

Corus Steel Packaging Recycling

Moving forward in recycling





Moving forward with steel

The challenge to reduce carbon emissions is becoming an even greater priority for individuals, for businesses, and for the nation as a whole, as the Government seeks to incorporate an increasing variety of carbon reduction policies. We all need to work together in order to make a tangible, positive difference to the planet in the future.



Steel's sustainability credentials

- Steel is one of the world's most recycled materials.
- Steel is infinitely recyclable with no loss in quality.
- Steel is easy to extract from the waste stream for recovery, and the market for steel scrap is strong.



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Fortunately, the steel industry is well placed to contribute to the Government's plans to combat climate change. Recycling is at the heart of steel-making, and steel has impressive sustainability credentials. Every steel plant is a recycling facility, with each tonne recycled producing a significant saving in energy, raw materials, water and carbon.

At an individual level, every steel can that a consumer buys is a sustainable packaging solution. Our job at Corus Steel Packaging Recycling (CSPR) is to ensure that each can is successfully recycled so that the steel can be used again and again, to help preserve the earth's precious natural resources.



Every steel plant is a recycling facility, with each tonne recycled producing a significant saving in energy, raw materials, water and carbon.

Moving forward in recycling

2007 has been a successful year for CSPR. This report shows how we have managed to collect our highest ever yearly tonnage of steel packaging, demonstrates how we are spreading the message about the importance of recycling steel, and reveals our challenges, plans and strategies for the future.



CSPR Team

David Williams CSPR Manager

This has been my first full year as manager of CSPR, and I'd like to take this opportunity to thank all my staff for their hard work and dedication to the job. In 2007, we have seen yet more growth in the collection of steel packaging for recycling in the form of ever higher volumes of cans going through our CanRoute centres across the UK. This is in no small part due to the efforts of Jeff, Nicky, Rob, Naomi and Garvin.

I also appreciate the outstanding work of all the other Corus employees who play their part in recycling – from scrap inspectors and handlers through to supplies staff who work with us to secure the material for recycling.

Challenges for 2008

Most importantly, we have new UK targets to meet – 68% in 2008 – which will require us to secure and recycle greater volumes of steel packaging at Corus plants across the UK. We also face issues over product carbon labelling, retailer initiatives on packaging and countless other sustainability projects which involve the steel can. In the future, we could well face yet another re-assessment of the Producer Responsibility system; this could lead to wholesale changes which would

affect us as a raw material producer, a reprocessor and a major obligated company.

Amidst this uncertainty, one thing is clear. In order to make the most of steel's impeccable credentials as a sustainable packaging medium, we must focus our energy on recycling. We have more than doubled our recycling rate in the last ten years, but our colleagues in the Netherlands have shown that a recycling rate of 85-90% is also possible.

We will therefore strive to increase our already high recycling rate to ensure that steel remains firmly in the packaging recycling premier league.

57.5%
2007 UK recycling target

68%
new UK recycling target for 2008

85-90%
recycling rate in the Netherlands





Moving forward with packaging recycling

In 1997, the British Steel Packaging Recycling Unit (BSPRU) was set up, and became CSPR with the advent of Corus. Based in Trostre, Carmarthenshire, CSPR manages all aspects of the EU Packaging Directive for Corus in the UK, and has input into wider environmental and sustainability issues.

The UK Packaging Regulations are a 'Producer Responsibility' system designed to place a shared responsibility across the packaging chain for meeting EU targets through a market-based approach. Unlike the rest of the EU, the UK uses a system based on the generation and sale of Packaging Recovery Notes (PRNs), which have a market value based on recycling performance. It is in the best interests of Corus and our customers to meet the targets for steel, to produce low cost compliance versus other packaging materials. To date, this has largely been achieved at low cost, and steel has consistently achieved its national packaging targets.

Much of this success can be attributed to the ability of Corus to take in large amounts of packaging scrap into its four reprocessing plants. This is a great advantage for Corus – and the UK - as it means that the country is not wholly dependent on exports to meet European metal packaging targets.

Benefits of investing PRN funds

Corus' recycling success is largely due to the impact of finance from Packaging Recovery Notes. Over the last 10 years, CSPR has invested Corus PRN funds into hundreds of grass-roots steel recycling schemes in the UK which feed steel packaging into Corus for recycling.

This investment has a number of benefits:

CSPR provides equipment and support in return for a five-year supply deal for the material – guaranteeing Corus steel PRNs for this period. Corus is in turn guaranteed the steel scrap for steelmaking. Thanks to the low cost of this material compared to other steel scraps, Corus saved circa £1.5m in 2006.



UK recycling success

In 1997, the UK packaging recycling rate for steel was 23%.
In 2006, the rate was 57.3%.
The UK met the 54% EU target for 2008 two years early.

By reinvesting PRN funds into improving the flow of material into Corus steelmaking plants, we have further increased our ability to take in collected steel packaging in large volumes. The potential intake of can scrap has now increased from 175kt to 250kt. Meanwhile, the perception of used steel packaging has changed, and it is now seen as a cost-effective and available source of ferrous scrap.

Moving forward with CanRoute

In 2007, more than 68,000 tonnes of steel packaging were recovered - the highest yearly tonnage recorded since we established our CanRoute system in 1999. This represents a 48% increase on the total tonnage collected in 2006.



Recycling more than ever before

British businesses need to recycle packaging material in order to reach the Government's packaging targets. CSPR aims to collect as many steel cans from the household waste stream as possible, in order to contribute to these targets. Thanks to the strong end-market for steel cans in the UK, we can always find a use for the steel we collect.

In 1999, Corus established its CanRoute system as a network of regional centres to collect steel packaging from the domestic waste stream. Local authorities and collectors are able to deliver cans to one of the 14 CanRoute Centres nationwide. Prices are fair, based on the current market price for steel scrap, and contributors receive prompt payment for their steel packaging material. CanRoute Centres are operated by leading steel processing companies that check incoming material for quality, store and re-bale the material into steel plant quality bales, then deliver the material to Corus.

In 2007, CanRoute collected more steel packaging than ever before. By continuing to work closely with Local Authorities and by investing PRN revenue into recycling schemes throughout the UK, we aim to collect even more steel and further improve the steel-recycling infrastructure.

How we support recycling

Throughout 2007 CSCR has supplied steel can recycling equipment to Local Authorities, large and small privately-owned Material Recycling Facilities, and small community schemes. The equipment includes Large Balers, Overband Magnets, Can Sorters, Hoppers and Conveyors. Businesses can apply to CSCR to receive PRN funding for recycling equipment, even if they have previously received help. We are also able to replace ageing equipment with up-to-date machinery. If a business is looking for advice on recycling steel, we are always willing to listen and offer help where possible.



2007 Projects Include:

Support for Material Recycling Facilities

Printwaste
Can Sorter and exit conveyor

Alutrade
Large Baler

Yorwaste
Fabrication work

FD Todds
13 Can Banks

Can Do Recycling
Exit Conveyor

Bryson House
TCB Baler

Derwent Recycling
TCB Baler

Orchid Environmental LTD
Baler

Clean Stream Recycling Can
Flattener

Baylis Recycling
Large Baler

Julian's Waste Management
Can banks

Support for Community Projects

Rothesay Recycling
Small Baler

Support for Local Authorities

Exeter City Council
Baler

East Ayrshire Council
Recycling Bins for Schools



Moving forward with PRN system

At Corus we raise Packaging Recovery Notes (PRNs) by using recovered steel packaging in our four steelmaking plants. This enables us to generate funds to reinvest in recycling schemes that, in turn, provide us with more steel packaging to use for steelmaking. This 'closed loop' recycling system has proved very effective. We have seen growth in PRN issue every year since the advent of the 1997 Packaging Waste Regulations.





Helping companies fulfil their obligations

Steel is one of the success stories for UK recycling. In 2007, steel packaging recycling hit an all time high of 404,500 tonnes – surpassing 2007 business targets by 27% and giving a surplus over the national target of over 40kt. For 2008, DEFRA has issued a steel recycling target of 68%, followed by a half percentage point rise for each year up to 2010.

There has been much talk about fundamental changes to the PRN system, but the targets for packaging materials in 2007 were easily met, and even exceeded in some sectors. As a result, the UK Government is likely to continue to support the current PRN system without implementing any major changes. Today’s market-based PRN system gives obligated companies a great deal of choice in how they fulfil their recycling obligations. For example, they can join a compliance scheme which adopts the responsibility for meeting the company’s obligation, or

register with the Environment Agency and purchase PRNs directly from accredited reprocessors such as Corus.

This second option tends to be the most cost-effective method, but it lacks the safety net provided by membership of a compliance scheme. Choice exists under the prevailing system. To take away that choice would be restrictive and have implications for the market place.

Low PRN prices forecast

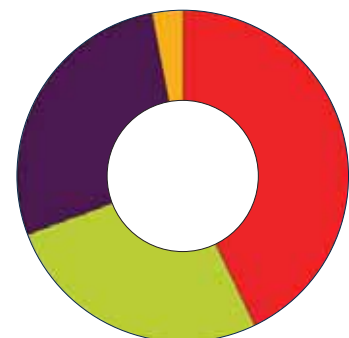
One of our fundamental interests as a primary producer of steel for packaging is to ensure the recycling success of steel. For the market-based PRN system, this success has resulted in lower PRN prices for users of steel for packaging – who are, in essence, our own customers. Therefore, steel’s recycling success can translate into lower compliance costs for UK steel businesses. In addition, taking into account the recycling results for 2007 and the targets for 2008-2010 targets, we anticipate low PRN prices for the next three years.

PRN Spend 2007

Activity	% Spend	Detail
Increasing reprocessing capacity	26.1%	Increasing steel packaging recycling
Supporting collection infrastructure	55.4%	Provision of equipment Operation of collection & sorting Communication & Education Market & Product Development
Other	18.5%	Management of above

Supporting collection infrastructure: breakdown

- Provision of Equipment
- Collection & Sorting
- Communication & Education
- Market Development





Moving forward with new technology

Working to get high quality materials for recycling

Steel's magnetic properties are a great advantage in recycling terms. As electro magnets can extract ferrous material from waste streams, steel packaging can be recovered using various recycling technologies. Corus recycles steel packaging from the following sources:

Kerbside

Source segregated and co-mingled

MBT/MHT plants

CHP Incinerators

Segregated kerbside materials provide the cleanest domestic steel packaging, closely followed by co-mingled kerbside material. The prices we pay correspond to the quality of the material. We follow our European counterparts in requiring a minimum ferrous content of 92%, and invest PRN funds to ensure that we achieve this percentage.

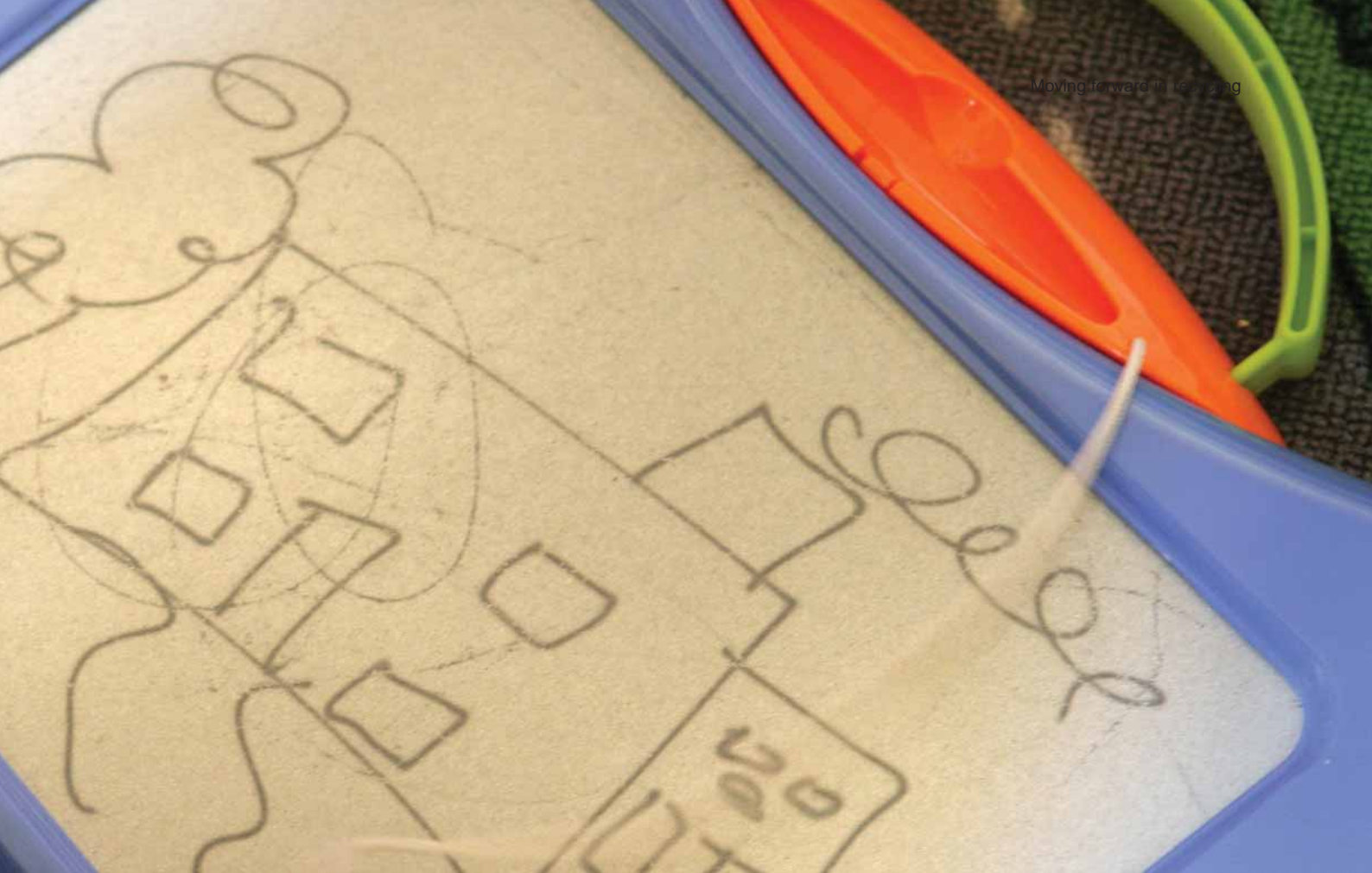
Some say that contamination of steel packaging by other materials and organic matter is not a great problem to the steel industry as the packaging is destined to end up in a hostile and robust industrial process. Nevertheless, we are in the business of making steel, and are not primarily an incineration plant for other materials.

The practical problems associated with too much contamination include:

- health and safety issues at Material Recycling Facilities.
- health and safety issues at CanRoute centres and at our own scrap yards.
- yield loss in the steelmaking process.

In general, the quality of material from Material Recycling Facilities has improved in the last few years. This is due to improved MRF design, better collection techniques and a greater awareness of recycling among the public.

The volume of collected material has also grown dramatically, in particular when existing weekly schemes change to alternative weekly collections.



New equipment, better quality

Some of the new technologies provide a very clean end product; material from Autoclave plants is some of the cleanest seen in the UK. Although this system may not be suitable for all materials, the pressurised steam process provides the cleanest domestic steel packaging to date.

There may be future quality issues arising from material from some of the new technologies. As a result we are in the process of developing equipment to accept and upgrade material from all sources.

In 2008 we hope to commission clean-up systems that will enable us to accept material from all the diverse technologies that are available in the UK waste management industry.

We plan to:

invest PRN funds to ensure that materials for recycling have a minimum ferrous content of 92%.

develop equipment to accept and upgrade material from all sources.

commission new clean-up systems.

Moving forward with our stakeholders

CSPR is determined to maintain steel's position as an excellent, sustainable, long-term packaging choice. We are working to achieve this aim with campaigns and projects that inform stakeholders of the latest technical and supply chain solutions.

Giving steel the edge

Our Research and Development department constantly investigates new ways to help our customers with accurate technical advice. This is key for the steel packaging industry, as our customers need up-to-date information for their supply chain in order to give steel the edge over competing materials.

We also work with major brand fillers to convey messages about steel's sustainability to consumers. By working with other organisations, we can effectively combine our expertise and tell a compelling packaging story to consumers.

Recently, our can-making customers have been very proactive in giving their supply chain information on steel's sustainability. As a result, many of our stakeholders have gained a clear understanding of the benefits of steel, and have seen first-hand the recycling, reprocessing and manufacturing of steel packaging.

Getting our message across

In 2007, CSPR joined forces with Corus Packaging Plus and exhibited under the Metal Packaging Manufacturers' Association umbrella at the 'Total Packaging' event in Birmingham. This proved very popular, particularly the 'one stop shop' that offered information on everything about steel, from answers to technical and logistical queries to details about recycling and steel's environmental impact.

CSPR has also taken the initiative to produce a simple factsheet that explains steel's sustainability to stakeholders throughout the supply chain. This helps ensure that the steel packaging sector gives consistent messages about steel to consumers.

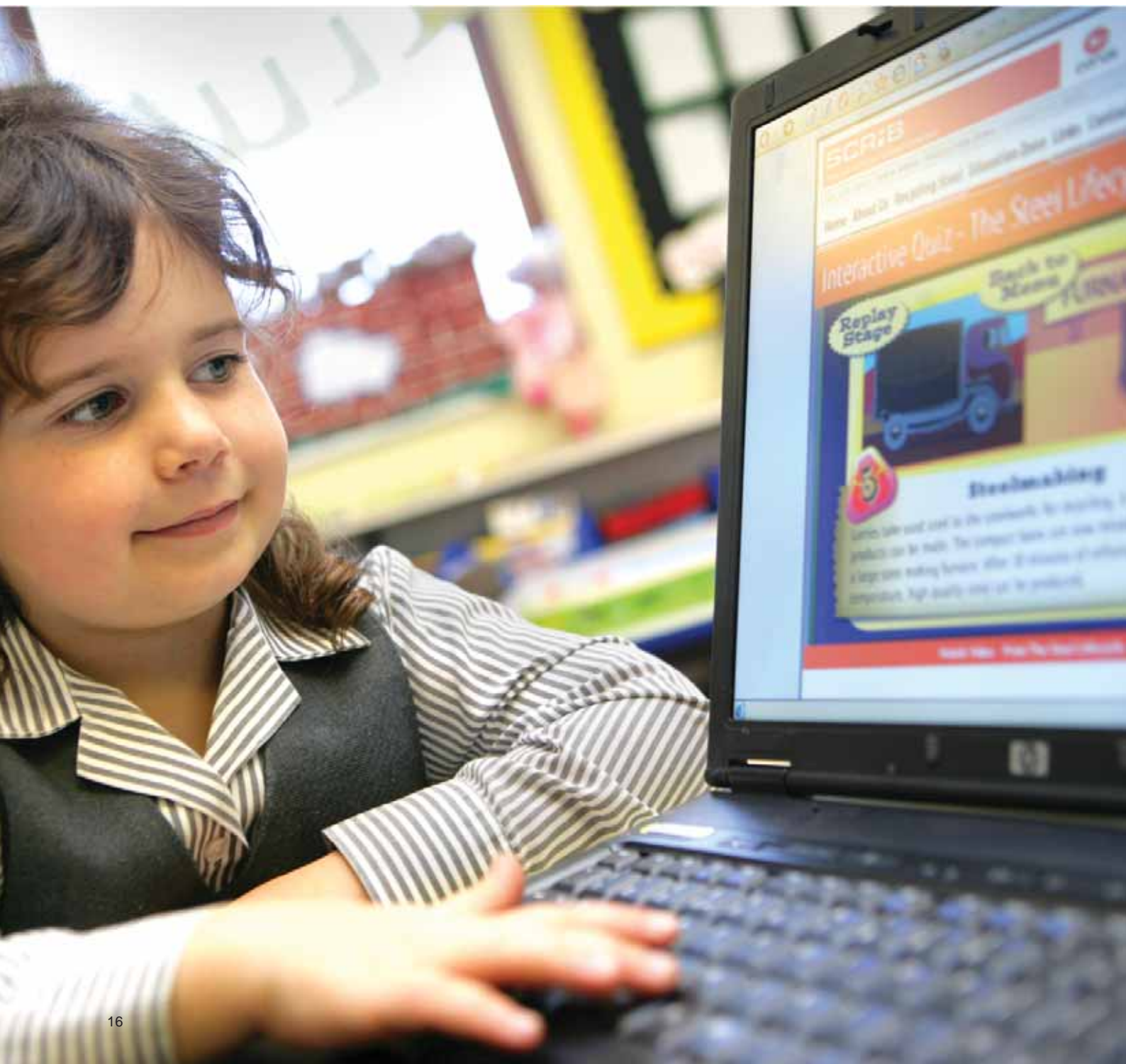


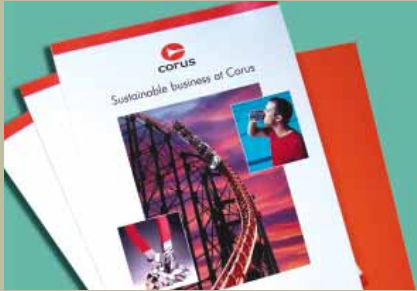


Fructose (from natural sources)
Sweeteners (from natural sources)
Contains a source of Vitamin C

Moving forward in education

It is vital to convey the importance of recycling to the next generation. CSPR works constantly with children and within education to promote key messages about the sustainability of steel.





This page, far left:
Times 100 Case Study
Opposite and left:
Schools visit

Times 100

CSPR and Corus Education teamed up to produce a case study for the Times 100 publication. This enables pupils studying for business qualifications to learn more about recycling and the environment, and to apply their learning to their own work. This initiative has proved highly successful, and has led to a number of requests for partnerships with educational bodies.

Local Authorities

Corus continues to support Education and Recycling Officers throughout the UK by providing much-needed resources and merchandise for local recycling activities.

Triathlon

Corus UK Ltd is the premier sponsor of British Triathlon, a young but rapidly-growing sport. The 'Corus Kids of Steel' triathlon series gives children between the ages of 8-13 the opportunity to have a go at triathlon in a safe and fun environment. CSPR handed out 'goodie' bags at each of the 11 events in the UK, promoting the recycling message to over 1,000 children at each event.

SCRiB

Since its relaunch last year, SCRiB (the Steel Can Recycling Information Bureau) has become the leading educational resource on steel recycling.

We constantly update the website - www.scrib.org - to cater for schools' demands for more activities. In particular, our new 'Can Carnage' game has proved an effective way to get the recycling message across to a young audience.

Following requests from SCRiB web site visitors for more information, we now send out a bi-annual newsletter which features news about packaging and recycling, as well as a section where readers can tell their stories.

The success of the website is confirmed by the thousands of people who visit each month and the hundreds of requests we receive for our 'Kids in Charge' educational DVD. The DVD has generated a great deal of interest, and often results in a request for a visit from a Corus representative. We have visited schools in many areas of the UK and these visits have been well received.

Moving forward with communication

From a model in a bikini made of steel cans to a giant motorised steel can roaming the streets of Exeter, CSPR has discovered some innovative ways to raise awareness of the importance of recycling steel.



Contact Us



Eco Park recycling messages

In October, CSPR worked with Milton Keynes council to spread the recycling message by providing information within the new 'Eco Park' attraction at the Gulliver's World theme park. CSPR offered funding for display boards that show the whole steel recycling process – from purchase to recycling through to the manufacture of new steel products.

Keeping in touch

Once again, CSPR exhibited at the Recycling Waste Management event in September at the NEC, which helped us keep in contact with our friends in the waste management and recycling industry. Other high-profile events included the Local Authority Recycling Advisory Committee annual conference, the National Recycling Awards and the Chartered Institute and Waste Management annual event.



Recycle Now in the headlines

In an innovative move to promote Recycle Now week in June 2007, CSPR transformed used steel drinks cans into a bikini and swimming trunks which were modelled on Brighton Beach. Meanwhile, in Nottingham, strongman John Evans balanced an incredible 429 filled cans on his head without any support. Both events generated considerable media coverage, and helped to raise our profile both within the industry and among consumers.

Cans and football fans

We took the recycling message to the streets in April in Exeter, as part of a joint effort with Exeter City Council and Exeter City Football Club. As match day sponsors, CSPR drove a giant motorised steel can around the city centre to promote steel can recycling to football fans. The promotion also involved PA announcements at half time during the match.



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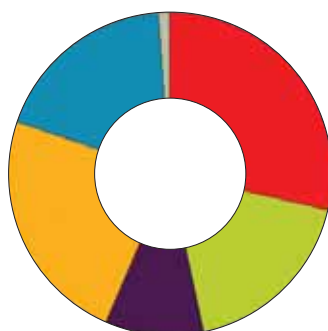
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Here is how we spent the CSPR communication budget in 2007:

- SCRIB 29%
- Publishing 18%
- Media 10%
- Exhibitions and events 24%
- Sponsorship and projects 19%
- Advertising and Promotions 1%



www.corusgroup.com

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