



Lori Chaitman: Josh, you're just [inaudible 00:00:25] people, in the lobby.

Josh Spector: Hey everyone. This is Josh Spector, chemicals and packaging analysts at UBS. For our next company today, we're joined by Sealed Air. We have Steve Garland, chief innovation officer at Sealed Air. We're also joined on the call by Chris Stephens, CFO and Lori Chaitman and Bobby Grau from the investor relations function at Sealed Air as well. Before I get started, I have a few housekeeping items. So first as a research analyst, I'm required to provide certain disclosures relating to the nature of my own relationship and that of UBS with any company, which I express a view on the call today. These disclosures are available at www.ubs.com/disclosures. Alternatively, please reach out to me and I can provide them to you after the call. For this call, I'll start with some questions that I have, but I would be happy to take any questions from the audience so we could try to work them in later.

Josh Spector: I believe my email is on the screen, but in case it's not there, it's [joshua.spector, S-P-E-C-T-O-R @ubs.com](mailto:joshua.spector,S-P-E-C-T-O-R@ubs.com). I'll do my best to work in questions later in the call. So to start, I just want to give a very brief overview of Sealed Air for those less familiar. Sealed Air is a leading producer of film-based packaging products. Around 60% of Sealed Air sales are in its food segment, which largely serve fresh food categories, such as fresh meats, cheeses, and a long list of other markets. These products are lightweight and significantly extend shelf life of food, reducing food waste. The remaining 40% of Sealed Air sales are in its protective business, which provides products that protect goods during shipment. Roughly half of these sales are into industrial markets used in B2B shipments and the other half are used in fulfillment and eCommerce.

Josh Spector: I would guess most people listening to this call get Sealed Air products, such as padded mailers, air pillows, bubble wraps, or paper packaging materials quite often these days. In addition to materials, I should highlight that Sealed Air is revamping its equipment offering to focus on adding automation to its customer operations. This increases throughput and also reduces labor requirement

among other benefits. While I think the equipment automation angle is very interesting and it's a key part to our positive thesis on the company, today we're focusing on sustainability and what that means for Sealed Air. With that, I'd like to bring Steve Garland to this conversation. Again, Steve is Chief Innovation Officer with Sealed Air. He has over 40 years of experience at the company, and I'm told that Steve's retiring soon. This might actually be one of his last Wall street engagements, which makes us an extra special call for us and those of you on the line.

Josh Spector: Steve, to start, just can you give the audience a brief overview of your background, your experience with Sealed Air and how specifically Sealed Air's approach to an importance of sustainability has perhaps changed over time.

Steve Garland: Absolutely, Josh and thank everyone for being here this afternoon. Glad to be with you. As Josh said, I'm a little over 40 year veteran at Sealed Air. I joined the company 40 years in May. 40 years ago in May in our central engineering group, and I spent the first few years of my career working on actually an environmental control system. I have a background in chemical engineering and polymer science, but hopefully we moved over into the development organization and as part of the development group, I had been through virtually all of our product lines over the years. I spent various tenures in management roles in both the food, as well as parts of what is the [inaudible 00:03:51] portfolio early in my career. Both regionally and globally. Moved over to the business side about 15 years ago, where I was highly engaged on the food side, portfolio management perspective, ultimately global marketing, marketing research, some acquisition activity on the food side.

Steve Garland: Coupled together with PNL and just general issues around management of the overall business. Stayed with that up until two and a half years ago. Two and a half years ago I started this journey back to [inaudible 00:04:28] a one SEE organization. I was asked to step in and combine the visional packaging research groups into one global entity. So for the last two plus years, I've been working in leadership team to realign us into one entity, but also to really begin to create a shift in our focus and that was a broad shift towards sustainability and sustainability is a growth opportunity still there. To Josh's point, this is where we've seen a significant change in how we're looking at our portfolio and how we're looking at what we develop and drive within [inaudible 00:05:08] excited to share more with that [inaudible 00:05:11].

Josh Spector: All right. Thanks, Steven. I mean, I'll jump off from there. What do you see as the biggest opportunity for sustainability within Sealed Air's portfolio?

Steve Garland: So for those of you that have heard me before, I do sustainability not so much as a threat, but as a growth opportunity. Why? Sealed Air plays in a very large packaging space. When you look at our position and you look at where we historically played, particular on the food side of things, we're on a perishable perimeter of the market. In food and food applications offers a substantial growth opportunity for Sealed Air when it comes to the sustainability. The

materials we produce offer barrier protection, have shelf life advantages, keep food safe. They minimize spoilage mechanisms, safety issues, safety challenges. When you look at where we play, there are a number of areas where we are not in a strong position. We do not have strong positions in the marketplace.

Steve Garland: When we look at sustainability and the opportunity to simplify food structures, [inaudible 00:06:27] system solution approach, to also deal with productivity, the same time, we truly believe that food creates an opportunity to grow and grow quite substantially when it comes to sustainability.

Josh Spector: Thanks. That's helpful. I guess, just to touch on the flip side of that, I mean, there's clearly some risk within the portfolio from sustainability issues. Where do you highlight that there is perhaps a little bit more risk and what are you doing to mitigate that within Sealed Air from either a business or innovation R and D perspective?

Steve Garland: Yes. I mean, around the world, there is growing legislative action associated with packaging. Certainly gotten a nice strong foothold in Europe and beginning to accelerate in Europe, but it's in North America and virtually every region to some degree. When we look at the legislative actions, some of which are geared toward banning plastics outright, but probably the growing [inaudible 00:07:36], the waste that we hear most often is taxes on the use of virgin resins. When we look at virgin resins from a food perspective, it's very difficult to recover materials, clean them sufficiently on a mechanical basis, put them back into a food application. Not impossible, we're growing there, but it creates a challenge. Probably the biggest risk is on the protective side of this, where there is a growing thrust to reduce the amount of packaging period, both secondary as well as primary, reduce the amount of void fill cushioning, et cetera, which are instrumental to our business today.

Steve Garland: As we look at what we're doing to attack those threats, we are reducing the amount of material we use, we are changing forms of packaging. We'll talk more about that later. We're simplifying those materials. We're incorporating high recycled content, and we're making those materials more compatible for recycling itself, including how do we drive the high recycled content and drive the mix in our portfolio, therefore moving more to fiber based solution. We believe, not only believe, we've created very strong roadmaps where all of our product portfolios to drive our high goals, green goals around reducing the amount of plastic, creating more recycled content in them and shifting the mix for some degree. We're being very successful with that strategy. Protective is clearly an area where we see more challenges, but also still see potential [inaudible 00:09:18].

Josh Spector: Thanks. No, I appreciate that. Just from your perspective, what are you watching to make sure that Sealed Air is investing in the right areas and to really drive the sustainability needle forward?

Steve Garland: So we have a number of internal metrics, which we also are publishing. We started out in 2012 with our goals really focused on our own facilities. How do we minimize our footprint in the society? Those goals have to deal with reducing our intensity of water, energy and greenhouse gas emissions. I am very pleased to report [inaudible 00:10:02] these continuously, but we are exceeded our 2020 goals across the board when it came to the intensity [inaudible 00:10:11]. We still have some work to do when it comes to the amount of material going to landfill, but we've reduced that by almost 80%. We have very active programs across the world, monitor these monthly, and we make sure that we're investing to achieve those goals as well. When it comes to the opportunity to move forward in the business, we look at our shift from internal metrics to external.

Steve Garland: It started with our 2025 sustainability play, where we are saying that by 2025, all materials will be 100% recyclable and that those materials will contain 50% recyclable or be based upon renewable or reusable solutions. Again, those are internal metrics that we track, monitor them, and we make sure that our roadmaps are driving us toward those. I'm very pleased to tell you today that we're well on track by the end of this year to be approaching 50% of our materials being recyclable and we're on track to something approaching 20% of our portfolio being made from recovered material. We feel confident in our strategy. We feel confident in the metrics and our ability to monitor and measure those on an ongoing basis.

Josh Spector: Okay. Thanks, Steve. I guess, what would you say that you think differentiates what you and Sealed Air are driving at perhaps versus competitors that sell similar materials or other packaging companies?

Steve Garland: When you look at Sealed Air versus our main play competitors. In general, our competitors are pure materials supply companies. To a large degree, when you look at where Sealed Air plays versus our competitors, on the food side, we're primarily in the perishable perimeter. Fresh meat, processed meat, dairy, solid dairy products, et cetera, where oxygen protection is critical. We're not big in the center of the store. We're not big in dust cover packaging. We don't have the same kind of exposure a lot of them do to begin with. When you look at the protective side of things and look at our blocking and bracing solutions, how we protect valuable items from damage during distribution. Look at the acceleration of eCommerce and what that's doing, not only for Sealed Air, but for consumer buying habits, imperative that we continue to find solutions that protect these goods during distribution, but are more sustainably beneficial.

Steve Garland: To do that, what we do is first of all, our processes are not off the shelf. We work very collaboratively with a number of equivalent producers who essentially design our process solutions and we add technologies to them. What is the benefit of that? It really supports and enhances our overall strategy of first of all, reducing the amount of plastic use. How do we continue to simplify? Simplifying the plastic matrix. How do we make them less complicated to recycle? Third, incorporating high recycled content. Process design is critical to

doing that. Then fourth, how do we in the end, make sure that whatever we create from a scrap viewpoint, we have an outlet there. Now, where does this become critical in our overall strategy and our position to compete and grow, it really starts to tie into our system solution approach. You mentioned earlier, automation. Yes, we are doing a lot more in the automation space.

Steve Garland: We have always been a systems provider, but we're accelerating the number of systems we're engaged with, the number of solutions we're bringing to the market from a systems perspective, because there's a strong interplay between the materials that exist. As you down gauge materials, such that those materials are able to run in the customer's operations, essentially with zero flaws, high productivity, and a lot of the systems they have today, can't handle down gauge solution. This is where our technologies begin to play together. We can design thinner solution, work more closely with the packaging equipment, we take the market. Just in the last few years, we've introduced a full slate of paper-based solution for the protective market. Those are now fully commercialized. We continue to add new ones to the net.

Steve Garland: We've brought other solutions to the marketplace. Things like our Darfresh on tray solution, which has a zero scrap [inaudible 00:15:06]. Big play versus competitive systems that can run up to 30% [inaudible 00:15:12] customers operations. In addition, we're designing those systems and those materials to work together with bottom web solutions, for example, polyester based solutions, which are fully compatible with the bottle recycling market. So we believe we have a strong, competitive advantage when it comes to bringing light gauge materials, simplified materials, equipment solutions together to not only reduce the amount of scrap generated in customer's operation, but to reduce the amount of scrap generated in the entire process while at the same time pivoting toward more natural based solution for our effective portfolio, and further exploring natural based solutions [inaudible 00:15:59].

Josh Spector: Thanks. That's some really helpful context around that. I want to explore some of that a bit more. I guess, earlier you talked about on the food side about the, I mean, I mentioned it in terms of the ability to extend the shelf life of the products. I guess when you as Sealed Air or customers look at alternatives, is there any real viable alternative that's out there and is there anything really in development that we should be kind of thinking about or watching down the line?

Steve Garland: So we start with food and again, where Sealed Air plays, we're in that perishable parameter. Fresh meat, processed meats, dairy to large degree. There's some other pieces, but those are the main drivers. When you look at alternatives to oxygen barrier packaging, you're really talking about metal or glass. Today those are energy intensive solutions, frankly, you're not going to be able to put a piece of fresh meat into that type of pack. I think everybody understands that. So in simple terms, there is no direct alternative to oxygen barrier control packing, but what we have to do as a company is to work hard with the industry, with our customers and consumers, to ensure the types of solutions we are bringing

to the market can be recovered. That's where the emphasis has shifted over the last few years when you look at historically where we've been, and what we're now doing, we are driving many new solutions to the marketplace that are focused on recover ability.

Steve Garland: For example, I mentioned earlier the Darfresh on Tray solution, we've just recently introduced a top web solution that's a skin packaging material for fresh meat, and also be extended to process meats where it still gives you the oxygen barrier, still gives you that shelf life protection and distribution, but it easily separates from a polyester bottom web. You go into the bottle recovery market, recycle market and then that top web is a fully recyclable web as well. This is where we as a company are working our portfolio hard to make sure that the debate isn't so much about plastic, the right thing to do or not, if you're not going to get rid of all plastic, but with whatever plastic is remaining [inaudible 00:18:38] is finished, it is fully recoverable and it does not create another problem, but that's where in our strategy, we are really shifting our emphasis to make sure that end of life is a key focus. Particularly as we look at all of our solutions in the food space where alternatives for recovered material are not plentiful today, we need to help facilitate making those recovery materials [inaudible 00:19:05].

Josh Spector: Okay. Thanks. In terms of recycled content in some of your products, I guess first, if you're dealing with food contact, that's generally I understand a harder area to really achieve that and even without that, there's some physical limitations of what recycled content can really get to today. I guess, what is Sealed Air doing to really push those limits and where do you think things are going to be at five plus years from now?

Steve Garland: Great question. There are really two different aspects of that. So first of all, if you start on the food side and [inaudible 00:19:46], look at things like food law regulations around the world. Today, the only real material that's approved to cover back end of food applications is polyester. We certainly have solutions on our Darfresh side of business, where we are doing that today where we find these recovered materials in the market, operate them back into our top web, doing so very successful... Bottom web doing so very successfully. We're accelerating in that format. When it comes to the rest of the food solutions though, when you look at the type of materials that are used or flexible packaging, there is no strong string of what I will call cleansed recovered material. That's not likely to exist. This is why you see Sealed Air leading the discussion, leading investments in full circularity.

Steve Garland: If you look at the announcement we made last year, and we certainly discussed with you guys before in plastic energy, why are we leading it? Because the way to recover products for food applications, reuse them, potentially take them back to their starting ingredient. Therefore, you remove all the contaminants, remove the issues that are a challenge and you start the process over. Now with the investment we've made in plastic energy, not only are we in essence putting our money where our mouth's at and saying, we'll make our materials

recoverable. We are leading the discussion to recovery. We are working side by side with plastic energy, take our materials, put them into the plastic energy process, even working with them on modifying that process and make them more friendly to some of the materials that we've produced, from that recovering certain oils. Those oils go right back to the resin producer.

Steve Garland: The resin producer makes the same virgin resin from them that we started the cycle with. Back to our facility in France, we make a new film out of it. That film now goes to a cheese producer, we'll come back to that in a moment. That cheese producer is now selling into Tesco in the UK, and Tesco's recollecting those films in their supermarket and shipping them right back to [inaudible 00:22:02]. So to solve this circularity opportunity in food, we have got to create more investments in recovering those materials. You've got to be a leader in doing. We're now working very closely with key resin producers around the world in recovery systems.

Steve Garland: There are some exciting investments coming in the market. You're going to see some of those emerging in the second half of this year, that will lead to more advanced recovery systems for food applications. Now on the non-food or protective side, there are more options available. We have options around high density, low density, polypropylene, et cetera. The challenge is getting the right mix of materials, put back into our process platform to be able to incorporate them at sufficient quantities to move the needle, but we're just like other companies. We're scouring the world to find what we can find, and we've got some great examples that will come to market this year.

Steve Garland: One that we did just recently introduced in Australian with the Australian post system is we're actually recovering stretch RAF materials from companies in Japan, cleaning those, bringing them back into our processes and creating new films that we now sell to the Australian post system for mailers. In essence, those are created from 100% recycled material. As you look at the amount of material available though, and ask, how do you deal with such a dearth of materials? I mean, the specs are all over the world. This is where we are investing in innovations to take these disparate materials and compatibilize them with our processes and with some degree of virgin materials to create materials with high recycle solution. We've got one great example of that this year where we...

Steve Garland: With one of the major e-fulfillment companies in the US or globally, help them eliminate a lot of their secondary packaging, which was [inaudible 00:24:11] to a large degree with additional box layers. Now, it also impacted our void fill, but at the same time, we created a new system solution, Flow wrap solution, which delivers high productivity improvement, substantially reduces the amount of packaging utilized by the fulfillment house. In essence though, the remaining flexible packaging as it's now in that solution is high recycled content. We're driving it even higher as we move forward and it will be fully recycled at store drop-off capability. So as we move forward, our strategy is to, again, help our

customers reduce the amount of packaging use by pivoting to new formats, doing it with high recycled content.

Steve Garland: The fulfillment space, that's a bit easier to do because we have many more sources to obtain materials from, but at the same time, our investments in technology, [inaudible 00:25:16] with this is critical and our investments in systems to run these new materials are critical as well. We're introducing this year a new bubble wrap inflater, and that bubble wrap inflater has a technology built into it where the customer can run a high recycled content, drop it onto the machine, do nothing else. The machine will understand what mix of materials that film is produced from, what recycled mix to automatically reset the ceiling profile on the customer's equipment with just doing that variation in recycled content and inflatable solution. It's going to be a fantastic material, fantastic solution. One we are actively on the market today, but it's where we again, start to marry materials with these technology existing together, drive high recycled content.

Josh Spector: Okay. I think you actually mentioned something during that, which I wanted to touch on is just what you talk about you're collecting some of your products from different customers to then bring back and recycle. I guess the protective side, there's a B2B component where you can do that. There's a consumer business where it's more challenging, but actually what I wanted to ask about is on the food side, you have I think a higher degree of customer concentration at certain sites is that something Sealed Air could do something with in the future, collect the food scrap or other materials and recycle that back more. Then same thing with those customers eventually recycle that material and then create a feedback loop or is it too small or too early to think about that?

Steve Garland: No, absolutely we are highly engaged in that, but can't go into a lot of detail, there are several programs that we're in the mix of now. One is in the food service space. We certainly imagine concentration of materials from a handful or fairly large chains, but that can enable us to do. Second is large beef or pork processing facilities, where they have scrap materials. We are engaged. We'll be bringing something to the market latter part of this year, early next year, where we take recovered materials, put them back through a recovery process with a resin supplier and in essence, start the cycle over again. We believe that that is not only a big growth opportunity for us, but it is an opportunity for us again, to be an industry leader in investing in recovery technology. We have several key programs underway in [inaudible 00:28:05] to accelerate those with our roadmaps and plans. We have customers begging us in this area, agile, a lot of interest.

Josh Spector: Yeah. I don't know if it's something that you can answer is that, when you look at... That's basically creating the more circular piece of the equation, you say you give that to resin materials providers, they then incorporate that in their material. You then buy some, say recycled content resin back, I guess, how does the cost conversation work with customers that, that material might be more

expensive? Is that something that customers are open to it or is that more an area where you tend to get more pushback?

Steve Garland: Josh, if you're going in with just a pure play on material for material, there's no doubt these recovered materials have a premium to them right now. They will for the foreseeable future, but you also look at where we now start to think the dialogue beyond just the materials and talk about the whole solution approach and the ability to reduce costs and into the packaging market. I'd go back to the example I used earlier, I think on our last call, we talked about this recycled bubble wrap film we've done in Europe. With that film, we are putting it through full closed loop. There's a bit of a premium to it, but where are we growing with it in the marketplace? We're growing by taking a material which is light gauge, essentially light gauge, now going after heavy gauge solution.

Steve Garland: I might've used this example before, but a 200 gram piece of cheese today using 10 to 12 grams of packaging, not Sealed Air packaging, someone else's packaging versus now we come in with this fully closed loop, recycled material at two grams of packaging. So not only can we get a premium per square meter versus what you typically would get for that material, but at the end of the line, we're showing them a reduced packaging cost versus what they use today. This is why it's critical that we find opportunities to pack alternative forms of packaging in the marketplace because if the debate is less about the base cost of the resin and more about reduced costs being [inaudible 00:30:39]. We are getting a substantial response to that. We move forward. We're going to continue to look for how do we marry systems together with these more premium materials and our ability to reduce the cost of being [inaudible 00:30:55]. Make sense?

Josh Spector: Yup. That makes sense, appreciate that. In your earlier comments, I mean, you talked about a bit becoming more material agnostic on the protective side. Just curious if you can give us an overview of what the material mix and protective is today and kind of based on the natural growth, where you think that could be, say five years from now and also considering what you talked out from an equipment standpoint on demand products, automated products, does that create a natural shift in product and mix within your portfolio?

Steve Garland: [crosstalk 00:31:34].

Lori Chaitman: Yes. Sure. I'm just going to give a number for you, Josh. So our protective business, roughly 15% or so is actually fiber based and growing very fast. It's just that other products are also growing so it's hard to move the needle on the percentage, but fiber-based products out of our protective business is about 15% if not a little bit higher. Go ahead Steve.

Josh Spector: Got it. Thank you.

Steve Garland: Okay. So to follow up on that, [inaudible 00:32:05] talked about the roadmaps earlier. So we've taken each of our portfolios and look at them from what we make and the markets we serve, and where we want to take those portfolios? Meet our CEO goals as well as to reduce our total end of life footprint. Certainly on a protective side, when we look at some of the key elements of void fill and inflatables, blocking and bracing, we see substantial opportunities to shift the mix moving forward. We are investing heavily not only R and D dollars, but the systems dollars to be able to move in that direction. If you look at what we've done, it kind of shows the top middle of this slide. It's in front of you now, the creation of our fiber based packaging solutions over the last 18 months, the last launch those in the market place with very, very favorable reception.

Steve Garland: We still have more systems we're working on, but in addition, we're working on proprietary formats [inaudible 00:33:10] those. If you go back to the three main formats in protective, void fill, what have we done there? We've created a full slate of fiber based or paper based solutions for void fill. Those are all in the market and as Lori said, growing and growing rapidly. Again, we did that not just with packaging material, but the system solutions we could bring in benefits to the customers. We're now looking to how we take those into more automated solutions. Next step is to start to say, how do we attack blocking and bracing, which is heavily a phone-based product line today. There are two key things we're doing there. First of all, we're investing in some of these fiber based solutions to create unique blocking and bracing solutions from essentially paper-based. I'm very excited about what I'm beginning to see there that will emerge in the portfolio.

Steve Garland: Then when you think about some of the void fill and the opportunities to, I'm sorry, inflatables, we're investing in technologies to openly create fiber based inflatables. So for us at the end of the day the debate shouldn't be on so much what packaging type you want effected, we want to make sure we're creating a balanced discussion. Look at everything from carbon footprint to ultimately end of life capabilities and challenges. We want to put all the facts and the variety of solutions in front of the customer and let them make the choice. I mean, even with fiber today, most people don't realize that fiber is not fully recycled. Every time you reprocess corrugate or [inaudible 00:35:00], fiber lint breaks down. To a large degree, you can only recycle about 25% to 30% of fiber back into virgin fiber and having an effective structure.

Steve Garland: If you look at where we're investing, we want to find ways to further enhance the amount of fiber that can be incorporated from a recycled viewpoint, but at the same time, how do we make the moisture resistant? How do we start to add some air entrapment capability? Let it hold air for some length of time. How do you make them sealable, but still make them fully [inaudible 00:35:36]. These are all technology platforms we're investing in today and I would say as an area that we pivoted very heavily on the last three years, and I'm excited about what I see coming out of portfolio on the protective side.

Josh Spector: Thanks, Steve. Maybe to follow up broadly is just when you think about the development timeline for a new product. So be it some of the examples that you just gave on the fiber side, or a significant down gauging of materials, what's the typical timeline that it takes to do that from when you have the idea to when you're actually testing at the commercial level?

Steve Garland: Well, with my commercial brethren it's never fast enough, no matter what it is but our typical today is about 16 months, plus or minus. That's from the time we enter our feasibility assessment till we exit it commercially. I can tell you we've made some pretty significant changes in how we go about doing development, our model of how we pursue development, warming the opportunity a lot more, creating a lot more flexible themes. We have made a pretty significant reduction in that development cycle. We've got one material that we brought to the market, which is instrumental in the distribution of vaccines, typical on that particular product line would have been 24 months. Time of conception to commercial release would've been nine months. Where we're significantly revising how we attack to drive the cycle a lot faster because the market is demanding that cycle move a lot faster.

Lori Chaitman: I think Steve, it'd be interesting too, to just talk through the difference when it's food versus protective, because on the food side with materials it's not that easy to just swap out materials, right?

Steve Garland: Certainly. If you think about the food side, first of all, you've got to deal with the food law challenges. Not all materials are created equal. Even within the US we have differences in regulations that we have to deal with and that can create challenges. When you go global, challenges just explode. Pretty hard sometimes to create one solution, take it around the world due to differences in food law. Where we are working to improve our process is make sure upfront we're working with materials that can be expanded more globally by our suppliers. They may not do it today, but they could do it. That does create some enhanced cycle time challenges that even there we are getting substantially better. That's where we may still be close to 16 to 18 months on the cycle time today, but we are targeting a 30 plus percent reduction on the food side as well. We're seeing good progress [inaudible 00:38:34].

Josh Spector: Thanks. That's helpful context. Sticking on the innovation side of it, it's interesting to me to get your opinion on where more of the materials innovation takes place. How's the kind of duty split between the materials providers to the residence provider versus Sealed Air as the packaging provider? Where does that kind of split kind of take place and has that evolved at all over the past five plus years as we try to tackle some of these maybe newer challenges?

Steve Garland: Well, historically, obviously the materials innovation has been driven by the major polymer producers. Let's say about 10 years ago, though we saw it as an industry, large pullback from materials innovation [inaudible 00:39:28] a lot of focus on validating the product portfolio was the acquisition, shut down of resin

reactors, et cetera, and really the industry kind of entrenched and just tried to produce at scale and produce as effectively as they could. If you look at Seal Air's journey from a sustainability viewpoint, we had to take the lead from a package design and how we drive the simplification of putting materials together. We got very little support five years ago from the resin producers in doing that. Even up until as little as 24 months ago, there's not a lot of dialogue from the resin side in this area.

Steve Garland: There were some things out there, you had companies that were investing a little bit in renewable based polymer technologies. We had companies that were investing somewhat in bio compostable technologies, but those were niche place. Nothing broad, nothing large scale. In the last 24 months, four of the major resin producers around the world are investing and engaging and beginning to drive the end of life recovery [inaudible 00:40:43]. Are they still putting a lot into innovative materials on the front end? No. It's still driven by the packaging companies, packaging companies looking to simplify, reduce or make our materials more recoverable. I think that would change with time, but right now the resin guys are more worried about end of life and recovery than they are of the new technologies that are coming. Packaging groups will continue to have to lead.

Josh Spector: Okay. I guess, on that same note, what's Sealed Air's approach to alternative materials? Be it bio-plastics or other bio-based materials that you use in your different packaging. I know you guys use some today, but where do you see that heading and where is there more opportunity?

Steve Garland: First of all, you've got to look at functionality. Again, you get back to what Lori opened up with. Our products preserve foods, minimize spoilage, et cetera, on the food side. Then you think about the protective side. It's about minimization, shock absorbance during distribution to a large degree. When we look at alternative materials on the food side, there's nothing out there today that really provides oxygen barrier resistance. Now that does not mean we can't lead something in that area. So we're investing in some technologies where we can create barrier, but still make that final product behave as if it is a mono strain or [inaudible 00:42:28], something of that nature. That allows us not only to reduce our footprint, but also allows us to start to look at alternative forms in the marketplace. To begin to attack those. When you start to look at bio-based materials, we actively play in those today and we're investing in them.

Steve Garland: I think you've heard about our investment in starch based, barrier resin technology area. That platform is in the process of starting up. It will be on [inaudible 00:43:00] stream, middle of this year at our South Carolina facility. With that, we'll be bringing to the market a slate of products that will have an oxygen barrier based upon a natural material, coupled together with polyester. That material will be fully recoverable in polyester bottle screen, but can be used in food packaging. On the protective side, of course our investments in fiber are one thing, but we also continue to look at solutions on the protective side that could be bio-based, other formats.

Steve Garland: Think cellulose or materials that could be bio compostable, but keeping in mind, when we talk about compostable, the world really isn't set up to do it. There aren't many commercial composting operations out there and fundamentally own use of compostable materials it's still a bit of a mystery, but we continue to play with anybody that's looking at anything in that field. We utilize it where we can, and we're doing some of that today, but right now compostable is not a major thrust for us. We're more focused on fiber based solution and what we can do to grow anything that's cellulose based.

Josh Spector: Okay, thanks. That's helpful. I really have one more question to go through and if anybody has any questions, email me and I'll see if we have any time left. Just wondering from a regional perspective, and we talked a lot about products and your mix, but regionally, obviously Europe is kind of a different place today versus North America versus emerging markets. What are you seeing different within each regions in terms of what customers might be asking for in the solutions that Sealed Air is really bringing out there?

Steve Garland: Of course there's a lot of dialogue and action in Europe today, but even within Europe, not harmony. Look at what's going on in the UK. UK is pivoted hard toward highly recyclable solutions as much as possible. They're driving that, we're participating in it and seeing pretty good growth in the UK with what we're bringing to the market. When we get to continental Europe, most of the discussion right now is around taxation. How do you drive a tax stream from virgin [inaudible 00:45:28]? So what we're doing in Europe is how do we drive the reduction of materials, simplification materials, incorporating even more recycled content, because if we can get to approximately 30% recycled content, you in essence minimize the impact of the virgin resin taxes in continental Europe, but that's where there's a thrust today. If you come to North America, we're very disjointed in what's going on.

Steve Garland: There is no national authority debate around this today, but it's more regional, state, municipal oriented and the actions are very diverse. States like New York, California, Washington state leading it, but even there, there's not a lot of harmony. We're trying to participate more at the regional level. In Asia, some drivers in China, but the drivers over they are solving two problems. One is societal where there's still a bit of a throwaway mentality, throw it on the street, whatever it may be. They're more focused on how do you drive compostable. When it comes to their export market though, there are more investments going on in base resin technologies, tracking technology, et cetera. They've got to support their export business so it's a mixed bag in Asia.

Steve Garland: Outside of China, no real strong action. In Latin America right now, nothing of substance in any of the major economies in Latin America with [inaudible 00:46:58]. Not that Sealed Air is not doing something, we are. Saying from a regulatory viewpoint it's required.

Josh Spector: Thank you. No, that's really helpful. I think pretty much we're at the end of time. I think this has been a really great conversation, so I appreciate you joining us

today, Steve, everyone on the line. Also everyone else from Sealed Air on the line. I think if you have any questions, you can feel free to reach out to me or Lori Chaitman or Bobby Grau from the IR function at Sealed Air. Any of us would be happy to answer any of your questions. So with that, thanks again, Steve. I guess, we'll actually before we go, do you have any final comments that you'd want to leave anybody on the line with?

Steve Garland:

Well, as I approach my retirement at the end of June, it's been a great ride. I'm still very bullish about this industry and I'm very bullish on what this industry can do for society to solve this problem moving forward. I think Sealed Air is positioned quite well. Not to brag on the I&D team, but we've got a great team and I'm very positive about what the team's going to contribute to the future of the company and to the world and helping solve this challenge.

Josh Spector:

Sounds good. Good place to end. Thanks everyone.