confederation of paper industries

REVIEW 2019/20

PRIMED FOR GROWTH

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

The Confederation of Paper Industries (CPI) is the leading organisation working for the UK's Paper-based Industries.

CPI represents 86 companies in 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 £12 billion and 62,000 employees, which supports a further 100,000 jobs in the wider economy. Members range in size from large multi-national organisations with multiple sites in the UK, to single site SMEs.

CPI unifies 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

Optimism, Visibility, Community and Sustainability

CPI has four core values. We must be optimistic about the future of the Paper-based Industries in the UK. The Paper-based Industries in the UK have much to be proud about. They have cut carbon emissions by 66% relative to 1990 levels, they innovate in the development of new and exciting packaging, and they lead the UK in recovery and recycling.

Our optimism needs to go hand in hand with greater visibility in and engagement with Westminster, Whitehall, and Brussels. We need to shout louder, more often and in the right ears if we are to successfully influence UK Industrial Strategy and secure any opportunities arising from Brexit.

CPI will also help its Members develop roots in their local communities. Our industry is often one of the larger employers in a town, and our "licence to practice" depends on good relations locally and a positive perception of the benefits our industry brings to the community.

The fourth value is that of sustainability. CPI must retain attention on the fact that paper is a uniquely renewable and recyclable material and that these qualities make it the sustainable choice for a wide range of applications, today and long into the future.

Paper - the sustainable, renewable choice

cpi confederation of paper industries

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PRESIDENT'S FOREWORD

Welcome to the CPI Annual Review 2019-2020.

The last 12 months have seen an astonishing pace of change in the circumstances with which industry has had to engage. No sooner had some clarity emerged on the Brexit situation, then the world was plunged into the coronavirus pandemic, which continues to have a severe impact on all countries and regions.

Over the past year, CPI has again risen to the challenge of supporting and assisting the UK's Paper-based Industries in these unprecedented times. This report shows the benefits of that work to Members in areas as diverse as energy, environment, packaging and recycling.

Throughout this pandemic period, the industry's first priority has been the health and wellbeing of all our Members' employees. We have worked constantly with Members, the Government, and other stakeholders to ensure that operations could continue without compromise to safety.

Now that the UK is starting to emerge from lockdown, CPI's role will be critical in helping Members adjust to the "new normal" both in terms of today's activities, and also in the development of the future industrial strategy for the country. Many Members have commented to me that CPI's engagement in issues such as ensuring critical worker status, ensuring access for overseas service staff, and minimising the appearance of used PPE in recycling have been crucial in enabling operations to continue. I am sure that CPI will grow the support it provides as the situation develops. CPI has demonstrated extraordinary agility and adaptability in recent years, and that flexibility will stand the industry in great stead for the future.

While we cannot know the speed at which the world will leave the acute phase of coronavirus (COVID-19) behind, now is a time for the industry to look forwards. The UK has been living with great uncertainty since the EU Referendum result but the re-election of the Johnson Government with a large majority offers clarity and a chance for business to move on. We may not know the details of the final trade agreement with the EU, but we know that the UK will leave the Single Market and Customs Union and we can plan accordingly. It will be demanding to find the right UK/EU relationship, but we need to find a way to keep the UK industry competitive and ensure that the UK grows in attractiveness to all investors.

It is therefore right to shift CPI's focus to the long-term strategic drivers of competitiveness. CPI already prioritises competitive energy costs within a decarbonisation strategy, and the benefits of paper as a renewable and recyclable material. Today, these are the main influences of competitiveness and attractiveness for this industry and they will need due and ongoing focus. The pandemic does not shift our commitment to this strategy, but it of course alters the immediate context and the scope for action in the months and years to come.

I would like to focus on just one potential element of a future scenario, namely the impact of a rise in UK economic sovereignty on the industry.

Over many years, the UK has relied on long and complicated supply chains for goods, often stretching over long distances. The response of many countries in the pandemic period has been to close borders and keep essential goods for their own people, which calls into question the viability of the supply infrastructure that globalisation has created. CPI has often called for the Government to enhance the conditions for investment in the UK's Paper-based Industries, and for the UK to be the place where value is added. This new drive to improve the reliability of the UK's supply chains should finally be the catalyst for real action.

At the end of 2019 I retired from the industry after over 35 years working across a range of packaging and paper-based sectors. I have been extremely lucky in my career and grateful for the support and friendship of so many colleagues over the years. I am delighted to say that CPI Vice-President Kevin Bussey has been elected by the CPI Council as my successor. I wish him every success in the role in these difficult times.

There are many people to thank for their support in the delivery of CPI's objectives. I am particularly indebted to my fellow CPI 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 contribution of 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 Andrew Large, our Director General, and the team of CPI staff for their work throughout the year. The Confederation is fortunate to have such a dedicated team of experts at its disposal, and throughout this report you will read of the significant achievements that this group has made over the year.

Richard Coward

DIRECTOR GENERAL'S OVERVIEW

The first draft of this overview led with a focus on Brexit, and also on the need for the UK to have a long-term plan for industry in new economic circumstances. Since the turn of the year however, the world has been dealing with the coronavirus pandemic, which has rapidly become the largest global public health emergency in 100 years. Millions have fallen ill and sadly hundreds of thousands have died, including some 44,000 (at the time of writing) in the UK. The pandemic has changed our way of life, not only in the short term through social distancing, but in the long term too, in ways that we cannot yet understand.

In the UK, the industry has reacted magnificently, remaining open to supply products such as toilet paper, hygiene tissue, and food packaging while at the same time adapting to new ways of operating to protect the health and safety of its workers and supply chains. I would like to thank each and every person who works in the UK's Paper-based Industries for their work during the pandemic. You have made a meaningful and measurable positive contribution to the health and welfare of the country at this most difficult time, and I am deeply grateful for that.

Members have always been, and must always be, at the heart of everything that CPI says and does. 2019 – 2020 has been uniquely tough, with Brexit and coronavirus coming together. However, as this Annual Review shows, CPI was able to achieve many of its objectives to support our membership.

The UK is clearly entering a period of significant economic recession, in common with much of the globe. The Government response to engage in the economy is welcome, and public spending and administration will evidently play a long-term role in setting the country on a firm financial footing in the years to come.

The UK will therefore need a long-term industrial strategy that provides for both the economic and manufacturing security of the UK. The EU's Green New Deal must be matched in the UK or global investors will likely shun our economy. UK manufacturing Industry needs to benefit from a "just transition" process that leverages private sector investment to improve the sustainability of our manufacturing base and does not simply throw money to facilitate its closure. Sadly, a recent ONS report[1] shows that the UK has a naive focus on territorial carbon emissions. The effect of decoupling UK economic growth from UK carbon emissions has only resulted in the closure of UK manufacturing and the continuation of those carbon emissions elsewhere. The pandemic has exposed the importance of domestic manufacturing to the security of the UK, and the Government's new policies must set measurable objectives in terms of manufacturing growth, including for paper and its products.

For they are the materials of the future. Paper is both 100% renewable and 100% recyclable. It has carbon capture, use and storage built in, and it has already reduced its UK carbon emissions by two thirds from 1990 levels.

No association is stronger than the commitment and engagement of its Members. Our ability to understand and respond to the industry's needs is completely dependent on the engagement we have with the CPI membership at large. I would therefore like to thank all the CPI Members for their engagement with us in committees, in seminars, online, and by email. This association's strength is fundamentally founded on their commitment to improve this industry. I would particularly like to thank the CPI President, Richard Coward (Rigid Containers) and the Immediate Past President, Patrick Willink (James Cropper) for their advice and support over the past year. As well as Vice-President Kevin Bussey (Smurfit Kappa) and Honorary Treasurer, Angus MacSween (Arjowiggins), 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 2019 and the achievements they have made, many of which are recorded in this Annual Review.

M. G. Large

Andrew Large

1. https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/compendium/economicreview/october2019/thedecouplingofeconomicgrowthfromcarbonemissionsukevidence

CORONAVIRUS AND THE UK'S PAPER-BASED INDUSTRIES

The coronavirus (COVID-19) pandemic has touched every corner of the world and greatly changed "normal life". Coronavirus has damaged both people's health and the economy. In the UK, we continue to experience the devastating consequences of the disease. Inevitably this has had a direct effect on the activities of the UK's Paper-based Industries.

The Confederation of Paper Industries (CPI) would like to say a huge thank you to the UK's Paper-based Industries, who have worked exceptionally hard at this difficult time.

You have all ensured that paper-based products, including food and medicine packaging and hygiene products for health workers, which are essential to the National effort against Coronavirus, continue to be manufactured and distributed.

This includes those who work within recycling, ensuring this process continues throughout the lockdown and securing the future production of paper-based products. Industry leaders have taken all necessary measures to guarantee the health and safety of their workforce as they have continued to work throughout this period. Our industry should be proud of its response to the crisis.

The Environment Secretary, Rt Hon George Eustice MP published a letter on 27th March paying tribute to the food and drinks industry. He acknowledged, ***"the food supply chain for working round the clock to keep the nation fed."*** To follow this in April, Rt Hon Alok Sharma MP, the Secretary of State for Business, Energy and Industrial Strategy, issued a letter thanking the manufacturing sector for all they are doing to keep the UK economy going.

Throughout the health crisis, CPI has provided a strong voice for, and to, the industry at every level of Government and with Parliamentarians. The CPI team has been in regular contact with its Members, listening to concerns, raising any relevant problems, and providing information and detailed analysis of Government guidance.

CPI secured a bi-weekly meeting with Business, Energy and Industrial Strategy Minister, Nadhim Zahawi MP, to keep him updated on the situation with the industry and flag any relevant issues and updating on the status of the industry. These discussions have proven to be fruitful. As lockdown began in March CPI lobbied on behalf of Members to ensure they secured the rightful recognition with critical worker status.

The CPI team has worked with the Civil Service to ensure that guidance does not detrimentally affect the industry. CPI has been consulted on Government guidance, including the road map out of lockdown, and the health and safety measures required for manufacturing businesses. In May we worked to ensure essential engineers from the Paper Industry were exempt from the 14-day quarantine period. CPI also raised awareness of the issue of used PPE contaminating recycling, which was shared on the Government's social media channels, as well as across the national media. Further to this, we have flagged the inflexibility of energy regulators, asking the Minister to make representations to ensure they take a pragmatic response throughout the coronavirus crisis.

As we pass the peak and look forward to the future, with lockdown loosening but social distancing requirements staying in place, the industry will face challenges in adapting to the new normal and managing the economic consequences of the virus. The adaption and survival of this major industry is fundamental.

It is important that the industry looks to make a positive contribution to the UK's future economic resilience. The crisis has highlighted the reduced state of UK manufacturing and our reliance on complicated supply chains involving many other countries. Political attention is now focused upon growing our manufacturing sector so that it is fit for the future. CPI is already initiating discussions with Government and Parliamentarians about post-COVID industrial strategy.

The coronavirus has also amplified environmental issues with policymakers. As the nation moves forward there is a desire to grow the economy in in the most sustainable manner possible. CPI has had positive discussions with Civil Servants and backbench Members of Parliament about the issue of consumption emissions and the importance of ensuring UK industry is on a level playing field as we work to achieve net zero. Further to this, CPI continues to promote the environmental credentials of paper as a material – ensuring the renewability, biodegradability, and recyclability of paper and cardboard is communicated.

As we look ahead positively to the UK's post-COVID recovery the UK Paper Industry can see a bright future. The whole industry should be proud of its positive contribution to the national effort at a difficult time, ensuring people had the food and health supplies required... not to mention sufficient toilet roll. CPI will continue to be a passionate advocate for the industry, conveying Members' opinions to Government and working to influence policymakers to ensure the industry get a good deal and the best possible opportunity in the years ahead.

INDUSTRIAL STRATEGY

2019 has been a challenging year in the development of the UK's Industrial Strategy, but it has again been a year of some success for CPI. We have continued to engage with the Department for Business, Energy and Industrial Strategy (BEIS) as it reviews the Strategy in the light of coronavirus, the new clarity on the UK's relationship with the EU and the opportunities to enhance relationships with the rest of the world.

The second edition of the CPI Economic Value Report was published towards the end of 2019. This report is the principal calling card of CPI when it comes to the value that the UK's Paper-based Industries provides in both the UK as a whole, and in the individual nations and regions of the UK. This industry supports over 165,000 jobs in all, with those jobs largely located outside the South East of England. The North West, Kent Coast and South Wales have a particularly high concentration of papermaking, while corrugated packaging and recycling operations are present throughout the UK. As the Government develops its industrial policies for the future, we will be reminding them strongly of this industry's role as a mainstay of the bio-economy, its renewable and recyclable products and its location in parts of the UK where it plays a vital role in supporting local communities and the local economy.

As we noted last year, BEIS has already made available support to develop a number of new projects through the Industrial Energy Efficiency Accelerator programme. Over £9m of funding is now allocated to support innovative projects to deliver new ideas in energy efficiency. The success of three bids from the sector is heartening.

BEIS has also launched a new programme to support the recovery of waste industrial heat (the Industrial Heat Recovery Support Programme). The total funding available is £18m over two years and again it's very positive to see CPI Members lodging bids to secure this support.

BEIS is continuing to consult on a new Industrial Energy Transformation Fund (total value of £315m which has been re-directed from the Enhanced Capital Allowance Scheme) targeted at Energy Intensive Industries which is now due to go live in mid-2020. Funding will be available for energy efficiency measures (Technology Readiness Level 8-9) and deep decarbonisation projects (TRL 7-9) covering feasibility studies and full project implementation.

The Industrial Strategy Challenge Fund (ISCF) is part of a £4.7 billion investment (to be delivered by UK Research and Innovation) over four years. It is aimed at bringing together the UK research base to tackle industrial and societal challenges and position Britain to respond better to future market opportunities. Four Grand Challenges were initially identified: Artificial intelligence and data, Ageing society, Clean growth, and the Future of mobility. The challenges were announced and funded in waves with two areas within the Clean Growth Strand of immediate interest to the paper sector: Transforming Foundation Industries (TFI - £66m Government funding) and Industrial Decarbonisation.

TFI has recently been approved by Ministers. Six sectors are partners within the scheme (Paper, Ceramics, Glass, Cement, Steel, and Chemicals) and all projects must involve more than one sector. To get the scheme launched, £5m has been allocated to 'fast-start' R&D type projects expected to be cross-sector, collaborative, short duration, industrial research and development (R&D) type projects.

CPI is encouraging Members to bid directly and is also supporting a number of other bids led by companies in sectors. In all cases funding is subject to the business case and matched funding from industry.

These varied schemes represent a considerable success for CPI lobbying. It is to be hoped that we see new projects including the UK's Paper-based Industries, receiving funding in 2020.

ENERGY

The cost of energy remains a key issue for Energy Intensive Industries. For papermaking, electricity drives the machinery while heat dries the paper from greater than 99% water content to around 6% in a few seconds as the paper is formed from a dilute suspension. It is then de-watered, pressed and dried, ready for further processing or conversion into a huge and growing range of paper-based products.

Energy efficiency remains a huge priority for UK paper mills with continued investment in energy saving ranging from incremental improvements (such as high efficiency motors) to new power plant (such as high-efficiency Combined Heat & Power).

Between 1990 and 2018, sector energy efficiency (that is, the amount of energy used to make each tonne of paper) has improved by 33%. Furthermore, the quantity of fossil carbon dioxide released per tonne of paper produced has been reduced by 48%. The reasons for this impressive performance include fuel switching (from coal and oil to lower carbon fuels such as biomass and natural gas), use of high-efficiency CHP, general investment in energy efficiency measures, and in very recent years the sector has benefitted from the lower carbon content of grid electricity as the use of coal in power generation has declined.

The actual cost of energy during 2019 was relatively stable and trended slightly downwards (largely thanks to a benign gas market) with no-real crises during the year such as major supply interruptions or extreme weather leading to price spikes. However, UK energy prices (especially for electricity) remain substantially higher than in many other countries, including a number that offer alternative manufacturing locations to the UK. Research by UK Steel indicates that electricity prices are 80% higher than those paid by competitors in France, and 61% higher than paid by competitors in Germany, with most of the difference arising from the non-energy parts of charges (such as distribution costs and Government policy cost being passed through to customers). The Conservative party has previously promised to deliver the lowest industrial energy costs in Europe and we hope to see progress in delivering this promise during 2020.

While the Government seems to finally understand the message that UK energy costs are not internationally competitive, it's not clear that the industry regulator shares these concerns. Recent proposals by Ofgem have been severely criticised as they add considerable new costs to companies that have invested in their own generation plant. A rethink of these proposals should be an early priority for the Government. Loading extra costs onto industrial generation is especially short-sighted when rebalancing the economy remains a political priority, and parts of industry are ready to invest in low-carbon manufacturing given confidence that investment will deliver a return.

Of course, Brexit deadlines and uncertainties cast a shadow over energy markets, ironically just as existing and new electricity and gas interconnectors link the UK/Irish/Continental markets ever closer together irrespective of political considerations. Ensuring the continued smooth operation of these interconnectors, and the consequent linked energy markets, should be a priority for the UK/EU trade deal. With the growing amount of intermittent electricity on the network, plus the lack of UK gas storage, spreading energy networks across larger geographic areas makes complete sense.

Net Zero by 2050

The huge change in 2019 was the arrival of climate change concerns as a major political issue. The impact of Greta Thunberg and Extinction Rebellion, focused public and in turn political attention onto climate change issues as never before.

For the UK, decarbonisation policies have dominated energy policy making for a number of years, but only in recent months have political leaders engaged with the detail of the issue rather than simplistic headlines. While there's been a political consensus over the issue since the 2008 Climate Change Act was passed with support from all the main parties, the recent general election saw each of the parties outbidding each other on their embracing of green issues while the new European Commission has placed a new Green Deal at the centre of policymaking. With a clear five year mandate the new Government has the space to progress these issues and we await the promised White Paper on Energy.

The Committee on Climate Change remains the Government sponsored organisation charged with advising on progress towards delivering the legally backed targets and providing advice on future policies. During 2019, advice from the Climate Change Committee resulted in the 80% decarbonisation by 2050 target being replaced by a hugely more challenging net zero target, making the UK 'the first major economy in the world to pass laws to end its contribution to global warming by 2050'.

In fairness to the Committee on Climate Change, there is acceptance that simply driving industry out of the UK doesn't deliver real benefits to the environment if the manufacturing is simply relocated to other countries. During 2020 CPI will continue to press that the remit of the Committee is revised so that the priority becomes reducing total UK consumption emissions and not simply domestic emissions. Ignoring the emissions related to the manufacture of goods imported to the UK makes no environmental, or economic, sense.

Value of compensation payments, discounts and exemptions:

£44.5 million — Renewable Obligation, Feed-in-Tariffs and Contracts for Difference

£23 million — Carbon Price Floor

£14.1 million — Climate Change Levy

£15 million — EU ETS Allowances

£96.6 million — Total savings to Industry

ENERGY

Uk Net Zero – what does it mean?

The commitment means that by 2050 the amount of fossil carbon dioxide released in the UK will be equalled by the amount removed. This can be achieved by either reducing emissions or removing them from the atmosphere. Unlike simply reducing UK emissions to zero, this approach is more feasible, recognising that total zero may not be possible or economic in parts of the economy such as industry or aviation. With net zero, some continued emissions are allowed, but must be offset by capturing carbon from the air either by using natural sinks (such as growing more trees), or using engineering sinks (such as carbon capture).

Delivering UK net zero is likely to involve using all options. Land use policy can expect a major shake-up with a switch from grazing to forestry. For industry there's a huge research effort to find low carbon fuels and techniques to capture carbon at the point of emission ready for permanent storage (CCS) or use as an industrial feedstock. Going a step further by switching to bioenergy with carbon capture and storage (BECCS) even delivers negative emissions.

For industry the challenge is to make these ideas technically and commercially viable.

Decarbonising electricity

The process to decarbonise UK electricity has been underway for a number of years. Policies such as the now closed (to new entrants) Renewables Obligation and Feed-in-Tariffs plus the (replacement) Contracts for Difference have required that grid supplied electricity contains increasing amounts of renewable electricity. Coal generation is progressively being reduced, with only five stations still operational and all to be gone by 2025 at the latest.

Replacement generation is low carbon, with huge strides having been made with the deployment cost of renewable generation and in particular offshore wind. This technology looks set to be a major part of the UK electricity mix for the foreseeable future.

However, there remain two huge problems – the cost of enhancing and reconfiguring transmission and distribution networks to move electricity from often difficult and remote new generation sites to serve quickly changing patterns of consumption, and the question of what to do when the wind doesn't blow?

Currently nuclear plays an important role in providing dependable low-carbon baseload and, hopefully, Hinkley C (and possibly other new sites) will ensure this continues although the contract price of £92.50/MWh (2012 price – inflation protected for 35 years) looks worryingly high. Alternatively, battery and other storage technologies continue to quickly develop as does the number of interconnectors allowing imports and exports to better supply regional distribution grids.

Natural Gas

Currently natural gas is the fuel of choice for heat or back-up generation in times of low input from intermittent renewables. In a net zero economy it's questionable how much gas-fired electricity generation or gas-powered heat will be possible.

And for a number of Energy Intensive Sectors, including papermaking, gas-fired CHP is an important technology. Finding alternatives to natural gas is likely to be a real challenge as none of the current proposals (essentially low carbon gas or hydrogen) look likely to be economic in the short term. Any policy to simply increase the cost of gas would drive industry out of the UK to locations with low gas prices keen to use this natural resource such as North America.

Working with Government

CPI continues to work closely with various Government Departments and Agencies to deliver aspirations to rebalance the economy and support UK manufacturing. There is recognition that Energy Intensive Industries act as a foundation for UK manufacturing, and policies such as the Clean Growth Plan are delivering support programmes to help decarbonise industry and take advantage of economic and job opportunities from the Green Economy.

Paper-Sector Roadmap to decarbonise by 2050

The Paper Industry Technical Association (PITA) and CPI (with support from Members) continue to work with Government to deliver the actions identified within the sector 2019 Decarbonisation Roadmap. Towards the end of the year the 'Transforming Foundation Industries' support programme was launched, and 2020 will also see the launch of the 'Industrial Energy Transformation Fund' with both providing welcome support to help with innovation and decarbonisation.

Challenges for 2020 – emissions trading

Leaving the EU means that UK sites are unlikely to continue to participate in the EU Emissions Trading System after the end of 2020. However, UK policy is to establish a separate, but linked, UK Emissions Trading System underpinned by the same principles which may in practice turn out to be very similar to EU ETS.

Ensuring UK carbon costs are reasonably in-line with those outside the UK must be a priority for the new policy with support delivered to allow industry through a transition to a new low-carbon economy. Certainly the new European Commission sees this as a critical issue with a massive Just Transition Fund being developed. To provide the confidence to drive UK investment this issue should be a priority.

With the UK hosting the next set of climate change negotiations, emissions reduction will remain a high priority for the country. The UK continues to provide global leadership so it's likely that the Government will want to signal this with new policies. It will remain a challenge to decarbonise industry in the UK while keeping manufacturing internationally competitive.

2.2 million tonnes of CO_2 emitted in 2017

3.2 million tonnes of CO_2 emitted in 2012

6.6 million tonnes of CO_2 emitted in 1990

ENVIRONMENT

Challenges and opportunities

Notwithstanding the ramifications the UK's departure from the European Union hold for Environmental regulation, developments in key areas have progressed in 2019 and are likely to feature highly through 2020. First is a subject close to the hearts of papermakers, namely Water. As a carrier in the process, a consistent supply of clean water is vital, for the time being at least, to every paper mill. Climate change scenarios, in conjunction with an increasing population, are predicting a reduction in water availability. At the same time, changes in weather patterns are giving rise to increasing incidents of flooding. This is driving change in water resource management, change which will impact us all.

Abstraction Licences to become Permits

The first area of progress in 2019 was the move to incorporate Abstraction Licences into Environmental Permitting. On the face of it a simple transition, however, the reality is more complex. Not least of which is down to the difference in terminology defined in Environmental Permitting Regulations (EPR) and that used in Abstraction regulation which stems from the Water Resources Act 1991. Compounding the issue are the implications of applying Best Available Techniques (BAT) to Abstraction. A consultation originally scheduled for 2019, now more likely to be early 2021, is in development covering the mechanism and timetable for moving licenses into permitting. Initially at least, licences will become permits with the ultimate option to merge into site environmental permits where appropriate. This will carry the benefit of a single regulator and reporting but potential pitfalls from merging two regulatory approaches remain.

Strategic Review of Charges - Water Resources

With the Environment Agency (EA) ever mindful of cost recovery along with an eye on the additional work involved in bringing abstraction into permitting and consequent ongoing monitory, it is unsurprising that a Strategic Review of Charges (SRoC) for Water Resources has been proposed. Again, a consultation is due in 2020, although currently delayed, making for a busy and important year. The consultation will propose a charging system in the same vein as that for existing permits, with a baseline charge and additional components. One of these components will be water availability. How this will be assessed is crucial. Details are expected in the Consultation along with a timeframe for implementation.

Management of Water Resources

Defra, with the aim of building resilient water supplies, set out to establish a National Framework to articulate national and regional water needs. This includes demands outside the water industry. The intent is to set expectations for demand management, new resources, and water transfers with the aim of ensuring water is collected and moved to where it is needed. As such the Framework involves cross sector regional planning. Water Companies have been mandated to lead this work through five regional Water Resource Groups – Water Resources West, Water Resources East, Water Resources South East, Water Resources North, and West Country Water Resources. These groups now have to take account of other sector needs and are actively looking to engage with those sectors. A Workshop, run by the EA in October 2019, was the start of this engagement process. It was well attended by CPI and a number of mill representatives. Mills will be encouraged to get involved with their regional group in 2020 to get their specific water needs understood in relation to the availability of water in each region and, ultimately, in each river catchment. The availability of water and the demands for that water vary considerably from catchment to catchment. It will be important for the needs of the sector to be understood, particularly in areas of low availability/high demand. Key amongst the messages will be the need for consistent, continuous supply and non-consumptiveness, with 85% plus of water abstracted in the sector returned to the environment and available for use by others.

A recent Defra review of current abstraction and future demand in support of the National Framework shows the Paper Sector to be the second largest Abstractor within the Industry group, highlighting perhaps both the importance of water to our industry but also the potential and the necessity for the sector to have a strong voice in the regional discussions. The overview goes on to highlight the variability in the breakdown by abstractor group from region to region, reinforcing the importance of water resources management by region and, ultimately, by catchment.

Waste handling exempt activities moving into permitting

Changes to waste regulation aimed at tackling waste crime will mean that all but very small wastepaper handling operations will require an environmental permit. Working with the regulator to ensure an appropriate regulation for such operations began in 2019. This resulted in a Standard Rules set proposed during a consultation in January 2020. For those unable to meet the Standard Rules there will be the option to propose alternative measures through an application for a Bespoke Permit (wastepaper handling and storage on paper mill sites is covered by existing mill environmental permits).

ENVIRONMENT

Fire Prevention Plans (FPP) – Sector Guide

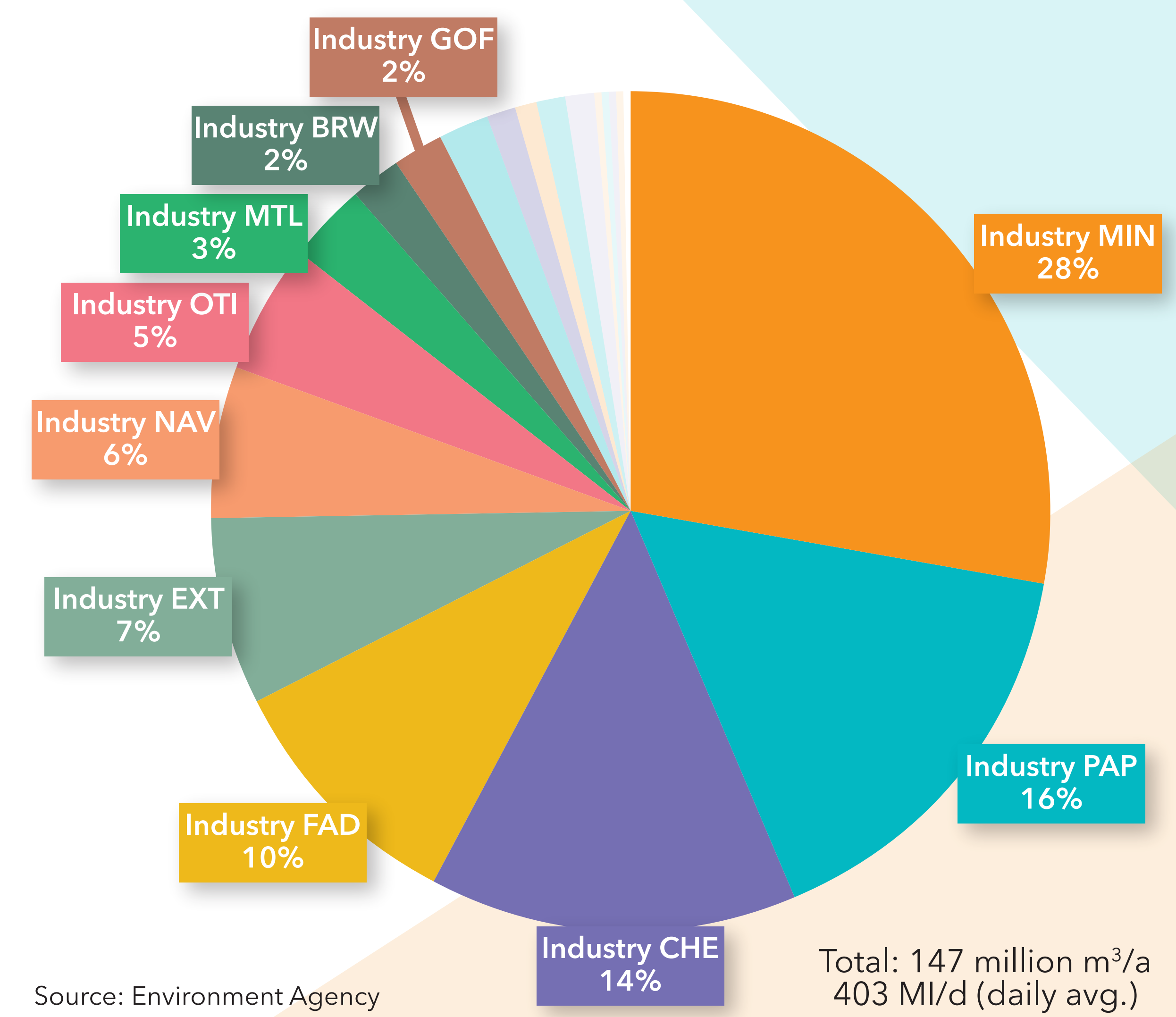
The move to permitting brings with it the need for Fire Prevention Plans. The Environment Agency's FPP Guidance prescribes measures required to meet three objectives of minimising risk, impact, and extinguishing within four hours. The Guidance allows for operators to propose Alternative Measures to those prescribed in the Guidance and gives the opportunity to develop, in conjunction with the regulator, fire experts and other sector experience, a Paper Sector Guide to developing a Fire Prevention Plan, involving alternative measures where appropriate. The Paper Sector Guide to FPP will be published in 2020.

Environmental Regulation in 2020 and beyond

Whatever the outcome of Trade negotiations with the EU and others, the future direction for all aspects of environmental regulation, be it Permitting, REACH, Air Quality, Waste or Resources, remains a key challenge for 2020. The Environment Bill, published in February 2020, outlines the intent for environmental regulation but is still short on the detail. Such detail will depend, certainly in the short term, on the outcome of Trade negotiations and any consequential alignment. The issue is further complicated as environmental regulation is a devolved power. Of key importance, for paper mills at least, will be the development of UK BAT to replace the EU Pulp & Paper BREF as the basis for permitting, whether it be a UK re-write of legislation or how to maintain influence and input to revision of regulation or documents such as BREFs that could impact UK regulation. In any or either case our aim will be a flexible and proportionate regulation through a pragmatic, risk-based approach that both protects the environment and supports business growth.

Another key change in 2020 will be the establishment of the Office for Environmental Protection (OEP). The OEP will replace the European Commission as the "Green Watchdog". The OEP's role will be to hold Public Authorities to account for implementation of environmental law and achieving Targets as per the 25-year Plan. To be clear, regulation of individual and corporate compliance with environmental law will remain the purview of the environmental regulator (EA, NRW, SEPA, NIEA). The detail of who, how and what will be revealed as the Environment Bill is debated and enacted.

Industrial Water Abstraction Breakdown by Sector



Source: Environment Agency

Total: 147 million m³/a
403 Ml/d (daily avg.)

MIN	Minerals
GOF	Golf
BRW	Breweries
MTL	Metal
OTI	Other Industries
NAV	Navigation (Canals & Rivers)
EXT	Extractive
FAD	Food & Drink
CHE	Chemicals
PAP	Pulp & Paper

PACKAGING ISSUES

Food Contact packaging

Paper packaging that is intended for food contact applications is governed by the "Framework Regulation" (1935/2004). While some other sectors have material specific legislation, and national legislation exists in some countries, no such legislation exists across the EU for paper. In the absence of specific legislation, industry has worked to our voluntary Guidelines to confirm compliance.

These Guidelines (Food Contact Guidelines for the Compliance of Paper & Board Materials and Articles) are now available as the basis by which to confirm the suitability of paper for food contact applications. Building on a previous document, but completely updated, they will be an important tool for the future.

UK law brings into force the EU Food Contact Regulations and, until such time as new UK legislation is brought forward, this will remain the case post-Brexit. Thus, the Food Contact Guidelines will remain of fundamental importance to the industry.

CPI has sought to engage with the Food Standards Agency (FSA) to discuss the UK direction of travel on food contact in the coming years, potentially with scope for this to inform any new policy direction or legislation. Our objective was to ensure that FSA recognised, and had no objections to, the Food Contact Guidelines. In 2020 we will now encourage use of the Guidelines by UK industry and this action is strengthened with some level of recognition or support from FSA. Their response in this respect has been very constructive and we are grateful for their involvement.

Following developments regarding Bisphenol A (BPA) in packaging

In recent months the matter of BPA has again risen in importance, with coverage in some national newspapers. The recent interest followed a study by the University of Granada in Spain and a proposed ban in Denmark.

The use of BPA by the Paper Industry is extremely limited, only occurring in heat sensitive papers such as till receipts; such papers are not made in the UK. While we cannot rule out the presence of BPA as a 'non-intentionally added substance' in recycled pulp, it remains unlikely and will be an extremely small amount in the grand total of all recycled paper. It should not be considered a risk.

Other developments in European legislation

We follow a wide range of regulatory developments, monitoring existing legislation that impacts our Members, as well as engaging with new initiatives. One such new development came when the European Commission approved the Single Use Plastics (SUP) Directive, which came into force in 2019 with a two-year transposition period. This piece of legislation is aimed at reducing the environmental, and particularly the marine, impact of certain widely used plastic based products and it bans, or seeks to reduce, certain products such as plastic cotton buds, plastic straws, and plastic cutlery.

Paper products are not directly affected but if a pack is formed from a composite including plastic it may, under certain circumstances, be subject to the terms of the Directive. We are particularly considering the impact on products such as 'on the go' food containers and composite beverage containers.

FEFCO

CPI hosts FEFCO General Assembly in Windsor

The FEFCO General Assembly (GA) and National Association Directors' meetings (NADs) are held quarterly, usually at the offices in Brussels. Following an agreement to strengthen our links with FEFCO, it was agreed to host the combined 11-12th March 2019 meetings in the UK. Thirty colleagues flew into Heathrow, from across all of Europe, with the opportunity also to enjoy a walking tour of Windsor and come together for an informal dinner.

New, Reduced, Carbon Footprint for European Corrugated Industry

We are pleased to report that the detailed industry research which determines the carbon footprint for a corrugated cardboard box has been updated by FEFCO. We can therefore report that the environmental impact of corrugated board has decreased by 11% (2018 compared to 2015).

The data was based on information from Members' sites across Europe, and covers the "cradle-to-grave" carbon impact of corrugated packaging, taking account of fossil and biogenic greenhouse gas emissions. Our revised figure for cradle-to-grave carbon impact of corrugated packaging is 538kg CO2 equivalent per tonne of product.

Technical Seminar: "Mastering our Processes"

Over one thousand representatives from the global Corrugated Industry gathered in Geneva from 9th to 11th October 2019 at the FEFCO Technical Seminar. Innovations in packaging and inspiring ideas were on show at the event, with 153 exhibition stands (up from 126 in 2017). The Seminar programme also generated huge interest, with 24 experts speaking during the conference sessions, and 60 separate spotlight presentations.

SPA

The Sheet Plant Association (SPA) provides services to smaller corrugated companies and represents a range of Corrugated Converters outside our Membership. We are pleased to work alongside them and together we can represent the broader industry with a united voice.

In June 2019, at the Convention Centre, Liverpool, the SPA co-hosted the UK's first ever Corrugated and Print Show with FESPA on 24th and 25th June 2019. The only Exhibition in the UK that year specifically for the companies who manufacture corrugated packaging and digital print, the show offered an excellent forum for networking and for CPI to inform and reinforce our reputation, as well as a constructive opportunity to meet a range of companies from across the Corrugated and Print sectors.

The SPA's 100th conference, "100 not out", took place in October 2019 and was a great success, with over 100 delegates. CPI personnel gave two separate presentations, on Brexit and on the Beyond the Box promotional campaign. These and subsequent events mark important opportunities to enhance our working relationship and seek new areas for collaboration as we work together to promote fibre-based packaging.

CORRUGATED PROMOTION

Consumers throughout the developed world expect choice and convenience in every aspect of their purchasing and many of us want access to an almost unlimited range of products both quickly and efficiently. To make this fast-moving consumer lifestyle possible we need to have packaging. Consumers expect this wide range of food and other consumables, much of which has been on an extensive journey, to reach us safely. This would not be possible without efficient and effective packaging.

Too many people are quick to criticise packaging without recognising that is essential to our modern society. Rather than having a negative environmental impact, it prevents waste and enables us to live more sustainably, allowing customer choice while minimising food and other product damage.

As society starts to recognise the environmental impact associated with it's purchasing decisions, consumers are looking for increasingly sustainable packaging options. Cardboard packaging provides a superb range of environmental credentials and CPI has launched a campaign to raise awareness among the general public of the opportunities that it can provide. The Beyond the Box campaign was launched in 2018 and continued through 2019 (www.cardboard.org.uk), seeking to raise awareness, educate, and inspire the population.

Early in 2019 we commissioned a larger than life size cardboard sculpture depicting the ancient Greek figure Atlas and his fabled globe to mark Global Recycling Day. The image proved popular and photographs of our sculpture were carried in a range of national papers including The Guardian and Evening Standard to a potential audience of 100 million.

Specific social media projects have enabled us to engage with a number of social media influencers who have posted on Instagram encouraging their followers to change their purchasing and recycling habits by moving to cardboard.

We specifically challenged these influencers to re-think their packaging and recycling habits to make positive decisions to live more sustainably in the coming year. The reach from this influencer action in the first few months of the year alone was just over 330,000.

Over the course of the year we have undertaken an extensive social media campaign, posting every fortnight on Facebook and Instagram, achieving high levels of engagement and driving traffic to our website. In 2019 our social content was seen nearly one million times.

In September we hosted a radio day to coincide with Recycle Week (23-29 September). Having commissioned a light-hearted consumer research story to explore social pressures and identify how conformity influences consumers' sustainable behaviours, we appointed the accredited Cognitive Behavioural Psychotherapist, Dr Becky Spelman, to analyse the research.

Over the course of one day we secured broadcast coverage on regional and national radio stations across the UK. A total of 14 interviews took place, including Talk Radio with Matthew Wright, to a total reach of more than 1.25 million. Throughout the interviews, we took the opportunity to remind listeners of the superb environmental credentials of cardboard.

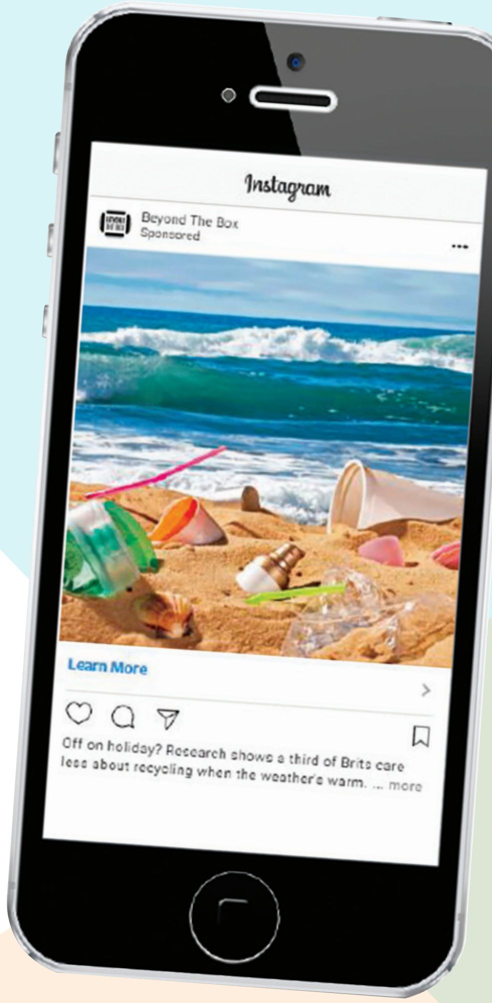
Towards the end of 2019 we undertook a separate piece of consumer research encouraging consumers to consider their environmental impact around Christmas. The research showed that 62% believe Christmas to be bad for the environment.

Our messages throughout the year ultimately went out to a potential audience of 338 million, meaning that every person in the UK has potentially been exposed to the Beyond the Box campaign at least 5 times. These excellent results are very welcome as we draw the 2019 programme to a close and move into 2020.

Early in 2020 we tasked 20 food-based micro influencers to promote the message that cardboard is a recyclable material. To enhance this in a visually engaging way, we developed bespoke branded pizza boxes and encouraged influencers to take a picture of the box in a creative and relatable way whilst telling their followers about the sustainable credentials of cardboard. We achieved 20 posts, with a potential reach of 214,134.

In a separate project, we sought to reach a younger audience that are eager to learn about sustainability by developing a partnership with children's news publication, First News. This was a great way for us to weave in our key messages in a visual and fun way, whilst educating a younger audience on the importance of recycling. We developed a half page advertorial that was published in April, with a potential reach of 215,652.

We have now conducted consumer research on attitudes to recycling during lockdown and will engage in another radio day. We are also working with a child development psychologist to explore how home schooling can help nurture child development, including a range of tangible tips that parents can incorporate into the home, providing a rationale that good sustainability routines start early.



- Paper packaging is renewable – when our Members use virgin fibre it typically comes from sustainable forests (monitored by either FSC or PEFC); most of the fibre for boxes has already been recycled
- Paper packaging is recyclable – with the highest recycling rate for any packaging material (more than 80% for corrugated cases) and facilities available at both kerbside and local waste transfer stations across the whole of the country
- Paper packaging is reusable – while it is less common in commercial sectors, there are many options for the domestic consumer, from packing for a house move to pet bedding.
- Paper packaging is biodegradable – it breaks down readily and can be added to a domestic compost bin, though we would always prefer that it is recycled if possible.

BEYOND THE BOX

www.cardboard.org.uk

FORESTRY

Forestry – renewable and sustainable paper

The Paper Industry is based on tree fibres, with recycling integral to the overall efficiency of the industry.

Papermaking has always involved recycling, with most UK made paper (in excess of 70%) being made from recycled fibres collected from households and businesses. Even with high levels of recycling, the industry is still underpinned by forestry, with lost (say flushed away) and unavailable (say stored in books) fibres being replaced by new ones. Additionally, fibres can only be recycled a number of times before they become damaged and shortened, and so lost to the process, damaged fibres generally being used for energy recovery or as agricultural soil improvers adding organic material to soils.

Virgin pulp used in the UK is predominantly sourced from Scandinavian and North American conifers, or eucalyptus pulp from plantations in southern Europe or South America. The sale of timber and timber products from forests provides income for forest owners and a huge incentive to ensure that land remains used for forestry and not converted for other uses. Indeed, properly managed forests don't just provide timber products, they also have key roles in conservation, recreation, and in storing carbon. Added to these existing benefits is a quickly growing interest in the potential to grow a bio-based economy, with non-sustainable products increasingly being swapped for sustainable ones.

The UK has two modern integrated pulp and paper mills operated by UPM Caledonian in Irvine, and Iggesund Paperboard in Workington, making virgin pulp by mechanical grinding of wood. Mechanical pulping provides higher yields, producing pulps suitable for particular uses such as magazine papers and food packaging. Depending on the product being made, mechanical pulp can be used alongside other types of pulp to provide specific characteristics in the final product by blending or layering. Both mills use all the pulp they make to convert directly into paper, and so sell no pulp onto the market – virgin pulps used in other UK mills is imported.

Both of these sites are well-invested, using modern equipment to minimise waste and energy use. The sites also have their own Combined Heat & Power plant (CHP) using low grade forestry and other wood residues to generate heat and power, hugely reducing their emissions of fossil carbon.

In 2018, the UK harvested in the region of 12m tonnes of timber, with only about 0.5m tonnes used to make paper at these two sites. Their purchases provides an outlet for lower grade timber from forests in the north of England and Scotland.*

*https://www.forestry.gov.uk/forestry/beeh-a9zjnu

Setting a new UK land-use policy

Post-Brexit, as the UK becomes free to develop its own policies, one of the opportunities is to review land-use policy and take a new approach to land management, by incentivising the provision of biodiversity and other social goods through public support. At present the UK is one of the least wooded countries in Europe, with a great opportunity to combine a major tree planting initiative with building the potential for carbon storage, enhancing wildlife habitat, biodiversity and slowing the flow of rainwater to alleviate flooding.

And, of course, forests also provide a renewable resource in the form of harvested timber, increasingly important as the economy moves away from a dependence on finite fossil resources to renewable and recyclable ones.

European Union Timber Regulation (EUTR)

Companies handling timber and timber derived products (including wood pulp) made or processed within the European Union must prove it has been legally harvested. This initiative is strongly supported by CPI Members and indeed CPI continues to be called for the scope of the Regulation to be widened, especially as the UK sets its own rules post-Brexit.

The focus of EUTR 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 also properly addressed. Consumers can support this initiative by buying product marked as independently certified. FSC and PEFC are the most widely used schemes.

UPM Caledonian Paper

PAPER FOR RECYCLING

2019 was a year of uncertainty for stakeholders in recovered fibre markets, with both access to sales outlets and adequate pricing providing challenges for market actors. The increasing impact of Chinese import restrictions, international trade wars, and a general slowdown in the world economy, overlain with Brexit uncertainty, contributed to a malaise in a domestic market with weak pricing that fell negative for mixed papers by year end. Paper PRN prices were also volatile, starting the year brightly and perhaps suggesting that the system does work as it should by supporting otherwise weak economics in the sector, but falling back in the last quarter.

The total volume of paper and board collected for recycling continues to fall, as it has year on year since 2013.

Totals for 2019 indicate a decline of 2.5%, from 7.54 to 7.35 million tonnes. This mirrors a fall in the overall consumption of paper products in the UK of circa 3%, suggesting that consumption and recovery remain in balance, with the recycling rate continuing to be broadly steady. The use of paper for recycling by UK mills fell slightly to 3.11 million tonnes, but it is noteworthy that the consumption of mixed papers increased with a commensurate fall in the use of Old Corrugated Cases (OCC). Exports of paper for recycling declined by circa 4.5% from 4.18 to 3.99 million tonnes with China continuing to be a relatively big recipient of material despite the apparent and much publicised restricted demand from there. Other destinations such as India, Indonesia and Turkey also began to feature as growing export partners.

Government initiatives

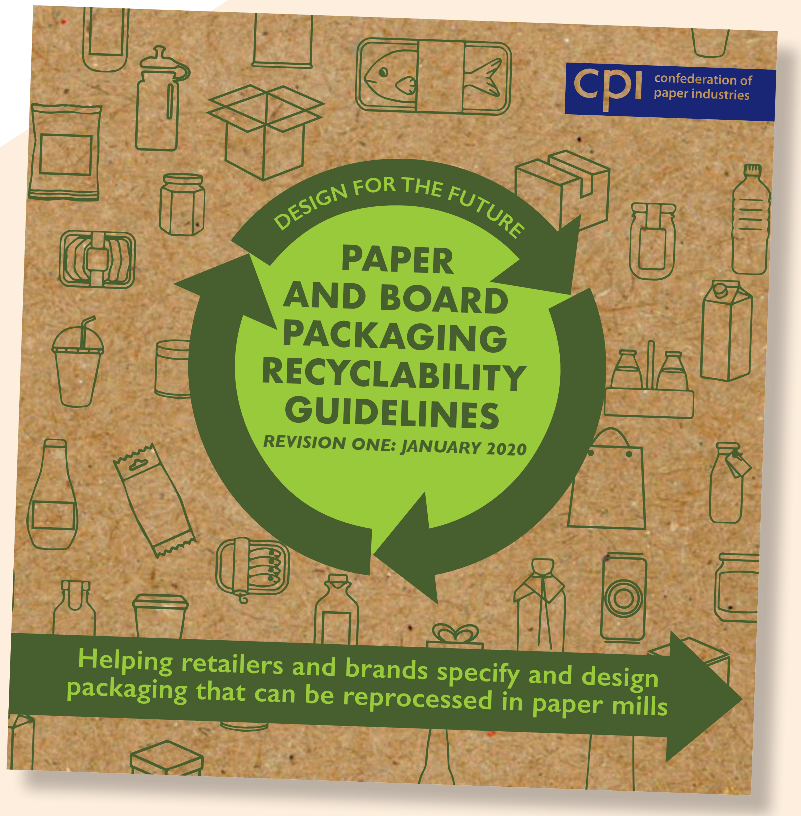
There were a number of initiatives seeking to build on the Government's commitment to sustainable resource management. The publication of the Resources and Waste Strategy for England late in 2018 was the precursor to four public consultations, two of which were of particular significance to the paper and board industry: consistency in household collections, and reform of Extended Producer Responsibility. CPI responded to all consultations on behalf of the industry. In July 2019, Defra published a synopsis of the comments received and it was encouraging to note that CPI was quoted either directly or in passing in a number of places. We continue to play an active role in supporting Defra in developing its thinking about future changes to the Extended Producer Responsibility (EPR), household collection systems, and other paper and packaging related issues through Defra's Advisory Committee on Packaging and other stakeholder groups. A further round of consultations is expected in late-2020 with system change expected in 2023.

Paper and Board Packaging Recyclability Guidelines

The year saw other evidence of concerns about the impact of human activity on the planet, with particular focus on single use plastics and the recyclability of packaging. This gave rise to an increasing interest in fibre-based packaging products as a substitute for plastic, and hastened the publication of CPI's Paper and Board Packaging Recyclability Guidelines, targeted at specifiers and designers, and setting out aspirational goals for the design of new packaging products. Designing for recyclability is a key part of creating saleable and recyclable secondary materials. The document was well received, with interest expressed from around the world, and has provoked renewed reflection about the design of paper-based packaging within the UK, particularly the optimal amount of barrier materials within paper-based composites. Its core tenets have been adopted by WRAP and On-Pack Recycling Label Ltd (OPRL), whose purpose is to improve recycling by providing a national marking system for consumer packaging.

Whilst the CPI guidelines are aspirational, OPRL is seeking to create a set of binary rules defining material as either recyclable or not. Recycling is rarely that simple and, in the latter part of 2019, CPI led a series of meetings to promote better understanding through the supply chain and start a journey towards optimal packaging design. This will include working to identify a suitable test protocol for recyclability which is on-going. The first revision of the Guidelines was published in early 2020. It remains a working document and will be adapted to take account of technological and design development.

Other areas of significant work undertaken by CPI during the year included responding to proposed Government changes in operating permits for depots collecting paper for recycling. This is significant because many depots are currently exempt from needing a permit to operate, but it is the intention of the Environment Agency (EA) to bring all waste related operations within its permitting system, increasing both the cost and complexity of operating. The likely impacts could be severe for integrated members and CPI has been in discussion with the EA to develop a Standard Permit by which members can qualify at lower cost. This links closely with other work being done in close cooperation with Members and the EA to agree sector specific guidelines for the development of Fire Prevention Plans, as a prerequisite for environmental permitting.



HEALTH AND SAFETY

It's often said that Health and Safety seldom moves quickly, and it might appear that little has changed, yet in reality it has. Within our own paper mills, packaging plants, and recycling facilities we have seen some notable and common achievements.

We have seen improvements in welfare conditions, machinery safety, training, employee involvement, transportation, and load security. Culturally there has been a step change in how employers and employees engage with each other - the 'us and them' approach is no longer prevalent.

Yet it's too easy to forget what we have achieved.

The same question could be asked of CPI and the Paper and Board Industry Advisory Committee (PABIAC). It is fifteen years since PABIAC evolved into a 'Strategic Delivery Board' and the first PABIAC strategy was launched. Throughout this time CPI has been the driving force behind PABIAC, and the industry has responded by supporting the objectives in each strategy and shown continuous improvements.

Through CPI, PABIAC is a partnership that has proven to be a success time and time again. This is because it represents all three sectors of the industry, and unites the industry to work towards a common goal. That goal is to *'help the prevention of death, injury and ill health to those that work within the UK's Paper-based Industries'.*

Looking back over the last 12 months, and the culmination of the last four-year PABIAC strategy *'Health and Safety - It's more than just a paper exercise'*, one of the most notable achievements is in occupational health (OH). In a post-strategy OH survey of all CPI Members:

- 97% of respondents have identified their key work-related health issues,
- there has been a 428% increase in the number of sites who have specific occupational health Key Performance Indicators,
- the percentage of employees and managers who have been given stress related training has increased from 14% to 60%,
- there has been a 515% increase in the number of sites who now have a system in place for monitoring and reviewing their occupational health action plan, and
- 83% of respondents have a work-related stress policy in place.

This is a good foundation and one that we will continue to build upon under the new PABIAC strategy. We know that tackling occupational health requires some different thinking to addressing safety issues but different doesn't mean difficult. As we gather more information on the reasons for absence due to work-related physical and psychological health issues, we can already see that work-related stress, anxiety and depression are amongst the most common causes of absenteeism, accounting for a significant number of days lost.

Ways of tackling these issues are well known, and they do not need to be costly to implement. Effective leadership in developing, implementing, and communicating a clear and concise strategic plan, supported by senior managers, is a vital part and one that we will track throughout the course of the next 12 months and beyond.

CPI Biennial Health, Safety and Industry Conference

On 9th July 2019, over 240 delegates attended CPI's Biennial Health, Safety and Industry Conference. In his opening address Martin Temple CBE, HSE Chair, congratulated the UK Paper Industry on its support and commitment to PABIAC and in achieving continuous and sustained health and safety improvements over the last 15 years.

Launching the next four-year PABIAC Strategy 2019 – 2023 *'Health, Safety and Wellbeing – Hearts, Minds and People'*, Martin Temple reaffirmed HSE's commitment to supporting the industry and emphasised the importance of strong leadership, commitment, and accountability.

Designed to encourage discussion and the sharing of best practice, the programme covered a myriad of interesting topics, professionally delivered to support the three key objectives of the strategy:

- Leadership, Engagement and Collaboration
- Work-related Stress, Physical and Mental Health, and Wellbeing
- Vehicle, Material Movement and Storage Stability.

CPI will support the industry as it works towards achieving these objectives. That said, we must not undo our achievements of the past and forget about issues around slips and trips, manual handling, and machinery safety. These will always be on our agenda. The sector Health and Safety committees will continue to provide industry specific guidance and share information on a wide range of topics, including health and safety alerts, examples of good practices, and injury and health statistics.

But while CPI and the Health and Safety committees can deliver all these 'outputs', the biggest influence on the workforce in delivering 'outcomes' starts at the top, and the beliefs, values and attitudes which cascade through all levels of the company.

Looking Ahead

Looking back over the last 20 years in the industry, there are areas, specifically around machinery, where technology has removed the need for humans to be exposed to hazards and the number of machine related incidents has reduced.

But for all the good that technology brings into our lives, including multiple devices and 24/7 communication at the touch of a button, it also has a negative impact and can cause psychological health issues.

As we delve deeper into these complexities, and to help protect the psychological health of people within our industry, we need to put 'Health' on a level footing with Safety. We need to think about how we use technology to our advantage without technology having an adverse effect on someone's health.

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 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.

PaperWorks

GETTING THE MESSAGE INTO SCHOOLS

Environmental issues related to Paper have been a source of numerous misconceptions for a number of years. What better way to try to counter some of these than to get the facts directly into the classroom? PaperWorks aims to dispel some of the common myths surrounding paper – many of which are often ingrained at an early age.

CPI's education resource, PaperWorks, provides teachers with a range of web-based curriculum-linked multimedia learning resources. Through the use of videos, online presentations and ready-to-go lesson plans, PaperWorks helps students to connect curriculum theory to the real world, whilst supporting and promoting the Paper Industry's core messages on recycling and sustainability.

There are five separate modules available to give children aged 5 to 18 an understanding of the UK's Paper-based Industries and their environmental credentials:

- **Art and Design: 5 to 7 years**
  Explores Paper through art and design
- **Science and Technology: 7 to 11 years**
  Shows how Paper is made and the importance of recycling and sustainability
- **Design and Technology: 11 to 14 years**
  Challenges students to design a packaging solution using cardboard packaging, creating a logo and brand by responding to realistic packaging briefs
- **Geography Studies: 11 to 18 years**
  Shows how the UK Paper Industry is a sustainable industry
- **Business Studies: 14 to18 years**
  Introduces the modern Paper Industry and asks students to consider why paper is such an important part of society today

PaperWorks resources, including whiteboard presentations, videos, worksheets and supporting teaching notes are available at www.paperworks.school

PUBLIC AFFAIRS

In 2019, CPI continued to engage with public stakeholders to promote the interests of the UK's Paper-based Industries. We worked with politicians, journalists, and other stakeholders, as well as building coalitions with, and assuming leadership roles in, cross trade association groups on specific issues. It was a challenging year as political attention was focused almost exclusively on the Brexit issue.

In CPI's last Annual Review, our central expectation was that the first stage of Brexit would be completed in March 2019 and that the negotiations on the long-term relationship would now be well under way. Events, of course, moved rather differently, and the UK now has a new Prime Minister with a sufficient Commons majority to enjoy a full term of office and to enact his chosen policies. The UK left the EU on 31st January 2020 and the negotiations on the future relationship are proceeding in a very compressed timescale.

Throughout the coronavirus crisis we have remained in contact with all levels of Government, as well as continuing engagement with Members of Parliament. We have also had the opportunity to meet bi-weekly with Business Minister, Nadhim Zahawi throughout the crisis to update him on the issues for the industry. In addition, we met with Minister of State at BEIS, Kwasi Kwarteng to discuss post-COVID industrial strategy.

At the 2019 General Election, CPI presented a manifesto that focused on the following key asks:

Brexit

- The UK's Paper-based Industries continue to be very concerned at the prospect of a No Deal Brexit and we urge the next Government to ensure that this does not happen, either at the point of Brexit, or at the end of any transitional period.

Climate and Energy

- The UK's Paper-based industries accept the challenge of Net Zero emissions by 2050. However, we urge the Government to recognise that support will be needed for Energy Intensive Industries to meet this target.
- We urge the next UK government to reform the mandate of the Committee on Climate Change to ensure that it is balanced and considers carbon emissions embedded in imported products as well as carbon emissions from UK production. This will remove an incentive for the offshoring of industry and its emissions outside the UK.
- CPI believes the next UK government should expand the Industrial Energy Transformation Fund and enable it to continue until at least 2050 as a cornerstone of the transition to Net Zero.
- CPI requests a call for evidence for a Paper Decarbonisation Fund, similar to the £250m commitment provided to the Clean Steel Fund.
- While government provides compensation and exemptions for the high energy costs, CPI is calling for these schemes to be extended to bolster the global competitiveness of UK manufacturing.

Investment and Productivity

- Innovation and investment in the UK's Paper-based industries has greatly improved its productivity. Since 2000, productivity in the paper industry has increased from 230 tonnes per employee to 491 tonnes per employee in 2017.
- In order to continue this trend and considering that most of the sector's key players are not headquartered in the UK, the next Government will need to create the right conditions for continued inward investment. To achieve this, the policy landscape for Energy Intensive Industries should be consistent, predictable and benchmarked against competitor nations.

Recycling and Sustainability

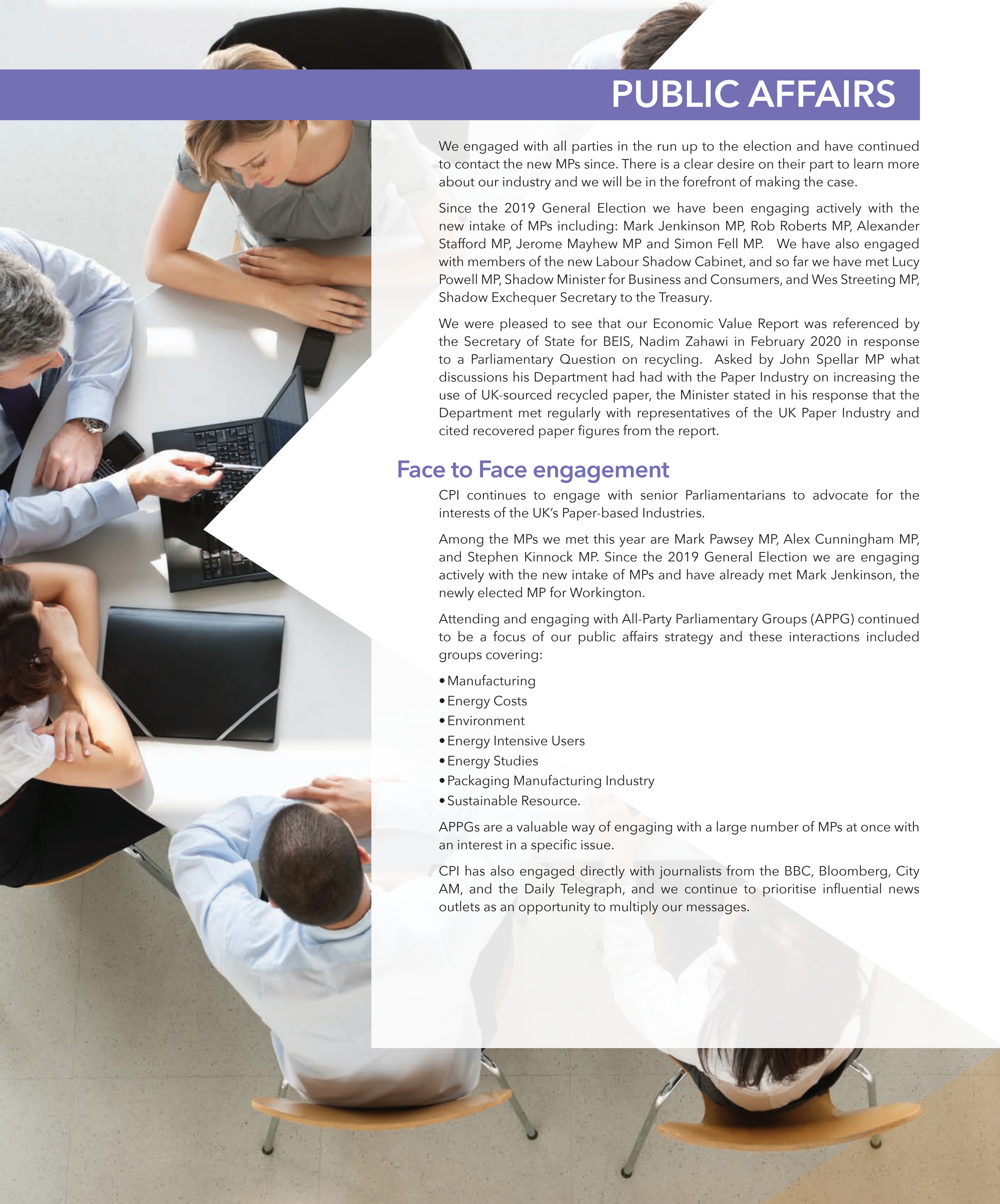
- Paper is a uniquely renewable and recyclable material and these qualities make it the sustainable choice for a wide range of applications. However, CPI's research shows that over 60% of paper is recovered by co-mingled collection, where paper is recovered alongside glass, plastics and metals. This leads to the paper being contaminated. This makes it harder for domestic mills to recycle, and much more difficult to export for recycling.
- CPI is calling on the next Government to adopt a policy of separate collection of paper and board from homes. This would increase UK recycling rates and improve the quality of paper for recycling both for domestic reprocessing and UK exports, ensuring that global markets remain open to UK collected secondary materials. We also urge the introduction of policies that, in the context of Extended Producer Responsibility, funnel funding to UK operators who process hard to recover fibre-based materials.
- With much of environmental regulation having its origins in Europe and the Paper Sector being a heavily regulated sector, future changes to regulation should maintain a balance to avoid impacting investment given the sector is largely non-UK headquartered. The focus should be on opportunities for working towards the like of water efficiencies and avoid knee jerk response to the populist agenda.

Trade

- As the UK leaves the European Union, trade policy for the UK becomes a UK competence again. It will be UK institutions and expertise that decides if trade remedies should be applied to products imported into the UK. Our ambition is for a level playing field so that the UK's Paper-based industries can thrive based on their competitiveness and not be damaged by unfairly traded goods on the UK market, nor by unfair barriers to export markets.
- We urge the Government to ensure that it implements the policies proposed by the Manufacturers' Trade Remedies Alliance to ensure that UK businesses can defend themselves against unfair trade practices.

Packaging

- We urge the Government to recognise that packaging plays an important part in sustainability by preventing waste, spoilage and damage to goods being shipped. This recognition should be followed by policies that support sustainable packaging, and not 'knee-jerk' reactions against packaging per se.



PUBLIC AFFAIRS

We engaged with all parties in the run up to the election and have continued to contact the new MPs since. There is a clear desire on their part to learn more about our industry and we will be in the forefront of making the case.

Since the 2019 General Election we have been engaging actively with the new intake of MPs including: Mark Jenkinson MP, Rob Roberts MP, Alexander Stafford MP, Jerome Mayhew MP and Simon Fell MP. We have also engaged with members of the new Labour Shadow Cabinet, and so far we have met Lucy Powell MP, Shadow Minister for Business and Consumers, and Wes Streeting MP, Shadow Exchequer Secretary to the Treasury.

We were pleased to see that our Economic Value Report was referenced by the Secretary of State for BEIS, Nadim Zahawi in February 2020 in response to a Parliamentary Question on recycling. Asked by John Spellar MP what discussions his Department had had with the Paper Industry on increasing the use of UK-sourced recycled paper, the Minister stated in his response that the Department met regularly with representatives of the UK Paper Industry and cited recovered paper figures from the report.

Face to Face engagement

CPI continues to engage with senior Parliamentarians to advocate for the interests of the UK's Paper-based Industries.

Among the MPs we met this year are Mark Pawsey MP, Alex Cunningham MP, and Stephen Kinnock MP. Since the 2019 General Election we are engaging actively with the new intake of MPs and have already met Mark Jenkinson, the newly elected MP for Workington.

Attending and engaging with All-Party Parliamentary Groups (APPG) continued to be a focus of our public affairs strategy and these interactions included groups covering:

- Manufacturing
- Energy Costs
- Environment
- Energy Intensive Users
- Energy Studies
- Packaging Manufacturing Industry
- Sustainable Resource.

APPGs are a valuable way of engaging with a large number of MPs at once with an interest in a specific issue.

CPI has also engaged directly with journalists from the BBC, Bloomberg, City AM, and the Daily Telegraph, and we continue to prioritise influential news outlets as an opportunity to multiply our messages.

Collaboration

CPI continues to play a leading role in the Manufacturers Trade Remedies Alliance (MTRA) to ensure that the UK has robust remedies against unfairly traded goods outside the EU Customs Union. MTRA is an excellent example of how a group of concerned associations can work together to influence policy.

Also, in September 2019, CPI assumed the chairmanship of the Energy Intensive Users Group and is working to revitalise that Group and campaign on affordable energy for large users and a just transition to a net zero carbon economy.

Within the EU, CPI's continued membership of its European Associations has been confirmed and we will continue to work closely with our European colleagues on the very large number of matters of shared interest. UK representatives currently hold two posts on the CEPI Steering Committee, which gives valuable insight into the policy making process in the EU. Globally, CPI is becoming an active member of the International Council of Forest and Paper Associations, and Andrew Large, CPI Director General, was appointed to the UN FAO Advisory Committee on Sustainable Forest Industries in November 2019.

Consultations

CPI continues to engage and consult with Members on its responses to Government consultations. During 2019, responses were submitted for the following consultations:

- The Future of UK Carbon Pricing
- Targeted Charging Review Refined Residual Charging Banding
- Reforming the UK Packaging Producer Responsibility System
- Consistency in Household and Business Recycling Collections in England
- Introducing a Deposit Return Scheme in England, Wales and Northern Ireland
- Environmental Principles and Governance in Scotland
- Revision of the Emission Trading System (ETS) State aid Guidelines
- Designing the Industrial Energy Transformation Fund
- Standard Rules Consultation No. 21 for the Environmental Permitting Regulations
- Improving Management of Water in the Environment
- Increasing Business Recycling in Wales
- Scottish Government CHP & Heat Pump Potential Review
- Scottish Just Transition Commission Briefing
- Committee on Climate Change 6th Carbon Budget

In the News

CPI contributed to a number of features, comments and letters in trade and national press including Daily Telegraph, Financial Times, The Guardian, Express, Metro, BBC News Online, Mirror, Evening Standard, iNews, ENDS Report, The Grocer, LetsRecyle, MRW, PrintWeek, and Paper Technology.

The issues covered included:

- Brexit
- Tissue Supply Shortage during Coronavirus outbreak
- Water abstraction
- Recycled Paper and reuse
- Maximising the value of resources
- Paperless Society: Why are we using more paper than ever?
- Carbon Price

Speaking Opportunities

CPI also engages publicly with stakeholders at conferences and workshops and during 2019/early 2020 CPI staff spoke at a number of events:

Andrew Large, Director General
Pro2Pac Conference and Trade Show at ExCel, March
Technologie Kring Conference, the Netherlands, June
100th Sheet Plant Association (SPA) Conference, October

Steve Freeman, Director of Energy & Environmental Affairs
The Industrial Strategy Challenge Fund, February
Transforming Foundation Industries, October
South Wales Industrial Cluster, November

Andy Barnetson, Director of Packaging Affairs
100th Sheet Plant Association (SPA) Conference, October
Recycling Association Conference, November
101st SPA Conference, January 2020

Simon Weston, Director of Raw Materials
Recycling Event, July

Andrew Braund, Director of Health and Safety
101st SPA Conference and first ever Health & Safety Forum, January 2020

COMMUNICATIONS

Alongside the public affairs work, CPI continues to review and improve communications to Members and the outside world.

Communication with our Members is key

One of the key assets for any membership organisation is its database of members and contacts. To help CPI continue to develop and support our membership, we embarked on a project during 2019 to replace our old membership database with a new single cloud-based engagement management system.

Specifically written for Associations, there are many benefits to the new platform which enables us to not only engage and communicate more effectively with our Members, but also work more efficiently as an organisation.

We integrated our new website with the system making updates, maintenance, registrations, and members' areas engagement much more streamlined. We have also integrated our newsletter, CPI News, and will be working on improving our reach and engagement.

The new system will also allow us to make good use of the event functionality, thus the booking and payment processes for conferences and events will become a much easier and more efficient experience for Members.

CPI continues to consult and support its Members through various committees and councils which provide a communications platform to engage, share information, and of course provide that face-to-face value from meetings. CPI News, our fortnightly newsletter, updates Members with the latest news, and the Members area of the CPI website is constantly being updated with meeting papers, statistics, briefing papers etc.

Online

Throughout 2019 and in the first quarter of 2020, although a huge amount of work has been going on in the background to amalgamate websites, contacts and databases, our website paper.org.uk has still been our primary communication tool for both Members and the outside world.

Our education site paperworks.school continues to provide free resources, covering ages 5 to 18, to schools. The site will be going through an update in the near future.

Also, as covered on P20 of this review, the Beyond the Box website is evolving to be a one stop source of information for consumers on cardboard.

Publications in Print

Of course, our communications platforms wouldn't be complete without our paper publications.

Economic Value Report

In 2018, CPI produced its first Economic Value Report which showed for the very first time the full extent of the contribution of the UK's Paper-based Industries to the UK economy. Our second report was published late 2019 and covers not only the value of the industry to the UK, in terms of jobs, value added, employment and trade, it also covers the opportunities for investment in the UK industry in much greater depth, and the issues to be overcome if such investments are to be realised.

Paper is a uniquely renewable and recyclable non-fossil resource and this report shows how the UK's Paper-based Industries can meet the challenge of the circular bioeconomy and how they can contribute to the future development of the UK in sustainable materials.

CPI has promoted this report widely to government and all stakeholders. We urge all policy makers to read this report carefully and to act on its conclusions. Now is the time for renewed investment in paper and its products to build future economic growth on its firm foundations and to move the UK towards a more sustainable future, based in natural products, and managed for the long term.

Design for the Future: Paper and Packaging Recycling Guidelines

In February 2019, CPI, in conjunction with WRAP, launched the recycling guidelines to help retailers and brands specify and design packaging that can be reprocessed effectively in paper mills.

The response has been generally very positive and, after discussions with involved stakeholders in January 2020, CPI produced its first Revision to the Guidelines.

Innovation Report

CPI has produced its very first Innovation report: *The UK Paper Industry – Innovation and the Bioeconomy.* The report outlines some great examples of innovation and new products being delivered by the paper sector in all parts of the UK. It will also help to reinforce our position in the bioeconomy with key policy makers as a precursor to securing support for new investments.

Social Media

CPI remains active on social media channels.

- **Twitter**
  We have a steady following of over 1,700 which we will continue to build on. Twitter continues to be CPI's most active social media channel.
- **Facebook** and **LinkedIn**
  CPI continues to post on both platforms.

Engagement and support

CPI continues to engage with and support various industry-related initiatives including:

- 2050 Decarbonisation Roadmap
- Two Sides
- Recycle Now
- Keep Me Posted campaign

Connect with us

www.paper.org.uk
facebook.com/Confedofpaper
twitter.com/@Confedofpaper
linkedin.com/company/confederation-of-paper-industries

Alliances

CPI continues to benefit from, and provide support to, numerous alliances in the UK and Europe.

These include:

Abstraction Reform Advisory Group
Advisory Committee on Packaging
Association for Decentralised Energy
BPIF Cartons
Combustion Engineering Association
Emissions Trading Group (ETG)
Energy Intensive Users' Group (EIUG)
Environmental Services Association
Food Packaging Value Chain
Gas Security Group
International Council of Forest and Paper Associations (ICFPA)
Make UK
Manufacturers Climate Change Group (MCCG)
Manufacturing Trade Remedies Association (MTRA)
Ofgem Large User Group
On-Pack Recycling Label Ltd (OPRL)
Packaging Recycling Group Scotland (PGRS)
Paper & Board Association (P&BA)
Paper Cup Recycling and Recovery Group
Paper Packaging Forum
Recycling Association
Sheet Plant Association (SPA)
The Industry Council for Research on Packaging and the Environment (INCPEN)
The Packaging Federation (PackFed)
The Paper Industry Technical Association (PITA)
Timber Expert Panel
United Nations Advisory Committee on Sustainable Forest Industries (ACSFI)
Valpak; Waste & Resources Action Programme (WRAP)
Water Resources Regional Groups
Zero Waste Scotland

In addition, we continue to represent Members at a European level through our work with Confederation of European Paper Industries (CEPI); European Federation of Corrugated Board Manufacturers (FEFCO); European Tissue Symposium (ETS); the International Confederation of Paper and Board Converters in Europe (CITPA); and the Group of European Market Wood Pulp Users (UTIPULP).

We would like to thank all of these organisations for their positive engagement on many issues and for their continued support. We look forward to working with them in the future.

REVIEW OF DATA 2019

A steep decline in demand for UK papers and boards during the latter half of the year, particularly for Graphics grades, caused a further fall in total consumption during 2019. As the majority of UK Graphics demand is met by imports, paper and board production remained relatively stable, with some mills taking advantage of fluctuating exchange rates to export more heavily this year. Woodpulp prices returned to more normal levels after the exceptional peaks of 2018, and recovered paper collections continued at satisfactory volumes despite the continuing sharp drop in demand from Chinese buyers. The outlook for the UK's paper sector, as for the economy as a whole, is rather mixed – a welcome return to political stability will be tempered by the likely impact of the current global health crisis on the world economy.

Apparent Consumption of Paper and Board

With reductions in almost all sectors monitored by CPI, apparent consumption fell by 4.5% compared to 2018, down from 8.60 to 8.21 million tonnes. The Graphics sector suffered another torrid year with demand declining by a further 7.7% to 3.08 million tonnes. Newsprint demand dipped under 1 million tonnes for the first time (down 9.0%) and all coated and uncoated sectors experienced falls of 5% or more, the whole Printings and Writings sector declining by 7.1% to 2.16 million tonnes. The Tissue sector also experienced a slightly surprising slowdown, demand for parent reels falling by about 30,000 tonnes or almost 3.0% to 1.07 million tonnes. Likewise the Packaging sector, with Corrugated Case Materials falling back by 1.8% compared to 2018 in a year that saw significant new capacity come on stream in the downstream Corrugating sector. There was a similar decline in demand for other packaging boards including cartonboards of almost 2.5% to 1.1 million tonnes. With the additional net inflow of transit packaging and converted paper and board products, total UK demand is estimated to have been 10.82 million, giving a per capita consumption of 162 kg. By comparison, at the beginning of the last decade, total UK demand was estimated by CPI to be about 13 million tonnes, a per capita consumption of 207 Kg.

Production and Deliveries of Paper and Board

UK paper and board mills maintained a relatively stable output during 2019, with a slight decline in production of 1.1% compared to 2018, down to 3.85 million tonnes (about 45,000 tonnes less). There were mixed fortunes for the various sectors with the Tissue sector, where new capacity reached full output, increasing by 3.3% to 0.76 million tonnes, but the Graphics sector falling by 4.5% to 0.92 million tonnes. In the Packaging sector, Corrugated Case Materials declined by 1.6% to 1.86 million tonnes (about 25,000 tonnes less) whereas the rest of the sector posted a slight increase in output (up 1.1% to just short of 400,000 tonnes).

Domestic deliveries fell back by more than 2% to just over 3 million tonnes, with the Graphics sector declining by over 10% from 650,000 to 580,000 tonnes of home sales. However, export sales increased by almost 50,000 tonnes to about 825,000 tonnes, a near 7% increase on 2018. But it was import sales that experienced the largest declines in demand with falls in all sectors, in particular the Graphics sector which fell by about 166,000 tonnes or 6.2% from 2.67 to 2.51 million tonnes.

Papermaking Raw Materials

Domestic demand for recovered papers was more or less stable, posting a slight decline of 0.7%. Most noticeable has the been the continuing switch by packaging producers from Old Corrugated Containers to Mixed Papers, no doubt capitalising on cheaper prices for these materials in the absence of demand from China. Otherwise, consumption of woodfree and other grades was static, leaving domestic usage at 3.11 million tonnes (compared to 3.13 million tonnes the year before). For recovered paper exports, the Chinese volume of 1.2 million tonnes was the lowest annual total since 2004, having peaked in 2016 at 3.7 million tonnes. The shortfall in Chinese demand was largely compensated by demand from India, Indonesia and, latterly, Turkey. India, which imported some 1.1 million tonnes of recovered paper from the UK, will become the largest export destination during 2020 at current rates. With the small volume of recovered paper imports falling by a third to about 80,000 tonnes, recovered paper collections fell by a modest 2.5% to 7.35 million tonnes. Taken together with the sharper fall in total paper arisings, from 11.3 to 10.8 million tonnes as noted above, the UK's recycling rate actually increased by one percentage point from 67 to 68%.

Production of Corrugated Board

CPI members recorded a further year of growth in corrugated board output during 2019, albeit of smaller magnitude than in recent years. Total board production rose to 4.12 million ksm, an increase of 0.7%, equating to an effective weekly production of 82,496 ksm. With paper used on the corrugator slipping back by a further 0.9%, average board weight dipped under 450 gsm for the first time, to 448 gsm. In the sheet-feeding sector where new capacity came on stream during 2019, output by members fell slightly, by 0.8% to 1.14 million ksm with an effective weekly production of 22,783 ksm. CPI estimates the total UK market for corrugated boxes to be approximately 5.142 million ksm, of which CPI members account for about 81%.

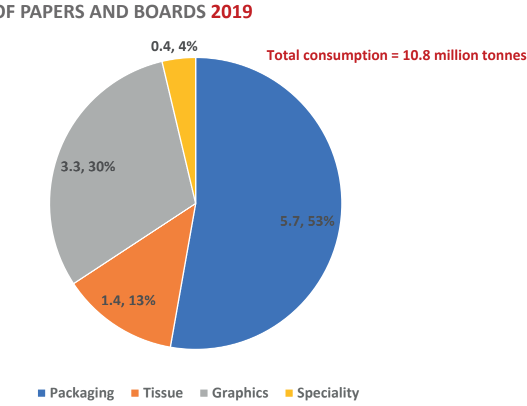
UK PAPER AND BOARD FACTS & FIGURES 2019

KEY FIGURES OF THE UK'S PAPER-BASED INDUSTRIES

62,000	*62,000 people are employed in the UK manufacturing paper and paper products*	Jobs
1,417	*1,417 UK enterprises are engaged in the manufacture of paper products*	Companies
£12 billion	*UK companies manufacturing paper have a turnover of £12,149 million*	Turnover
£3.4 billion	*UK manufacture of paper has a Gross Value Added of £3,375 million*	GVA

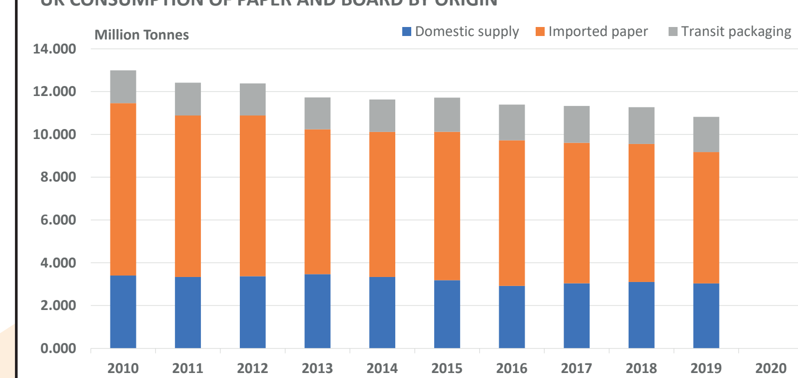
Source: ONS, Annual Business Survey 2019, SIC 17 2018 data

UK CONSUMPTION OF PAPERS AND BOARDS 2019



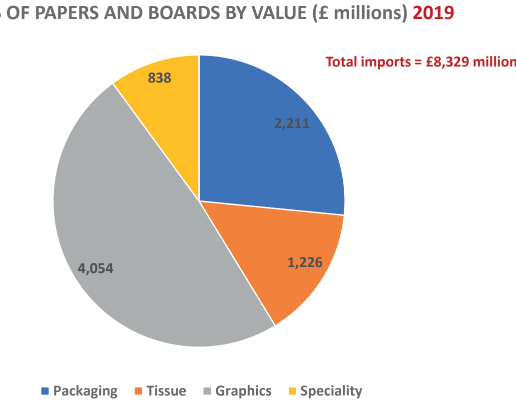
Sources: CPI, HM Revenue & Customs, NPWD

UK CONSUMPTION OF PAPER AND BOARD BY ORIGIN

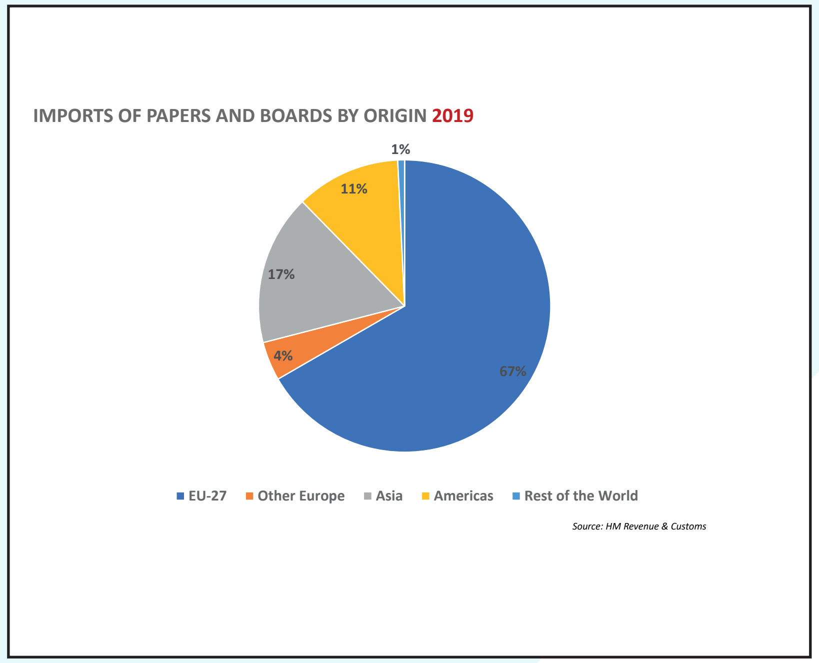


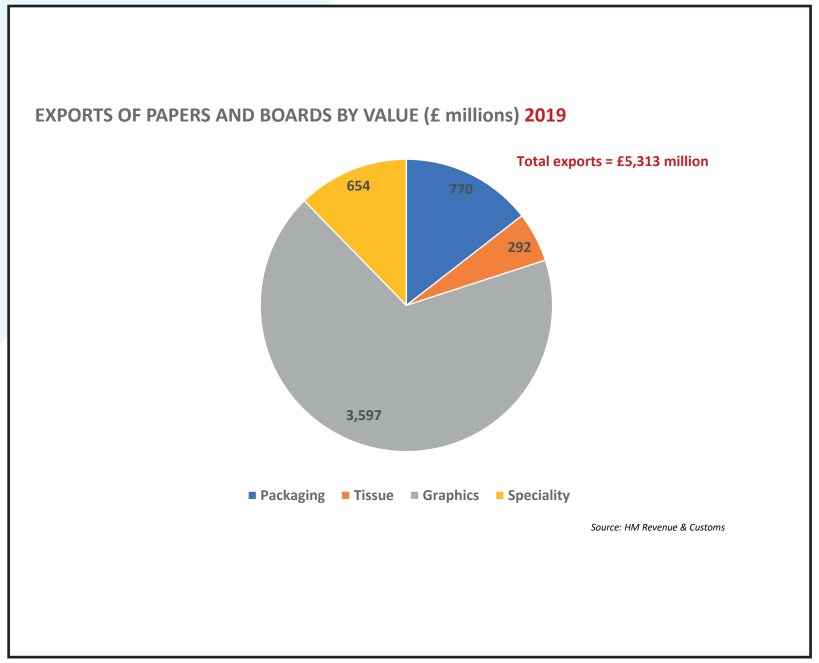
Sources: CPI, HM Revenue & Customs, NPWD

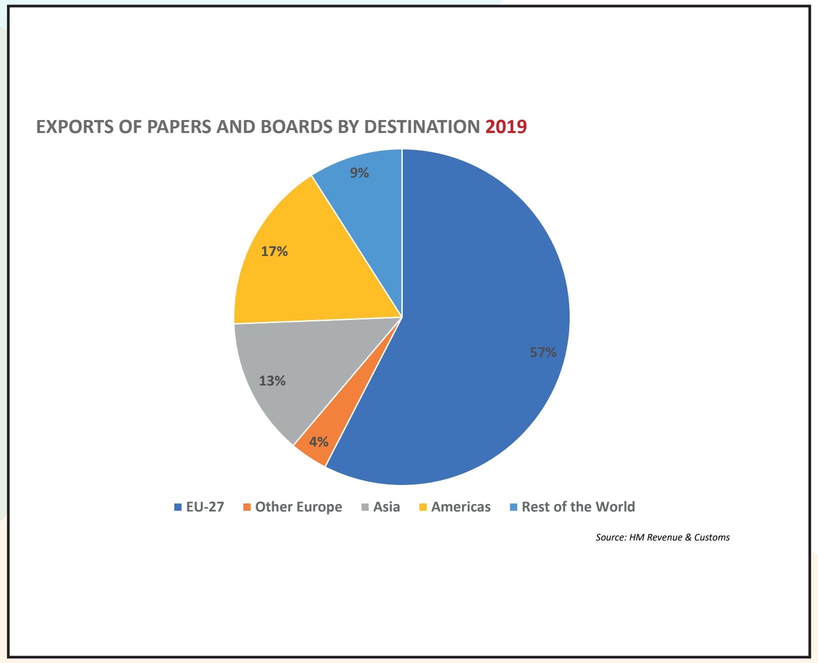
IMPORTS OF PAPERS AND BOARDS BY VALUE (£ millions) 2019

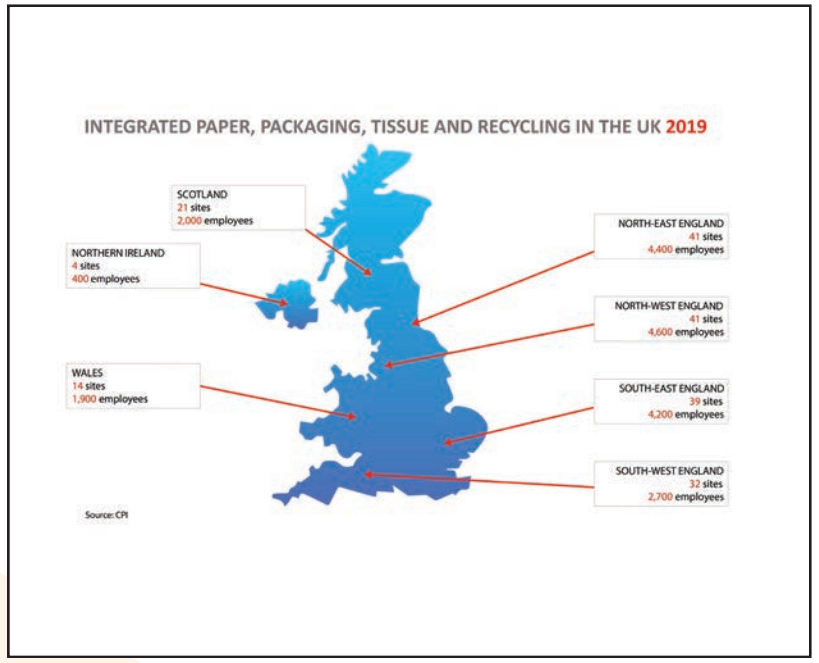


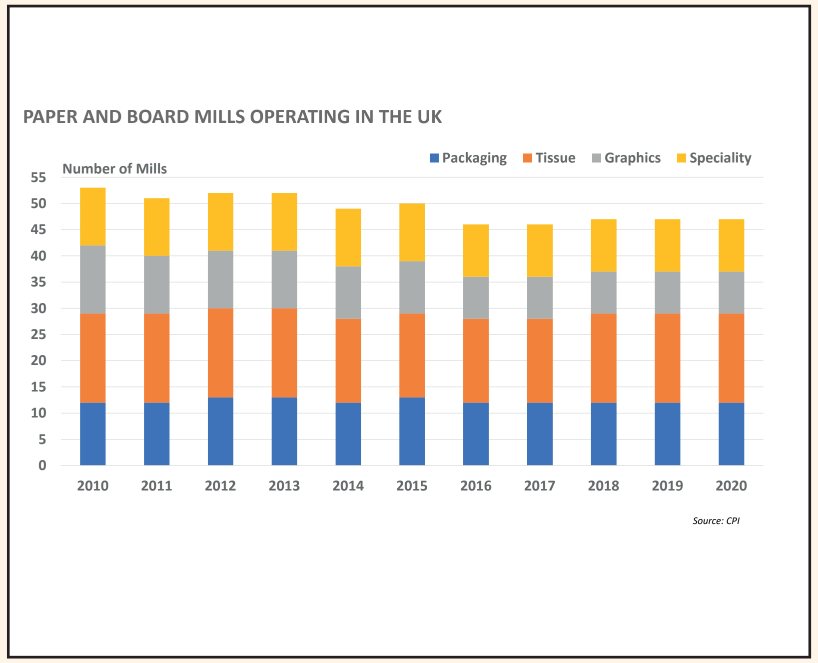
Source: HM Revenue & Customs

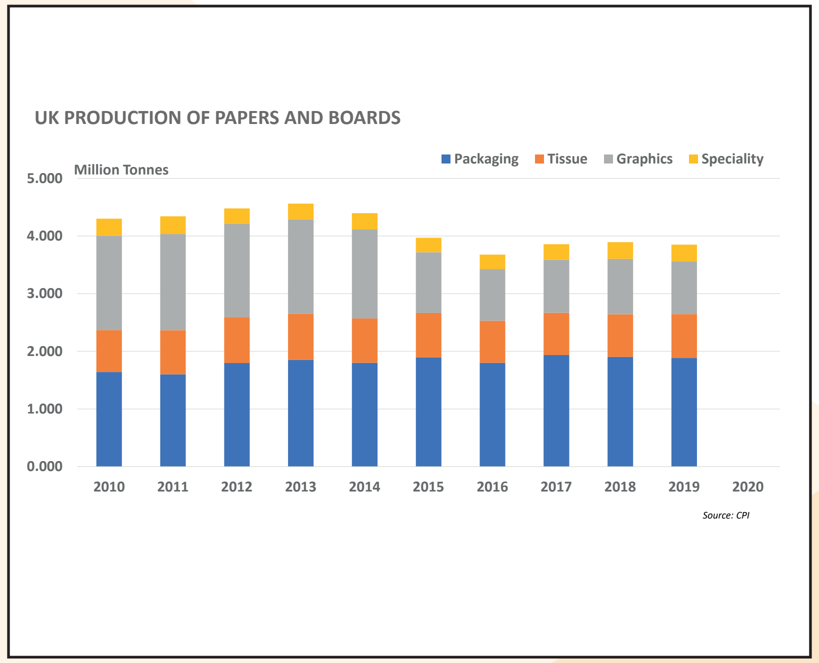

IMPORTS OF PAPERS AND BOARDS BY ORIGIN 2019
1%
11%
17%
4%
67%
EU-27 Other Europe Asia Americas Rest of the World
Source: HM Revenue & Customs

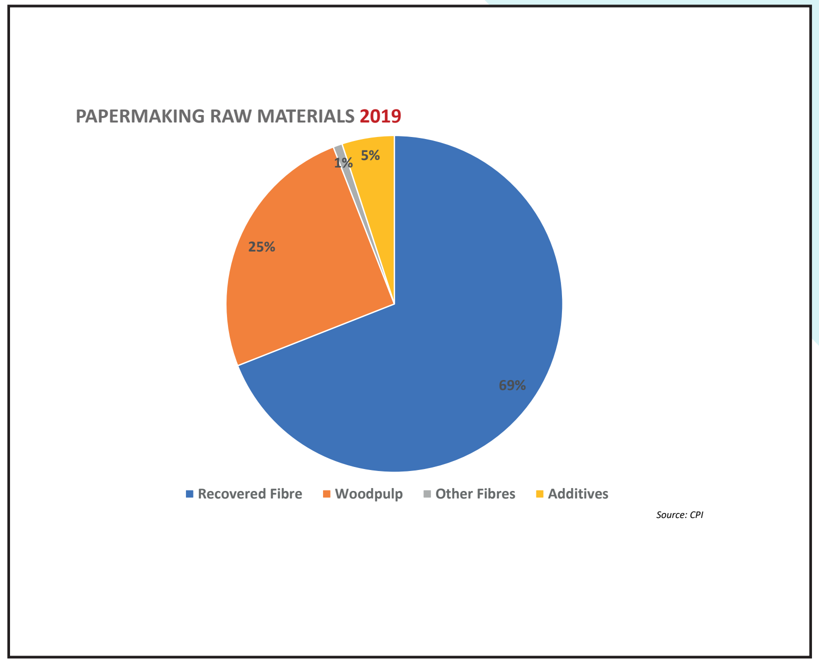

EXPORTS OF PAPERS AND BOARDS BY VALUE (£ millions) 2019
Total exports = £5,313 million
654
770
292
3,597
Packaging Tissue Graphics Speciality
Source: HM Revenue & Customs

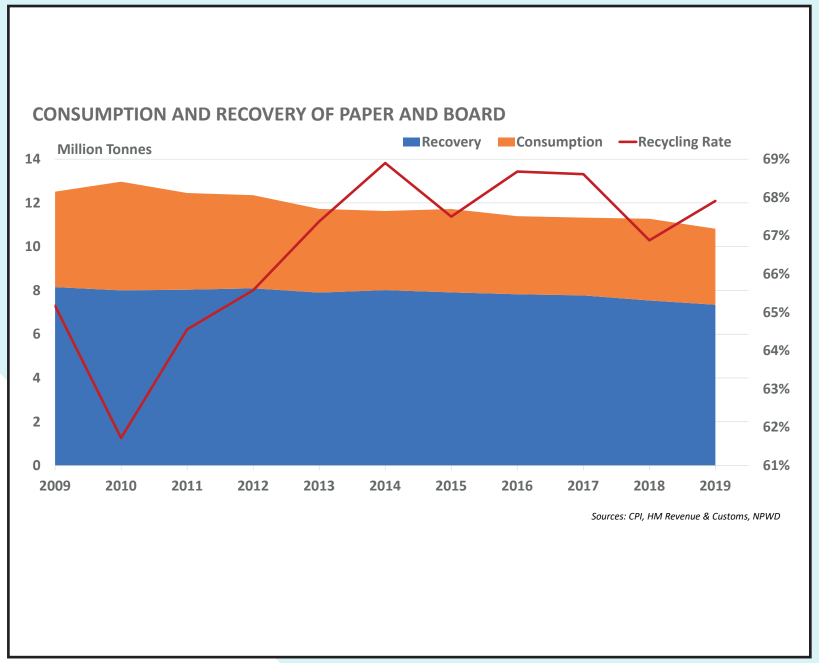

EXPORTS OF PAPERS AND BOARDS BY DESTINATION 2019
9%
17%
13%
4%
57%
EU-27 Other Europe Asia Americas Rest of the World
Source: HM Revenue & Customs

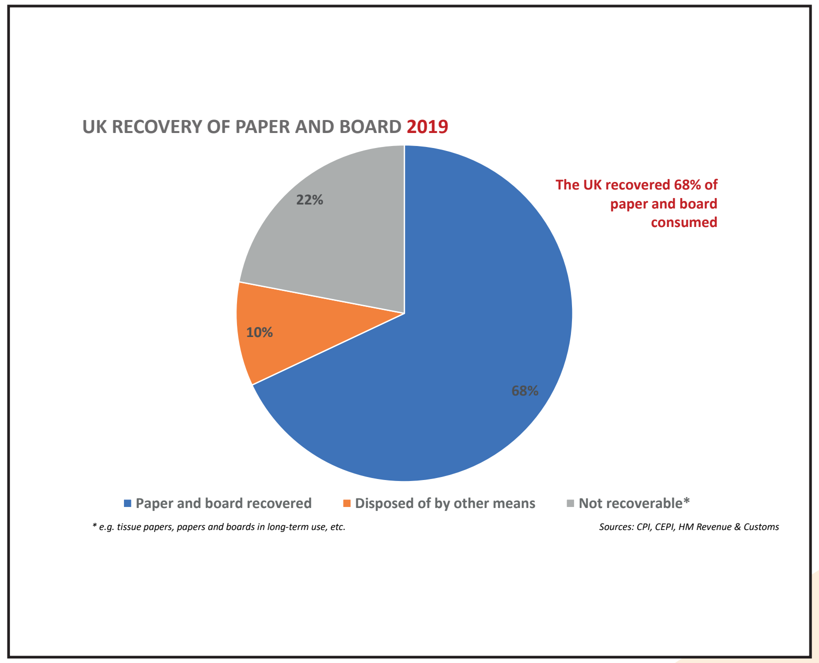

INTEGRATED PAPER, PACKAGING, TISSUE AND RECYCLING IN THE UK 2019
SCOTLAND
21 sites
2,000 employees
NORTHERN IRELAND
4 sites
400 employees
WALES
14 sites
1,900 employees
NORTH-EAST ENGLAND
41 sites
4,400 employees
NORTH-WEST ENGLAND
41 sites
4,600 employees
SOUTH-EAST ENGLAND
39 sites
4,200 employees
SOUTH-WEST ENGLAND
32 sites
2,700 employees
Source: CPI

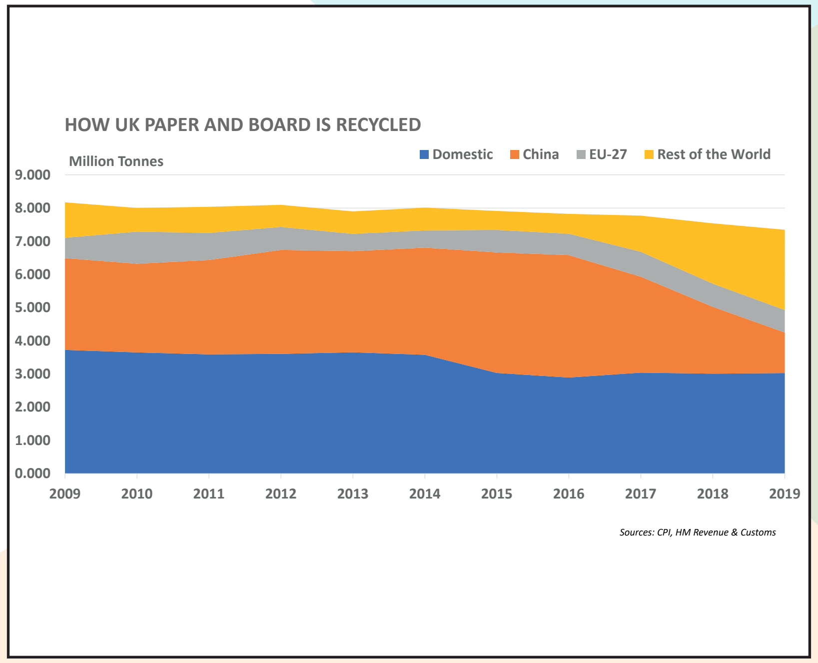

PAPER AND BOARD MILLS OPERATING IN THE UK
Number of Mills
Packaging Tissue Graphics Speciality
55 50 45 40 35 30 25 20 15 10 5 0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
Source: CPI

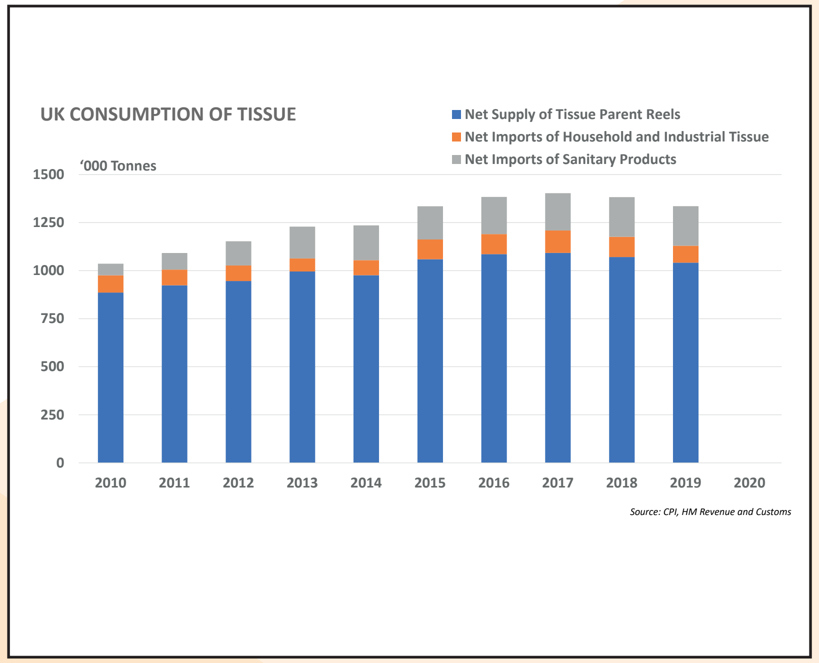

UK PRODUCTION OF PAPERS AND BOARDS
Million Tonnes
Packaging Tissue Graphics Speciality
5.000 4.000 3.000 2.000 1.000 0.000
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
Source: CPI

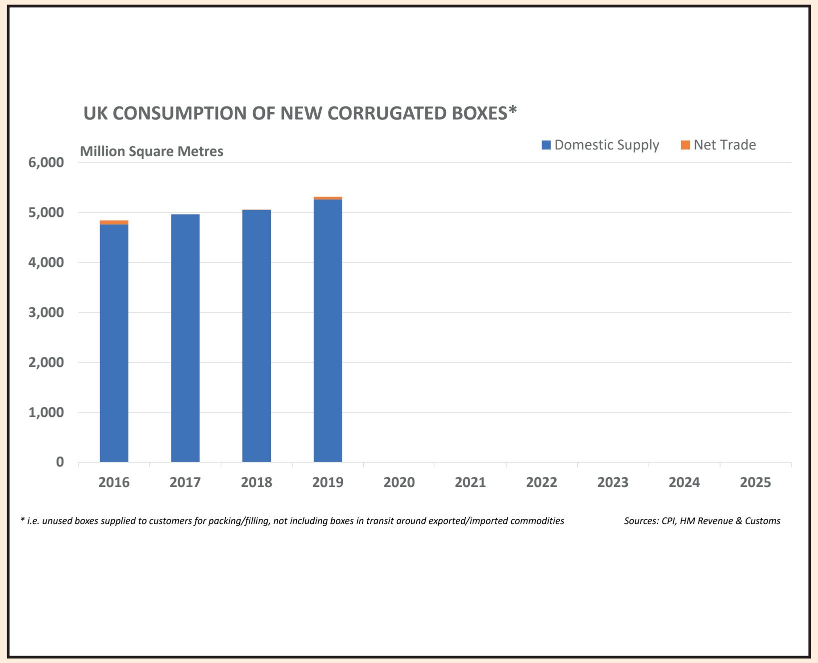

PAPERMAKING RAW MATERIALS 2019
1%
5%
25%
69%
Recovered Fibre Woodpulp Other Fibres Additives
Source: CPI


CONSUMPTION AND RECOVERY OF PAPER AND BOARD
Million Tonnes
Recovery Consumption Recycling Rate
14 12 10 8 6 4 2 0
69% 68% 67% 66% 65% 64% 63% 62% 61%
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
Sources: CPI, HM Revenue & Customs, NPWD


UK RECOVERY OF PAPER AND BOARD 2019
The UK recovered 68% of paper and board consumed
22%
10%
68%
Paper and board recovered Disposed of by other means Not recoverable*
* 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
Million Tonnes
Domestic China EU-27 Rest of the World
9.000 8.000 7.000 6.000 5.000 4.000 3.000 2.000 1.000 0.000
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
Sources: CPI, HM Revenue & Customs


UK CONSUMPTION OF TISSUE
Net Supply of Tissue Parent Reels
Net Imports of Household and Industrial Tissue
Net Imports of Sanitary Products
'000 Tonnes
1500 1250 1000 750 500 250 0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
Source: CPI, HM Revenue and Customs


UK CONSUMPTION OF NEW CORRUGATED BOXES*
Million Square Metres
Domestic Supply Net Trade
6,000 5,000 4,000 3,000 2,000 1,000 0
2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
* i.e. unused boxes supplied to customers for packing/filling, not including boxes in transit around exported/imported commodities
Sources: CPI, HM Revenue & Customs

CPI TEAM

Andy Barnetson
Director of Packaging Affairs

Andrew Braund
Director of Health and Safety

Neil Fishburne
Chief Operating Officer

Steve Freeman
Director of Environmental and Energy Affairs

Nick Langdon
Statistics Manager

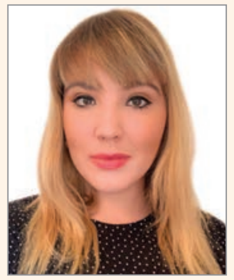
Andrew Large
Director General

David Morgan
Energy Data Manager

Emma Punchard
Director of Member Communications

Debbie Stringer
Environment Manager

Simon Weston
Director of Raw Materials



Holly Whitbread
External Communications Manager

Leonie Williams
Accounts and Office Manager

CPI COUNCIL

Officers

Mr Richard Coward	(President)	Managing Director	Rigid Group Ltd
Mr Kevin Bussey	(Vice President)	General Manager	Smurfit Kappa UK Ltd - Paper Making Division
Mr Patrick Willink	(Past President)	Chief Technology Officer	James Cropper PLC
Mr Angus MacSween	(Treasurer)	Mill Manager	Arjo Wiggins Fine Papers Ltd
Mr Andrew Large	(DG)	Director General	CPI

Members

Mr Clive Bowers	CEO	Smurfit Kappa UK Ltd - Corrugated Division
Mr Andres Calle	UK Manufacturing Director	Kimberly-Clark Ltd
Mr Niels Flierman	Operations Director	DS Smith Paper Ltd
Mr Alex Kelly	CEO	Logson Group
Mr Jim Lang	UK Operation Director - Consumer Tissue Supply	Essity UK
Mr Brian Lister	Country Manager UK & Ireland (Saica Pack UK)	Saica Pack UK Ltd
Mr Ulf Löfgren	Managing Director	Iggesund Paperboard (Workington) Ltd
Mr Bob McLellan	Non-Exec Chairman	Logson Group
Mr Simon Morris	Managing Director Business & Administration	Palm Paper Ltd
Mr Giuseppe Munari	Country Operations Manager	Intertissue Ltd
Mr Chris Murray	Managing Director	DS Smith Packaging Ltd
Mr Tom Rice	Finance Director	Saica Pack UK Ltd
Mr Simon Walker	Head of RCP Sourcing UK & Sales	UPM-Kymmene (UK) Ltd

CPI MEMBERS

Full Members

Ahlstrom-Munksjo Chirnside Ltd
Arjowiggins Chartham Mill Ltd
Arjowiggins Scotland Ltd
BillerudKorsnäs Beetham Ltd
Board24 Ltd
Boxes & Packaging Ltd
BoxShop Ltd
Caledonian Packaging Ltd
Chas Storer Ltd
Devon Valley Ltd
DS Smith Packaging Division Ltd
DS Smith Paper Ltd
DS Smith Recycling UK Ltd
Dufaylite Developments Ltd
Durham Box Company Ltd
Essity Operations Manchester Ltd
Essity UK Ltd
Faspak (Containers) Ltd
Fourstones Paper Mill Company Ltd
Glatfelter Lydney Ltd
Gordano Support Group Ltd
Heath Recycling
Higher Kings Mill Ltd
Hollingsworth & Vose Company Ltd
Iggesund Paperboard (Workington) Ltd
Inspirepac Ltd
James Cropper PLC
James Cropper Speciality Papers Ltd
Jardin Corrugated Cases Ltd
John Roberts Holdings Ltd
Kimberly-Clark Ltd
Macfarlane Group
McLaren Packaging Ltd
Northern Packaging Ltd
Northwood Hygiene Products Ltd
Northwood Tissue (Chesterfield) Ltd
Northwood Tissue (Disley) Ltd
Northwood Tissue (Lancaster) Ltd
Packaging Products Ltd
Palm Paper Ltd
Palm Recycling Ltd
Pearce Recycling Company Ltd
Portals De La Rue Ltd
Portals Paper
Preston Board & Packaging Ltd
Ribble Packaging Ltd
Rigid Containers Ltd
Roydon Packaging Ltd
SAICA Natur UK Ltd
SAICA Pack UK Ltd
SAICA Paper UK Ltd
Slater Harrison & Co. Ltd
Smurfit Kappa Recycling UK
Smurfit Kappa UK Ltd - Corrugated Division
Smurfit Kappa UK Ltd - Papermaking Division
Sofidel UK Ltd
Sonoco Cores and Paper Ltd
Sonoco Recycling - UK
Southern Cross Packaging Ltd
Sundeala Ltd
Swanline Print Ltd
The Cardboard Box Company Ltd
Union Papertech Ltd
UPM-Kymmene (UK) Ltd
Vernacare Ltd
W E Roberts (Corrugated) Ltd
Weedon Group
Weidmann Whiteley Ltd
WEPA UK Ltd

Associate Members

Avanti Conveyors Ltd
Bollegraaf UK Ltd
Cargill Plc
De Jong Packaging Ltd
EMAP Publishing
Envirosystems (UK) Ltd
European Packaging Distributors
Hyster-Yale UK Ltd
Jointine Products (Lincoln) Ltd
Materials Recycling & Consultancy Ltd
Mosca Direct Ltd
Omya UK Ltd
Pilz Automation Technology Ltd
Ralegh Integrated Solutions
ReCarton UK
Sun Automation
The Environment Exchange

Affiliate Members

Combustion Engineering Association
Paper and Board Association
Paper Industry Technical Association

Paper - the sustainable, renewable choice

cpi confederation of paper industries

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Registered in England and Wales
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• Designed and produced by Bob Child - www.peartreestudios.co.uk