage of waste products from other processes to make packaging

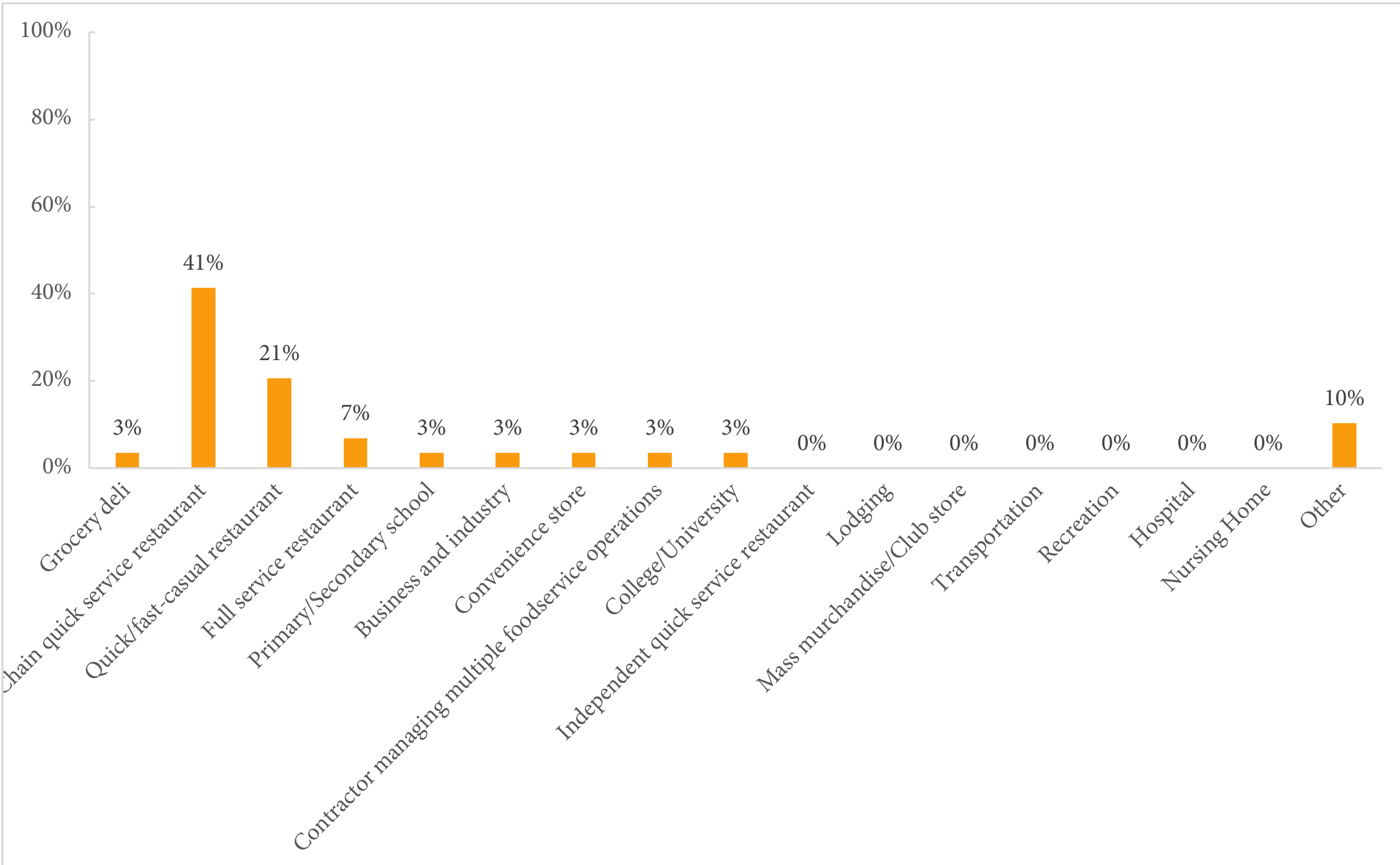
Foodservice Operator Results

Question 1. **Do you work for a (select only one):**



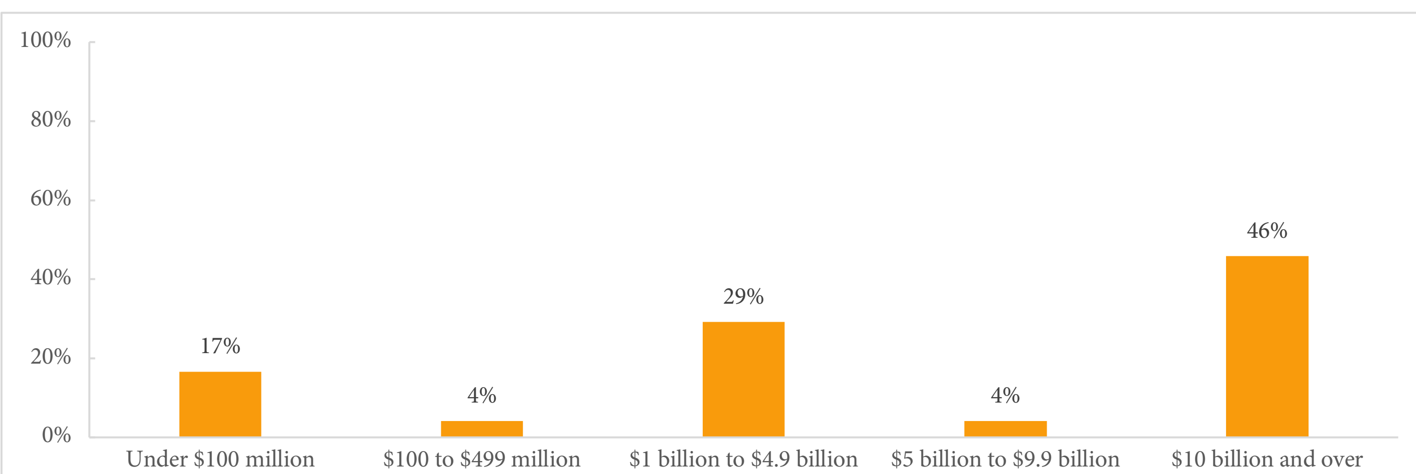
Total Count: 29

Question 2. **Which category best describes your foodservice operation (choose only one):**



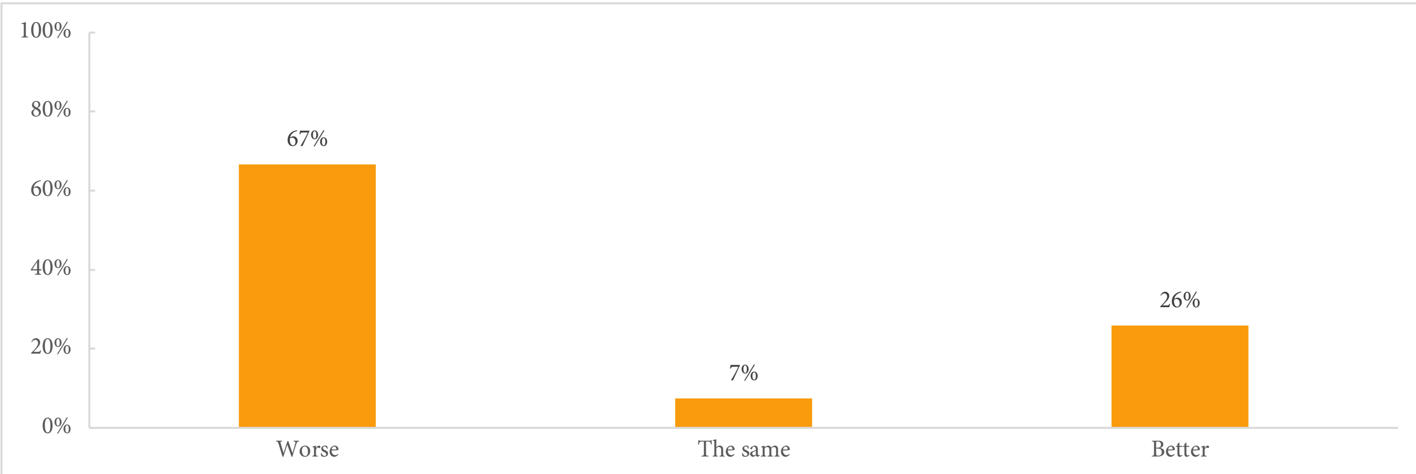
Total Count: 29

Question 3. **What were your company's North American systemwide foodservice sales in 2020 (in U.S. Dollars)?**



Total Count: 24

Question 4. How do you rate 2020 compared to 2019, in terms of foodservice sales?



Total Count: 27

Key Influences:

Better…

- Drive thru operations that were established for high capacity.
- Innovations in drive-thru, 3rd party delivery services.
- Making rapid adjustments to business model to accommodate online ordering, delivery, and improving on speed of service in the drive through.
- Lower commodity prices contributed to improving cost of goods.
- Drive-Thru capacity, 3rd party and operator-led delivery expansion.

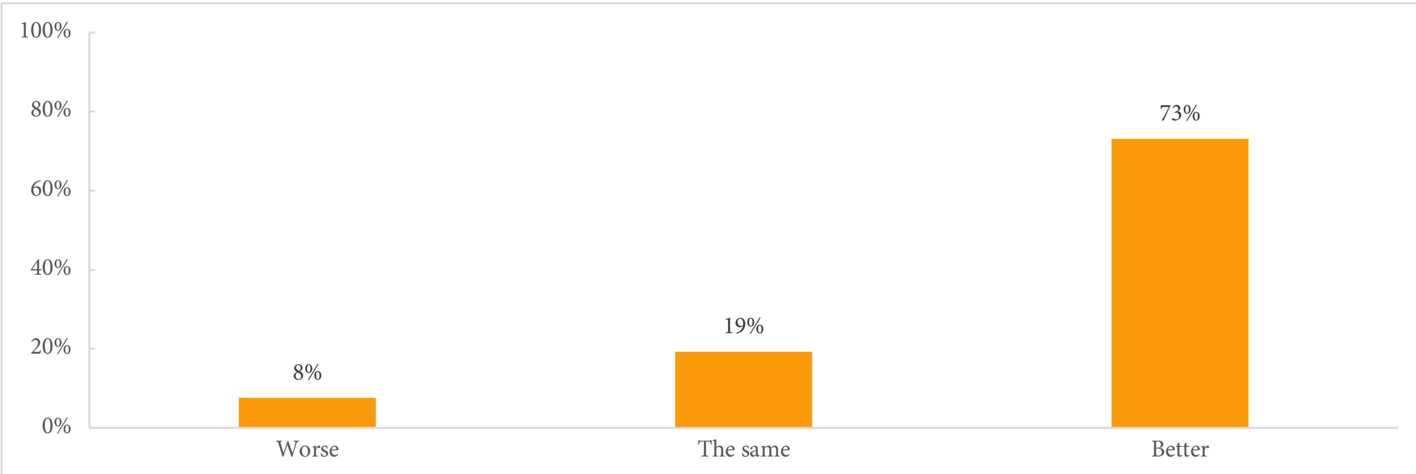
Worse…

- Obviously COVID.
- COVID pandemic and the response.
- All COVID.
- Schools closed.
- COVID-19 [mentioned 2 times]

The same…

- COVID-19
- It varies between slightly better, the same or worse within our various foodservice partners' concepts.
- Pandemic, market volatility, consumer confidence.
- Decreased enrollment on campus.

Question 5. **How do you expect 2021 to be compared to 2020, in terms of foodservice sales?**



Total Count: 26

Key Influences:

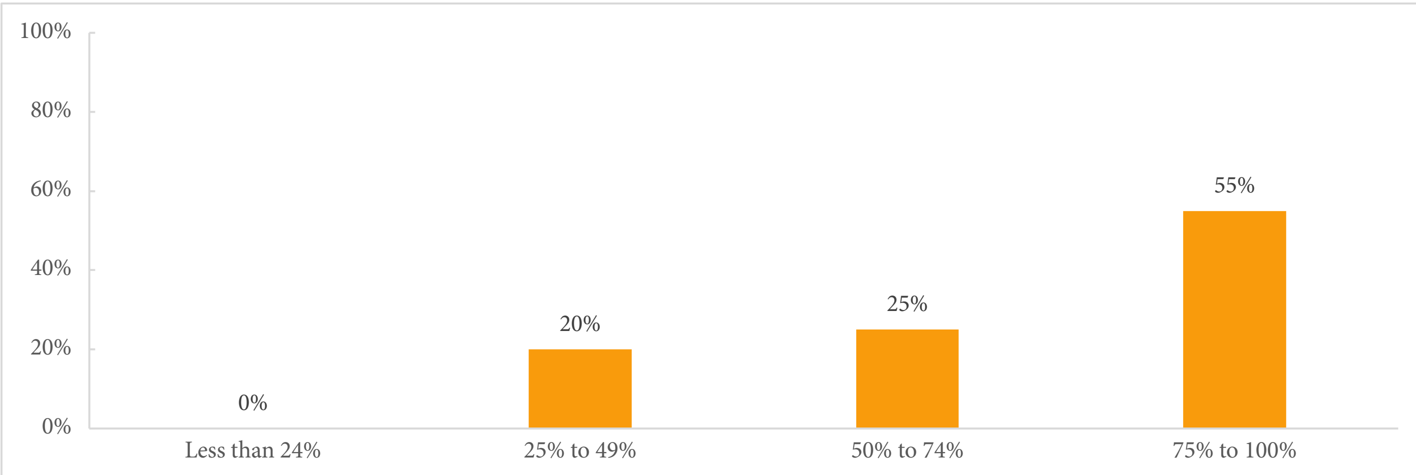
Better…

- continued domestic and int'l expansion, continued innovation with delivery
- Sales are already up
- Vaccine, modified openings
- Continued focus on drive-thru and 3rd party delivery.
- Better than 2020 because our clients have pivoted to add app home delivery, etc.

Worse…

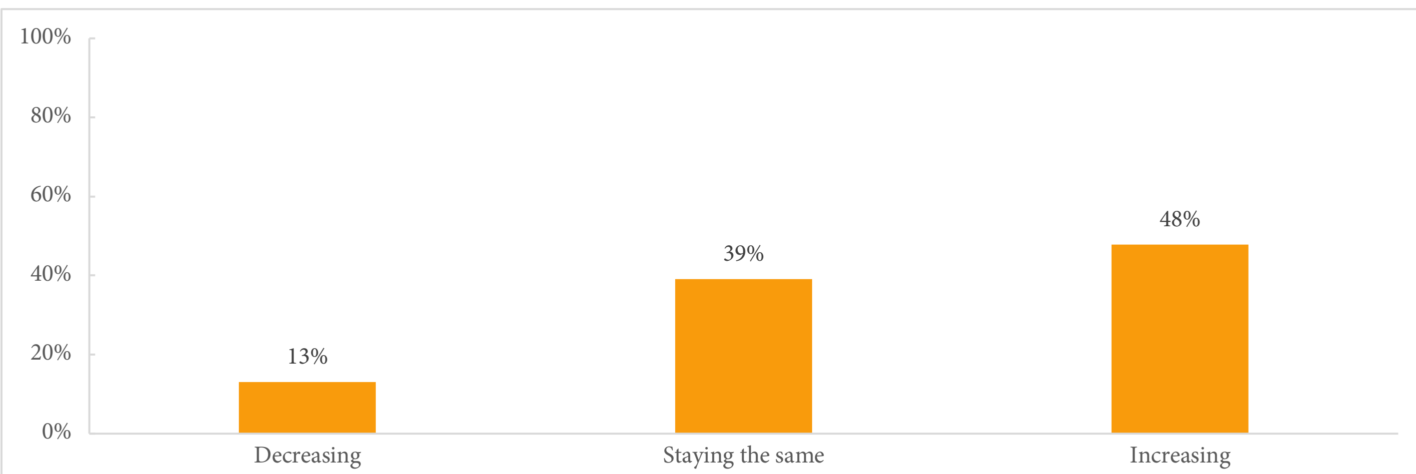
- Government negative decisions.

Question 6A. **If known, what percent of your company's foodservice sales are takeout (i.e., drive thru, carryout or delivery)?**



Total Count: 20

Question 6B. **In 2021, do you foresee your company's takeout sales increasing, decreasing or staying the same?**



Total Count: 23

Key Influences:

Increasing…

- Investments in Drive-Thru and 3rd party.
- The Pandemic is the key influencer for increases in takeout sales across all of our clients.

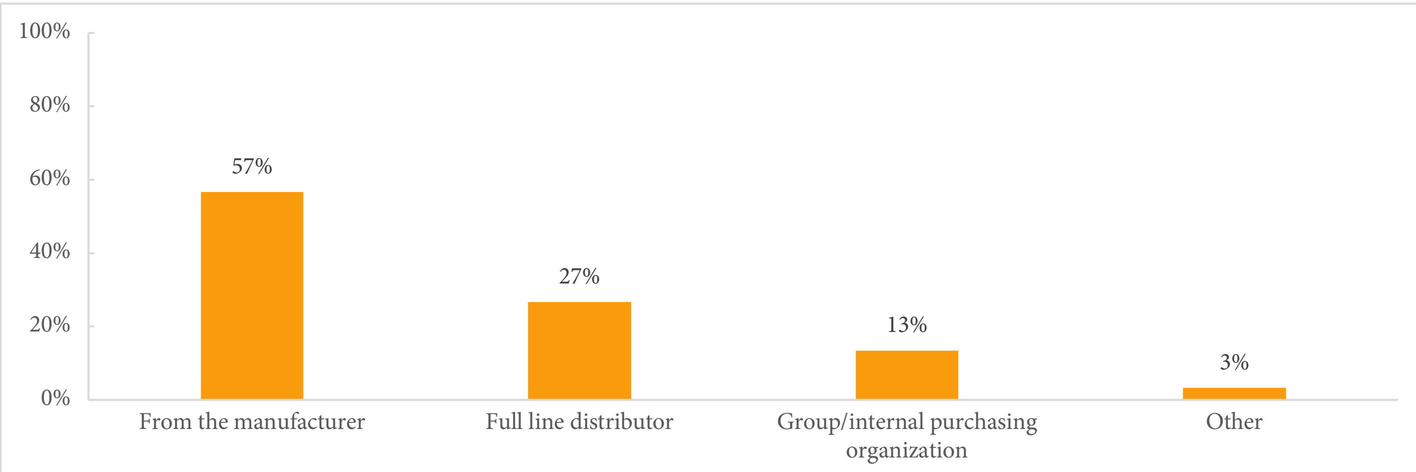
Staying the same…

- We saw considerable growth in off-premise in 2020, which we expect to maintain in 2021.
- Inside sales are coming back, but people are use to the various ways to get takeout / delivery.

Decreasing…

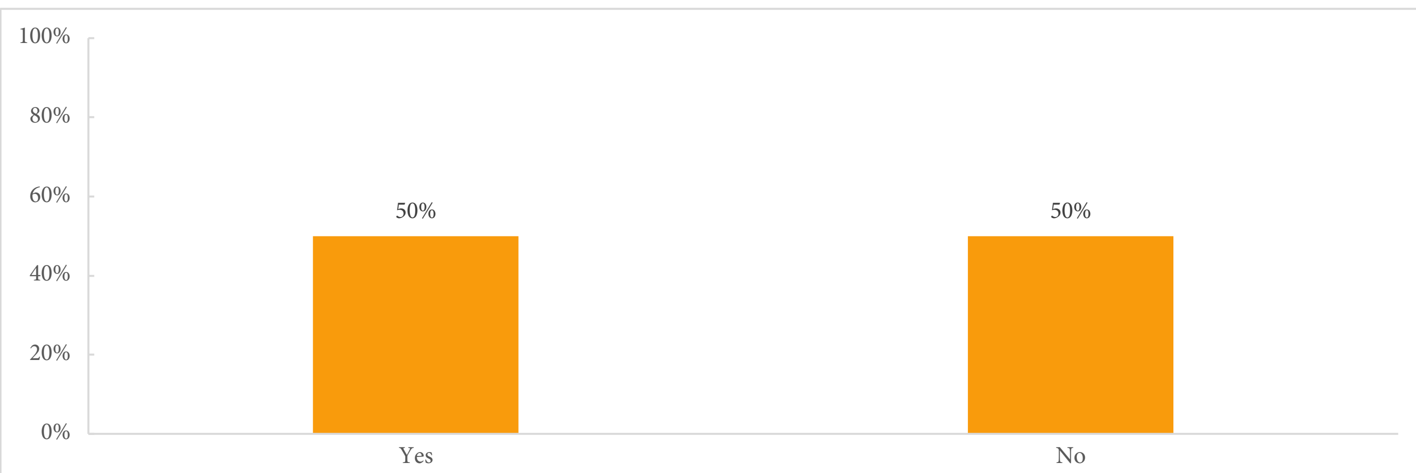
- COVID driven changes are hopefully not permanent. We anticipate adding back in-house dining in the future.
- Dining Rooms opening back up.
- I believe USDA will discontinue the free meals for all and that will reduce our participation from students.

<u>Question 7.</u> From where do you purchase your foodservice packaging (select all that apply)?



Total Count: 30

<u>Question 8A.</u> Does your company plan to change your foodservice packaging suppliers in 2021?



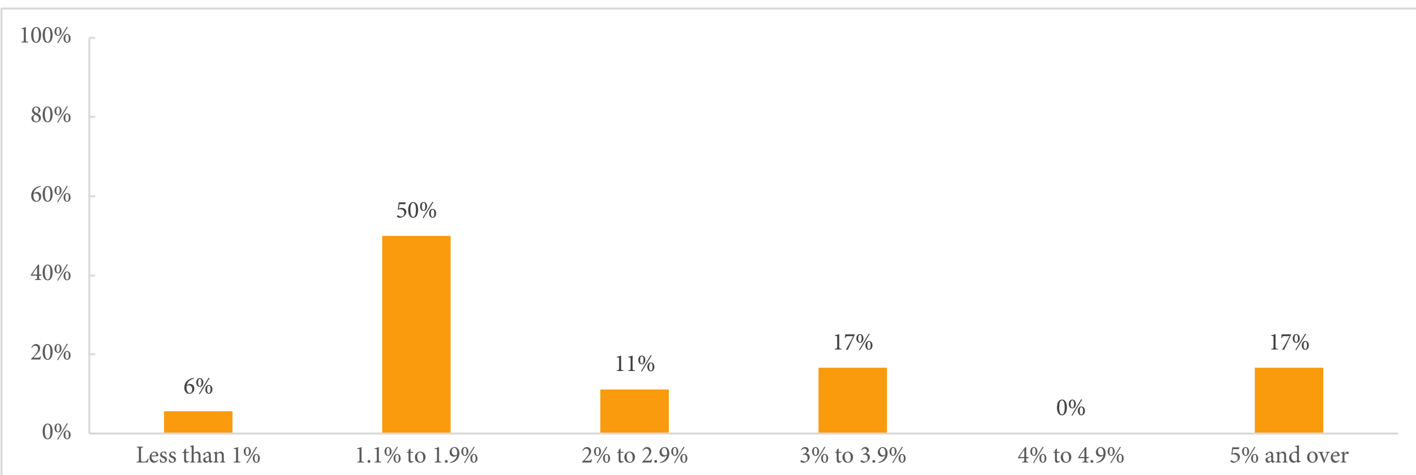
Total Count: 22

<u>Question 8B.</u> If yes, why?

- Multiple contract terms are ending.
- Looking for sustainable solutions to meet regulations.

- We are working on new packaging with a different base material that our current supplier does not have.
- Negotiating better pricing.
- When supply meets demand we intend to get the absolute best packaging we can get.
- Delivering superior functionality and quality to the guests.
- Leveraging packaging as a way to bring the brand's positioning to life.
- Consolidating packaging SKUs to simplify operations.
- Developing solutions that are cost neutral or cost savings.
- To comply with local packaging legislations that require packaging we do not currently have.
- Bringing on additional suppliers.
- Yes and no - it varies across our foodservice clients between different issues: manufacturer capacity, new items, cost savings, branding & current product spec changes.
- Supply risk mitigation, diversification.

Question 9. On average, what is the cost of the foodservice packaging you use, as related to the menu price?



Total Count: 18

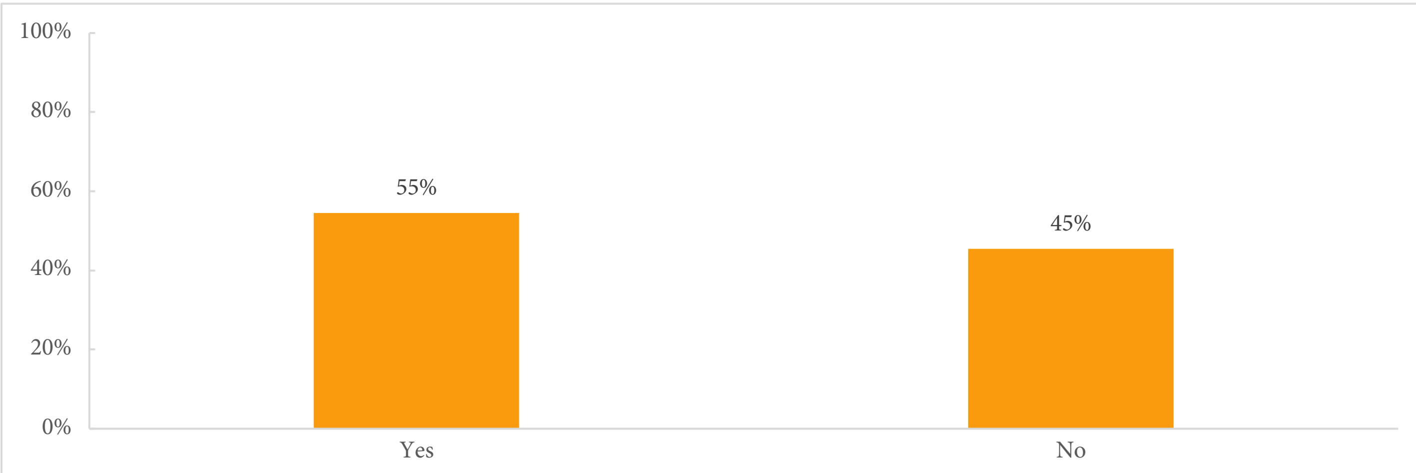
Question 10. **Please rank your top three most important characteristics for your foodservice packaging, in order of preference ("1" being the most important).**
[Listed in descending order, in terms of cumulative number of mentions and weighting.]

	1	2	3
Cost	7	1	1
Performance	2	4	2
Appearance/Presentation	1	2	1
Ease of use for consumer	2	2	
Ease of use for staff	1	2	1
Insulation	1		3
Recyclable			1
Compostable			
Made with recycled content			
Microwavable/Ovenable			
Reusable by consumer			

Question 11. **Please check the appropriate box according to your company's use of the following packaging materials for the time frames listed (i.e., 10 years ago, did you use paper? Do you currently use it? Do you foresee using it in the next 5 years?):**

		10 Years Ago	*Currently*	*Next 5 Years*
Paper		20	17	16
Coated Paperboard traditional coatings		18	16	10
Coated Paperboard bio-based coatings		3	11	13
Uncoated Paperboard		6	6	5
Pulp/Molded Fiber		9	10	11
Non-tree cellulose (like bagasse)		6	10	15
Paper w. Recycled Content		10	15	17
Rigid Plastic		16	15	10
Foam		18	11	4
Bio-based Plastic		2	10	15
Plastic w. Recycled Content		5	13	15
Aluminum Foil		12	9	7

<u>Question 12A</u>. Do you foresee a switch in the type of packaging material used (i.e., from paper to plastic, or from one type of plastic to another)?



Total Count: 22

<u>Question 12B.</u>

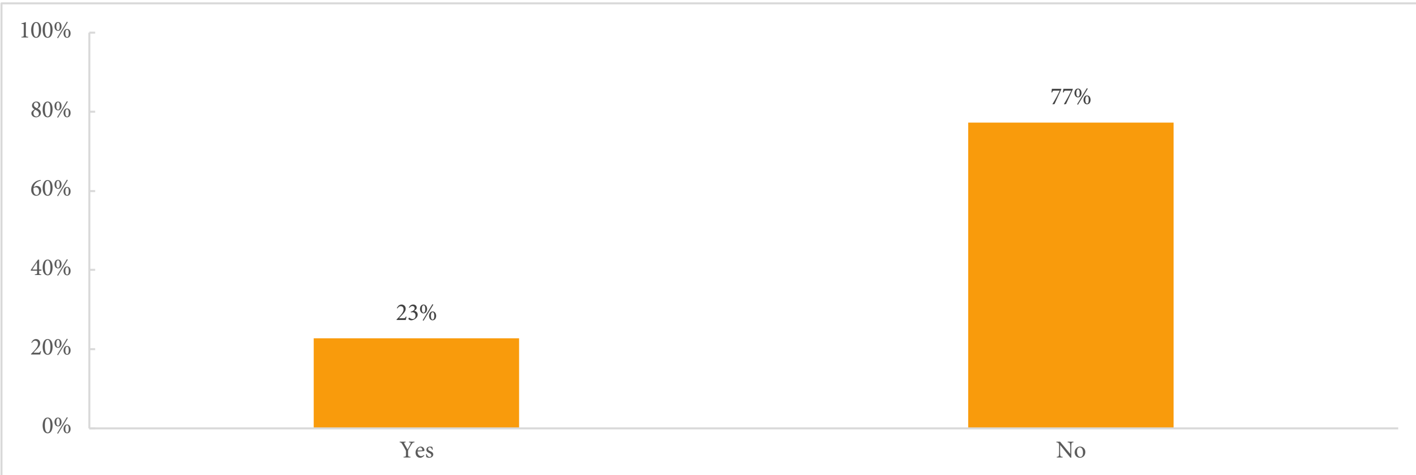
Why yes?

- Will transition as much as possible to substrates that are widely recyclable or backyard compostable.
- Yes, we will likely switch to meet regulatory requirements.
- As mentioned earlier, we are making a change to the substrate used. We believe this new product performs better and is more environmentally friendly.
- Remove foam from our profile.
- Reduce, reuse, recycle cost effectively.
- Some packaging items may switch materials as we shift to meet goals.
- Not a complete switch, but a shift/preference towards fiber.
- Tamper evident.
- Compliance and sustainability commitments.
- Our foodservice clients are moving away from foam & plastic (some have done so already) to be more environmentally conscious as expected or desired by their customers.

Why no?

- We've already switched to bio-based compostables which are in line with our packaging strategy.
- We prefer paper to plastic when possible.
- Working to be more sustainably conscience.
- Customization of items, recycled content.
- We still believe plastic still has a role in food packaging. We'll be making changes to non-plastic alternatives where it makes sense, considering the lack of universal and standard recycling and composting infrastructure.

Question 13A. **Do you foresee a shift from single-use packaging to reusable to-go packaging?**



Total Count: 22

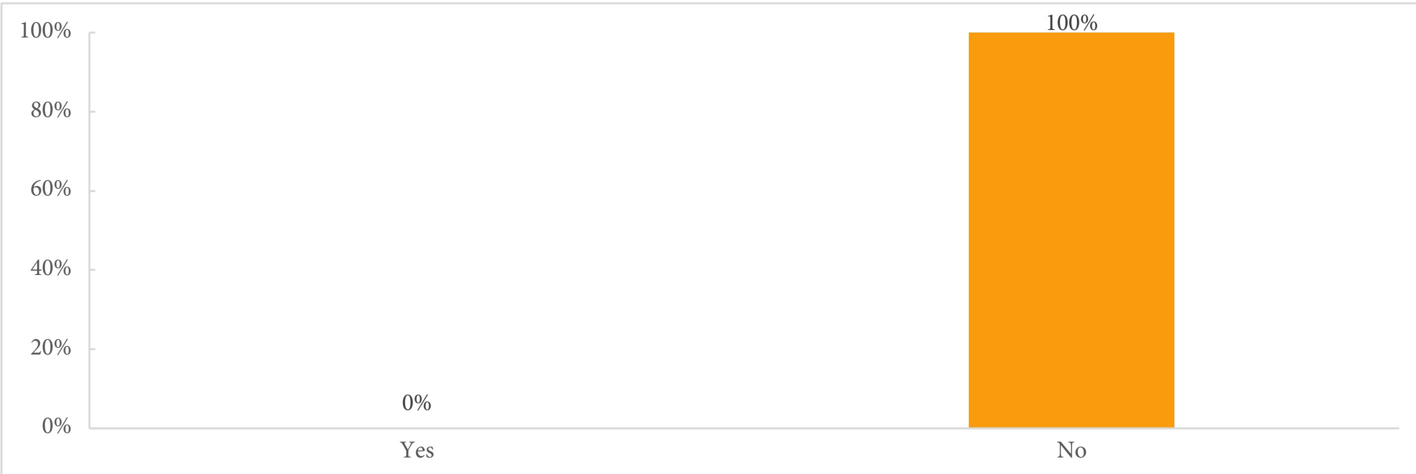
Question 13B.
Why yes?

- To meet plastic reduction goals.
- Consumer demand.
- To be more environmentally friendly.

Why no?

- Not a viable solution at our scale for a fast QSR/Drive Thru using multiple packaging formats from a small kitchen.
- Return & reuse is too difficult to execute operationally
- No sure if it will truly be reused.
- There may be some areas and some items that move to more reusables but to shift the whole industry would be too complex. There is a large number of customers who like the ease of single use.
- Too many challenges with ensuring cleanliness.
- No reason to do that.
- It is cost prohibitive in this market.
- Performance and food quality for the products we serve.
- Food safety.
- Maybe for dine-in situations, but for take-out, it's not practical, especially with QSR's. Even if every QSR switched to thicker plastic reusable take out packaging, there's still a chance that they would still be thrown out instead of reused, which continues the issue of accumulating packaging waste.
- Food safety.

Question 14A. Do you foresee a shift from single-use packaging to permanent ware in-store?

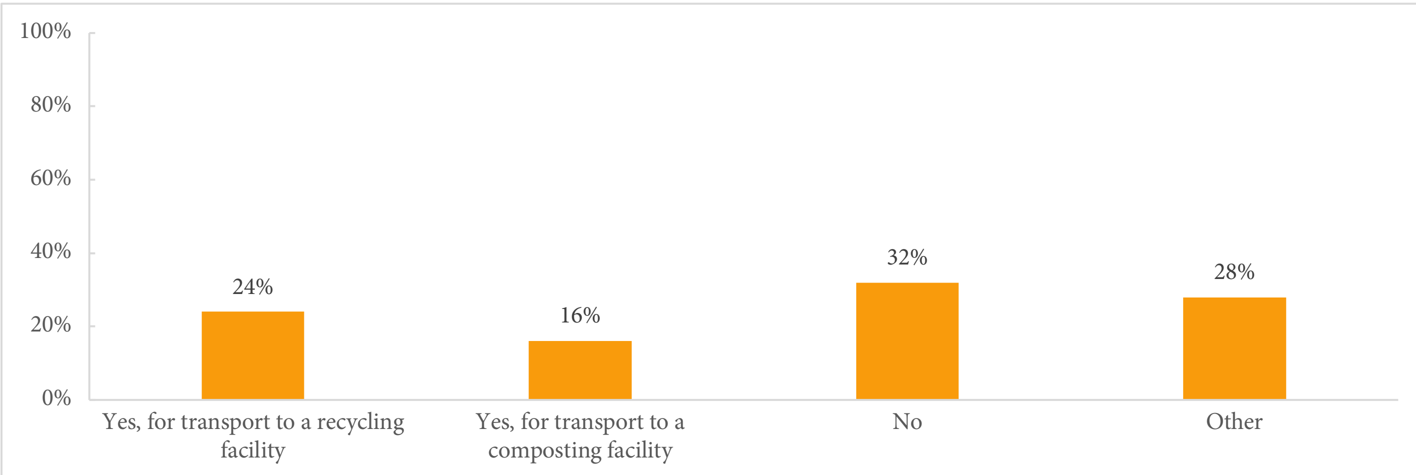


Total Count: 22

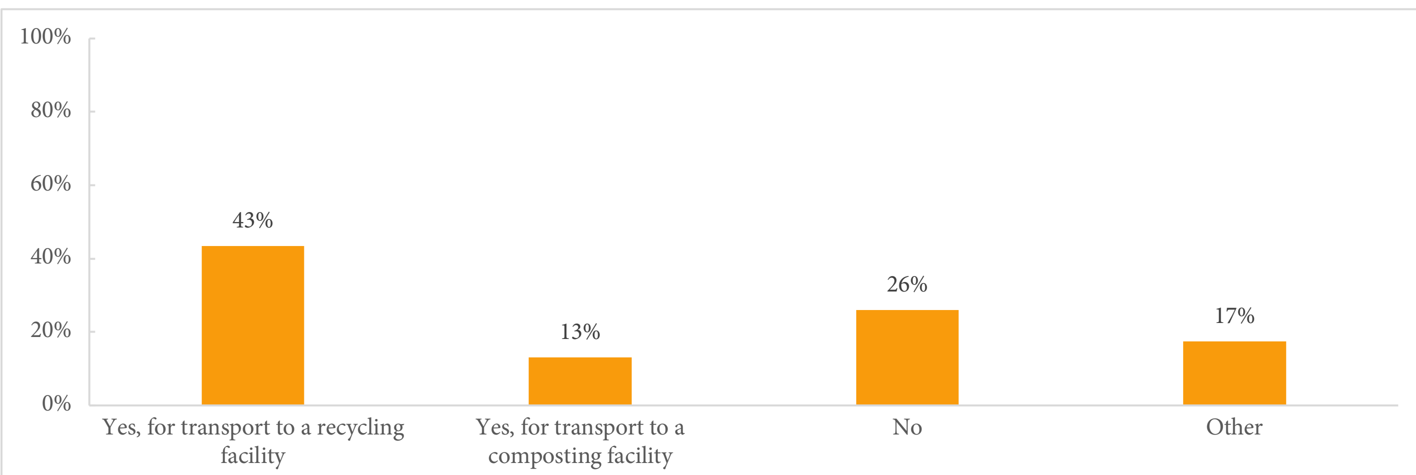
Question 14B.
Why no?

- Small kitchen, no ability to reasonably manage dishes.
- Drive thru is too great a portion of our business to have a 2 stream food presentation solution.
- Most customers take out.
- Fast casual and quick service are not sit-down restaurants.
- Possible but unlikely.
- Too much hassle and no one wants it.
- Costs.
- Too much labor needed.
- Food safety concerns with permanent ware.
- Most of our product is to go.
- Food safety, QSR model, operational challenges.
- It's still necessary to provide single-use packaging for customers & operations.
- We are a school district.

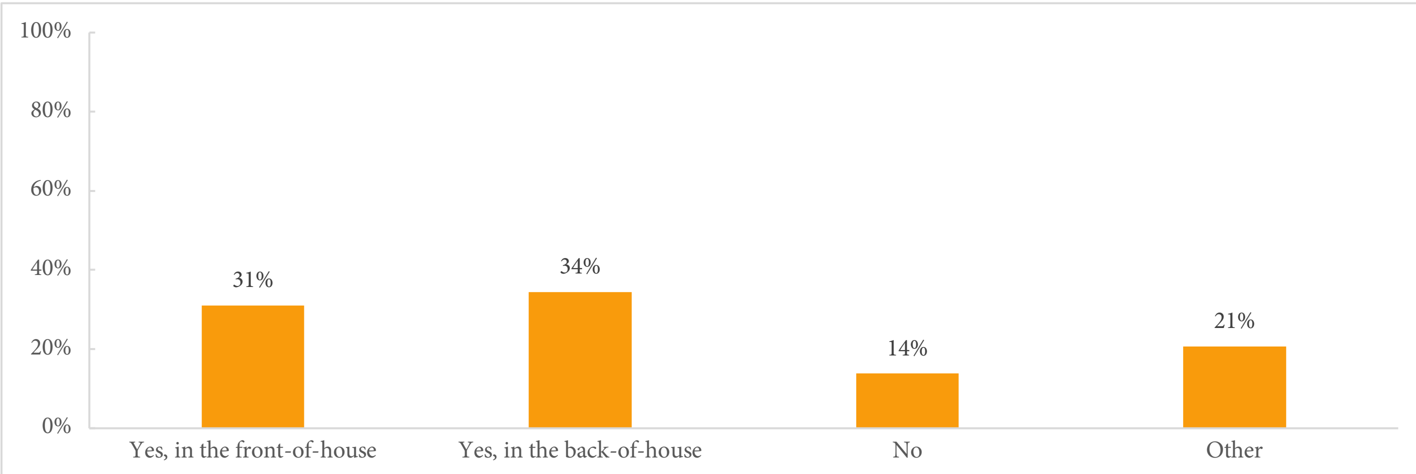
<u>Question 15A</u>. In the "front-of-house" area, do you provide bins for customers to separate their waste, i.e., source separate items for recycling or composting (select all that apply)?



<u>Question 15B.</u> In the "back-of-house" area, do you separate your waste, i.e., source separate items for recycling or composting (select all that apply)?



Question 15C. **Do you expect to offer these options in the next five years (select all that apply)?**



Question 16. **What changes would you like to see made to the foodservice packaging you currently use?**

- Have all be widely recyclable or backyard compostable
- More ways/avenues for guests to recycle
- More eco-friendly options
- For the most part, the packaging meets our needs. The exception is stickers, sachet packets, and other marginal items for which it's hard to find compostable solutions. We'd also like to see better acceptance from composters.
- More PCR incorporated.
- Eliminate all plastic, all coated paperboard is recyclable.
- More recycled content to help stimulate demand.
- Better heat retention and ability to keep foods crisp.
- More stable compostable substrates that hold up to saucy food.
- Consider the impact that packaging changes will have on our food preparation and delivery systems, and account for it in your recommendations. Simplifying or improving our systems through packaging changes would be ideal.
- Look for opportunities to help us consolidate packaging SKUs where possible to simplify operations.
- All packaging should be optimized to improve in-restaurant storage, reduce cubic feet required, improve handling on the line, improve accuracy and speed of delivery. Refinements to frontline storage and handling procedures can be considered if it results in improved accuracy, speed, and/or customer quality perceptions.
- Maintaining or improving current costs for packaging is essential. However, there may be potential for additional investment with select, showcase items if offset by finding savings in other areas.

- Innovating new “sustainable” packaging should be put on pause until recycling and composting infrastructure is figured out and/or standardized as much as possible across the US. it doesn't make sense with all of these local packaging and recycling bans occurring when the end infrastructure isn't even set up yet.
- Progress towards more universally compliant substrates; more collaboration across the value chain.
- Paper container packaging provides good insulation, but condensation within makes product soggy.