

# Focused on of utilization resources

Caraustar is focused on sourcing its raw materials in the most effective manner that also provides a significant benefit to its customers, the environment and the community at large.

Caraustar processed, brokered and consumed over 2.2 million tons of recovered fiber in 2002. The recovery and redirection of this fiber, which would otherwise occupy landfills, represents a significant benefit to the environment. To further divert landfill dumping, Caraustar continues to assist communities in improving and increasing their recycling efforts.

## **Leveraging Caraustar's Fiber Procurement**

To leverage opportunities within an integrated system, Caraustar implemented a program in 2002

enabling it to combine and leverage internal fiber procurement and focus on obtaining the highest quality fiber at the most competitive prices.

## **Expanding Customer Recycling Programs**

In addition to Caraustar's typical paperboard and packaging products and services, an added benefit to its customer base is the ability to evaluate the customer's internal and external recycling needs and recommend ways for better processing of their fiber. Conducting waste audits and developing improvements for its customers in sorting, processing and disposing of their excess trim rolls and recovered fiber materials has enabled Caraustar to develop additional revenue streams, while providing an enhanced value to the overall customer and supplier relationship.





By developing contract processing programs, Caraustar can reduce its exposure to the volatile recovered paper market.

### **Improving Purchasing Processes**

The company's ability to furnish its mills with low-cost fiber is a significant contributor to the overall success of Caraustar. The company strives to stabilize its fiber costs through its collection and on-site facilities. In 2002, the company consumed approximately 1.3 million tons of recovered fiber. Each of the company's recovered fiber facilities has worked diligently to establish relationships with both the local governments and small private waste generators to collect loose fiber as an inexpensive resource for each mill and to serve as the low-cost disposal alternative for municipalities. As the cost of waste paper disposal into landfills continues to rise, these relationships continue to solidify and grow.

An excellent example of Caraustar's ability to furnish its mills with low-cost fiber is Chattanooga Paperboard, where approximately 35 percent of the fiber used is received loose at a savings of over \$30 per ton.

Chattanooga Paperboard has encouraged good environmental practices by establishing partnerships with the city of Chattanooga and surrounding communities within a 50-mile radius for community participation in the utilization of recovered fiber for its recycled products.

### **Updating Sprague's Water Quality System**

We expect that the Sprague mill's installation of its new water system will be completed in the fourth quarter of 2003 at a cost of \$955 thousand. This project was initiated to update its existing 40 million gallon water treatment system to reduce water usage and fiber loss from the mill each year. This system will also reduce electrical energy costs associated with circulating and aerating large volumes of water.



The project, driven by a need to improve the plant's internal water quality, takes advantage of new control strategies to improve system performance and reduce approximately 700 tons of fiber formerly directed to landfills each year.

### **Creating the Export Task Force**

In 2002, Caraustar assembled an export task force that included team members from its multiple business groups to explore all possible leads and identify more prospects for the sale of mill tonnage and recovered fiber throughout the world.

Caraustar's website includes an export sales icon, where international buyers can connect directly with the appropriate contact for rapid response to their inquiries.

### **Working with the RPA-100%**

As one of the founding members of the 100% Recycled Paperboard Alliance,

Caraustar continues to lead and participate in initiatives aimed at educating consumers to "close the recycling loop" by purchasing products that carry the 100% recycled paperboard symbol.



**Caraustar encourages good environmental practices through its participation in recycling initiatives.**