William Blair



INVESTMENT BANKING

How New State Sustainability Laws Are Set to Affect Packaging

Extended Producer Responsibility (EPR) will likely occupy an increasing amount of bandwidth for packaging industry leaders from 2026 onwards—with ramifications for transaction activity.

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EPR, of course, isn't new to anyone in packaging. It made headlines earlier this decade as part of comprehensive legislation passed in several states. Oregon (launched in 2025) and Colorado (launching this summer) are already impacting the value chain. Additionally, despite ongoing legal proceedings, more stakeholders within the value chain are becoming aware of EPR's implications as California and other states are set to come down the path in the near term (California is expected to announce its fee structure imminently).

While the rules vary state to state, their intent is the same—incentivize brands to fund enhanced recycling infrastructure and utilize increased recycled content in their plastic packaging.

The laws apply to "producers," typically brand owners, manufacturers, and importers of paper and plastic consumer packaging. But a great deal

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in Oregon. The following article explains EPRs, the questions around their enactment, and how companies and investors can prepare.

The Nuances of EPR

EPRs generally require producers to pay fees to a Producer Responsibility Organization (PRO) that are about equal to the material they introduce into the state. PROs act on behalf of members to meet the state's recycling obligations and manage compliance. Fees to the PRO are used to subsidize and improve the state's recycling ecosystem, including:

- Upgrading recycling facilities
- Expanding recycling access and services for residents
- Covering costs for transportation and processing
- Implementing programs to reduce contamination in the recycling stream

The laws aim to create uniform, statewide lists of what can and cannot be recycled, and where those materials can be recycled, making it easier for consumers and improving the quality of materials collected. Producers must report granular data on their packaging and other covered materials, which is used to verify compliance with state laws.

A key use of funds is the per-ton fee paid to recycling processors. The fees depend on the type of packaging,

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necessitate passing the cost to retailers

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Companies in states with EPR regulations will obviously be the most affected by the new rules. But suppliers to companies in those states must be able to track and provide proof of content they label as derived from products already used and discarded by consumers, possibly going back one to two years. Doing so along with other data reporting requirements

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packaging companies.

Part of producers' fees also go toward establishing and supporting Responsible End Markets (REM). REMs are recyclers that the laws hope will ensure all covered materials that are collected will be processed responsibly and sustainably, thus playing a key role in closing the loop by enabling recycled materials to return to their original product types.

Uncertainty Remains, Legal Battles Have Started

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materials from rural or underserved areas to processing facilities,

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demand for recycled materials, poor material quality that would reduce recyclability and market value, and

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How these challenges will be addressed is an open question—and it's not the only one. Companies operating in more than one state with EPRs will face jurisdictional differences. For example, Oregon

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while Colorado is more detailed in the types of paper products its law is set to cover. In California, producers must ensure that by 2032, all covered materials are either recyclable or compostable.

Still, some companies simply don't

for noncompliance—in part because implementation often took years

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are also clouding matters, with a preliminary injunction granted in Oregon in February after the National Association of Wholesaler-Distributors (NAW) called the EPR program unconstitutional.

Eric Hoplin, president and CEO of the NAW, said his members "face imminent and irreparable harm" from EPR "including unrecoverable compliance costs, competitive distortions, and the risk of steep civil penalties."[1] The injunction prevents

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against the association's members until the court rules, with hearings set for July.

That will be around the time Colorado's new law is set to take effect and when California is expected to announce its fee structure ahead of a planned EPR launch in 2027.

How Companies Can Prepare

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at least initially, as REMs ramp up and companies work to comply with data-capture requirements. State regulators might be gentler in the early days of implementation, leading to a sort of middle ground—with possible delays in implementation, to say nothing of more legal battles. But that doesn't mean companies shouldn't prepare.

One way to adapt are so-called "closed-loop models," in which companies manufacture and mechanically recycle products at their own facilities—thus achieving REM status and eligibility for support made possible through the PRO fees other producers must pay. But that isn't an option for all companies, as collecting discarded products can be quite challenging and costly.

There are other ways to get ready for the new rules. At minimum, that means meeting state data-capture requirements and shoring up supply chains, as compliance will be attractive to investors. Companies could also increase the amount of recycled content they use to make new products to lower the fees they must pay to PROs.

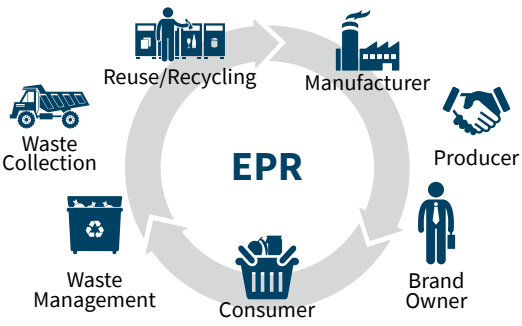
California's looming (and more aggressive EPR), plus the four states on track to come online in the following years, might not be the last programs that we see across the country. Other jurisdictions could add the regulations partly to generate much-needed revenue. That all means EPR isn't going away—and packaging industry leaders need to be ready.

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experience in advising closed-loop models, including Revolution's sale to Arsenal Capital Partners, and a deep understanding of the complexities of EPR. We would be happy to schedule a call to share our knowledge.

The Circle of Extended Producer Responsibility



1. Source: National Association of Wholesaler-Distributors press release, February 6, 2026.

Select Packaging M&A Activity[2]

Recent packaging M&A activity continues to be anchored around strategic acquirers, with an increasing number of new PE platforms being created.

Date	Target	Acquirer	Commentary	William Blair Transaction
Pending	Coveris Paper Segment (Paragon)	Kingswood Capital Management	-1 c*0/ *! *1 -$.Z ') * - 0)$/Q f-./ 0-*+) acquisition for Kingswood	
Pending	Sealed Air	CD&R	Take-private following Sealed Air's strategic alternatives	
26-Mar	TC Transcontinental (Packaging)	ProAmpac	$")$f)/ ,0$.$/$*)Q Z. 3$/ *! $/. + & "$)" 0.$)	
26-Feb	(g 3	*/ -$ '3$'.	Canadian take-private	
26-Feb	-"* 0	H.I.G. Capital	Dunnage airbags and other load securement solutions	●
26-Feb	.4 './$	FirmaPak	$-(&Z. f-./)/-4 $)/*)	
26-Jan	'3$'.	0// -g4 ,0$/4	$"$/ 'g 3$' + & "$)" .+ $ '$5 $) .#*/c-0) + $	●
26-Jan	SÜDPACK (U.S. Operations)	'3	3+). Z.(/) # . * -$)"	
26-Jan	Norton Packaging	'/$)0(,0$/4	High-performance rigid packaging solutions	
25-Dec	'**- /- / '3$'.	Kent Road Capital	$ / g 3$' + & "$)" +'/!*-(	
25-Dec	Merrill's Packaging	Nelipak	Complementary thermoformed packaging solutions for medical applications	
25-Dec	Municipal Packaging	JohnsByrne	Strengthens health & beauty markets as well as geographic 3+).$*) /* ./ * ./	
25-Nov	Comar	Precision Concepts	-).!*-(/$1 ,0$.$/$*) ¶& (*)/#. - # /-'$)" Group's acquisition of PC	
25-Nov	Thermosafe	Arsenal Capital Partners	Cold chain packaging; non-core operation of Sonoco	
25-Oct	Anchor Packaging	*-"$ c $f	3+)$)" Z.!** .-1$ +-* 0/ * -$)"	
25-Oct	International Paper (Paper Bag Converting)	ProAmpac	*)c *- *+ -/$*). *! Q !0-/# - 3+).$*) *! f - * -$) by ProAmpac	
25-Oct	. . p '3$'. Operations)	Five Star Holdings	Non-core operations of Cascades	
25-Sep	PAC Worldwide	ProAmpac	-*(+ Z. 3+).$*) $)/* +-*/ /$1 ($'-.) e-commerce packaging	
25-Sep	Currier Plastics	Sheridan Capital Partners	Precision cleanroom molder and packaging provider to medical markets	●
25-Aug	Precision Concepts	The Sterling Group	$"$ + & "$)" .-1$)".('' /*($.$5 0./*(-. 2$/#$) stable, consumer-focused markets	●

2. Sources: CapitalIQ and company press releases.

William Blair Packaging Practice

Our leading packaging investment banking franchise is built on deep sector expertise and our strong relationships with buyers around the world. William Blair's long history of advising business owners across packaging substrates and end-markets provides a differentiated view on the key drivers of value for packaging businesses.

Recent William Blair M&A Transactions

H.I.G. CAPITAL has acquired CargoTuff LOAD SECUREMENT PRODUCTS

butterfly has acquired epac flexible packaging

PC PRECISION CONCEPTS a portfolio company of ONCAP has been acquired by THE STERLING GROUP

Karat

SHERIDAN CAPITAL PARTNERS has acquired CURRIER

SOTERIA a portfolio company of ARDIAN has been acquired by TJC

Packaging Areas of Focus

Substrates / Applications



End-Markets



William Blair Packaging Franchise Activity

+125

+19

~11x

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