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SUSTAINABILITY &
CIRCULARITY

TARIFF
DYNAMICS &
LANDSCAPE

TRENDS 2026

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FOUNDER'S NOTE

SRIDHAR SRINIVASAN
PRESIDENT & CEO

In 2025, packaging conversations became markedly more grounded. Across the year, a consistent signal emerged, packaging solutions were increasingly evaluated on their ability to perform within real operating, regulatory, and end-of-life systems.

MATERIAL CHOICE BECOMES KEY

Material choices were no longer discussed in isolation. Fiber, mono-material plastics, recycled content, and compostable formats were assessed through the lens of performance, scalability, compliance, and infrastructure readiness.

REGULATION AS CATALYST

Regulation played a central role in this shift. Evolving frameworks across regions influenced packaging design decisions from the outset, adding complexity while also accelerating change. At the same time, fragmented requirements highlighted the need for adaptable, well-documented solutions rather than one-size-fits-all approaches.

OPERATIONAL CAPABILITY IS THE ENABLER

Operational capability emerged as a critical enabler. Digital systems, data-led planning, and integrated workflows increasingly determined whether sustainable packaging could be delivered efficiently, consistently, and at scale. Waste reduction, customization, and feasibility were treated not as trade-offs, but as measurable outcomes of better system design.

COLLABORATE TO SCALE

Another clear pattern was collaboration. Many of the year's most notable developments came from partnerships that combined material science, manufacturing expertise, and downstream understanding. These collaborations reflected a growing recognition that packaging challenges are systemic—and so are the solutions.

THE ROAD AHEAD

If 2025 was about pressure-testing packaging decisions in real conditions, the signals suggest that 2026 will be shaped by solutions that are operationally viable, regulator-ready, and designed with end-of-life in mind from the outset.

FROM SUSTAINABILITY CLAIMS TO PACKAGING THAT WORKS IN PRACTICE



Across 2025, a clear shift emerged in how sustainability was evaluated in packaging. The conversation moved away from what a pack claimed to be, toward whether it could function across manufacturing, supply chains, regulatory requirements, and end-of-life systems.

This shift became visible as packaging solutions were increasingly designed around system compatibility rather than material symbolism. Circularity, for instance, was no longer framed solely through recycled content. Initiatives such as BerryWorld and Sharpak's rPET punnets demonstrated how circular outcomes depend on durability, food protection, and recyclability working together. Similarly, Movopack's reusable packaging model showed that emissions reduction is inseparable from logistics execution and operational discipline.

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As scrutiny increased, sustainability claims were pressure-tested at the component level. Developments such as Siegwerk's collaboration with Borouge and TPN Food Packaging highlighted that mono-material structures only deliver recyclability when inks and coatings are engineered for effective deinking and high-quality recycled output. Similarly, Dow, Macchi, and ITP's mono-PE pouch underscored that recycling must meet food-contact, barrier, and regulatory requirements to be viable beyond pilot scale.



Retail execution further clarified what "working in practice" meant. Emerald Packaging's PCR potato bags with Walmart demonstrated that sustainability gains only hold credibility when they scale commercially and remain cost-neutral. Compostable formats followed the same logic, with Matter's certified products reaching Publix showing how certification, infrastructure, and accessibility define real impact.

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Solutions like TIPA and Coveris's compostable labels reinforced a defining lesson of 2025; what ultimately distinguished successful packaging solutions in 2025 was not intent, but resilience. Designs that accounted for operational realities, regulatory pressure, and end-of-life performance proved more durable than those built around isolated sustainability attributes.

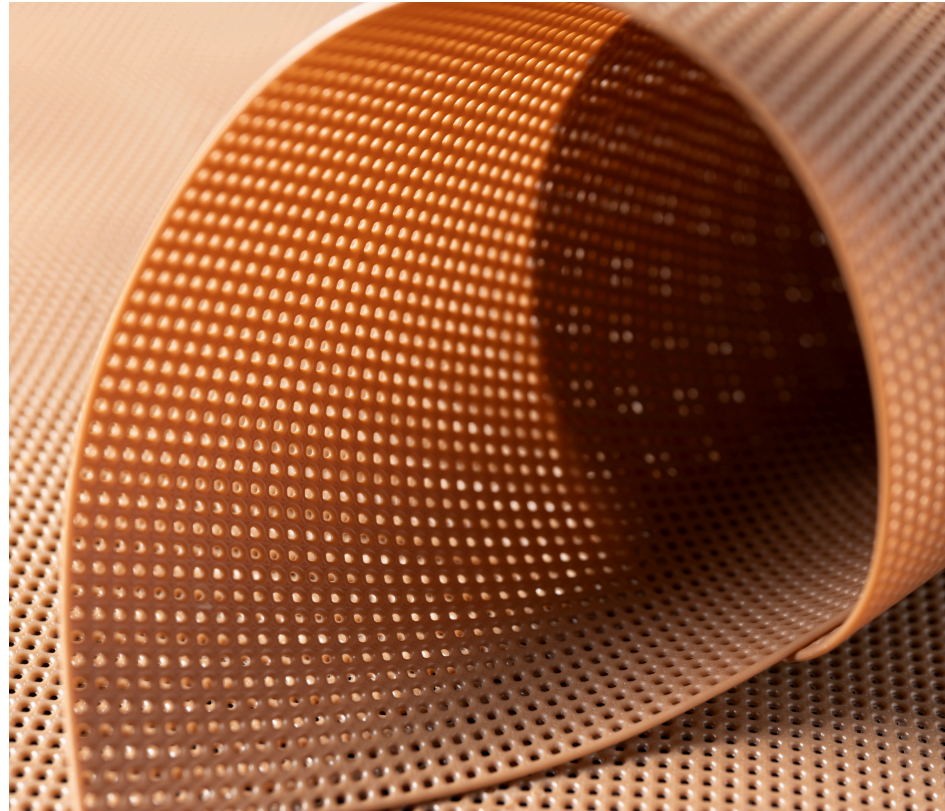
RETHINKING MATERIAL CHOICES: FIBER, MONO-MATERIALS, AND COMPOSTABLE HYBRIDS

The most notable change in 2025 was not the rise of one material over another, but the decline of rigid material positions. Packaging decisions increasingly reflected an acceptance that no single substrate could address all functional, regulatory, and sustainability requirements.

Fiber emerged as a core strategic pillar—but not a universal answer. Developments involving Stora Enso's expanded board capacity, PulPac's dry molded fiber reaching commercial scale, and ProAmpac's fibre-based formats illustrated how fibre was being deployed where recyclability, product protection, and consumer acceptance aligned. At the same time, these cases reinforced that fiber adoption required careful attention to grease resistance, food contact, print quality, and recycling compatibility.

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Compostable materials followed a similarly selective trajectory. Rather than broad substitution, compostables were positioned for specific use cases where certification and infrastructure supported real outcomes. TIPA's acquisition of Sealpap reflected this portfolio approach, combining recyclable paper solutions with compostable technologies to give brands flexibility across markets and regulations.



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Hybrid thinking also became more evident. Innovations such as direct food-contact inks from Sabert and Colpac, which eliminate plastic laminates while preserving print quality, showed how material performance could be enhanced without fully changing the base substrate.

Taken together, insights from 2025 point to a material strategy defined less by allegiance and more by intentional fit. Fiber, compostable, and hybrid solutions were increasingly treated as complementary tools applied where they made operational, regulatory, and commercial sense.

REGULATION BECOMES A DESIGN REALITY

A defining shift across the year was the growing recognition that packaging performance cannot be separated from how it moves, is used, and is recovered. Sustainability outcomes were increasingly tied to systems design, not just material selection or product form.

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This was most clearly demonstrated in the rise of reused models. Developments such as Movopack's collaboration with Brave Kid showed how significant emissions reductions were achieved not through new materials alone, but through reusable packaging designed for multiple use cycles and integrated return logistics. Here, impact was driven by how packaging circulated through the system, not by its single-use footprint.

Component-level innovations reinforced this thinking. These elements, often treated as secondary, increasingly determined whether packaging could function within recycling and recovery systems.

Operational infrastructure also emerged as a critical part of the system. Digital tools and integrated workflows became essential for managing complexity, reducing waste, and ensuring feasibility across multi-site operations. Sustainability goals were increasingly linked to operational capability rather than standalone design decisions.

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Together, these developments underscored a broader lesson from 2025: Packaging could no longer be evaluated as a discrete product. Its environmental and commercial performance depended on how well it was designed to operate within interconnected systems.



CIRCULAR INPUTS: RETHINKING WHERE PACKAGING MATERIALS COME FROM

A clear change emerged in how circular packaging was defined. Rather than focusing solely on recyclability or compostability, several developments highlighted the importance of feedstock selection i.e. what packaging is made from, and which waste streams are brought back into productive use before manufacturing even begins.

several developments highlighted the importance of feedstock selection

Innovations such as Releaf Paper's bio-waste-based packaging illustrated this shift clearly. By converting agricultural residues like fallen leaves and grape stems into recyclable packaging, the approach reframed circularity as a matter of resource utilization rather than material substitution. The emphasis moved upstream, reducing dependence on virgin raw materials while lowering the overall carbon footprint of production.

A similar logic was evident in compostable packaging derived from agricultural waste. W-Cycle's compostable materials, including developments such as SupraPulp, showed how bio-waste feedstocks could be transformed into food-grade packaging designed to fully decompose within standard composting environments. Here, circularity was achieved through the alignment of material origin and end-of-life behavior.

Circular inputs also extended to post-consumer waste streams at scale. Emerald Packaging's use of PCR in retail produce packaging, deployed across multiple SKUs with a major retailer, demonstrated how recovered plastics could function as reliable feedstock in mainstream food packaging. The focus was not on experimentation, but on consistent performance, cost neutrality, and commercial deployment.

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Taken together, these examples point to a redefinition of circularity; one rooted in feedstock selection and resource sourcing, where sustainability is established before packaging is ever designed, converted, or disposed of.



SCALE, PARTNERSHIPS, AND THE SHIFTING INDUSTRY LANDSCAPE



Across the year, a clear pattern emerged; many sustainability and performance goals could not be delivered by single players acting alone. Instead, packaging innovation increasingly took shape through partnerships, acquisitions, and ecosystem alignment, reflecting the growing complexity of materials, regulations, and operational demands.

This was evident in strategic consolidation moves such as Novolex's acquisition of Pactiv Evergreen, which strengthened its position across food, beverage, and specialty packaging. The combination brought together manufacturing scale, innovation capability, and sustainability focus, signalling how companies were building breadth and resilience to respond to evolving customer and regulatory expectations. Scale, in this context, was not about volume alone, but about the ability to execute consistently across markets and applications.

Partnership-led innovation further reinforced this shift. Collaborations such as those spanning material suppliers, converters, and technology providers demonstrated how packaging solutions were increasingly co-developed rather than handed off along the value chain. These partnerships allowed companies to integrate material science, processing expertise, and end-use requirements early in the development cycle.

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What distinguished these developments was intent. Acquisitions and collaborations were used to close capability gaps, expand sustainable portfolios, and accelerate time-to-market, rather than to simply add capacity. The emphasis moved toward building end-to-end packaging capabilities that could support recyclable, reusable, and compostable formats at scale.

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This year, the trend was clear: the packaging industry was reshaping itself structurally. Scale and partnerships became essential enablers—not optional advantages—for delivering packaging solutions that meet rising expectations around performance, sustainability, and compliance.



TRADE, TARIFFS, AND THE REORDERING OF GLOBAL SUPPLY CHAINS

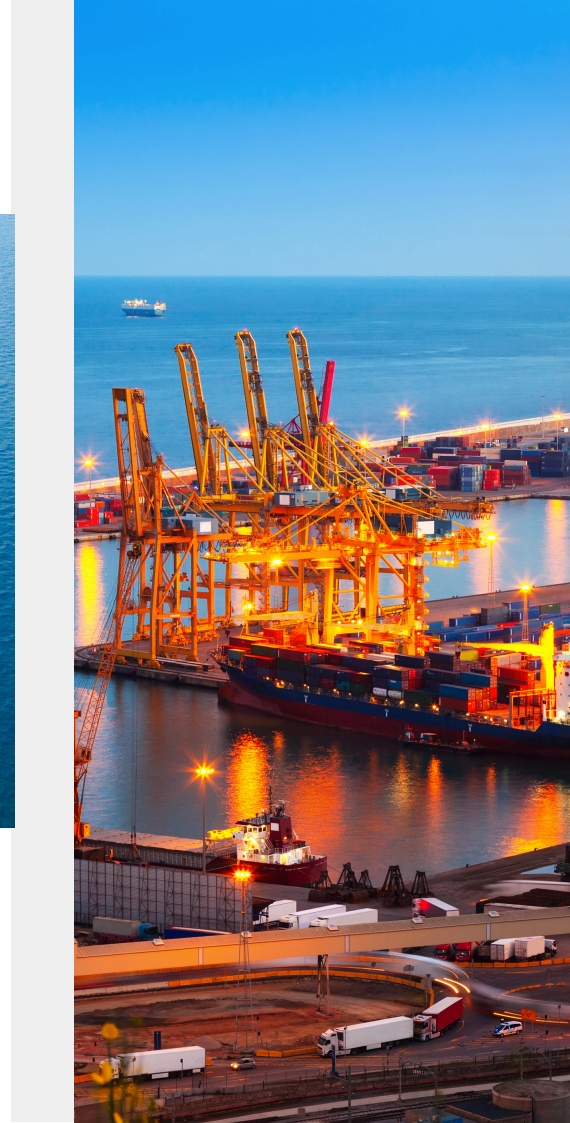
The expansion of U.S. reciprocal tariffs reflected persistent trade imbalances driven by high domestic consumption and sustained reliance on imports. With trade concentrated among a limited group of partners, tariff actions quickly translated into elevated risk across global trade flows rather than isolated cost increases.

The response was fragmentation rather than convergence. Major trading partners, including China, the EU, Canada, Mexico, and India, introduced retaliatory measures, reinforcing a shift toward reciprocal and regionally aligned trade policies.

At the same time, sourcing began to tilt toward alternative manufacturing hubs such as Vietnam and Thailand, as companies sought to reduce exposure to tariff-heavy corridors.

For businesses, tariffs increasingly became a planning constraint, not a temporary disruption. Managing impact required granular visibility into country of origin, tariff classifications, and duty structures, alongside more deliberate approaches to sourcing diversification, inventory placement, and pricing strategy. Cost pass-through decisions and demand sensitivity became closely tied to trade policy shifts, particularly in consumer-facing categories.

“for businesses, tariffs increasingly became a planning constraint, not a temporary disruption.”



Taken together, these developments point to a recalibration of world trade. The signals suggest a more regionalized, diversified trade environment where adaptability, redundancy, and strategic optionality define how global supply chains are built and managed.





WHAT 2025 REVEALS ABOUT PACKAGING IN 2026

Across 2025, there were clear signals that the packaging industry was becoming more disciplined in how decisions are made. Solutions that gained traction were those designed to operate within real constraints; regulatory, operational, material, and systemic—rather than those optimized for single objectives in isolation.

One clear implication is that execution capability will matter as much as innovation. Packaging strategies increasingly depended on whether organizations could manage complexity, integrate systems, and scale solutions reliably. Digital infrastructure, operational alignment, and portfolio breadth emerged as prerequisites for delivering sustainability outcomes, not secondary considerations.

Another signal was the move toward selective application rather than universal solutions. Fiber, mono-material plastics, compostable formats, reuse models, and circular inputs each found relevance in specific contexts. The emerging pattern was not convergence on one material path, but greater clarity on where different approaches work and where they do not.

Collaboration and scale also emerged as enduring requirements. Partnerships, acquisitions, and ecosystem-based development reflected an industry adjusting to rising expectations that no single player could address alone. Capability-building, rather than experimentation, defined many of the year's strategic moves.

Taken together, the insights from 2025 point to a packaging landscape in 2026 shaped less by bold declarations and more by measured decisions. The emphasis is shifting toward solutions that can be implemented consistently, comply across regions, and perform across systems—setting a higher, more practical bar for what progress in packaging looks like going forward.



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