



Achieving sustainability





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At United Biscuits ('UB') we know that improving our sustainability is good sense for our consumers, customers, employees and for the business.

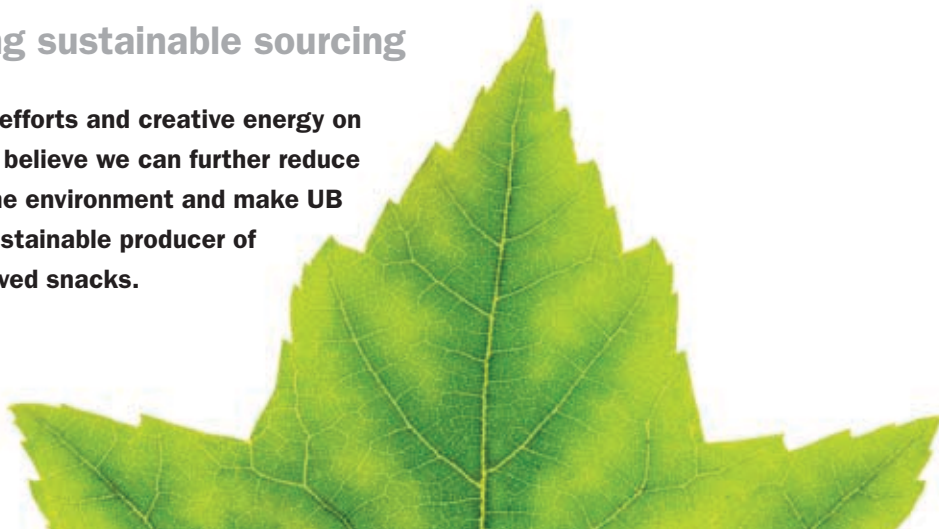
- **Our consumers want to buy from companies that minimise damage to the environment**
- **Our customers want to minimise their damage to the environment and look to their suppliers for help**
- **As individuals we all have personal responsibility to look after the planet on which we live**
- **Improving sustainability means improving our efficiency as a business. (Green is Lean!)**

Whilst recognising that sustainability also has economic and social aspects, this document details the huge steps taken to improve the environmental sustainability of the business as part of our effort to improve our efficiency and competitiveness. This has included reducing energy use by making better use of assets, packing our products more efficiently to reduce the amount of packaging bought and ultimately sent to landfill, improving recycling, reducing transport miles and reducing waste.

Whilst we have made great progress to date, we can do more. We are therefore introducing a broad based programme across our business to achieve further improvements on a range of key areas:

- **Reducing carbon emission and energy use**
- **Reducing waste sent to landfill**
- **Reducing water use**
- **Reducing packaging waste**
- **Increasing our use of environmentally friendly transport**
- **Increasing sustainable sourcing**

By focusing our efforts and creative energy on these areas, we believe we can further reduce our impact on the environment and make UB an even more sustainable producer of Europe's best loved snacks.



UB's Targets

- Achieve a 35% reduction in UK carbon emissions by 2020 compared to 1995 and a 25% reduction in Northern Europe* carbon emissions by 2020 compared to 2000
- Achieve zero food waste to landfill by 2010 and achieve zero non-food waste to landfill by 2015
- Achieve a 25% reduction in water use by 2020 compared to 2007 to help reduce the pressure on the world's water supplies
- By 2015 we aim to have reduced packaging by 20% compared with 2003. We are also looking to provide more advice to consumers on how best to recycle
- Embed a range of environmentally friendly measures into our own fleet and our hauliers to achieve fewer and friendlier food transport miles. We aim to make a 22% reduction in our transport carbon emissions by 2012 compared to 2002
- Ensure new and existing suppliers continue to meet UB's specific requirements for ingredient sourcing, have strict ethical standards and are working towards sustainable growing

These measures will help UB to continue to contribute to the food and drink industry's objective of making a significant improvement to the environment. In particular we are supporting the goals of the Food and Drink Federation's five-fold ambition that aims to change the way the sector operates and play a role in protecting the planet for future generations.

*Our Northern Europe region comprises our sites in France, Belgium and Holland



Reducing CO₂ emission and energy use

Target: Achieve a 35% reduction in UK carbon emissions by 2020 compared to 1995 and a 25% reduction in Northern Europe carbon emissions by 2020 compared to 2000.



Key achievements:

We have made major progress in reducing UK carbon emissions by 24% since 1995. This has been achieved by a range of measures including:

- Consolidation of production and logistics onto fewer sites, producing more with fewer assets and reducing the space that we need to heat and light (this saving excludes businesses that were sold during this period)
- Investment to make better use of plant and equipment to increase productivity
- Removal and replacement of inefficient machinery

Going forward we will continue this process of steady improvement in all of our present sites. But we are also working at developing new and innovative solutions that make the best use of the latest technology:

We are testing, developing and installing **innovative new oven burners**, which will see a significant reduction of energy. After trials at our Harlesden our North London biscuit factory, the new burners will then be rolled out to our other factories, making a major contribution to our CO₂ reduction target.

We are also **increasing the efficiency of equipment** such as conveyors and fryers to reduce energy consumption where possible and use energy more efficiently.

UB **actively encourages its employees to play their part** in reducing unnecessary energy usage. Targeted internal campaigns are designed to raise awareness about the need for energy conservation and staff in offices are encouraged to switch off unused computers and photocopiers, as well as minimising printing and copying.





Reducing waste sent to landfill

Target: Achieve zero food waste to landfill by 2010 and achieve zero non-food waste to landfill by 2015.



Key achievements:

- We have improved our operations so that a **massive 97% of UK food waste** is currently recycled
- Following a range of recycling initiatives, an average of **62% of UK non-food waste** is recycled per site
- 44% of all Northern Europe waste is currently recycled

Whilst there is limited scope to improve our food recycling, we are aiming to get this to 100%. Our main focus is to reduce the waste of ingredients to a minimum. Any waste that is produced will then be recycled, for example, as animal feed.

Embedding waste recycling procedures at all our sites has been key to increasing the amount of non-food waste that is recycled. We have a two fold approach to improving recycling rates: **we aim to reduce overall non-food waste generated by 10% year on year and of the waste that is generated, increase the amount recycled to 100% by 2015 so that no waste is sent to landfill by UB from that date.**

As a signatory of the Courtauld Commitment, UB works with Waste and Resources Action Programme (WRAP) on projects designed to reduce the packaging of its products, thereby reducing the amount of packaging waste created.



We believe it is important to involve employees in our waste management strategy with each site choosing specific recycling initiatives. For example, at the McVitie's biscuit factory in Harlesden, North London, old safety footwear is recycled through Oxfam and employees are encouraged to recycle cans and newspapers in a recycling centre on site.

We also work with our suppliers to reduce the waste and packaging they generate in order to reduce the amount of waste we have to dispose of from our sites.



Reducing water use

Target: Achieve a 25% reduction in water use by 2020 compared to 2007.

Key achievements:

- Across our operations we are introducing water conservation programmes to reduce the amount of water we use
- Since 2000 water use in Northern Europe has reduced by 20%



Water is not a significant ingredient in most of our products and is mostly used for cleaning and washing raw materials such as potatoes.

Without compromising our exacting hygiene standards, we are exploring opportunities to reduce and re-use water across our sites including, for example, improved filtration and re-use of water to wash raw materials.

We have also started collecting and treating rainwater for use in some non-food production activities such as toilet cisterns.



Reducing packaging waste

Target: Reduce packaging by 20% by 2015 compared with 2003.*

Provide more advice to consumers on how best to recycle.

Key achievements:

- We have reduced our packaging by 7% since 2003
- Over 80% by weight of all packaging is readily recycled
- Over 90% of the cardboard we use is recycled board



UB is reducing the amount of packaging waste it generates by adopting the reduce, recycle, re-use philosophy.

We have successfully reduced the weight of packaging used per tonne and are looking at ways to reduce it further. We are working with our snacks film provider to **create a new film with a 17% reduction in weight.**

We believe it is important to help retailers and consumers who are trying to recycle packaging waste. We are working to make more product packaging recyclable and improving the information on the packs to help recycling. Over 80% by weight of all packaging is readily recycled.

We then contribute to the overall reduction of packaging waste by using recycled material wherever possible. Over 90% of the cardboard we use is recycled board.

As a signatory of the Courtauld Commitment, UB works in partnership with the Waste and Resources Action Programme (WRAP) to develop new and more effective wrapping for the biscuit and snack markets in which it operates.

UB also works with IOM3 - The Packaging Society to provide employees involved in packaging with comprehensive training courses in all aspects of modern packaging which includes the types of materials used and the impact packaging can have on the environment.



*Based on current production tonnage



Driving environmentally friendly transport

Target: Achieve fewer and friendlier food transport miles, with a 22% reduction in our transport carbon emissions by 2012 compared to 2002.



Key achievements:

- We improved vehicle utilisation by 11% during 2006 -2007 to reduce the number of journeys
- We have already reduced carbon emissions from transport by 17% from 2002 to 2007
- We improved fuel efficiency by 7% since 2006

UB is achieving fewer and environmentally friendlier transport miles by a introducing a range of initiatives within its food distribution network.

In 2006 UB equipped its entire trailer fleet with a **new satellite location service** that provides live tracking via the Internet. The web service logs information on each vehicle or trailer minute-by-minute, highlighting events such as waiting times, inactivity, delays, economical driving and route deviations. **This has contributed to the 7% improvement in fuel efficiency during 2006.**

Improving vehicle and pallet utilisation is also a key driver in reducing CO₂ emissions. Vehicle fill improved by 10% in 2006 alone. This improvement was achieved by increasing order size to customers following the successful integration of Jacob's Bakery Ltd, and by reviewing the pallet and case design of a number of UB products to improve pallet and case utilisation.

The company is also working with packaging suppliers to collect and deliver inbound packaging. **This avoids vehicles running empty** and therefore increases the efficiency of distribution to and from the factories. Plans are in place to further reduce vehicles running empty by collaboration with other manufacturers and customers.

All of the UB fleet will be upgraded to vehicles with a minimum 'Euro V' diesel engine specification by 2011, resulting in a reduction of hydrocarbon emissions by 80%. UB has also tested using alternative fuel. Following a successful trial of biodiesel in 2007, the UB fleet will be operating with 5% biodiesel in 2008 that will reduce CO₂ emissions by 4%.

UB is working positively with all its hauliers to embed the same environmental standards in their operations as United Biscuits has developed in its own fleet. All hauliers will be audited against a 10 point checklist for greener food transport ensuring innovation and environmental best practice.



Increasing Sustainable sourcing

Target: Ensure new and existing suppliers continue to meet UB's specific requirements for ingredients sourcing, have strict ethical standards and are working towards sustainable growing.

Key achievements:

- Reduction of palm oil use by 17% from 2005 to 2007
- Member of the Roundtable for Sustainable Palm Oil (RSPO)
- Stringent ethical sourcing audits and policy

UB has strict processes in place for selecting, regularly assessing and approving the suppliers of our ingredients and materials. Where necessary, we help and advise our suppliers to maximise opportunities to improve the sustainability of our operations.

In recognition of the effect that palm oil production can have on the environment, UB is a member of the Roundtable for Sustainable Palm Oil (RSPO), an organisation established to promote the responsible production of palm oil.

We are in regular discussions with all our palm oil suppliers to achieve best practices in good quality management systems, traceability and sustainable sourcing.

We also use alternative oils where possible and **reduced the use of palm oil by 17% from 2005 to 2007.**

UB's ethical sourcing policy is designed to assess and provide assurance that its suppliers comply with the Ethical Trading Initiative (ETI) Base Code. The ETI developed their base code with material derived from International Standards. Among its requirements, the ETI Base Code specifies that child labour shall not be used, working conditions are safe and hygienic, living wages are paid, working hours are not excessive and no harsh or inhumane treatment allowed.



UB Environmental Summary

- **CO₂ emissions**

- 24% reduction in UK emissions achieved since 1995
- Aiming to increase this to 35% by 2020
- Aiming for a 25% reduction in Northern Europe emissions by 2020 compared to 2000

- **Energy Efficiency**

- Development of innovative new oven burners
- Switching to more energy efficient equipment

- **Water Consumption**

- Aiming for a 25% reduction in water use by 2020

- **Renewable energy**

- Priority is reducing energy use rather than switching to renewables
- Experimenting with some renewable sources such as using sun pipes for lighting in one factory

- **Waste**

- 97% of UK food waste and 62% of non-food waste currently recycled
- 44% of all Northern Europe waste currently recycled
- Aiming for zero food waste to landfill by 2010 and no waste of any kind sent to landfill by 2015

- **Packaging**

- We have reduced packaging by 7% since 2003
- Over 80% by weight of all packaging is readily recycled
- Over 90% of the cardboard we use is recycled board
- Aiming to achieve a total reduction of 20% by 2015 compared with 2003 and provide more advice to consumers on how best to recycle

- **Carbon Offsetting**

- Our focus is on reducing energy use rather than offsetting

- **Transport**

- Transport carbon emissions already reduced by 17% since 2002
- 7% improvement in fuel efficiency since 2006
- 11% improvement in vehicle utilisation since 2006
- UB fleet operating with 5% biodiesel in 2008
- Aiming to achieve a total 22% reduction in emissions from transport by 2012

- **Sourcing**

- Reduction of palm oil use by 17% since 2005
- Stringent ethical sourcing audits and policy
- Member of the Roundtable for Sustainable Palm Oil



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