

## Release

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### **Costco Rolls Out Environmentally-Responsive Packaging**

*[RICHMOND, Va., August 15, 2006]* When Costco examines packaging for the thousands of products offered in each of its warehouse club stores, only one issue is on the table: making merchandise available to its members in the ‘right way.’ The ‘right way’ includes offering packaging that does not rely on environmentally-harmful materials. Now, after two years of research and development, this industry leader is replacing some plastic clamshells with Natralock™, a new paperboard-based product made by MeadWestvaco that lets consumers in, reduces shrink to a minimum, and is kinder to the environment.

“It’s all about doing the right thing for our members and the world we live in,” explains Scott Carnie, General Manager of Costco East Coast Packaging. “At the core of our company philosophy is the implicit understanding that each of us must conduct ourselves in an ethical manner every day. That includes protecting our natural resources. In fact, the Costco Employee Code of Ethics states we will exceed ecological standards in every community where we do business and provide products to our members that will be ecologically sensitive.”

Until recently, being ecologically sensitive was difficult in a retail culture that required over packaging to deter ever increasing theft statistics. Plastic clamshells have been the standard for security packaging given their outstanding theft resistance and merchandising benefits, but are under increasing environmental pressure because of their limited recyclability not to mention the “wrap rage” these materials are spawning worldwide as consumers fight their way into their purchases. Wrap rage is defined as the frustration encountered by opening protective plastic packaging.

“It’s about creating the right package to protect high value items from shrinkage, but still making the products accessible to the consumer,” explains Carnie. Natralock’s tear-resistant and theft-deterrent properties allow us to achieve both goals.” Natralock’s flat surface can be safely opened with a pair of ordinary kitchen scissors in the consumer’s home, without the frustration of cutting through the welded ridges typically found in traditional clamshells.

The key component of Natralock is paperboard, a renewable resource. Items are placed in an APET (amorphous polyester) “bubble”, an environmental preferable material to current plastics, then sandwiched between two pieces of paperboard and sealed. The paperboard is printed with clear, bold graphics and wording, creating an attractive “billboard” which draws consumers to the product.



Costco’s New Jersey fulfillment center has begun a rollout of Natralock, beginning with the repackaging of five high value products.

### **The Recyclability Question**

“The use of recycled materials and the ability to recycle our throw-away packaging was always key,” Carnie emphasized. “When I saw how MeadWestvaco works recycled materials back into its CNK® (Coated Natural Kraft®) paperboard and how the final product could be separated, allowing the paperboard portion to be recycled by consumers, I knew we had arrived at a sustainable option that would reduce the amount of plastics we use and offer the security we need at the necessary cost point.”

### **A Solution Evolution**

If necessity is the mother of invention, then Natralock is the perfect case study according to Michael Wade, MeadWestvaco project manager. “Costco caters to a higher class of customer by placing priority on its members, having high-quality goods, and a solid reputation,” says Wade.

“However, the warehouse-club format affords little ability to store goods behind cabinets, intentionally providing greater access to high value merchandise.”

The warehouse club format is focused on offering the best value possible for its members. This dictated packaging that:

- Reduced the company’s dependency on petroleum-based polymers,
- Displayed the product prominently,
- Was tamper-resistant,
- Offered a high quality look in terms of materials and print.

“By its very nature, protective packaging is a throw-away item, so these materials can’t be expensive,” states Carnie. “After all, the whole idea is to sell the item at the best value possible. Natralock achieves the goal of being a cost-effective packaging solution to retail theft while allowing the product to sit on the shelf, and not in a locked cage.”

Both MeadWestvaco and Costco see security packaging as a work in progress. According to Carnie, “we have identified a product that works extremely well. Using the synergies and ideas shared between our two companies, I believe we can work with Natralock to continue its evolution.”

“Consumers are holding the retailer, rather than the manufacturer, increasingly accountable for over packaging,” states Mike Skrovanek, MeadWestvaco’s general manager for Natralock. “Retailers like Costco can use their clout to make the packaging changes consumers are now demanding. Costco has been a very progressive partner willing to look at new ideas, to make changes for a positive environmental performance.”

Costco Wholesale Corporation currently operates 473 warehouses, including 346 in the United States and Puerto Rico, 68 in Canada, 17 in the United Kingdom, 5 in Korea, 4 in Taiwan, 5 in Japan and 28 in Mexico. The Company also operates Costco Online, an electronic commerce web site, at [www.costco.com](http://www.costco.com) and at [www.costco.ca](http://www.costco.ca) in Canada.

Natralock™ is now available from MeadWestvaco, a global packaging company that delivers high-value packaging solutions and products to the world's most recognized companies in the food and beverage, media and entertainment, personal care, cosmetic and healthcare industries. The company also has market-leading positions in its Consumer & Office Products, Specialty Chemicals and Specialty Papers businesses. MeadWestvaco, with operations in more than 29 countries, has been selected for the Dow Jones Sustainability Indexes, and manages all of its forestlands in accordance with internationally recognized forest certification standards.

To learn how Natralock makes life easier for retailers, consumers and the environment, visit [www.natralock.com](http://www.natralock.com) or call 804-327-6331 for more information.