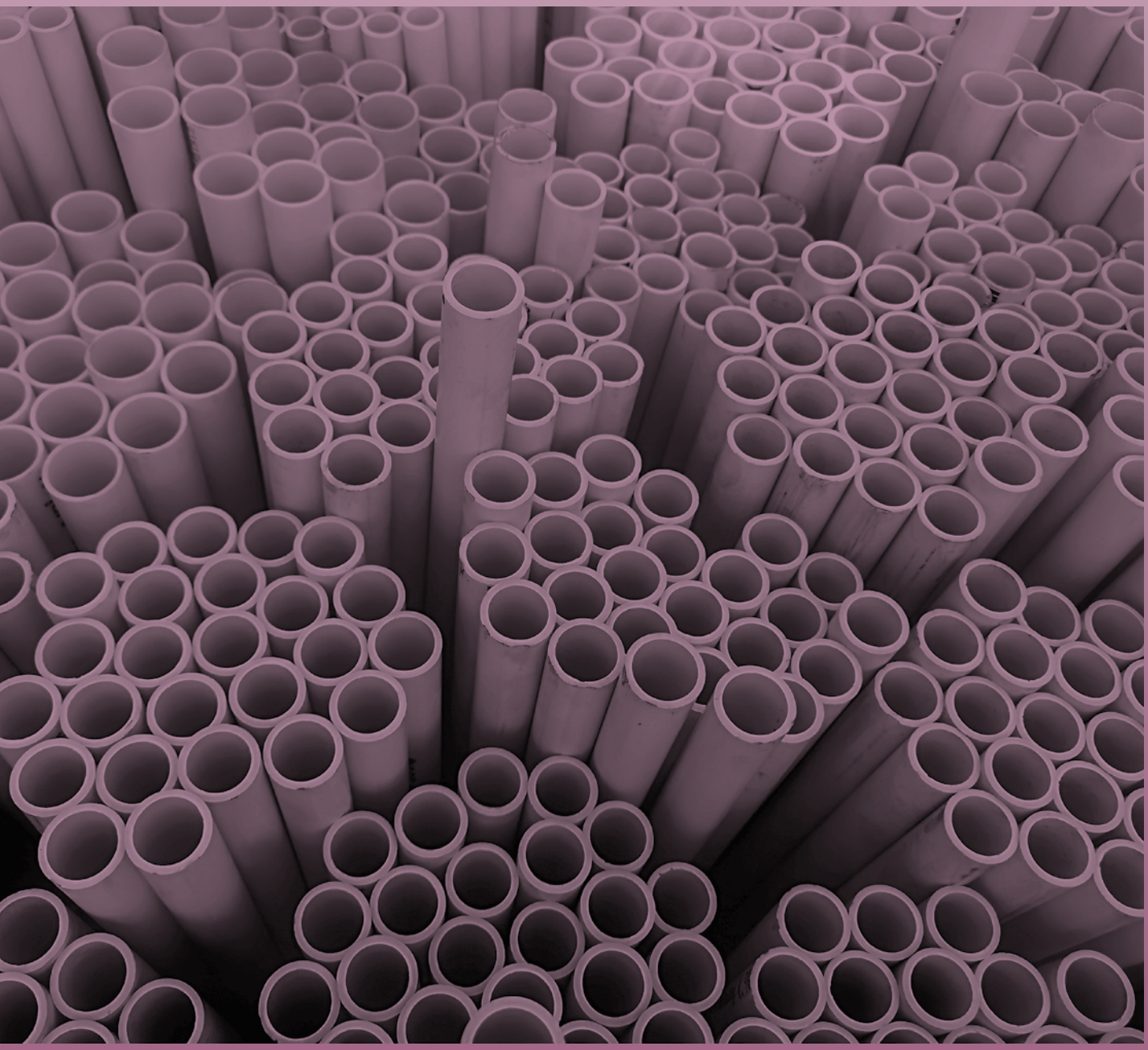
cpi confederation of paper industries

Global Challenges, Local Resilience

Annual Review 2022-23



Paper – the sustainable, renewable choice

Confederation of Paper Industries

The voice and face of the UK's Paper-based Industries

The Confederation of Paper Industries (CPI) is the leading organisation working on behalf of the UK's Paper-based Industries. CPI's membership includes the overwhelming majority of the supply chain for paper, comprising paper and board manufacturers and converters, corrugated packaging producers, makers of soft tissue papers, and collectors and processors of paper for recycling.

CPI represents an industry with an aggregate annual turnover of £11.5 billion, with 56,000 direct and a further 93,000 indirect employees. Members range in size from large multi-national organisations with multiple sites in the UK, to single site SMEs.

CPI unites the UK's Paper-based Industries with the purpose of promoting paper's intrinsic value as a renewable and sustainable fibre-based material, enhancing its competitiveness through seeking appropriate legislation and regulation for the industry and in spreading best practice.

CPI is working to promote:

- a positive image for paper
- secure energy supplies at competitive prices
- resource efficiency within a coherent waste strategy
- the benefits of packaging
- a sustainable UK Paper Industry
- manufacturing as a vital part of a balanced economy
- a competitive, level playing field for the UK's Paper-based Industries

Paper – the sustainable, renewable choice

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By the time you read this the war in Ukraine will be in its second year. The death and destruction it has wrought has been truly horrifying, although, gradually, the West is coming together to provide the military and economic support that Ukrainians need to defend themselves effectively.

The war, coupled with the wider effects of both Brexit and COVID, provides a sombre backdrop to this annual review. We can all see the consequences: soaring inflation, especially affecting energy and food prices; political chaos; declining international trade; and growing industrial unrest. The most recent IMF economic forecasts predict that the UK will be the worst economic performer in the G7 in 2023, and the only one to see its economy shrink (by 0.6%).

In this context, policy makers are wrestling with how to balance the books, how to support households and businesses, and how to make progress on challenges like climate change. They don't always get it right and industry needs to engage in the policy making process to encourage a focus on sustainable economic growth.

Here CPI has had some notable successes. Early in 2023, the UK Government announced its Energy Bill Discount Scheme (EBDS), which included a significantly greater level of support for Energy and Trade Intensive Industries (ETII). The scope of the scheme included almost all of the operations of the UK's Paper-based Industries, which reflected the work of CPI in ensuring that officials understood the interconnected nature of the industry.

However, the picture is not so rosy everywhere. The industry, globally, needs to work together and show leadership in building the narrative that all sectors of the industry, from forestry to recycling, are an indivisible whole, and cannot be "salami sliced" by misguided politicians following more populist agendas. Our industry is demonstrating how business should operate in the future: using renewable and sustainably sourced raw materials; actively promoting and demonstrating the circular economy; and expanding management beyond the forest, as a major player in mitigating climate change and improving biodiversity. I look forward to 2023 being a year in which the Paper-based Industries, globally, can stand up and explain the sustainable power of this interconnected, circular bioeconomy.

There are many people to thank for their support in the delivery of CPI's objectives. I am particularly indebted to my fellow CPI Board and Council members, and the members of CPI's sectoral Councils and committees for their support and contribution over the year. CPI simply could not function without the engagement and contributions from such a wide spectrum of its knowledgeable and committed members to its work. On behalf of all CPI members, I would also like to thank the team of CPI staff for their work throughout the year. CPI is fortunate to have such a dedicated group of experts at its disposal, and throughout this report you will read the significant achievements that they have made over the year.

Stewart Begg, *CPI President*

Director General's Overview

Andrew Large

CPI Director General

> *Despite the challenging external environment, 2022 was a year in which CPI had considerable success.*

I began my research for this year's overview by looking back at what I said in early 2022. I wrote then about the striking juxtaposition of a difficult external environment together with an association that is fully focused on making the best of that situation for its members.

A year on, the issues we face are evolving, but the contrast between the state of the world and the efforts of us all in business remains every bit as stark.

2022 will be remembered as a year of immense change in the UK. A year in which Her Majesty the Queen died, and was succeeded by her son, King Charles III. A year of three Prime Ministers, including what must surely be the shortest Premiership we are ever likely to see. A year of continued political convulsions, resignations, and questioning of the political class, which at this point in 2023 looks to set to continue.

And yet underneath these choppy waters, the key issues that I highlighted a year ago, around inflation, energy costs, mortgages and squeezed living standards remain unsolved and outwardly insoluble following the dramatic lurches in policy seen in 2022. One can only hope for greater stability in macro-economic policy-making to provide more solid foundations for our industry in future.

Be in no doubt that a new policy approach is needed. 2022 saw the closure of three Paper Mills, with a fourth closure announced in January 2023. Hundreds of people have lost their jobs, and companies with more than two centuries of history have disappeared overnight. If the UK is to have an industrial future, then a new approach is necessary.

So far the progress here is mixed. On the one hand there are signs of real movement on the energy issue, as Government realises that it is unsustainable for the UK to have the most expensive industrial energy on the continent of Europe. Unfortunately, however, this is not matched by the work on recycling, where the triumvirate of policy measures (Deposit Return Schemes, Extended Producer Responsibility and Consistency of Collections) continue to move at different speeds, with differences between the nations of the UK, and insufficient preparation prior to implementation. CPI supports any measure that will improve the quality and quantity of recycling. It is to the detriment of our industry, and of others, that these three measures do not currently meet that need.

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Despite the challenging external environment, 2022 was a year in which CPI had considerable success, much of which you will read about in this review.

In our 150th Anniversary year, we held a number of celebrations that commemorated the long history of the paper-based industries. Our first conference for three years was held at the Belfry, bringing together health and safety experts from across the industry to exchange views on how best to reduce incidents and injuries. At the conference, CPI made a substantial donation to the restoration fund for the Apsley Paper Museum, following its damaging fire in January 2022.

The conference also showcased an exhibition and book of photographs showing the history of the industry from the 19th century to the present day.

Director General's Overview

This exhibition is currently on loan to the industry, and will be on permanent display at the Apsley Paper Museum once their reconstruction work is complete.

In March 2023 at the House of Commons, CPI, in conjunction with the Paper Gold Medal Association, held its second Paper Industry Gold Awards. The awards were a great success, with winning entries from all across the industry and country. Over a hundred industry representatives attended, together with MPs and Peers from across the political spectrum. We are very much looking forward to building on their success in 2024.

In Autumn 2021, the CPI Board agreed a plan to cover the operation of CPI from 2022 to 2025, a period of four years. As well as the ongoing work of the organisation, this Strategic Plan sets a course for CPI and the industry to work on two interlinked areas of great importance: enhancing industry skill levels, and improving the attractiveness of the industry within the labour market.

In this review last year, I promised to report on the progress against that commitment. One of the side effects of the economic uncertainty of 2022 was a re-evaluation by Council of the merits of this strategy, which resulted in a pause of one year being agreed. However, the need to invest in the future of CPI and the services we can provide to members is growing, and I am pleased to be able to confirm that the plan will go ahead this year.

I remain proud of the value that CPI gives to its members, from the many tens of millions of pounds saved for the industry each year on energy, to the support we give on health and safety, and the information and guidance we provide across a whole range of topics. Last year, we began a process of reporting to each member individually on the value that CPI provides to them, and I look forward to continuing that work in future years. Members will have received their value for money statement from CPI last autumn, and I look forward to reporting again towards the end of 2023.

The work of CPI depends on the efforts of many people. I would particularly like to thank the CPI President, Stew Begg (Essity), Vice-President Brian Lister (Saica), Honorary Treasurer, Angus MacSween (Arjowiggins until January 2023) and the Past President, Patrick Willink (James Cropper) for their advice and support over the past year. Together with CPI Chief Operating Officer Neil Fishburne, this is a strong management team for CPI, and I am very grateful for their support.

Finally, I would again like to thank the CPI Executive team. CPI is fortunate that it can rely on a group of experienced and dedicated staff who deserve an enormous amount of credit for the work that they have done in 2022. I would particularly like to single out Debbie Stringer, David Morgan and Simon Weston, who have all retired recently and to welcome Jo Scott, Ken Holroyd and Dimitra Rappou who succeeded them. All three have seamlessly integrated themselves into the work of CPI and are fundamental to the delivery of member services.

Energy

With papermaking being intrinsically energy intensive, requiring electricity to drive the papermaking machine and heat to dry the formed paper, access to secure, competitively priced energy is fundamental to the UK's Paper-based Industries. It follows that UK energy policies are central to both investment in new plant and continued operation of existing sites. Policy decisions must ensure that domestic energy intensive manufacturing can compete with companies looking to import manufactured goods from overseas and shift UK production to overseas markets.

A new paper mill is a huge capital investment, with a long operational life for the new asset once built, often in excess of 20 years before a major re-build. As a result, long-term political and economic factors are hugely important when finalising investment decisions, and UK sites face stiff competition from other potential manufacturing locations.

Energy markets have become increasingly unpredictable, with huge price volatility for energy managers and policy makers to contend with. In 2020 prices crashed and investments slumped as the COVID-19 disruption reduced demand, while 2021 saw energy prices rebound as demand increased against constrained supplies. In 2022, we saw further spikes in prices, adding real concerns that there would be actual, physical shortages of gas and oil as the effects of the Russian invasion of Ukraine spilled over into energy supply contracts, with huge disruption to flows of energy from Russia to Ukrainian allies in Europe.

In retrospect, building parts of the European industrial strategy around cheap Russian oil and gas has proven to be a huge mistake, leaving the European Union, especially Germany and other countries in the East, struggling to cope with the supply issues, and looking for alternative sources of energy.

While the UK has limited exposure to direct supplies from Russia, the interlinks between national energy networks mean that shortages in one area result in high prices elsewhere as the market acts to use price signals to transfer supply. Brexit left the operation of the UK/EU energy markets relatively unaffected, which is important as the UK had allowed domestic gas storage facilities,

UK Papermaking – energy use

Sector energy imports in 2021 comprised:

8.2 TWh of natural gas (used in CHP or boilers)

2.8 TWh of solid biomass (used in CHP)

0.2 TWh of other fuels

This "gas + biomass" provided

1.7 TWh of electricity

7.1 TWh of heat

1.5 TWh of electricity (imported from the grid)

CHP plant also operate to support the national grid and the sector exported 0.3 TWh of electricity in 2021.

Energy

and back-up electricity generation capacity, to close assuming that, at times of high demand, the interconnectors and LNG imports would provide a less expensive solution and allow the UK to make use of European storage facilities. Ironically, the legacy of abundant UK domestic gas production is a UK electricity supply market more dependent on gas generation than elsewhere in Europe; at times of low solar and wind supply, around two-thirds of UK generation can be based on gas. With a relatively mild winter across Europe, no unexpected major infrastructure issues, reduced demand, and increased imports of LNG, the winter 2022/23 period has been traversed without any major problems, although the ongoing uncertainty surrounding supplies of gas from Russia means that there are still issues facing market operations for next winter.

Although energy has been available, it has come at a huge cost: price spikes caused chaos in the supply market, with large numbers of domestic supply companies going bust, and Ofgem stepping in to guarantee continued supply. In the non-domestic market there was concern that the largest supplier, the Russian owned company Gazprom, would be forced from the market, an event only avoided by a fundamental restructuring of ownership. Notwithstanding this one positive story, a number of other suppliers voluntarily withdrew from the market, leaving an increasing lack of competition and little interest between the remaining suppliers in competing with each other on price. Sadly, these higher energy prices were key factors in the closure of four UK mills.

It is always difficult to generalise about energy prices for industry due to differences in contract cycles and hedging strategies, but faced with forward market prices for winter 2022/23 that would have closed large parts of the UK economy, the Government acted to cap prices for both domestic and non-domestic consumers. However, the huge cost of this support package to the Government means it is limited until the end of March 2023, with the Treasury determined to better target support to those parts of the economy most at risk from high costs. It follows that most parts of the paper sector are included within the scope for the new scheme, though the intervention levels are much less supportive, with more risk transferred to industry.

2022 also saw the COP 27 meetings in Sharm-El-Sheik, where the intention was to build on the progress made in the Glasgow meetings that were held the previous year. The general consensus was one of disappointment, with some progress being made at the national level, but the economic reality is that the increased cost of oil and gas, plus the falling deployment cost of renewables, especially wind and solar, mean that in the longer term the UK and European economies are likely to move away from fossil fuels on both cost and security grounds. However, the intermittency of some renewables is still a key issue to be resolved, with a potential role for industry in supporting better grid operation by flexible production and on-site energy generation. It is also worth noting that the legally binding target of net zero UK domestic emissions by 2050 is still in place, with cross-party political support. Green jobs are seen as one of the economic ways to grow out of the current crisis, with the Paper Sector offering a bio-based opportunity to help re-balance the economy.

Paper Sector Decarbonisation Roadmap

In 2014, a group including company representatives, suppliers to the industry, academics, and policymakers identified opportunities to decarbonise papermaking and ways to address potential barriers preventing these outcomes being delivered. This became the first sector Decarbonisation Roadmap, and it was reviewed and updated during 2022.

A copy of the **Decarbonisation Roadmap** can be found on the CPI website **www.paper.org.uk** or scan the QR Code

Energy

The Roadmap identifies six key topic areas that, in combination, offer a route to decarbonise UK papermaking. The Roadmap assumes appropriate support from the Government to keep energy costs competitive in order for UK sites to compete with sites outside the UK who may not be subject to the same decarbonisation costs. These key topic areas are:

- Energy Efficiency
- Electrification
- Hydrogen
- Biogas and biomass
- Carbon Capture, and
- Industrial Clustering.

For papermaking, the biggest impact of the Government's energy policy is likely to be a reduced reliance on the use of natural gas, with no new investments in gas-fired equipment expected by 2030. Hydrogen, bio-gas, and electrification are seen as potential alternatives, but all come with unresolved cost and deployment problems. The challenge is to keep the cost of industrial energy competitive through this transition until other competitor countries also move their policy in the same direction. In this context, it is critical that industry is given time to respond to policy changes and not be subject to costs higher than those faced outside the UK. As an example, policymakers don't seem overly concerned if UK carbon costs substantially increase, though experience suggests that action is finally taken after a crisis develops.

Energy Efficiency

High energy costs and planning for decarbonisation has refocused attention onto energy efficiency, with companies exploring additional opportunities on top of measures already being used. While the UK has lagged behind other nations in promoting energy savings, there are some welcome signs of progress. A number of mills have already benefited from support from the Industrial Energy Transformation Fund, with further bids being prepared to apply for support from future funding rounds.

Sector Carbon Reductions since 1990

For 2021, using Defra national carbon factors, and assuming a credit for electricity exported, the sector's fossil GHG emissions were:

- 1.53 $MtCO_2$ direct emissions - with a specific figure of 0.42 tCO_2/t
- 0.24 $MtCO_2$ indirect emissions

Compared with a base year of 1990:

- Direct fuel CO_2 emissions were 73% lower
- Specific fuel CO_2 emissions from direct fuel use were 49% lower

These reductions have been brought about by fuel switching (from coal & oil to natural gas & biomass), huge investment in CHP (both gas-fired and biomass-fired) and progressive energy efficiency improvements over the years.

Environment and Sustainability

We, as an industry, have come a long way, both in changes to environmental regulation and environmental performance. Historically, paper mills were built close to two of the most important resources for papermaking; trees and water. With water being the carrier for paper fibres through the process, but not forming part of the sheet, emissions to water were, and continue to be, a principal area of environmental impact. Water in was discharged after use along with any remnants not required for papermaking - "dilution being the solution" to effluent treatment.

The rise in understanding of global environmental issues including air and water pollution, climate change, and forestry have all led to increased awareness, and subsequent government regulations, with consequential improvements in environmental performance. Latterly the basis for environmental regulation has come from the European Union with, particularly for the Paper Sector, the introduction of environmental permitting and the requirement to operate to Best Available Techniques (BAT) and meet emission levels associated with BAT (BAT AELs), with BAT and BAT AELs being defined in the Pulp & Paper Sector BREF. Improvements in performance have seen reductions in water intake of around 80%, and in Chemical Oxygen Demand (COD) emissions to water of around 70%, since 1991.

With the UK's exit from the EU, much of the environmental regulation was transposed into UK regulation. Indeed the basis for permitting had been a UK regulation for some time prior to Brexit with the only, but very important, link remaining being that of the EU sector BREF as the definition of BAT and BAT AELs.

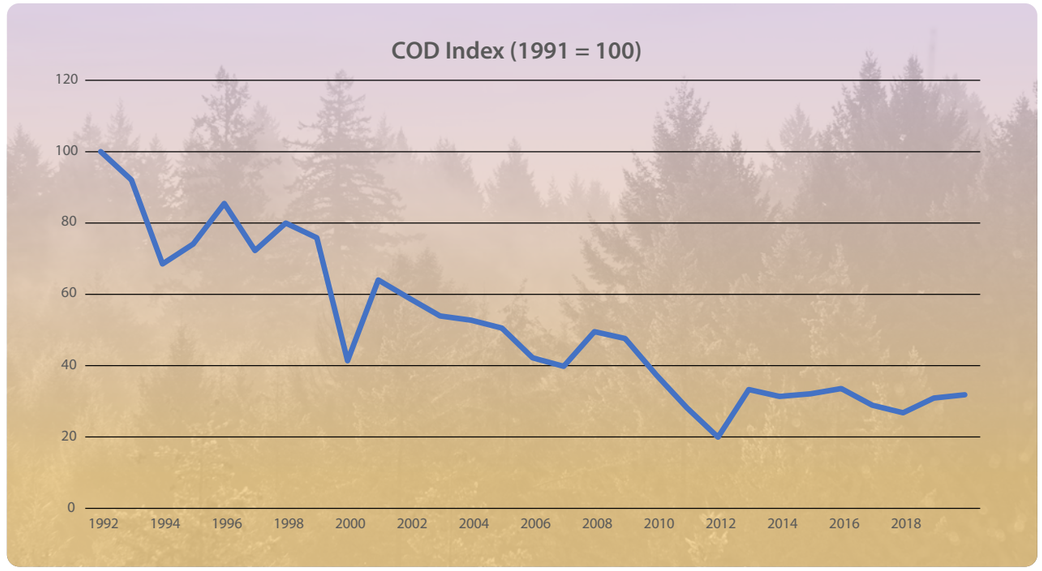
Moving forward, key areas for further development of environmental regulation are focused on replacing the EU sector BREF with a UK BAT Document defining BAT and BAT AELs and, as a result of Climate Change, linking water abstraction to water availability and climate change adaptation.

Development of UK BAT Documents

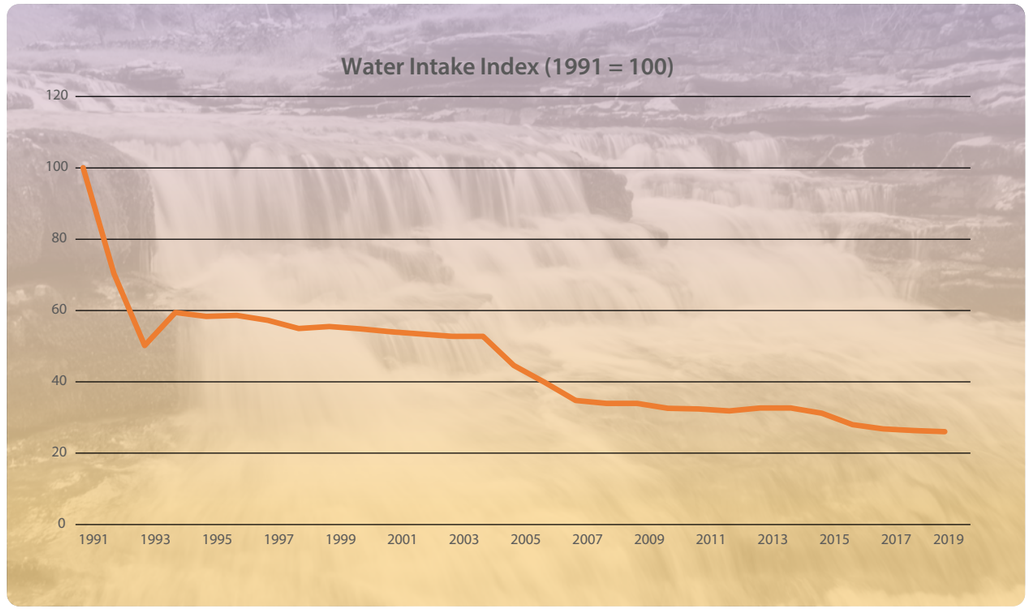
As EU Sector BREFs come up for renewal, development of future BATC (BAT Conclusions) will be led by UK Government and devolved administrations using an evidence-led collaborative approach.

This approach is modelled on the EU process with three groups within a framework:

- **The Standards Council**. The Council will oversee the process and provide strategic oversight. It will be comprised of government officials.



Environment and Sustainability



- **The Regulators Group.** This group will be responsible for making recommendations to the Standards Council and will include representatives from all environmental regulators and local authorities.
- **The Technical Working Group.** This group will be responsible for the bulk of the work in developing UK BATC Documents, and will be comprised of representatives from industry, regulators, and "interested parties with technical expertise" including NGOs. A TWG will be established for each sector. CPI will lead on the input to the Paper Sector TWG, supported by the Paper Industry Technical Association (PITA), and mill representatives. When finalised, the BATC will be published as Statutory Instruments and used as the basis for permit conditions. EU revision of the Pulp & Paper BREF will trigger the process for development of the UK BATC for Pulp & Paper. In the meantime, gathering of robust data to support any argument for and against proposed BAT / BAT AELs will be crucial.

Linking water abstraction to water availability

Most predicted climate change scenarios, coupled with increasing population densities, conclude that significant areas of the UK could have low water availability in the future. The regulations governing water abstraction are being changed to include a link to water availability, with potential restrictions in abstraction in areas and at times when water availability is deemed low.

Abstraction Licences to become Permits

Following a consultation at the end of 2021, Defra plans to bring abstraction licensing into the Environmental Permitting Regime. At the point of writing, we have yet to see the government response so cannot confirm timescales. However, once implemented, an existing Abstraction Licence will become a Permit with the ultimate option to merge into a single site environmental permit. Any conditions attached to licences, including abstraction limits, will transfer intact although the consultation includes proposals for periodic review which could result in variations to those conditions with the potential for restriction

Environment and Sustainability

on abstraction. These conditions, and indeed future abstraction charges, will be linked to the availability of water in the permitted catchment area.

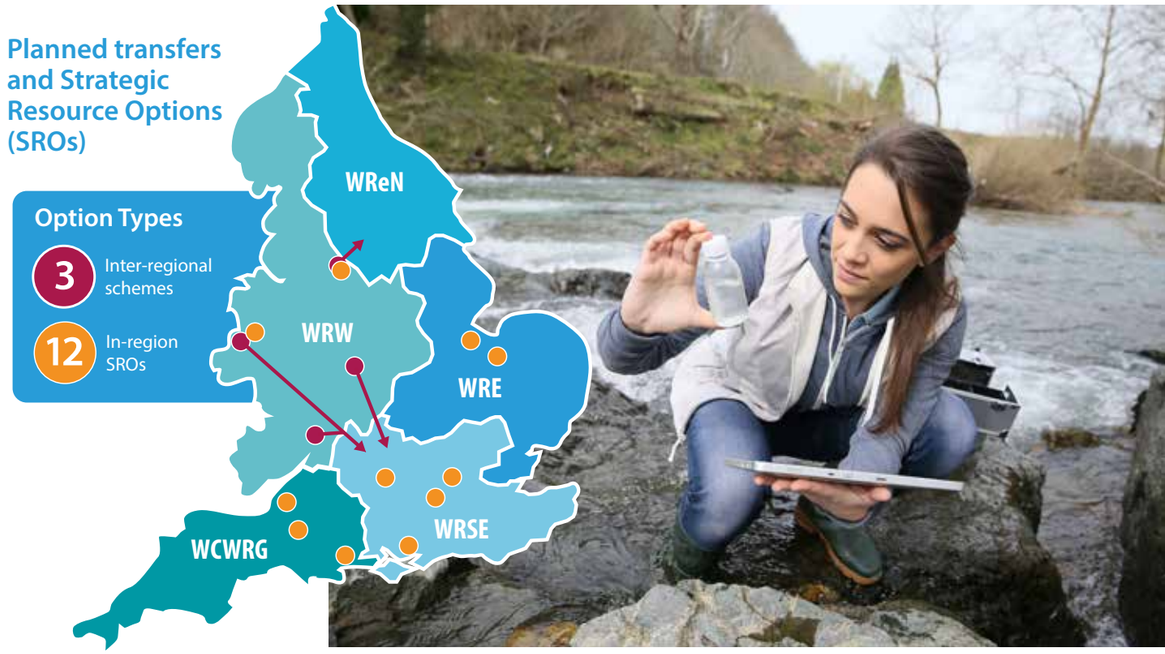
Management of Water Resources

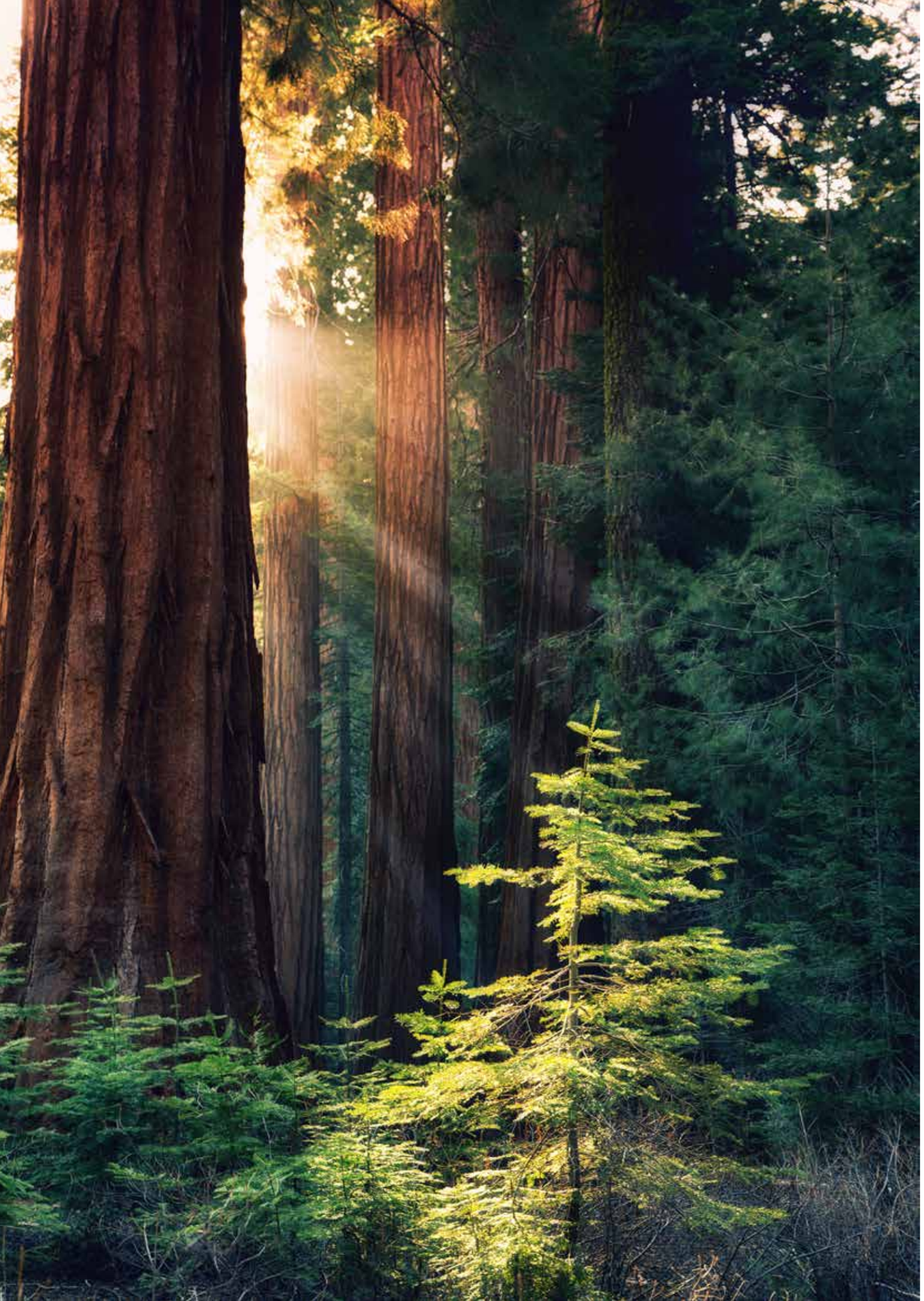
Ultimately, the definition of availability will stem from the National Framework for Water Resources. The Environment Act requires water companies to produce drainage and sewerage management plans, along with more collaboration between water companies on managing supply and demand through their statutory water management plans, linked to the National Framework. We now have, in England and in cross-border areas, Regional Water Resources Groups that are led by the water companies, but involve all abstracting sectors. These groups are aiming to foster greater cross-sector collaboration, and understand the needs of the environment and all water users. These Regional Groups were tasked with publishing plans for addressing supply and demand. The second iteration of these plans, containing solutions to such supply and demand issues, were published in December 2022 for public consultation. As yet, the demand scenarios and potential solutions are on a macro regional level and are water company focused, but ultimately these will come down to catchment levels. It will be crucial for mills to be involved in this stage, with the key message being that the sector does not consume the water it abstracts, but returns around 90% back, treated, to the environment, thus forming part of the solution to water availability, not the problem.

Looking to the future

We face significant challenges ahead as the UK environmental regulation is established. In addition to deriving UK Best Available Techniques for referencing future permit conditions and emission levels, there may also be a need for the paper sector to develop an industry plan to handle the next round of regional water plans.

As an industry, we must fight our corner for a continuous, quality, and cost-effective water supply, and continue to promote paper as a sustainable, renewable resource.





Forestry

The UK's Paper-based Industries are based on the use of renewable fibres, with paper and card being made either from recycled fibres or from pulp produced from wood harvested from well-managed forests. With high UK recycling rates, it makes sense that that UK papermaking is based on recycled fibres, with almost three quarters of the fibres used being from paper and card collected for recycling from UK homes and businesses. With some fibres not being available to recycle, either due to fibre damage (after repeated recycling cycles) or lost to the system (say as toilet paper or boxes used for long-term storage), then a certain amount of new fibre needs to be added to the cycle. This virgin material is largely made from wood which is either processed at UK mills or imported, but there is increasing interest in alternative fibres from annual crops.

Sustainable forests

Two mills, Holmen in Cumbria and UPM Caledonian in Ayrshire, process UK harvested low grade timber, primarily from Scotland and the north of England, to make mechanically produced pulp for use in their own papermaking. Other UK mills use virgin fibre imported as pulp, either conifer pulps from Scandinavia and North America or eucalyptus pulp from plantations in South America. The types of pulp used depends on the characteristics needed in the paper, such as softness or strength.

With the importance of forests being increasingly recognised, the income that can be derived from the sale of sustainably harvested material is an important incentive for forest owners to keep their land as forest rather than clearing it for other uses. Indeed, the amount of forested area in Europe has continued to increase, and the UK is likely to see a large increase in woodland cover as new policies are developed to replace older EU agricultural schemes. New forests are likely to be increasingly multi-purpose, balancing nature conservation with amenity, carbon storage, and productive uses; all elements that can be compatible with good quality forest management.

UK Timber Regulation

Companies handling timber and timber derived products (including wood pulp) made or processed within the UK must prove it has been legally harvested. This initiative is strongly supported by CPI members and CPI continues to call for the scope of the Regulations to be widened.

The focus of Timber Regulation is on legality, but most pulp used in the UK goes further than the legal minimum and is also certified to ensure that environmental concerns are properly addressed. Consumers can support this initiative by buying product marked as independently certified, with the Forest Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification (PEFC) being the most widely used schemes.

The Bioeconomy

Growing attention to sustainability and a move away from non-renewable resources has resulted in a much greater focus on sustainable bio-resources for forestry (where carbon removed from the forest is reabsorbed by new growth) and their scope to support a modern economy in replacing fossil fuel based materials such as plastics. Paper-based products are, of course, a long-established part of this bioeconomy with their sustainable nature and ability to be recycled making such products an increasingly important tool in reducing the emissions of fossil carbon.

To deliver the maximum benefits from the bioeconomy we need more trees to be planted and existing forests to be well managed, with harvested trees being replanted (as indeed is already the case in the UK and in areas where fibres are sourced for use in the UK).

Health and Safety

After two long years of being in a pandemic bubble, 2022 offered a welcome return to a sense of normality. And what better way of bringing the industry back together for its first face-to-face event, than to reunite in June 2022 for the CPI Biennial Health and Safety Conference.

Set in the stunning surroundings of the Belfry Golf course, and with a conference programme dedicated to the three main objectives within the current Paper and Board Industry Advisory Committee (PABIAC) strategy, two hundred delegates gathered to listen and participate in sessions with leading health and safety experts.

As always, the event was an opportunity to focus on health and safety and remind ourselves of its importance in everything we produce and the people who help us achieve that goal. But this year, the opportunity to renew our connections with friends and colleagues in real life made the event feel particularly special.

PABIAC Strategy 2019 - 2023

In June, and a year ahead of our completion date, a corrugated company was the first member to successfully complete all of the objectives in the PABIAC strategy across all of its sites. Having set the bar for others to follow, within two months a second corrugated company achieved the same. Before the end of the year, two more sites, this time within the papermaking sector, followed suit. At the time of writing, and with less than 6 months until the end of the current PABIAC strategy, there are many more companies across all the sectors who are within touching distance of achieving the same result.

Injury performance

Over the course of 2022 there were some ups and downs in both the papermaking and corrugated injury rates:

Papermaking Sector - The first five months were stable and there were signs that the steady downward trend would continue. However, June was a bad month for incidents and, coupled with some significant paper mill closures and the loss of hundreds of jobs, it took the remainder of 2022 to get back on track. The sector ended the year with an injury rate of 535 (x 100,000 employees).

Corrugated Sector - Over the course of the year the sector's injury rate has been stable, with some quarters slightly better than others, but on average the injury rate remained around 434 (x 100,000 employees).

In comparison to the 2020 / 2021 financial year, the sector recorded 80 reportable injuries over the last 12 months, which was a 21% increase. The bulk of these were slips, trips and falls, with manual handling coming second; in both categories we saw an increase in these incidents. However, by far the biggest increase in incidents was in contact with machinery, where the sector saw a 71% rise.

Across the industry, absenteeism relating to psychological health issues (stress, anxiety, depression) shows no sign of abating, with stress being cited as the main reason for absence.

As we look ahead to the next set of strategic targets and decide on the industry's next targeted course of action, the work already undertaken in

Health and Safety

the field of psychological health issues will need to evolve further if we are serious about ill-health prevention.

PABIAC Industry Delivery Committees

It has been a busy year for the PABIAC industry delivery committees. While the papermaking sector has been reaching out and offering individual support to other sites as they work towards completing the PABIAC objectives, the corrugated sector has produced two industry guidance documents.

In September, in response to a potential issue around unwind stands on corrugated machines, a representative body of corrugated members worked with HSE to produce industry specific technical guidance for safeguarding unwind stations and reel stands. The purpose of the guidance was twofold: firstly, to enable all corrugated sites to review their existing controls against the new guidance; secondly, to provide 'informed' guidance to HSE Inspectors on the limitations and practicalities of applying certain physical controls in these areas.

Following this, in December, the committee issued guidance for operators of transfer cars. Following several serious incidents involving these vehicles in both the UK and Europe in recent years, this much-needed guidance highlighted the main health and safety issues to consider and assess when purchasing, installing, operating, and maintaining transfer cars. The guidance was supported by an extensive collection of examples of good practices from across the industry.

Safety Alerts and Significant Potential Injuries

If there is one thing that sets the UK's Paper-based Industries apart from other industries, it is the acceptance that health and safety is non-competitive. We all support each other, and there is a genuine willingness to learn from each other and share information regarding 'good' practices and, sometimes when things go wrong, the 'not so good' practices. In 2022, CPI issued notice of four high level safety alerts / significant potential incidents. Two of the incidents resulted in serious injuries to the individuals involved, while one incident, involving a Liquid Propane Gas (LPG) fire on a forklift truck, could have been catastrophic. Since the incident, CPI, alongside other representative associations, has engaged with the HSE investigation into the root cause so as to determine the necessary recommendations to prevent a re-occurrence.

Machinery standards

With developments in machine technology moving at a rapid pace, and within an ever-changing global market, the involvement of the 'end user' at an early stage in the development of harmonized machine standards is becoming more critical.

Within the industry it is widely acknowledged that some manufacturers of new machinery do not always fully comply with *The Supply of Machinery (Safety) Regulations 2008* or other relevant standards. The impact for the UK's Paper-based Industries is that these machines put employees at risk of injury, and that employers are having to retro-fit safeguards to comply with the UK application of regulations.

Throughout 2022, CPI diligently supported the industry by engaging in the development of relevant EN / ISO standards, with dogged perseverance in the interests of the industry.

Looking ahead

Amid escalating global issues, affecting employers and employees alike, it is hard to predict what lies ahead but, whatever 2023 brings, health and safety will always remain a priority.

In July, the current PABIAC strategy comes to an end and with CPI as the new chair of PABIAC, we will begin the process of canvassing the UK's Paper-based Industries on the key health and safety issues to address over the next four years.

Whatever direction we take, CPI, through the PABIAC partnership and using the principles of leadership, engagement, and collaboration, will continue to drive the health and safety agenda.

Employment Affairs

Information and expert guidance

Information and guidance is available, via Employment Affairs, to CPI member companies on working arrangements, dispute resolution, annual hours, organisational change, and general HR topics.

Employment Affairs provides advice and guidance on the interpretation and application of the National Agreements in the corrugated and papermaking sectors. On behalf of the industry, and for the CPI members that conform to the agreements, Employment Affairs leads the annual negotiations between the industry and unions on pay and conditions. In addition, the dispute resolution procedures within the National Agreements continue to provide a significant benefit for the conforming sites in securing resolution to impasses.

As well as keeping up to date on general economic data and data on pay settlements, Employment Affairs continues to maintain good working relationships with the unions' national and local representatives. Working in partnership with members and the unions, and within the framework of the National Agreements, Employment Affairs plays an important role in resolving members' industrial relations issues, so helping to maintain the industry's good industrial relations record.

Paper for Recycling

2022 was another year of challenges, not only for the UK's Paper-based Industries, but also for the wider waste and resources sector. Whilst the industry rose to the challenges of the pandemic, and as Brexit continues to cause disruptions to trade, the current economic environment put further pressure on the market.

Consumption at mills declined by 5.8% to 2.7 million tonnes, reflecting pressure on the economy as a whole. The closure of UPM Shotton has had a large impact on the data this year and continues to influence consumption and production data, whilst the start-up of a new tissue machine has begun to ameliorate the decline. Overall, the total production for 2022 declined by 4.9% and reached 3.6 million tonnes.

Throughout 2022 there was a small decline of 5% in export volumes of recovered paper. Although there was a noticeable decline in demand from India in the summer, their demand increased substantially in the second half of the year. Exports to other Asian destinations have fallen, declining by over 18.1%. Imports for 2022 were under 168,000 tonnes in total, and although they increased by 28.9%, they remain a small part of the overall picture.

Recovered paper collections fell in 2022 due to weak demand in the UK and abroad, reaching only 6.6 million tonnes, a decline of 5.9%. However, the UK recycling rate for paper and card continues to be over 70%, making fibre-based products the most sustainable choice. Nevertheless, the focus is for this rate to increase further in the coming years, as Government has set a target of 89% for paper and card recycling by 2030.

However, the challenge is not only to increase the recycling rate of paper and card, but also improve the quality of recyclate entering the resource stream. With the Government response to the Consistency of Collections consultation still pending, it remains unknown whether kerbside recycling will be supported by effective and efficient collection systems. Contamination remains a key risk, and a threat to the paper industry, that can undermine recycling efforts.

At the time of writing, only two out of the three long-awaited Government responses to the Waste and Resources Strategy reforms were published. The Extended Producer Responsibility for Packaging (EPR) response was published in March 2022, and the response on a Deposit Return Scheme (DRS) for drinks containers in England, Wales, and Northern Ireland was announced in January 2023. Originally anticipated as a potential 'game changer' for the way the waste and recycling systems in the UK operate, the lack of a clear roadmap and poor stakeholder engagement raised concerns and caused discontent.

Following consultation in spring 2022 on Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval in October, the Government published its response. Although the consultation sought to address volatility in the packaging PRN/PERN market via administrative and technical improvements to the system, the response didn't go far enough to reform the system, and it was seen as a lost opportunity.

2022 was a busy year for policy development, but looking back it felt like a lost opportunity to create well-designed systems for high-quality recycling and shape a future based on circular economy principles. We shall see what the future holds once the reforms under the Consistency of Collections consultation are announced and we have more clarity and guidance on the practicalities of EPR.

Papercycle

Papercycle and Design for Recyclability Guidelines

Setting standards for fibre-based products

Throughout 2022, CPI has taken a leading role in defining standards for the paper sector to ensure member interests are well served while Government policies on recyclability develop. The rationale behind this work was two-fold; to help increase the quantity and range of paper and card collected for recycling whilst ensuring high-quality output, and also to support the regulatory context upon which the UK's Paper-based Industries operate.

Following the second round of consultations on the proposed Resources and Waste Strategy reforms (the introduction of an Extended Producer Responsibility (EPR) scheme, consistent recycling collections, and a deposit return scheme for drinks containers), in March 2022 the Government published its response to the EPR Consultation. As part of these reforms, there is a strong indication that packaging products will need to undergo an assessment to determine their recyclability before being released to the market. Producer fees will apply, correlated with the degree of recyclability of each product, and there are proposals on a sliding scale of fees according to recyclability. The outcome of a recyclability assessment would enable a new mandatory labelling system for all consumer packaging to operate, aiming to provide a clear "yes" or "no" answer on recyclability. However, for a labelling system to be implemented on a packaging item, a pre-requisite is to determine the recyclability of the pack.

Following extensive discussions with CPI members, brands, and retailers in 2022, CPI launched two key pieces of work:

In September 2022 CPI published its revised Design for Recyclability Guidelines, an initiative to assist designers and specifiers make fibre-based products recyclable by design. Early in 2022, CPI had formed a new committee, the Recyclability Technical Expert Committee, made up of members from the Recovered Paper and Corrugated Councils. This Committee then took a leading role in setting standards, and providing advice on assessment criteria and matters of technical nature, playing a critical role in the revision of the Guidelines.

The Guidelines (available on the CPI website) continue to be an invaluable tool, setting the parameters which help deliver recyclable fibre-based products for the Paper Industry and thereby improving the environmental and social impact of the supply chain. They seek not only to offer advice for efficient paper recycling, but also to provide a direction of travel for future packaging design within the context of sustainability and resource efficiency. Large parts of the CPI Guidelines have also been adopted by the European Federation of Corrugated Board Manufacturers (FEFCO).

As an adjunct to this work, in September 2022 CPI launched Papercycle (www.papercycle.org.uk), the recyclability assessment tool for fibre-based products. This tool assists companies to determine whether fibre-based formats are recyclable in the UK, and if so, which types of mills can reprocess them. Throughout the process of establishing Papercycle CPI worked extensively with its members, brands, and retailers to clarify recyclability for fibre-based products. Following a long period of usability testing and evaluation based on evidence, CPI was proud to launch Papercycle as the only tool approved by the UK's Paper-based Industries to assess the recyclability of fibre-based products credibly and consistently.

Papercycle

Soon after Papercycle was launched for recyclability certification services, there was clear demand from designers and brands to be able to evaluate the recyclability of semi-finished products and materials before the product launch, and to understand the extent to which they will be recyclable once further modified and placed on the market. To meet this demand, Papercycle developed a product development service; a supporting tool for designer decision-making which can diagnose the most critical parts and allow for the product to be modified while still in the design phase.

2022 also saw work intensifying on recyclability at a European level. 4evergreen, an initiative from the European Confederation of Paper Industries (Cepi) and a cross-industry alliance, published three pieces of work: the beta release version of the recyclability evaluation protocol for fibre-based packaging; part 1 of the Circularity by Design Guidelines, which provide recommendations for designing packaging and materials that are easy to recycle in standard paper mills; and guidance on improved collection and sorting, which will be updated once new versions of the protocol and guidelines have been released.

These three pieces of work published by the 4evergreen alliance are not only strongly interconnected, but they are also linked directly with the CPI work on Papercycle and the Design for Recyclability Guidelines. CPI critically evaluated the 4evergreen publications and provided feedback to CPI members and European partners. Differences in collection systems and infrastructure between the UK and other European countries, as well as the fact that this work will be progressing further, did not allow us to fully align the work under Papercycle and the CPI Guidelines with the work of 4evergreen. However, we continue to work closely with Cepi, seeking ways to better align the work happening in the UK and Europe. Our ambition is for both the CPI and 4evergreen work to be integrated, so that there is a common understanding across Europe of methods and criteria for determining the recyclability of fibre-based products and materials.

Throughout the year CPI intensified its efforts to shape the future of sustainable fibre-based products and materials, motivate sustainable design, and increase the quality of recyclate entering the waste stream. Even though the regulatory context upon which the industry will operate in the future is still unclear, the Design for Recyclability Guidelines and Papercycle are two invaluable tools for the recycling industry, supply chain, and policymakers; they mark an important stepping-stone on the ambitious journey to achieve an 89% rate for paper and card recycling, whilst ensuring a high-quality output.

Extended Producer Responsibility

Changes to the UK Packaging Regulations – what does Extended Producer Responsibility (EPR) mean for the UK's Paper-based Industries?

Since January 2023, we have found ourselves in the midst of significant changes to UK Packaging Regulations, which will have a direct impact on many companies across the Paper Sector.

CPI has engaged extensively with Defra throughout 2022 and the first quarter of 2023, in order to understand how the Government's proposals are likely to impact members, to inform Government of these implications, and suggest improvements.

In 2019, the Government outlined its intention to reform the Regulations, which have been in place since 1997. Alongside EPR, Government also consulted on a Deposit Return Scheme (DRS) and on Consistency of Collections. Together these are now known as the Collection and Packaging Reforms (CPR) programme.

EPR means that the costs of household collection for packaging will be transferred from Local Councils onto the 'Producer', typically the brand owner, packer/filler, or importer. Collectively, they will have to provide upwards of £1.7 billion to cover kerbside collection of packaging and bin litter.

A significant obligation will fall on our tissue members as brand owners, but many packaging converters who sell empty packaging to 'small' businesses may also face the burden of additional costs. In a welcome development, following our engagement, we understand that there will be some exemptions for secondary packaging.

Annual recycling targets for paper and card have risen to 80% by 2024 and 89% by 2030. The justification for increased recycling targets is based almost entirely on policy decisions arising from the Consistency measures. We are concerned that these targets are problematic without clarity, and likely to be unachievable if appropriate collection systems are not employed. We need to separate the collection of paper and card.

The Government response to the DRS consultation was finally published in January 2023. CPI strongly believes that the exclusion of glass from DRS in England, which will therefore still be collected at kerbside, will be detrimental to the quality of paper and card collected for recycling.

The industry has already faced the upheaval of Brexit and COVID and is facing elevated energy costs as well as other inflationary pressures. In this context the changes to UK Packaging Regulations are raising potentially huge, additional, concerns. Timescales for implementation are short, with Consultation responses from the Government coming extremely late, and with no recognition that business will have to work harder as a result. As it stands, there is no clarity on what fees will be payable in 2024, or how eco-modulation (variable fees based on recyclability) will work and, as a result, businesses cannot budget for what is coming.

When costs are inevitably passed through the supply chain, it is likely that this will be equivalent to an increase of £23 to £48 per year per household on grocery bills. These costings are several years old and will only have increased, just at a time of great concern over the cost of living.

We can all support an effective CPR system that supports high quality recycling and improves the environment, but more time should be given for implementation to get it right. The timescale for the CPR Regulations is entirely in the Government's hands and we maintain that it should be set back to allow proper implementation, rather than rushing to meet an arbitrary timeline and introducing a flawed system.

Packaging Affairs

Representing the industry to Government

CPI participates in the Advisory Committee on Packaging (ACP), a high-level strategic group with the objective of informing Defra and the Devolved Administrations on matters relating to packaging. CPI represents the paper packaging and recycling sectors in the committee, providing an industry voice directly to these stakeholders.

Throughout 2022 the work programme of the ACP has pursued a number of items, including the adoption of Extended Producer Responsibility (EPR). An additional work item on reusable packaging is of particular interest, and we are participating in the working group that is leading this activity.

CPI has also been involved in discussions with the Food Standards Agency (FSA), through a newly formed group called the Food Packaging Value Chain Alliance (FPVCA). This structure has been established so that the supply chain, encompassing all packaging materials and the Food and Drink Federation (FDF), can engage with FSA. We stand ready to assist as they look to develop UK legislation.

Requests for high profile media interviews

It is pleasing to see that the profile of CPI is increasing, demonstrated by an increasing number of unsolicited requests for radio interviews.

There was an unexpected, and last-minute, media opportunity in June to appear on the BBC Radio 4 'PM' show with Evan Davis. Lincolnshire County Council had started a separate collection of paper and board for recycling, and there were some questions about the recyclability of pizza boxes. Such a high-profile opportunity put us in front of a potential audience of 3.8m.

We were also pleased to be invited to speak on BBC Radio Hereford & Worcestershire in October as part of a debate on packaging. This provided an opportunity for CPI to confirm that cardboard packaging is designed to be the right size, and has seen significant weight reductions over many years, as well as to remind consumers to keep recycling.

Liaison with other packaging industry bodies

CPI has a seat on the Technical Advisory Committee (TAC) to the BRCGS Packaging Standard, which oversees the development of the packaging standard that is common across the UK. It provides an important opportunity for us to liaise with the BRCGS structure, advising them of any issues or concerns that we may have. Our participation in the TAC is proving useful and we look forward to further meetings to improve our engagement with the packaging standard.

We are pleased to work with other Trade Associations, and last year were approached by the British Frozen Food Federation with a request to be updated on recent developments in the world of paper packaging. We covered market trends and moves towards greater recyclability of paper packaging, but it also gave us the opportunity to raise awareness among its members of our key promotional messages.

Our membership of the Packaging Federation and of the Industry Council for Packaging and the Environment (INCPEN) continues; both bodies bring together the broader supply chain, with opportunities for us to unite with a single voice. We continue in our valuable and productive relationship with the Sheet Plant Association (SPA), who represent the smaller companies across the corrugated industry.

Regulatory Developments – chemicals of concern

We have been following the German proposal for national legislation on the presence of mineral oils in paper fibres for a number of years. Essentially, it would have required a functional barrier if recycled fibre is used. We have followed the matter closely because, while the Ordinance would only have been for Germany, it may have set a precedent or become 'popular' with brands/retailers who want to impose such sanctions elsewhere.

CPI has also followed media interest in fluorinated surface treatments (known as PFAS), with reports that such chemicals have been found in some paper packaging. Some NGOs have evidence that these are still in use in fast food outlets, possibly through imported materials, but CPI has confirmed that the vast majority of our members do not intentionally use them. Those that do are in the minority, niche applications that would not enter the recycling stream.

Engagement with FEFCO

CPI is pleased to work closely with FEFCO, the European Association for the Corrugated Packaging Industry. We welcome the opportunity to continue participating with our European colleagues, even though we have left the EU.

In connection with FEFCO, we have been building our momentum on some important projects in 2022, which we will continue in the coming years:

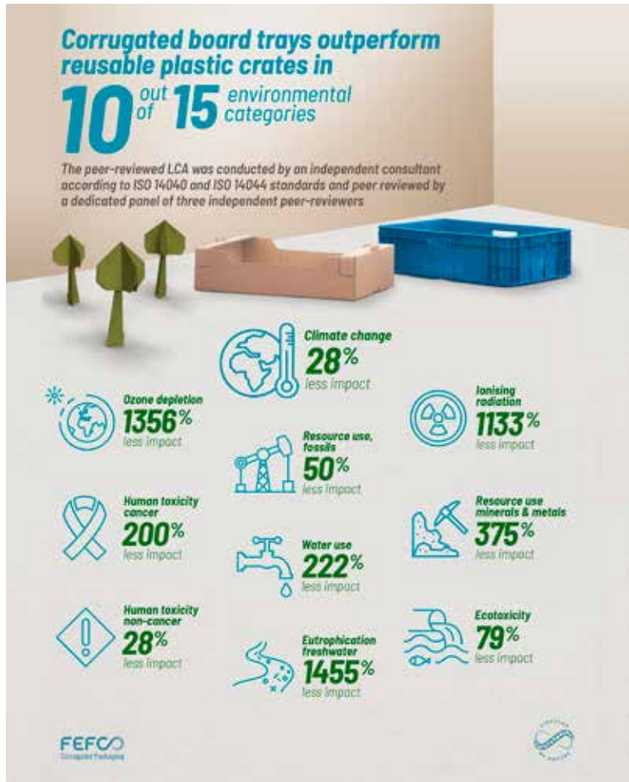
Reusable packaging

There is a growing appetite for reusable packaging from retailers and politicians, with the former challenge to 'single use plastics' evolving to become 'single use packaging'. We must consider the possibility that reuse will receive increasing support from a populist political agenda, which assumes that it is always best for the environment. This is simply not true.

FEFCO embarked on its Single Use Project to compare recyclable and reusable options. This showed that recyclable corrugated products outperform reusable plastics in 10 out of 15 categories in a detailed Life Cycle Analysis study. A series of sensitivity analyses broadened the study to consider 14 different scenarios, and corrugated outperforms plastic in 13 of the 14. Importantly, this demonstrated that plastic crates are not reused enough times to achieve the expected benefits.

As part of our UK media outreach to promote this research, during August we were pleased to have secured one of the lead opinion pieces in The Grocer. The piece focussed on the sustainability credentials of reusable and recyclable packaging, giving us an opportunity to discuss the complexity of the issue, and how recyclable packaging can often be more sustainable given the myriad of factors at play.

The real work for the UK may still be to come, when Defra starts to take a position on reuse. We note that there is a strong feeling from politicians



and NGOs that reuse is always best, and we need to stress the sustainability of recycling, bringing sound scientific evidence to demonstrate which is the best option on environmental grounds.

Decarbonisation – a new opportunity

Early in the year, FEFCO announced a decreased CO_2 Footprint for the European Corrugated Industry. Falling to 491 $kgCO_2e$ per tonne, this amounts to an 8% improvement on the 2018 assessment and is the latest in an ongoing process of reduction, reflecting the continuous efforts made by the European corrugated industry and its paper suppliers to reduce their impact on the environment.

FEFCO has since embarked on an ambitious Climate Neutral roadmap, a necessary first step for the corrugated board industry, allowing us to commit to climate neutrality by 2050. CPI is now looking to engage with the findings from this work, pursuing net zero by 2050 for UK industry.

Beyond the Box

Raising awareness of the superb environmental credentials of corrugated cardboard

As consumers become more aware of the environmental impact of their activities, and society recognises the importance of reducing its carbon footprint, industry has to react. This can be in terms of new product development and innovation, or it can be by raising awareness of the environmental credentials that already exist and which are all too often taken for granted. Corrugated cardboard comes from a renewable resource and has a superb recycling record, and we have a responsibility to remind the public of these facts.

In 2018, CPI established the Beyond the Box communications programme, and over the following years we have sought to secure coverage in the national press and other media, in ways that the packaging industry had never previously done.

Our campaign has had to react to change. The social trends following the impact of lockdown led to a huge surge in e-commerce and online ordering which, in turn, increased the amount of cardboard in the household waste stream. CPI recognised that it was vital to communicate the importance of recycling to the consumer, and urge more people to recycle the material at home. As UK society moved back to normality, we continued this new approach, looking at what prompts the public to recycle more.

Our initial focus, early in 2022, was on "Bad Habits", or remembering to recycle. Consumer research has found that Spring is actually the top time for Brits to start new habits rather than making the more expected New Year's resolutions, and that almost three-quarters of us want to introduce more positive and sustainable habits into our daily routines. We partnered with an online celebrity psychologist and TikTok star, Dr Kirren, who shared details on the psychology of habit formation, and presented us with five top tips on how to form better habits.

CPI hit the airwaves with these findings in a Radio Day to discuss habit formation, and interviews were aired across eleven radio stations to an audience of three quarters of a million. In a first for Beyond the Box, our partnership with Dr Kirren led to two Tik Tok videos which were shared to her followers, with a reach of just under a million.

In Q2 our focus was around the "Waste of Space" or unsightly mess that is perceived by some to accompany recycling. Ten social media influencers were engaged, tasked with sprucing up their recycling areas, inspiring consumers to get involved and do similar. The Influencers' ten posts went out to an audience of 400k, with over 155k engagements, significant increases on comparable work in previous years, demonstrating improved efficiency over time.

We also appointed Kate Watson-Smyth of 'Mad About the House' as our lead influencer. A journalist and interior design specialist with a strong following on social media, Kate is also passionate about sustainability and has launched the Do Less Harm campaign, promoting companies which are dedicated to reducing their impact on the planet. Over the quarter, including all influencer work, we had a total reach of nearly one million.

Beyond the Box

Our third topic of the year was the ongoing confusion about recycling. Research identified how many cardboard packages British nationals receive every year, and the confusion that can occur around recycling, beyond cardboard and specifically around different plastics, and with councils having different recycling rules.

Our press release to national media was packed with statistics on UK consumers' habits, which drove coverage across national news media. We achieved 40 pieces of national and regional coverage to an audience of 514 million.

With our final project of the year we tried a new direction, to help communicate the results of recent research on the relative benefits of reusable transport packaging. The work challenged the perception that reusable is always the most "eco-friendly" option, demonstrating that society needs to understand that the comparison of the environmental credentials of reusable and recyclable packing is not always as straightforward as it may seem. Often, the recyclable option can have the lower environmental impact.

We expanded the scope of the topic for the consumer, to look at reusable materials more generally, and specifically those which they encounter regularly, beyond the realms of just cardboard. Looking at a variety of reusable and recyclable/disposable options (coffee cups and water bottles, as well as cardboard boxes vs reusable plastic crates), we hit the streets and asked the general public for their thoughts on 'eco-friendly' materials. Vox Pop style videos raised awareness of the idea that reusable doesn't necessarily mean sustainable, and two videos were shared across TikTok and Instagram with a total reach of 1.7 million.

Throughout the year we have continued to develop our own Social Media channels on Instagram and Facebook, with four posts per month. New and attractive social assets ensure content remains topical, and allow us to remain flexible, responding to any changing priorities throughout the year. Increasingly we have updated still assets into animated GIFs to drive engagement, implementing a video-led strategy. We have been pleased to see an increase in the level of engagement; interaction with our social media posts has been significantly increased on previous year. Over the year we achieved a monthly reach of 220k, a total reach over 2022 of 2.64 million and a 10% engagement rate.

instagram.com/beyondtheboxuk

facebook.com/BeyondTheBoxUK

Society is quite rightly seeking ways to reduce its environmental impact, and there are many ways in which the consumer can reduce their own footprint. In truth, many of these are far more significant than packaging and there has been excessive attention paid to packaging, which has all too often been demonised in the press.

In such circumstances, it becomes important for industry to present clear and accurate information. The Beyond the Box campaign seeks to do this in a simple and effective manner. For more information, please go to **www.cardboard.org.uk**

Public Affairs

Prime Minister Rishi Sunak

Despite the return to more normal working practices in 2022 following the pandemic, it was a year which brought considerable challenges. The economic crisis following Russia's invasion of Ukraine has had a profound and continuing impact on UK business. Subsequently, 2022 was a year of considerable political change and instability. We had three Prime Ministers in 2022 – Boris Johnson, followed by Liz Truss as the shortest ever serving Prime Minister, and finally Rishi Sunak who has now been in office for over five months. During this turmoil the Government has accumulated a huge in-tray of political issues to resolve, including the cost of living and energy crises.

The UK's Paper-based Industries have demonstrated their resilience during this difficult period. CPI has worked hard to make continued and strong representations to the Government, dealing both with politicians and civil servants. Energy costs and long-term sustainability have been at the top of the agenda, as well as recycling and explaining the merits of easily recyclable paper-based products.

Under Rishi Sunak the Government has set out a continued commitment to the levelling up agenda, as well as pursuing net zero. The industry welcomes the Government's plans to achieve net zero by 2050, along with its Energy Security Strategy, however we need to work with the Government to ensure that the industry has the required support, and that we do not de-industrialise as a result of decarbonising. We need to protect and grow jobs across the UK, including in some locations at the heart of the Government's levelling up agenda. Therefore, in order to achieve this there needs to be a comprehensive Green Industrial Growth Plan.

The CPI team is in regular contact with its members, listening to their concerns and raising relevant issues with the Government and political stakeholders across the political spectrum. Further to this we provide information and detailed analysis of Government guidance and policy.

Political engagement

In recent years CPI continues to grow its political engagement.

Prior to the re-organisation of the Ministerial Departments, we attended weekly meetings with the Department for Business, Energy and Industrial Strategy (BEIS). We continue to meet weekly with the Department for Business and Trade, and regularly engage with the Department of Environment, Food, Rural and Agriculture (Defra), and the Department for Energy Security and Net Zero. Last year CPI met the Industry Minister numerous times both virtually and in person. In

Public Affairs

these meetings, Director General Andrew Large has kept the Minister up to date on the current situation of the industry and raised any relevant concerns.

CPI has also engaged with the Labour Shadow Ministerial Team, raising the key challenges for industry, including decarbonisation and the energy cost crisis. We have had a positive dialogue with them and look forward to welcoming the Shadow Team to a member site to provide more information about the working of the industry. We will also be engaging with the Labour policy formation process to ensure the voice of our industry is heard particularly as the party begins to write its next manifesto.

We have met with Parliamentarians of all parties on a bilateral basis, both virtually and in person, including Ruth Jones MP, Mark Jenkinson MP, and Mark Pawsey MP.

In 2023 several Parliamentarians attended our second Paper Industry Gold Awards on the House of Commons terrace, a prestigious event to recognise and showcase the many achievements of our industry.

Amongst the attendees were Mark Pawsey MP, Chairman of the All-Party Parliamentary Group (APPG) on Packaging, Philip Hollobone MP, Tim Farren MP, and Guy Opperman MP, Minister for Employment.

Representatives from across the industry were able to speak with Members of Parliament at the event and promote the excellent work of the UK's Paper-based Industries, as well as the challenges the industry has faced.

Andrew Large and Mark Pawsey MP

CPI is a member of the Energy Intensive Users' Group (EIUG). Through our membership of this group we engage with Parliamentarians through APPGs, including briefings with Ministers. Holly Whitbread represented CPI at a Policy Connect round table which had representation from several MPs including Stephen Kinnock MP. This partnership was particularly important during the ongoing energy cost crisis, where a joint approach added further weight to arguments being made.

Public Affairs Strategy

Despite the changing political landscape CPI's key policy priorities remain largely the same - Investment, Energy Costs, and Sustainability and the Environment. These areas have been identified by members as key priorities for industry.

Investment

Building investment will play a vital part in transforming the UK's Paper-based Industries, to meet net zero themselves, and to enable more paper-based products to substitute for fossil based products. To attract this investment, the business environment in the UK must be supportive, and the Boards of investing businesses, often outside the UK, must be convinced that they can make worthwhile returns. The UK business environment needs long term policy clarity and certainty, not volatile policy change over short timespans.

The industry's investment needs are not only in capital equipment, but also for skills and expertise. The industry has an ageing workforce, and the current Apprenticeship Levy arrangements are not supporting training and development to the extent that they should. We urge a more supportive environment that would drive the recruitment and retention of the next generation of skilled manufacturing process workers.

Energy prices

In recent years, CPI has played a leading role in advocating for more competitive UK energy costs. This challenge has become ever more acute as a result of the energy crisis.

It is critical for the long-term future of the Paper-based Industries that they can access competitively priced energy. CPI continues to urge Ofgem and Government to accept that policy costs and taxation are combining to make UK industrial electricity the most expensive in Western Europe, and to act on that insight to reduce industry bills. We are pleased that the Government has announced a plan of measures to reduce energy related costs over the next two years and we look forward to working to bolster the industry's competitiveness.

Whilst government intervention has helped with the short-term crisis there are longer term concerns around the sustainability of the energy market, and with the ongoing war in Ukraine, no clear end to the energy crisis in sight. More work needs to be done to support the transition away from natural gas in a sustainable manner, to preserve the competitiveness of gas users, until such time as alternatives are commercially and technically viable.

Sustainability and the environment

CPI is focused on influencing the future direction of all aspects of environmental regulation in the UK. With much of the UK's Paper-based Industries being covered by the requirement to have Environmental Permits for their operations, development of a future permitting regime is a critical priority for our sector. Other key priorities include water, with current developments in the regulation of abstraction and management of water resources.

A primary focus will be work around the sustainability of paper-based products, which are recyclable, biodegradable, and ultimately renewable. The UK's Paper-based Industries understand the importance of reusable products, however robust evidence is needed to ensure that the alternatives to single-use plastics do not in fact have an even more adverse impact on the environment. Indeed, the transition away from single-use plastics highlights the need for suitable, sustainable paper-based alternatives. In 2022 we sent out various briefings and documents to stakeholders on this subject, Extended Producer Responsibility for recycling and waste remains an area of uncertainty and frustration, and we are working to engage with Defra at all levels to develop policies that support a real improvement in the quality of materials available for recycling.

Courtesy of James Cropper PLC

Equality and Diversity

CPI has established an Equality and Diversity Group to look at representation in the industry and discuss and implement strategies to encourage equality and diversity. This was to drive implementation of the conclusions of CPI commissioned research which particularly highlighted a lack of female representation across the industry. The group has representation from members across the UK's Paper-based Industries, and has already met several times to discuss members' own experiences and establish areas of focus for the committee.

The group wanted to establish the underlying reasons for under-representation of women in the industry through a survey of members. The survey asked questions around the current working environment for women and whether it was welcoming. The results of the survey showed that lack of flexibility in working hours and options for hybrid working is one barrier. However, there were some positives from the survey showing that many women felt comfortable in the Paper-based Industries.

Following on from the survey, CPI has commissioned further research into identifying what support is available to women in our industry. The research will serve to highlight organisations and initiatives which will encourage greater female representation within the industry.

Communications

A year of celebrations

Whilst 2022 was a somewhat turbulent year in some respects, CPI had many reasons to celebrate, and what better way to start the year off than with a significant anniversary.

One-hundred and fifty years ago, on 29 October 1872, 100 paper mill owners met at a hotel in London and agreed to form The Paper Makers' Association of Great Britain and Ireland. Who could have imagined, 150 years ago, that this initial gathering of likeminded businessmen would set the foundation for what was later to become the CPI, representing the collective interests of papermaking, tissue manufacturers, corrugated and the recovered paper sectors.

2023 Paper Gold Industry Awards winners

To celebrate this special occasion, CPI produced a special Anniversary Edition of its Annual Review, where we highlighted the progress of the industry, mixing archive images showing the industry's origins with current depictions of today's modern, innovative industry. In addition, to commemorate the occasion, CPI commissioned a book showing a graphical timeline of the key and memorable moments from history, illustrated with exciting archive and new photographs. The contrast between where it all began and where we are today illustrates how times have changed in every respect.

We also took advantage of our anniversary to give something back to the many communities who have supported the industry over the years, whether through working within the industry or supporting the ethos of recycling, sustainability, and energy efficiency. CPI gave each member of staff £500 to donate to a charity of their choosing, to be used towards supporting projects in those areas close to our hearts.

A further reason for celebration was being able to hold CPI's Biennial Health and Safety Conference as an in-person event for the first time in three years. Held on 27-28 June 2022, at the famous Belfry Golf Resort Hotel, around 200 delegates met, many for the first time since the pandemic. It was clear that everyone involved, delegates, sponsors, exhibitors, speakers, and CPI staff, were pleased to get back to the face-to-face interaction that we all had missed.

While the event focused on health and safety, having a captive audience was not to be missed, and we took the opportunity to showcase the industry's illustrious 150th Anniversary history with an exhibition of photographs. CPI Director General Andrew Large opened the exhibition and had the pleasure of presenting the Aspley Paper Museum with a cheque towards its restoration fund following their fire in January 2022.

Paper Industry Gold Awards

CPI, in partnership with the Paper Gold Medal Association, held its first ever Paper Industry Gold Awards in May 2022.

Building on its success, on Wednesday 22 March 2023 over 100 representatives from across the UK's Paper-based Industries gathered on the House of Commons Terrace to once again celebrate the achievements of the industry.

The second Paper Industry Gold Awards ceremony was hosted by Mark Pawsey MP and several Parliamentarians across the chamber, including Shadow Cabinet Members and Constituency Members of Parliament were in attendance.

The awards recognised success across five categories: Recycling, Sustainable Innovation, Community Engagement, Health and Safety, and Skills, and the winners were recognised with a glass trophy. The Paper Gold Medal, given to an individual who has demonstrated excellence and achievement, beyond their normal duties, and who has made a unique contribution to the wider UK's Paper-based Industries, was also presented.

Communications

The awards attracted a wide range of entries and the wealth of talent from across the industry was well showcased. The quality of the entries demonstrated both the achievements of the industry and their wider impact, from boosting sustainability and increasing recycling rates, to developing the skills of the workforce and employing apprentices, and from improving health and safety practices to developing positive community relations.

The awards demonstrate the work being done to innovate and ensure a sustainable future for the industry, protecting and creating jobs in the UK. They also highlight the role that businesses in the sector play in their communities.

CPI is looking forward to launching the 2024 Paper Industry Gold Awards - one that will become an annual fixture in the UK's Paper-based Industries' calendar.

Keeping members informed

Keeping our members fully informed is essential to developing and maintaining strong membership participation. We have a number of channels that we use to update members on industry news and changes that could affect any aspect of the UK's Paper-based Industries.

Online

The CPI website (**www.paper.org.uk**) is our primary tool for providing information, available to members and non-members. The public site hosts a wide range of information including fact sheets, position papers, industry information and statistics, and the Members Only section houses more detailed statistics, as well as access to committee meeting papers.

CPI continues to provide information to its members through regular contact, direct emails, member briefings, committees, councils, and through its fortnightly newsletter 'CPI News', and 'Web Updates' emails.

Social Media

CPI has a presence on Twitter, LinkedIn, Facebook, and Instagram. On Twitter we have significantly built our political following and engage with followers on a regular basis. Despite Twitter being our most dominant channel, we continue to post regularly on all our channels.

Publications

CPI continues to publish and update its publications both online and printed. We published our fourth Economic Value Report in March 2023. The detailed report paints a picture of the status of the UK's Paper-based Industries and sets out current challenges and opportunities.

CPI also worked with Fichtner Consulting Engineering to produce the report 'Electrification of UK Paper Mills'. This report takes a detailed look at the technical issues associated with providing upgraded connections from the electricity grid to the mill if mills were to decarbonise by switching from gas to electricity for process heat.

In September 2022 CPI published its revised Design for Recyclability Guidelines, an initiative to assist designers and specifiers make fibre-based products recyclable by design.

We also updated our Position Papers, Members Briefings, and Fact Sheets, all of which can be found on the CPI website.

Face-to-Face

It is fair to say that many of us have enjoyed getting back to face-to-face meetings. This has been evident at the in-person committee meetings, events, and particularly at the CPI Biennial Health and Safety Conference. Whilst attendance at face-to-face meetings will no doubt continue to increase, there is still an appetite for certain meetings to continue online and, in some instances, this can mean higher participation and engagement.

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Review of Data 2022

A difficult year for most sectors of the UK's Paper-based Industries is widely reflected in the statistics produced by CPI. However, the post-pandemic mini boom of 2021 has tended to exaggerate the scale of the decline apparent in 2022. Significant pressure on various operational costs took its toll in the Papermaking Sector, with four mill closures announced or implemented during the year. These were partly offset by new machines at existing mills and the continuing announcement of additional capacity, particularly in the Tissue Sector. The Corrugated Sector had a difficult year, with both demand and output falling away post-pandemic, eliminating almost a decade of continuous growth. Here too, new capacity has started up and further new capacity is likely to begin production in the next year or so.

Apparent Consumption of Paper and Board

In total, paper and board consumption declined by 4.6% compared to 2021, as the UK moved close to recession, with Tissue the only major sector to show any growth.

The Corrugated Case Materials Sector declined more than any other, falling by over 10% to 2.45 million tonnes as corrugated box demand contracted; the Cartonboard and Greyboard Sectors did post some growth, both at a little over 4.5%, leaving total packaging consumption down 6.0%. The Tissue Sector continues to contradict developments in other sectors; consumption declined sharply during 2021's boom but increased again during 2022 just as all other sectors fell. Parent reel demand increased by 3.4% and, with the addition of net imports of tissue products, CPI estimates total UK tissue consumption to have risen by 9.4% to 1.36 million tonnes. The Printings and Writings Sector ended the year with an average decline of 3.4%, though with mixed results: both Uncoated Sectors rose whilst the Coated Sectors both fell. Total paperboard consumption for the year was 7.19 million tonnes (-350,000 tonnes).

With the addition of net imports in converted paper products (a hefty increase of 14.4%) and paper-based transit packaging (+6.7%), the total of papers and boards placed on the UK market is estimated by CPI to be 9.92 million tonnes, a relatively small decline of 1.2% compared to 2021.

Production and Deliveries of Paper and Board

Production of paper and board fell by just under 5% to a near 40-year low of 3.46 million tonnes, including the loss of output at the two remaining Arjowiggins mills which closed in September. On a brighter note a new tissue machine in South Wales and a new speciality machine in South-east Scotland ameliorated the decline somewhat, with both machines currently running alongside existing capacity at these sites.

Corrugated Case Materials production fell more modestly than might have been expected with a decline of just 2.4% to 1.48 million tonnes. The surplus of Case Materials unwanted on domestic markets was exported, with the UK's total for these papers almost doubling in volume to 0.16 million tonnes (+86%). The Tissue Sector posted good growth in production of parent reels of almost 7% for the reasons noted, with total output of 0.74 million tonnes. Finally, production of all other papers and boards, which includes the lost capacity, fell by over 13% to 1.24 million tonnes.

For sales, whilst domestic deliveries fell sharply with an 8% decline, the large increase in Corrugated Case Materials exports slightly offset lost home sales. Domestic sales fell to 2.67 million tonnes whilst exports increased to 0.78 million tonnes in total (+4.3%). Imports of primary papers and boards fell by about 140,000 compared to the previous year (-3.0%), ending the year with a total of just over 4.5 million tonnes. This equates to 63% of UK consumption of primary papers and boards, close to the average over the last two decades.

Papermaking Raw Materials

The UK's Recovered Paper Sector continued to produce good quality fibre for use at home and abroad. And whilst demand for high volume brown grades from the domestic Packaging Sector slumped, exporters maintained their share of global markets despite a significant downturn in demand from the EU during the autumn, as European mills themselves struggled with rising costs. Secondary fibre continues to be the Papermaking Sector's main source of fibre, accounting for 67% of all fibre by weight, with other fibres forming 27%, the remaining materials being non-fibrous additives.

Review of Data 2022

Domestic demand for recovered paper fell by almost 6% to 2.77 million tonnes, a 30-year low. Mill consumption of mixed, brown and mechanical grades all fell whilst woodfree grades showed good growth, with usage climbing above 400,000 tonnes. For exports, volumes for all grades fell with a total decline of 5.0%, but remaining just above four million tonnes. India continued to be a good market for exporters with a 15% increase in demand for UK recovered papers. EU volumes did grow year-on-year, rising by 6% to 1.04 million tonnes, though there was a marked downturn towards the end of the year, as stated.

Total collections therefore fell by 6% compared with 2021 to 6.69 million tonnes, just above the volume collected during the pandemic year 2020. Measured against the volume of papers and boards placed on the market during 2022, CPI calculates the UK's recycling rate to have fallen back to 67% from 71% in 2021, close its recent average.

The price of imported woodpulps began to fall midway through 2022, having reached a peak of around $1,500 per tonne for the benchmark NBSK grade. Despite this and with the capacity lost and the new capacity installed last year all virgin fibre-based, woodpulp consumption was maintained at recent levels, posting a 2% increase to 0.98 million tonnes.

Production of Corrugated Board

CPI members reported their first decline in production for over a decade, with output of board falling by 9.3% to 4.3 million ksm. With one or two extra Bank Holidays last year, effective weekly production averaged 86,771 ksm (-8.6%), with an average board weight of 447 gsm. Sheet-feeders experienced an even more severe downturn, with production of sheets declining by nearly 20% to 1.13 million ksm. CPI's initial estimate of demand for corrugated boxes on the UK market is for a fall of over 13%, dipping below 5 million ksm for the first time in five years.

Highlights of the UK's Paper-based Industries

56,000
people are directly employed in the UK manufacturing paper and paper products

1,452
UK enterprises are engaged in the manufacture of paper products

£11.5b
UK companies manufacturing paper turnover of £11,553 million

£3.6b
UK manufacture of paper has a Gross Value Added of £3,566 million

Source: ONS, Annual Business Survey 2022, SIC 17 2020 data

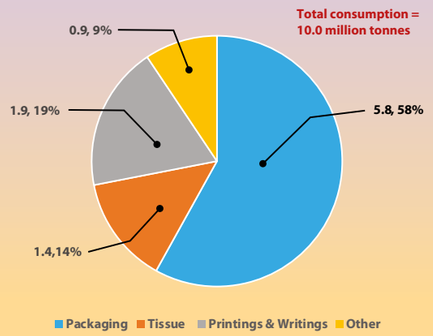
Review of Data 2022

KEY FIGURES OF THE UK'S PAPER-BASED INDUSTRIES

56,000	*56,000 people are employed in the UK manufacturing paper and paper products*	Jobs
1,452	*1,452 UK enterprises are engaged in the manufacture of paper products*	Companies
£11.5 billion	*UK companies manufacturing paper have a turnover of £11,553 million*	Turnover
£3.6 billion	*UK manufacture of paper has a Gross Value Added of £3,566 million*	GVA

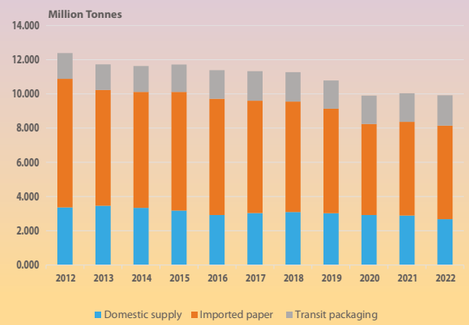
Source: ONS, Annual Business Survey 2022, SIC 17 2020 data

UK CONSUMPTION OF PAPERS AND BOARDS 2022



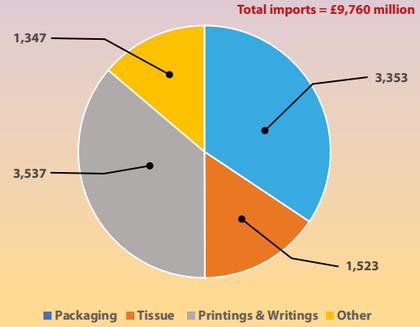
Sources: CPI, HM Revenue & Customs, NPWD

UK CONSUMPTION OF PAPER AND BOARD BY ORIGIN 2022



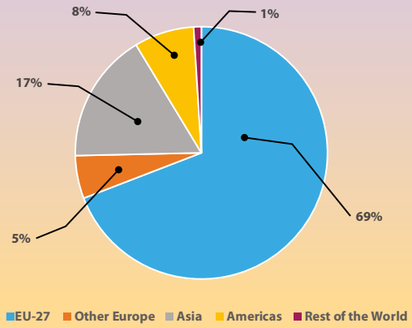
Sources: CPI, HM Revenue & Customs, NPWD

IMPORTS OF PAPERS AND BOARDS BY VALUE (£ millions) 2022



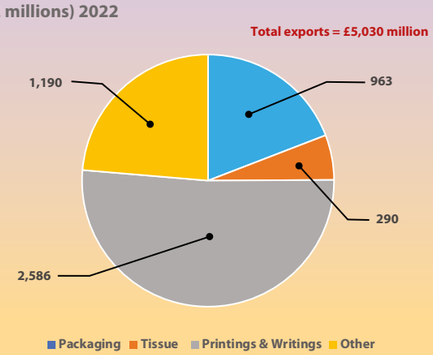
Source: HM Revenue & Customs

IMPORTS OF PAPERS AND BOARDS BY ORIGIN 2022



Source: HM Revenue & Customs

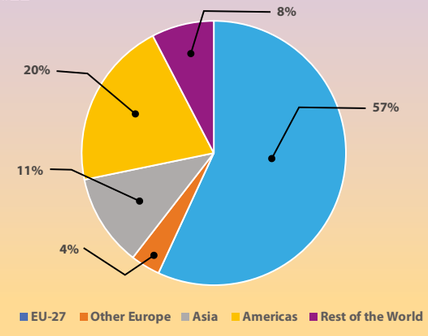
EXPORTS OF PAPER AND BOARDS BY VALUE (£ millions) 2022



Source: HM Revenue & Customs

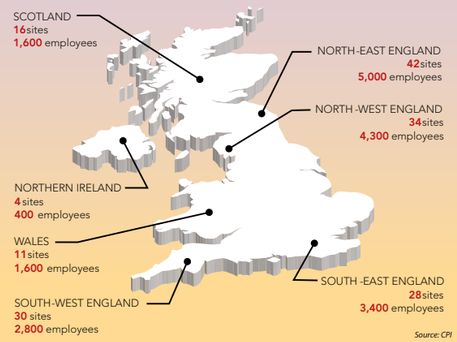
Review of Data 2022

EXPORTS OF PAPERS AND BOARDS BY DESTINATION 2022



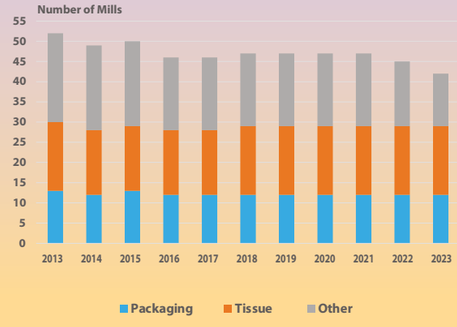
Source: HM Revenue & Customs

INTEGRATED PAPER, PACKAGING AND TISSUE IN THE UK 2022



Source: CPI

PAPER AND BOARD MILLS OPERATING IN THE UK

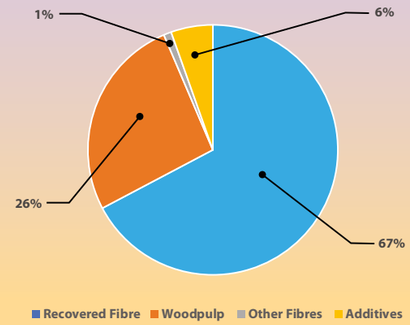


Sources: CPI

UK PRODUCTION OF PAPERS AND BOARDS 2022

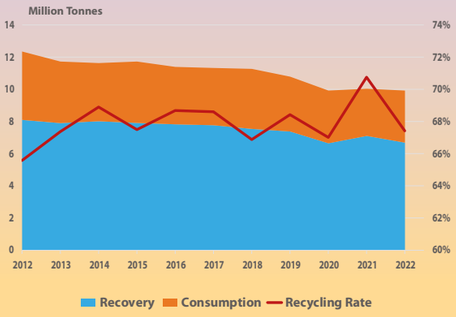
Sources: CPI

PAPERMAKING RAW MATERIALS 2022



Sources: CPI

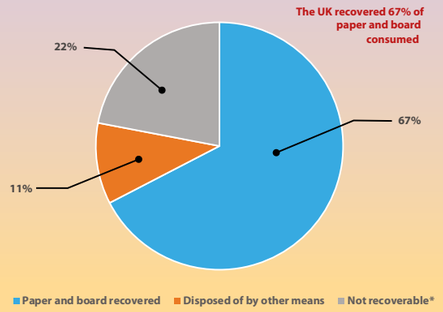
CONSUMPTION AND RECOVERY OF PAPER AND BOARD 2022



Sources: CPI, HM Revenue & Customs, NPWD

Review of Data 2022

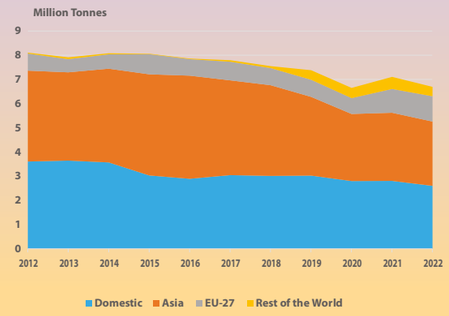
UK RECOVERY OF PAPER AND BOARD 2022



* e.g. tissue papers, papers and boards in long-term use, etc.

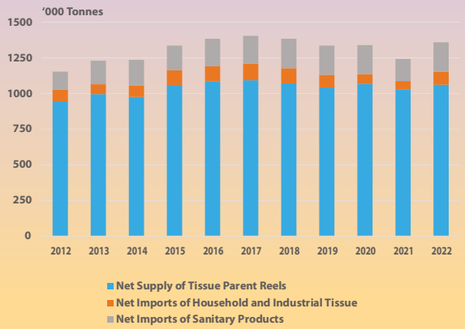
Sources: CPI, Cepi, HM Revenue & Customs

HOW UK PAPER AND BOARD IS RECYCLED 2022



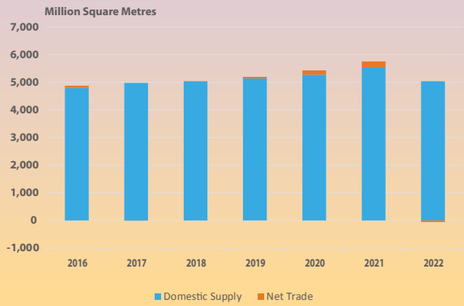
Sources: CPI, HM Revenue & Customs

UK CONSUMPTION OF TISSUE 2022



Sources: CPI, HM Revenue & Customs

UK CONSUMPTION OF NEW CORRUGATED BOXES* 2022



* i.e. unused boxes supplied to customers for packing/filling

Sources: CPI, HM Revenue & Customs

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Andrew Braund
Director of Health and Safety

Neil Fishburne
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Director of Energy & Environmental Affairs

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Accounts and Office Manager

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Brian Lister	Vice President	Saica Group
Kevin Bussey	Honorary Treasurer	Smurfit Kappa
Patrick Willink	Past President	James Cropper PLC
Andrew Large	Director General	Confederation of Paper Industries

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Ulf Lofgren	Holmen Iggesund Paperboard Ltd
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James Cropper PLC
John Roberts Holdings Ltd
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Logson Group
Macfarlane Group
McLaren Packaging Ltd
Northwood Tissue Ltd
Packaging Products Ltd
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Palm Recycling Ltd
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Ribble Packaging Ltd
Roydon Packaging Ltd
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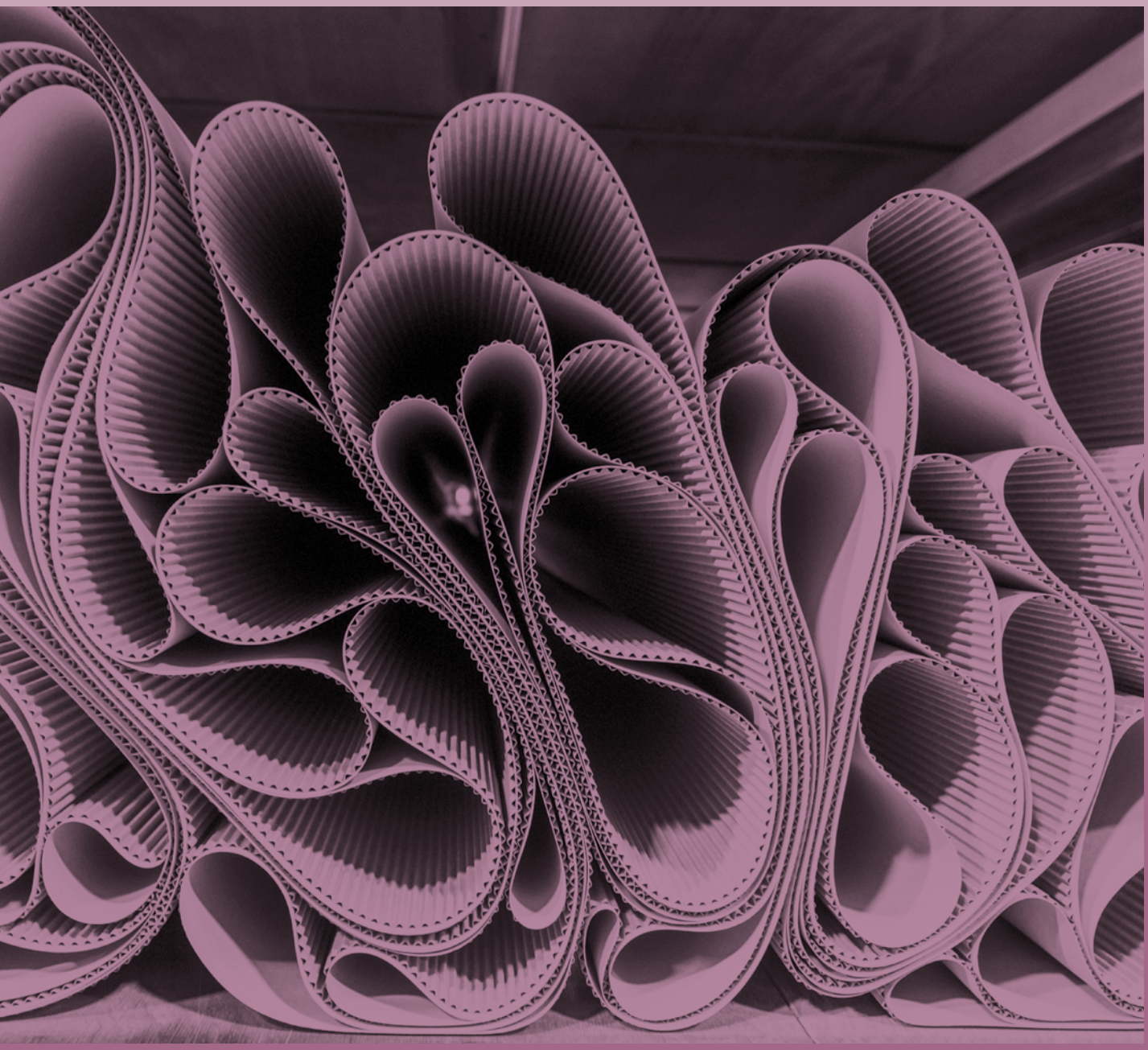

Designed and produced by:
The Lunn Agency - www.thelunnagency.com

Printed by:
Orchard Press - www.orchard-press.co.uk