



Corus Steel Packaging Recycling

Promoting Recycling





True value in steel



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Promoting Recycling

Corus has always been very clear and consistent about its strategy regarding the packaging regulations.

The Corus strategy is threefold:

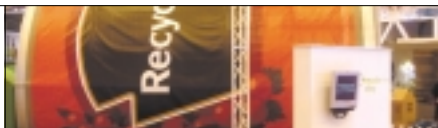
- to take advantage of steel's supreme recyclability
- to help achieve recycling targets cost-effectively
- to deploy PRN revenue responsibly and visibly

This report fulfils the third objective by highlighting the many activities undertaken by Corus during 2005 to increase the recycling rate for steel packaging, and by demonstrating how Corus has invested revenue from steel Packaging Recovery Notes (PRNs).

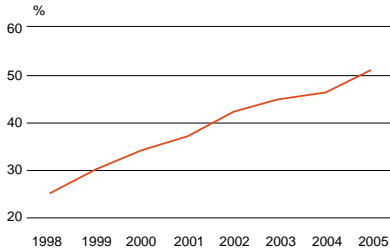
2005 was an eventful year. Steel packaging recycling rates hit new heights, rising from 46% in 2004 to 51.4% in 2005.

This is a significant milestone, as 50% is actually the 2008 target set by the EU for all metal packaging as a whole. The steel part of metal packaging has reached it and now goes forward to focus on a 54% target for steel in 2008.

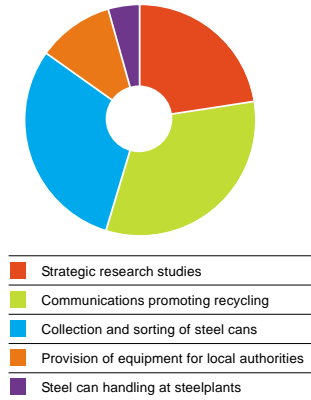
Corus itself recycled 7.5% more steel packaging in 2005 than in the previous year, this increase being the fruit of earlier PRN revenue investment.



Graph depicts continued increase in steel packaging recycling rates since 1998



Corus PRN expenditure during 2005



During 2005, Corus worked with 19 recycling organisations across the UK, providing recycling equipment which brought benefits to a total of 74 local authorities.

The steel packaging recycling infrastructure is now widespread - 90% of local authorities now have door-to-door ("kerbside") collection schemes which include metal packaging. The emphasis is now shifting to persuading the public to use these local authority facilities to recycle even more steel packaging.

The year was not without its issues, however. Of particular concern were the extremely high prices charged by some accredited organisations for steel PRNs or PERNs, when it appeared, incorrectly, there might be a serious shortage.

While UK industry has elected to run a market system based on supply and demand, there are reasonable limits to what

should be charged for PRNs and PERNs, particularly when the easy recyclability of steel is taken into account. Corus PRNs were reasonably priced throughout the year.

During 2006, Corus will be participating in a taskforce set up by the Advisory Committee on Packaging to address the concerns regarding the market mechanisms for metals PRNs and PERNs.

Corus is pleased to present its customers, and all who have an interest in the steel packaging chain, with the summary of its recycling activities which appears on the following pages.

If you would like further information, please contact me or another member of the team.

John May, Manager, Corus Steel Packaging Recycling





Promoting Education

Education continues to be a key focus for Corus PRN investment.

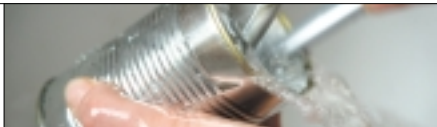
During 2005, Corus supported a number of school and education projects, all of which had the same objective - spreading the steel packaging recycling message and generating enthusiasm among the next generation of recyclers.

A key element of Corus PRN investment in education is SCRIB, the Steel Can Recycling Information Bureau - www.scrib.org.

SCRIB offers free resources to everyone, supporting the development of steel can recycling and environmental

awareness. Throughout 2005, SCRIB's hotline and online enquiry form continued to be popular with hundreds of requests for information from teachers, local authorities, businesses, students, community groups and members of the public.

Valuable feedback from SCRIB users has helped Corus identify ways to improve this resource and, as a result, a new improved SCRIB website will be launched in June 2006. The new website will include downloadable educational resources, fun games for children, a virtual tour of the steel-making process and much more.





Spreading the message in Wales

Corus has contributed PRN funds to Newport Wastesavers, a community recycling organisation, to install a Metals Education Pod at its new education resource centre.

The pod enables local school children to discover more about the recycling process. For example, groups of up to six children at a time can use magnets to separate the steel cans from other materials for recycling. The activity helps children to learn why steel's unique magnetic properties make it one of the easiest materials to separate for recycling.

Making a Europe-wide impact

PRN funds have also been invested into sponsorship of the second Youth Eco-Parliament in partnership with Valpak. The parliament will run during European Environment Week in October 2006, and will ask children to examine ways to protect the environment.

This year, students from schools across Europe were asked to produce localised environmental projects. Three schools from across the UK were chosen to carry out environmental projects and attend the Youth Eco-Parliament in Paris. The project provides an ideal opportunity for students to put forward their own ideas, and take an intellectual approach to the ways in which we can protect our environment.

Corus believes it is important that industry provides this

type of opportunity and encourages students to take a proactive approach to environmental issues, as these are the future generations of legislators and decision makers.

Linking with Liverpool

As part of an ongoing recycling project with Liverpool City Council, Corus has provided SCRIB packs to 200 schools across the city. The packs, which include teachers' resources, information leaflets, posters, a CD-ROM, and steel recycling goodies, will be used to help pupils gain a better understanding of the importance of recycling and then turn this knowledge into action both at school and at home.

Providing a range of age groups with information to help them recycle is key and will continue to be a major objective of Corus' long-term communications strategy.





Promoting Research

In order to meet the UK's 2008 recycling targets, Corus recognises the need to ensure that all PRN funds are astutely invested to achieve optimum results.

Corus invests in the future of steel, and investing in the future of recycling is an integral part of this. The progress that steel has made in doubling recycling rates since 1998 needs to be maintained.

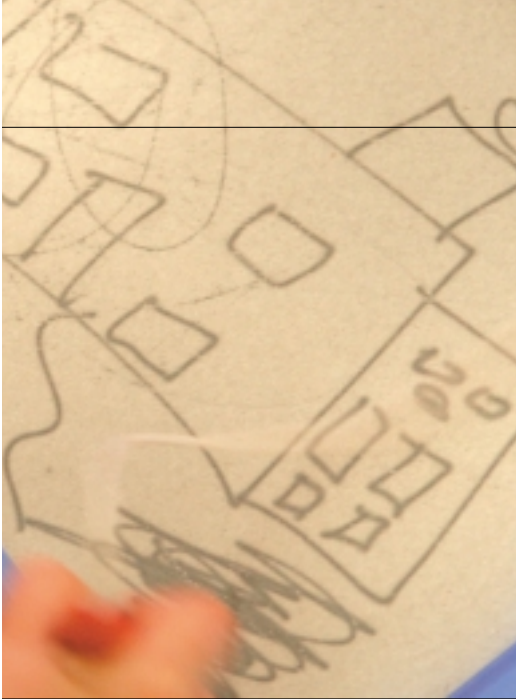
During 2005, Corus invested in research related to two key issues for the future - motivating the public to recycle through effective communications, and identifying new opportunities to collect more steel packaging in the future.

Enhancing local authority communications programmes

Corus used PRN funds to commission research into local authority communications programmes which promote public participation in recycling initiatives.

The objective was to understand what local authorities themselves believe constitutes a successful communications programme.





New opportunities for steel

The implications of the Landfill Directive will mean that more waste treatment plants will be built across the UK to recycle more household waste.

These new plants will provide the opportunity to recover a significant volume of steel packaging by using magnetic extraction to separate steel from a mixed waste stream.

More than 140 local authorities took part in this study, the results of which are intended to assist local authorities in their communications activities and help to increase recycling rates.

The research looked at current practice in promotion, perceptions on the appropriateness of recycling different types of steel packaging, and information on communications activities, funding, measurement of participation etc.

Corus is committed to helping local authorities and UK plc in achieving the EU recycling targets set for 2008.

By sharing the valuable findings of this research with local authorities, Corus will be better able to offer guidance and provide examples of best practice in the

most effective communications activities to achieve high recycling and participation rates.

Corus has also used PRN revenue to fund a major study into the future possibilities for magnetic extraction of steel at new waste disposal plants.

It showed that, as long as there are no unexpected planning delays, there should be more than 30,000 tonnes of steel recovered by 2008, meaning that steel would be able to achieve the 2008 steel recycling targets.

What still needs to be addressed is the quality of the extracted steel for recycling purposes, and Corus will be pursuing this.





Promoting Partnership

Making an impact at a national level

In 2005, Corus was involved in the second year of the national recycling awareness initiative, 'the BIG Recycle', which aims to encourage the public to recycle more packaging and newspapers.

With representatives from the steel, glass, aluminium, paper and plastic sectors, 'the BIG Recycle' provides an opportunity to deliver clear, co-ordinated and consistent recycling messages to local authorities and to the general public to encourage participation.

Everyone benefits from this collaborative approach because, as well as generating public awareness of recycling, research has demonstrated that multi-material kerbside collection can lead to increases in tonnage, quality, efficiency and participation.

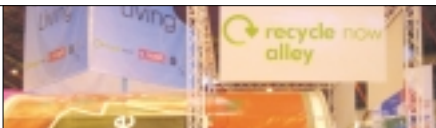
Corus contributes PRN funds to 'the BIG Recycle' and other similar consumer initiatives because they are proven to have a positive influence on the recycling activity of both local authorities and consumers.

Investment in new national packaging waste database

The UK's packaging regulations depend upon the recording and transmission of lots of information from literally thousands of companies to Government agencies.

Indeed, the efficient operation of the market system adopted under the UK regulations depends upon the prompt and accurate transmission of all of this data. The sort of information which needs to be recorded includes:

- quarterly data from reprocessors concerning how much packaging they have recycled





Corus believes that a partnership approach to recycling is essential.

Corus works closely with local authorities, community recycling organisations, Government, stakeholders, and recycling and packaging industry partners to develop the UK infrastructure for cost-effective and energy efficient steel packaging recovery.

- annual data on PRN and PERN revenue
- data related to compliance scheme membership and compliance schemes' recycling obligations for each material

At the moment this data is transferred mainly on paper forms, and there is a need to make this more efficient so that the aggregated results for the UK as a whole are produced more quickly and accurately. This will aid strategic planning.

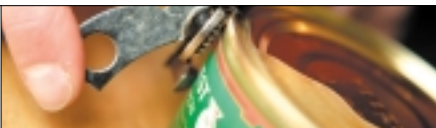
Corus has used PRN revenue to make a major contribution towards a new electronic national packaging waste database to be set up by the Government to manage this data for the UK's Packaging Waste Producer Responsibility system.

The Government's Advisory Committee on Packaging is developing the £350,000 project, which began during 2005. It will eventually manage the flow of packaging waste recovery notes (PRNs) and their export equivalent (PERNs).

The database will remove the need for businesses to submit hardcopy data to regulators and could lead to the use of electronic PRNs and PERNs.

The full system should allow registrations for the 2007 compliance year to be carried out online.

The Government itself said in a press release: "Ultimately the new database will help industry obtain the latest data in a more timely way, thereby helping the packaging market to operate more effectively."





Promoting Kerbside

Recycling infrastructure development is at the forefront of Corus' investment strategy. It is the key to increasing the collection and recovery of steel packaging from the domestic waste stream.

Corus has invested heavily in the UK's infrastructure for the collection and recovery of steel with impressive results - 90% of local authorities now have door-to-door ("kerbside") collection schemes which include metal packaging.

This investment has diverted thousands of tonnes of steel packaging from landfill to be recycled at one of Corus' accredited steel making plants.

As well as offering a secure end market for collected steel, Corus provides a number of support mechanisms to help local authorities increase their steel recycling rates.

Using PRN funds, Corus helps local authorities develop and increase their recycling capabilities through advice, technical support, grants or new equipment.



90% of local authorities now have door-to-door or "kerbside" collection schemes which include metal packaging.

- funds are concentrated where financial support would not otherwise be available, where there is greatest potential in terms of recovery volumes, or where there is an opportunity to expand existing schemes to recover steel packaging.
- further investment has been directed towards research, improving collection and sorting operations, communications, and project management.
- in 2005, Corus worked with 19 recycling organisations across the UK, providing recycling equipment which brought benefits to a total of 74 local authorities.

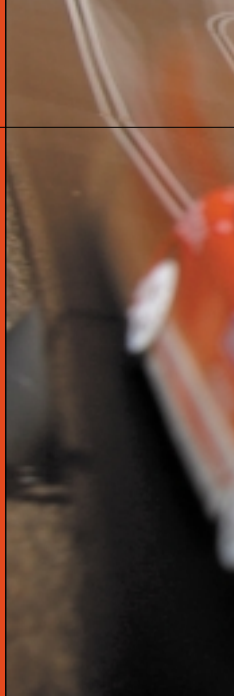
Since 1999, Corus has invested £3.4 million directly into practical recycling infrastructure.

In this time, Corus has funded 142 projects, each of which has benefited an average of eight local authorities.

This investment has generated an additional 85,000 tonnes of recyclable steel packaging annually, and this figure continues to rise.



Promoting Regional Collection



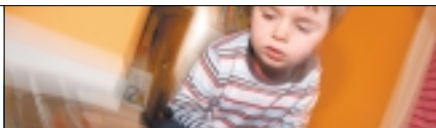
Corus offers a secure end market for recovered steel packaging in its UK steelplants.

Using PRN funds, Corus manages a national network of regional CanRoute centres where the material collected by local authorities, waste management companies and community recycling organisations are sent before being delivered to the Corus steelplants.

By having a regionalised collection system, the 14 CanRoute centres throughout the UK can facilitate more steel recycling by utilising the existing, highly efficient steel recycling infrastructure.

2005 was a record year for CanRoute, with 36,341 tonnes of steel recovered - a 45% increase on 2004. Much of this increase can be attributed to a greater number of local authorities collecting steel in their kerbside recycling schemes, and increasing awareness among householders of the need to recycle their household waste.

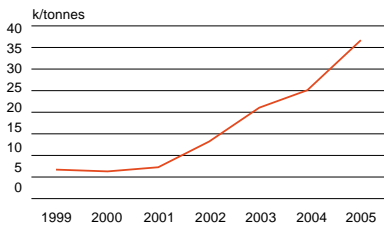
The increase in the level of steel cans passing through the CanRoute centres demonstrates that the investment Corus has made into the steel recycling infrastructure is delivering continually improving results.





Cans into steelplants (via CanRoute)

1999	6,523 tonnes	2003	21,122 tonnes
2000	6,292 tonnes	2004	25,018 tonnes
2001	7,113 tonnes	2005	36,341 tonnes
2002	12,932 tonnes		



Graph depicts continued increase in tonnage of steel cans via CanRoute

New CanRoute Centre in Northern Ireland

Corus has opened a new CanRoute Centre in Northern Ireland which will ensure that more steel packaging is recycled, contributing to the UK's recycling targets.

As a CanRoute centre, Seaforde Scrap Metals will process the steel packaging collected through numerous kerbside collection schemes and civic amenity sites in Northern Ireland.

After checking that the steel meets Corus' quality requirements, the steel packaging will be transported in bulk to the Corus steelplant in Port Talbot, South Wales.

Seaforde Scrap Metals expects to receive more than 1,000 tonnes of loose and lightly baled steel containers from kerbside schemes - equivalent to 25 million steel cans - over the next year.



Promoting Investment

Some of the many projects
Corus funded in 2005

Kerbside Calderdale Mytholmroyd, West Yorkshire



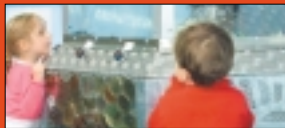
Ellesmere Port & Neston, Cheshire



Dobbins, Flintshire (Chester & South Wirral)



Newport Wastesavers, Newport



Mid Devon Community Recycling, Mid Devon



Thamesdown Recycling,
Wiltshire



Trostre
Port Talbot
Llanwern



Teesside



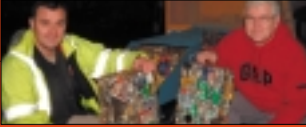
Scunthorpe



Rotherham



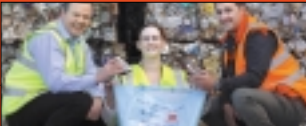
Can Do, Rutherglen, Renfrewshire



Todd Waste Management, North Yorkshire



Yorwaste/Scarborough Borough Council, Scarborough



CWRP, West Doncaster



Alutrade, Oldbury



Waste Recycling Group, Luton



Gloucester City Council, Gloucester



Investment in Corus plants

As the flow of used steel packaging into Corus plants for recycling increases year by year, there is a need to make internal improvements in plant and equipment which will make for more efficient recycling of greater volumes of steel packaging in the future.

Corus has invested PRN funds into plant which will be of particular benefit to the recycling of increased volumes of steel packaging scrap in its own operations in the future. Such investment has taken place at Corus' Teesside, Scunthorpe and Rotherham plants.

At Teesside

Investment in new weighing devices on the equipment which handles the ferrous scrap has improved the processing of steel packaging scrap and allowed even more to be used in the steel making process.

At Scunthorpe

Investment in a new inspection stand in the steel scrap stocking areas has enabled more efficient inspection and grading of the packaging scrap. This enhancement of scrap inspection procedures will enable the plant to include more of the steel can scrap.

At Rotherham

Investment in new equipment for the steelmaking furnace has improved the efficiency of the melting process and allows more packaging scrap to be recycled.

All of these investments help secure the future of steel packaging recycling and the achievement of recycling targets for Corus' customers.



Promoting Change

Corus Steel Packaging Recycling is the centre of technical and communications expertise on steel packaging recycling.

Established in 1997 to help raise the UK's steel recycling levels, it provides advice, information and financial support to public, private and not-for-profit organisations for recycling schemes and for increasing recycling awareness among consumers and the commercial sector.

Since 1997, Corus Steel Packaging Recycling's major objective has been to enhance the UK's infrastructure for the collection and recovery of steel packaging from the domestic waste stream.

With this infrastructure now in place, Corus will shift its focus to increasing participation rates in these kerbside schemes.

Flowing naturally from the recognition that the infrastructure for household steel packaging recycling is now almost complete, Corus believes that its team will benefit from a more centralised structure, rather than the regional structure it has operated to date.





This new structure will enable the team to focus on individual, larger scale recycling projects with higher yields, such as supporting metropolitan boroughs and local authorities which have low recycling rates and, therefore, offer the potential to recover large volumes of steel packaging.

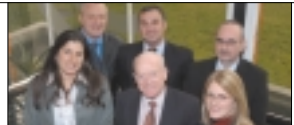
As of July 2006, the Corus Steel Packaging Recycling team will be located in Corus' Trostre plant in South Wales.

This move will enable closer co-ordination of projects and focus PRN spend on the "big-win" projects.

These developments are part of ongoing progress, and reflect the success to date, and a recognition of what is required in the next step of steel's progress.

CSPR Team

Back Row (l-r) Garvin Freeman - Recycling Development Executive,
David Williams - Commercial Manager, Jeff Clarke - Admin Manager
Front Row (l-r) Naomi Pope - Communications Manager,
John May - Manager, Nicola Bennett - Admin & Communications Officer



www.corusgroup.com

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