Glass Packaging Institute (GPI)

Central States Protective League Meeting
Gas City, Indiana

August 8-9, 2019

Glass is ENDLESSLY Recyclable
GPI Organizational Update

New Leadership for the Association
- Scott DeFife named GPI President
- Strong packaging, brand & coalition background
- Legislative/policy experience
- Concludes year-long search process by GPI Board

Ardagh Glass, North America
- Officially rejoined GPI July 1st

Member Company Recruitment
- GPI will focus on expanding its membership base, guided by glass company leadership
INDUSTRY OVERVIEW
Market Review

- Mega beer – sales remain down – beer now 49% of total alcohol market (wine and spirits rose in overall share)

- Craft beer growth up 4% by volume, but only 24% of beer market

- Chinese glass bottle imports increased 2015-2018 – but have seen a dip since tariff imposition (down 15% YTD)

- Market consolidation
Customer End Market is Evolving

- Significant Share Shift from 2013: Beer - 58% to 51%
- Food: 17% to 20%
- Spirits, Wine and Non-Alcoholic Beverages Also Gain Market Share

Source: Precision Consulting, represents ~ 95% of Shipments from US Glass Container Plants
 Spirits’ industry share of the alcohol market has increased 9 years in a row.

2018 – $1.79 billion in exports fuel growth (all-time high)

Showcases the premium design of glass
Notable consumer shift to non-alcoholic beverages

Categories with the most innovations in 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>1,039</td>
</tr>
<tr>
<td>Coffee Substitutes</td>
<td>1,019</td>
</tr>
<tr>
<td>Juice and Non-Carbonated Drinks</td>
<td>804</td>
</tr>
<tr>
<td>Tea and Infusions</td>
<td>688</td>
</tr>
<tr>
<td>Water</td>
<td>299</td>
</tr>
<tr>
<td>Flavored Carbonated Drinks</td>
<td>290</td>
</tr>
<tr>
<td>Milk and Milk Alternatives</td>
<td>269</td>
</tr>
<tr>
<td>Sports and Energy Drinks</td>
<td>133</td>
</tr>
</tbody>
</table>

Source: Nielsen
Sustainability - Refillable Beer Bottle Program

- 10 breweries participating, coordinating with beer distributors
- Bottles made at the O-I Oregon plant
- Positive glass environmental messaging
Let’s Get Social
CENTRAL STATES

Iowa

- Bottle Bill Repeal Defeated – Glass container industry workforce, manufacturers and recycling united.

Discussed at Central States Protective Meeting

- Workforce recruitment
- Automation
- Participation of younger workers in league

LEAGUE LEADERSHIP

- Scott Brownfield, President (O-I)
- Tom Forker, Vice President (O-I)
- Connie Gibson, Treasurer & Secretary (O-I)
- Bill Baldridge, Recording Secretary (Ardagh)
<table>
<thead>
<tr>
<th>On-Going</th>
<th>Recent Wins</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care – “Cadillac Tax” Seeking permanent repeal</td>
<td>Glass recognized Silica Sand Rule industry standards</td>
</tr>
<tr>
<td>Ocean Debris</td>
<td>Supported tariffs on Chinese imports</td>
</tr>
<tr>
<td>RECOVER Act</td>
<td>Championed with brands for reduced alcohol excise tax rate – 2 years granted - now seeking permanent reduction</td>
</tr>
<tr>
<td>Increase truck weights</td>
<td>Testimony to improve rail shipping metrics to STB</td>
</tr>
<tr>
<td>Natural gas exports</td>
<td></td>
</tr>
<tr>
<td>Ocean debris</td>
<td></td>
</tr>
<tr>
<td>Pension reform</td>
<td></td>
</tr>
</tbody>
</table>
Looking Ahead

Topline Issues to Address into 2020

- **Climate Change Legislation and Debate**
  - Ensure glass manufacturing is recognized as Energy-Intensive-Trade Exposed (EITE)
  - Tie-in Glass Recycling Benefits with all climate change proposals

- **RECOVER Act**
  - Continue coordination with legislative staff and other industries on legislation to provide grants and other funding to improve the glass recycling infrastructure

- **Extended Producer Responsibility (EPR)**
  - Renewed interest in state-based EPR legislation, seeking industry financial assistance to support recycling programs
  - Ensure glass is treated fairly in terms of producer “per package” fees
  - Emphasis the importance of quality recycled materials – do not support policies that encourage low-value, high-quantity, single stream glass
Thank You