



Highland Spring Ltd
Environmental Statement
2008





TABLE OF CONTENTS

1. Purpose & Scope	3
2. Context	3
2.1 Highland Spring Background	3
2.2 Highland Spring Operation	3
2.3 Organic Accreditation	4
3. Environmental Policy	5
3.1 Environmental Policy Statement	5
4. Description of EMS	6
4.1 Significant Environmental Aspects and Impacts	6
4.1.1 Catchment area boreholes	6
4.1.2 Purchase of raw materials and services	7
4.1.3 Packaging the product	7
4.1.4 Admin	7
4.1.5 Distribution	8
4.1.6 Disposal	8
4.1.7 General to the entire Site	9
5. Objectives and Targets – Achievements in 2008	10
5.1 Objective 1 Reduce waste	10
5.1.1 Target 1.1 Reduce the amount of waste to landfill	10
5.2 Objective 2 Improve energy efficiency	11
5.2.1 Target 2.1 Reduce electricity consumption	11
5.2.2 Target 2.2 Reduce Gas Oil Usage	11
5.3 Objective 3 Reduce environmental impacts related to product packaging.	12
Target 3.1 Reduce Packaging Material Use	12
6. Future Targets and Objectives	12
7. Further Information	13
7.1 Site Developments	13
7.2 Validation Statement	13
7.3 Contact Information	13

1. Purpose & Scope

This document is Highland Spring Ltd's sixth annual Environmental Statement and presents its performance for the period January to December 2008.

This environmental statement is part of Highland Spring's overall commitment to ensure that the impacts from all of our activities are fully understood and minimised.

2. Context

2.1 Highland Spring Background

Highland Spring was established in 1979 and commenced trading in April 1981. The group bottles Natural Mineral Water, Spring Water and Bottled Drinking Water, in accordance with Scottish Statutory Instrument 2007 No. 435 "The Natural Mineral Water, Spring Water and Bottled Drinking Water Regulations (Scotland) Regulations 2007" which implement the European Directive 80/777/EEC and its modifying Directives 96/70/EC and 2003/40/EC as well as Council Directive 98/83/EC.

The company is based in the village of Blackford, Perthshire, on the edge of the A9 approximately twelve miles from Stirling and twenty from Perth.

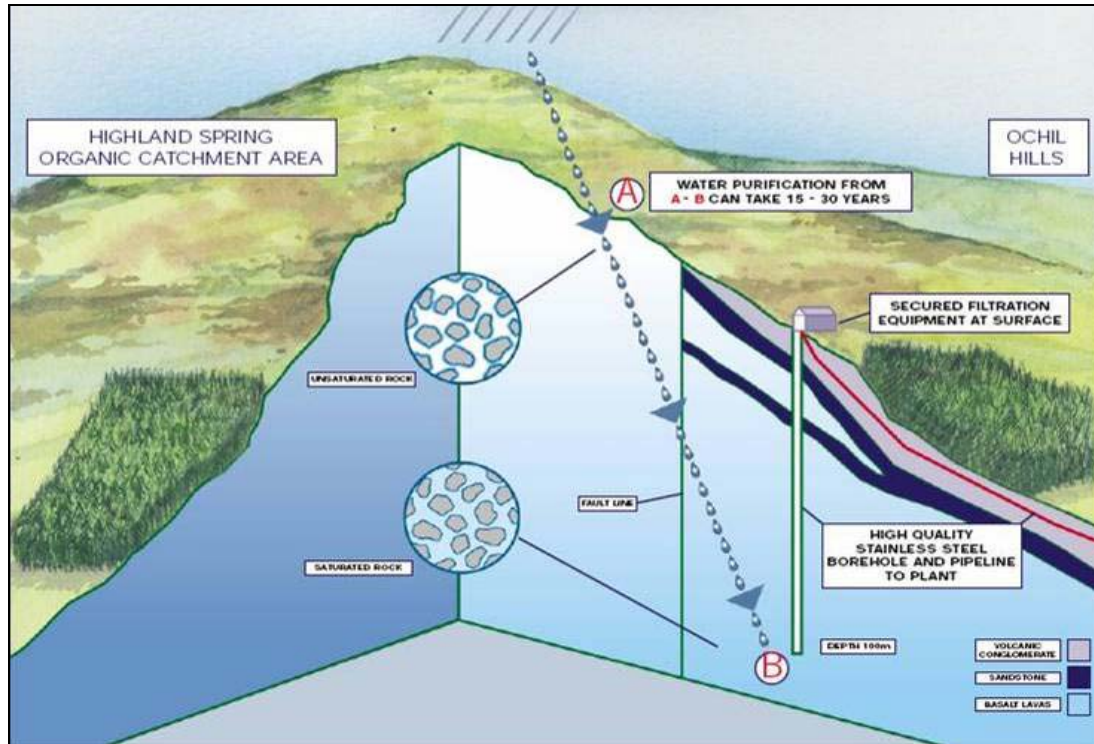
Highland Spring has two bottling sites: the main Highland Spring site with extensive warehouse space and the Gleneagles site (acquired in April 2001), which produces its own stylish Gleneagles brand and "Water Media" products. This EMAS statement covers both sites.

Highland Spring employs around 300 staff; this includes staff for two sites, and remote staff. The factory is dedicated to the bottling of natural water in a modern bottling plant.

2.2 Highland Spring Operation

The Spring Water regulations require water to be abstracted from an underground source which is protected against pollution. Rainfall on the upper slopes of the Ochil Hills percolates into the ground and flows through the rock strata downslope to the boreholes. The regulations require that the product must be of potable (drinkable) quality as it emerges from the ground. It is imperative that the risk of pollution of the ground, and therefore the water, is kept to an absolute minimum.

On average the water takes 15 years to flow underground from the rock outcrop at the top of the hill to the boreholes. During this time bacteria from the surface die off and the water dissolves minerals from the rock. The water is protected from the surface by a layer of impervious rock or clay above the water bearing rock. Boreholes are used to abstract the clean water from deep underground to the surface. They are constructed in such a way as to prevent water from the surface contaminating the deep groundwater. The water is pumped to the factory through underground stainless steel pipes, and therefore is not exposed to the air or environment at the surface.



To ensure that no contaminants can enter the water, Highland Spring Ltd has achieved organic certification for the hillside. This means that no weedkillers, insecticides or fertilisers can be applied to the land. In addition to this Highland Spring does not allow livestock, cultivation or housing on the land because these activities can also pollute the water. Only a very limited number of maintenance vehicles are allowed on the hillside.

Highland Spring is happy to see wildlife and walkers on the land as these do not represent a risk to the product.

When the water reaches the plant it is filtered to remove any rock particles, but undergoes no treatment before being bottled (except carbonation to produce our range of sparkling products). Still and sparkling water is presented in a wide range of packaging formats in glass and PET (a type of plastic) to suit all consumer needs.

2.3 Organic Accreditation

The Soil Association awarded Organic status to the catchment area of 621 hectares in 2001. In 2005 we gained approval for another 398 hectares to allow expansion of our sources. In May 2008 another 30 hectares converted to organic. Therefore in 2008 we had 1049 hectares which were organic. Though European and UK legislation does not make provision to gain organic status for water, Highland Spring is demonstrating its commitment to the protection of the sources by gaining certification for the catchment area. As a result of this we are able to include the following phrase on the labels; "Naturally filtered through land certified as organic by the Soil Association and drawn from a protected source, Highland Spring is 100% Scottish Natural Spring Water".





3. Environmental Policy

3.1 Environmental Policy Statement

Highland Spring Ltd was formed in 1979 and is now the UK's biggest British brand of Bottled Water exporting to around 50 countries world-wide. Based in Perthshire, the production facilities are located in the village of Blackford, close to the source of the groundwater from the Ochil Hills. The company employs around 300 staff. The Gleneagles Spring Water plant was acquired in April 2001 and is also located in Blackford. Both production facilities are dedicated to the bottling of natural water, only with the addition of carbon dioxide to achieve sparkling products. A range of packaging formats in glass and PET are used to suit all consumer needs.

1. Highland Spring is committed, without prejudice to the development and sustainability of its business, to minimise the impact of its operations on the environment.
2. Highland Spring promotes practices to ensure that the organisation meets compliance, as a minimum standard, with all regulatory and legislative requirements and seeks to achieve continual improvement in environmental performance.
3. Areas of specialist responsibility are allocated to key personnel to monitor and report on environmental achievement. The Environment Committee, under the chairmanship of a senior member of management, carries out regular reviews of procedures and trends, setting objectives and targets to effectively control waste, emissions, discharges, land contamination and the consumption of materials, fuel and energy. Priority will be given to ensuring the protection of the catchment area for our water.
4. In accordance with our continuing policy to protect the integrity of our Spring Water, Natural Mineral Water and Scottish Natural Water sources and catchment area, Highland Spring will endeavour to minimise adverse environmental effects and prevent pollution in daily operations and any new developments of the business.
5. Without compromise or restriction to trade and where economically viable Highland Spring will address product development through the utilisation of recyclable materials. These materials themselves and packaging components may include recyclable materials, provided that their use does not prejudice the integrity of the product water.
6. Highland Spring will promote, in its staff training programmes, the implementation of good environmental practices.

Highland Spring has an environmental manual, which is reviewed regularly.

A copy of this policy, which is subject to review, is available to all company employees, suppliers and customers and to any other interested party.

CHIEF EXECUTIVE: Les Montgomery
DATE: 23rd July 2008



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C. E. ROSSER



4. Description of EMS

The following environmental management system has been developed to fit into Highland Spring's organisational format and conforms to the ISO14001 standard. The system helps us to achieve continual improvement and control by utilising the following components which are requirements of EMAS:

Area	Description
Policy:	This states the overall aim and commitments
Manual:	This describes our compliance with EMAS Regulations and ISO 14001 Standards and links with the other parts of the system
Procedures:	These prescribe how certain activities (those that require control) should be carried out. This includes waste disposal and emergency procedures
Programme:	This is an ongoing programme of objectives and targets to drive improvement
Audit:	Both internal and external audits are used to ensure that the system is working efficiently and that the programme is progressing
Public reporting:	This statement outlines our significant environmental aspects and current performance

The Environmental Delegate manages the system, scheduling yearly management reviews.

4.1 Significant Environmental Aspects and Impacts

4.1.1 Catchment area boreholes

Activity	Impact / Control
Installation and use of boreholes	Pollution of catchment. When installing boreholes we recognise environmental risk to ground water and thus this activity is strictly controlled.
Abstraction of groundwater	Resource Use. Our management regime for the source has been developed with our Consultant Hydrogeologist and ensures that the volumes abstracted have no significant effect on the environment. Highland Spring has been granted an abstraction licence by SEPA (Scottish Environmental Protection Agency).
Catchment organic status	Potential pollution of groundwater. There is no human habitation or farming on the catchment area or use of pesticides, herbicides or fertilisers use on the catchment area. Part of the catchment is certified Organic by the Soil Association since July 2001, with a later addition in August 2005. Boreholes are constructed infrequently thus there is little or no disturbance in the catchment area. This has a positive effect on the land which encourages a wide diversity of flora and fauna.

4.1.2 Purchase of raw materials and services

Activity	Impact / Control
Use and disposal of filters	Landfill. There are also various issues associated with materials use (including natural resources use, the energy used during production and transportation issues).
Purchase of goods through our assessed supply chain	By using vendor rating and a supplier questionnaire it is possible to create a positive effect by encouraging our supplier chain to improve their environmental performance.

4.1.3 Packaging the product

Activity	Impact / Control
Glass scrap	Waste for recycling. Any glass used on site that is not sent to the customer is recycled. At Gleneagles this does not happen due to the fact that only small amounts of glass are produced and thus not very much waste. Also the glass used at H/S contains a proportion of post consumer recycled material.
PET Scrap (bottles or PET preforms) and Shrink wrap	Waste for recycling. These items are all recycled thus significantly reducing their impact on the environment.
Oils for compressors	Contamination of land and water. The oil is stored on site safely so as to prevent pollution and is disposed of off-site.
Inks for date codes and inks used on the labels are produced off the premises and do not contain VOCs or heavy metals.	Contamination of water. Inks are carefully controlled so as to prevent pollution.

4.1.4 Admin

Activity	Impact / Control
Printer/copier cartridge recycling	Recycling prevents materials going to landfill and being wasted.
Disposal of obsolete computers and other electrical equipment	Computers are sent for recycling. Other equipment disposal complies with WEEE regulations.



4.1.5 Distribution

Activity	Impact / Control
Accidental fuel / oil leaks from vehicles and delivery of heating oil/storage	Contamination of land and water. Fuel and oil have the potential for water and / or land contamination.
Use of contractors to transport finished product.	Emissions from transportation contribute to global climate change and air quality reduction. Noise pollution is also generated. Efforts to improve transport efficiency being made

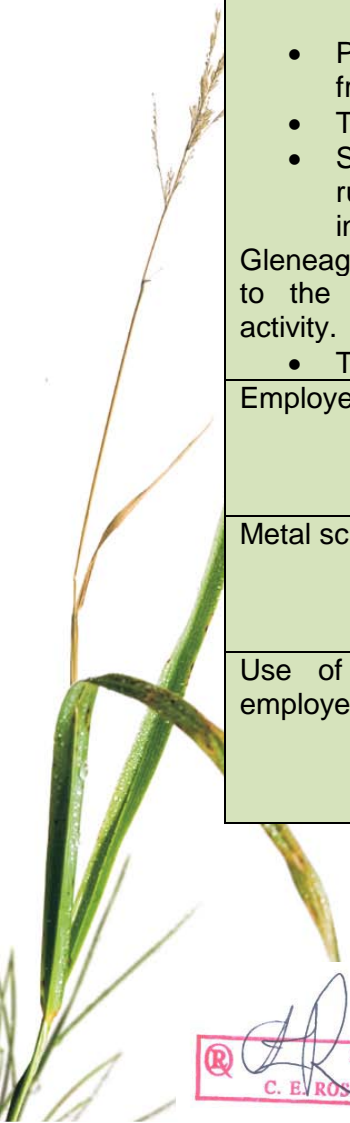
4.1.6 Disposal

Activity	Impact / Control
Creation of mixed waste for landfill on site	Includes transportation emissions and impacts associated with landfill (habitat destruction, leachate production, land contamination, methane production).
Cardboard boxes sold for re-use/returned to supplier/ cardboard sent for use in pulp Plastic Packaging (internal)	Since these items are re-used or recycled this significantly reduces their impact.
Packaging going to the customer (glass and PET)	Through lightweighting our product (see Achievements section) we have reduced the amount of packaging sent to the customer. Local councils often provide Glass recycling facilities. Plastic in this country is often not recycled but the effect of it can be reduced if recycling facilities are provided.
Other outgoing secondary and tertiary packaging; shrink wrap, trays.	There are various issues associated with materials use (including natural resources use, the energy used during production and transportation issues) but the main issue is its end of life (i.e. landfill).
Product pallets for the UK	These pallets work on a return principle where they are re-used within the system.
Diluted cleaning agents, Peracetic acid, caustic hot wash and ozone	These chemicals are carefully stored so as to minimise the potential for pollution. Ozone is generated electrically as and when required.
Use of battery recharged forklifts	Our batteries last 4 to 5 years as they are rechargeable. Batteries contain materials harmful to the environment.

Activity	Impact / Control
Track lubricant used to lubricate the lines (conveyor belts) when glass bottles are being filled	A new dry lube system has been installed which has a number of environmental advantages. These include a reduction of water consumption and elimination of detergent use. The volume of trade effluent is reduced.
Burning of gas for heating the boiler. Use of propane gas cylinders filled on site for forklift trucks	The burning of gas produces greenhouse gas which contributes to global climate change.
Asbestos roof at Gleneagles	Special care must be taken if the roof is to be dismantled as it can cause harm to human health and has to be treated as special waste.

4.1.7 General to the entire Site

Activity	Impact / Control
Gas oil heating boilers. Accidental leakage of gas oil	The burning of diesel produces greenhouse gas, which contributes to global climate change. The burning of oil also produces SOx and NOx.
Highland Spring has three discharge consents to the river Allan for the following activities listed below: <ul style="list-style-type: none"> • Production of domestic effluent from our effluent treatment plant • Trade effluent discharge • Site drainage discharge which runs through petrol interceptors into the Allan water Gleneagles has one discharge consent to the River Allan for the following activity. <ul style="list-style-type: none"> • Trade effluent discharge. 	In late 2007/ early 2008 the domestic effluent was connected the Blackford Waste Water Treatment Works. This helps further reduce risk of contamination of local water courses. Investigation is underway to connect the trade effluent in the same way.
Employee travel to work	Many people employed by Highland Spring live in Blackford. Those who do travel to work independently contribute to global climate change.
Metal scrap	There is little metal scrap The use of natural resources without recycling puts a strain on the environment. It also creates landfill.
Use of domestic water supplies for employee toilets etc	Use of water has a relatively small environmental impact in Scotland – due to high rainfall rates. Impacts relate to the use of a natural resource and water treatment.





Activity	Impact / Control
Use of energy on the whole site. Blowmoulding which requires chilled water and uses electricity	The use of electricity itself has no environmental impact; it is the source of electricity that has the overall environmental impact, including global warming.

These activities with their associated impacts are determined through the use of a procedure to define importance and also through the discussion within the Environment Committee. This procedure takes into account the views of interested parties, legal commitments, policy commitments and the potential for any emergency situations. Following an initial environmental review it was determined that our most significant effects on the environment are our use of energy, packaging (including waste) and transport. A management programme was developed to control these with the help of managers, and objectives and targets were set to reduce our impact. Our objectives and targets can be found in the next section.

5. Objectives and Targets – Achievements in 2008

A summary of the achievements versus targets is shown in the table below:

Objective	2004	2005	2006	2007	2008
Reduce Impact of Transport			●	●	
Reduce Waste to landfill		●	●	●	●
Reduce CO ₂ e from Electricity		●	●	●	●
Reduce Gas Oil Usage			●	●	●
Reduce Packaging Material Use			●	●	●

Each of these objectives is discussed in detail over the next few pages.

5.1 Objective 1 Reduce waste

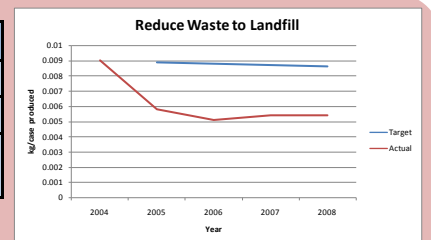
5.1.1 Target 1.1 Reduce the amount of waste to landfill

Reduce the amount of waste per case produced to landfill by 1% per annum based on 2004 baseline.

Action to ensure all waste that can be recycled is taken out of landfill waste stream. Presentations were made to relevant staff, and new skips placed on site to aid segregation of waste. Additionally a new audit system was introduced to ensure that this is rigorously applied throughout the site.

	2004	2005	2006	2007	2008
Target		0.0089	0.0088	0.0087	0.0086
Actual	0.009	0.0058	0.0051	0.0054	0.0054
% Reduction vs. Target	N/A	-35%	-42%	-38%	-37%

Landfill waste in kg per case of bottled water



The 2008 figure represents a 40% reduction from the 2004 figure, but remains static against 2007 actual.

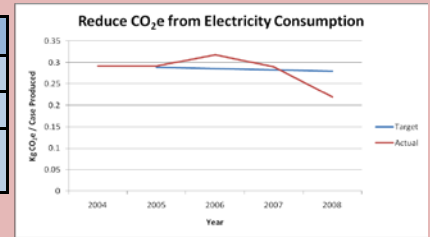
5.2 Objective 2 Improve energy efficiency

5.2.1 Target 2.1 Reduce electricity consumption

Reduce electricity consumption per case of bottled water by 1% per annum, based on 2004 baseline. This is quoted in kg of CO₂e per case produced.

	2004	2005	2006	2007	2008
Target		0.289	0.286	0.283	0.280
Actual	0.292	0.292	0.318	0.290	0.220
% Reduction vs. Target	N/A	+1%	+11.2%	+2.5%	-21.4%

CO₂ released from use of electricity on both factory sites



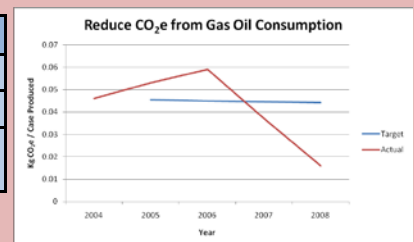
During 2008 a High Pressure Air recovery system was installed on the final 2 production lines and this helps reduce the energy consumption in this our most demanding area. Additionally the business made the strategic decision to move to purchase electricity generated in a Good Quality Combined Heat and Power plant thereby reducing the impact of our energy use.

5.2.2 Target 2.2 Reduce Gas Oil Usage

Reduce gas oil usage per case of bottled water by 1% per annum from Dec 2005, Gas oil is used for heating the factory.

	2004	2005	2006	2007	2008
Target		0.0455	0.0450	0.0446	0.0442
Actual	0.046	0.0530	0.0590	0.0370	0.0160
% Reduction vs. Target	N/A	+16%	+31%	-17%	-64%

CO₂ released from use of gas oil in Highland Spring



There has been a considerable improvement in the 2008 figure that represents a 65% improvement over 2004. This has been achieved by better control of the heaters within the factory but is also a consequence of a system breakdown during the winter of 2007/2008.



5.3 Objective 3 Reduce environmental impacts related to product packaging.

Target 3.1 Reduce Packaging Material Use

Over the past few years considerable efforts have been made to optimise packaging weights. Trials were conducted to evaluate lightweighted PET bottles, and optimised weights for these have been established. A target has been established of a 7.5% reduction in PET weight in 2008 by comparing the actual PET tonnage (using reduced weight performs) with the weight if original performs were used. The weight reduction achieved through lightweighting is 453,657.7kg, this is equivalent to reduction of 1.9 grams of PET on every bottle.

As a further attempt to reduce the impact of packaging materials we have increased the use of post consumer recycled (PCR) PET during 2008. However the increase in use was slower than we would have liked due to the closure of a major supplier of this product. We used 25% recycled PET in over 13.2 million bottles (16 gram bottles). If the saving due to PCR, in terms of virgin raw materials use, is added to the weight reduction this takes us above the 7.5% target reduction.

Year	Weight Reduction
2005	N/A
2006	4.85%
2007	7%
2008	7.8%

Percentage reduction in packaging materials use

6. Future Targets and Objectives

As discussed in the Environmental Statement for 2007, Highland Spring has been working with the Carbon Action Plan Partnership (CAPP) to establish our Carbon Footprint and a more generally a methodology and framework for Carbon Footprinting within the bottled water industry.

Unfortunately the shareholders of CAPP have decided to dissolve the partnership and we will be unable to proceed with this. However as part of the process we have been able to evaluate the major contributors to our Carbon Footprint and this informs our overall strategies for improvement.

The closure of CAPP has caused the business to re-evaluate our Environmental Strategy and to this end a full review will be undertaken during 2009. For the meantime the main objectives of reducing waste to landfill, electricity use, gas oil use and packaging reduction will continue.



7.3 Contact Information

We are always keen to obtain feedback about our Environmental efforts, so if you have any questions or comments please contact our Environmental Representative through our head office as follows:

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Blackford
Auchterarder
Perthshire
PH4 1QA

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Website: www.highland-spring.com


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