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Tetra Pak Communication on Progress Report 2006

Tetra Pak became a signatory to the Global Compact in 2004. The attached release is our Communication on Progress 2006, highlighting our activities towards promoting the ten principles of the UN Global Compact. Tetra Pak will continue to support the Global Compact.

Yours sincerely,



Jörgen Haglind

Tetra Pak Communication on Progress Report 2006

Tetra Pak's Vision, Mission Statement and Code of Business Conduct explicitly refer to our belief in "responsible industry leadership, creating profitable growth in harmony with the environmental sustainability, and good corporate citizenship."

To demonstrate our commitment to global social and environmental issues, we have committed to support and promote the Compact's ten principles. Tetra Pak became a signatory to the UN Global Compact in May 2004.

Vision, Mission and Code of Business Conduct

Our Vision, Mission and Code of Business Conduct provide all employees with clear guidelines. All employees at management level have signed a Pledge committing them to abide by the Code of Business Conduct. The Pledge commits management to communicate and apply the Code of Business Conduct. Managers are encouraged to assess their operations, and conduct is monitored through continuous audits.

Tetra Pak's Code of Business Conduct covers equal treatment in recruitment and all other aspect of our business; avoidance of conflicts of interest; accurate control and financial reporting; obeying the law (with a declaration on the unacceptability of any fraudulent activity or bribery); commitment not to use child labour; and a commitment to run our business as an environmentally sound and sustainable business.

During 2005 and 2006, the regular audit of the implementation of the Code of Business Conduct and its related Policies and Procedures showed a very high level of adherence.

More information about Tetra Pak's Vision, Mission and Core Values can be found at www.tetrapak.com.

Communication on Progress

In the following pages we will give an overview of recent activities related to our Global Compact membership. The overview is structured under four headings: Environment, Food for Development Activities, Contributing to our Communities and Human Resources.

Environment

Tetra Pak is committed to running its business in an environmentally sound and sustainable manner. We set goals for continuous improvement in our development, sourcing, manufacturing, and transportation activities. As part of that commitment, we take a long term and life cycle view, continually improve environmental performance, communicate openly with our stakeholders and report regularly on our performance. These principles are enshrined in our Environmental Policy.

We set goals for continuous improvement throughout the value chain

Tetra Pak has set three main environmental goals:

Climate change

In 5 years starting 2005, Tetra Pak will reduce its global CO2 emissions by 10% in absolute terms - through green power from renewable energy sources, as well as through further energy savings.

Recycling

In 2002 Tetra Pak set itself a goal to increase the global recycling rate of post consumer cartons to 25% in 2008.

Energy Efficiency

In 2005, we reduced our energy consumption in carton packaging material production by 1% while growing by 6%. We have thus started to decouple production growth from resource consumption, and thereby doing more with less. For Tetra Pak as a whole, we have seen an energy efficiency improvement of 10% since 2002.

Environmental Performance

At Tetra Pak's website, environmental performance data is presented for each environmental subject (e.g. energy, water, climate change etc.)

Tetra Pak uses environmental management systems to assess and manage the environmental impacts of its activities, to achieve local and global environmental goals, and to make continuous improvements. All our carton packaging material production plants are certified to ISO 14001.

You can find our Environmental Reporting pages at <http://www.tetrapak.com/environmentalperformance>.

Tetra Pak in Partnership with WWF

Tetra Pak and WWF have signed a three year agreement to globally cooperate in forestry and climate change programs. In particular, the agreement proposes actions to demonstrate responsible purchasing of forest-based products and to reduce Tetra Pak's CO2 emissions over the next five years by an absolute 10%.

The agreement will support the creation of the High Conservation Value Resource (HCVR) Resource Network, a resource centre of HCVR-related initiatives and projects around the world. The HCVR Resource Network will start its activities in the first quarter of 2006. The agreement will also provide funding for the Global Forest & Trade Network, WWF's initiative with the forest products industry to eliminate illegal logging and improve the management of valuable and threatened forests.

Ultimately, the cooperation will demonstrate the benefits of using renewable materials; ensure that the resources are verifiably renewed, and promote good forest governance and management practices. With the goal to reduce CO2 emissions by 10% in five years, Tetra Pak has qualified for the WWF Climate Savers initiative. The goal will be achieved through continued improvement in energy efficiency and the use of green power from renewable energy sources.

Food for Development activities

Tetra Pak's Food for Development activities act as development catalysts: initiating, developing and supporting projects in developing countries that aim to fight poverty and improve nutrition. We work with governments, UN agencies, development agencies, NGOs and our local customers to develop agricultural and dairy development programmes, school feeding and nutrition programmes. This helps build new markets and enables longer-term growth for Tetra Pak.

In 2005, 40 million children around the world received school feeding in Tetra Pak packages. 16 million of these children live in developing countries.

World Business Award

On 10 May, Tetra Pak was awarded the 2006 World Business Award for its support of the UN Millennium Development Goals. The award, which recognises the significant role business can play in implementing UN targets for reducing poverty, was presented on behalf of the United Nations Development Programme, The Prince of Wales International Business Leaders Forum and the International Chamber of Commerce.

“Receiving such a prestigious award is an honour for Tetra Pak and a validation of our more than 50-year experience of combining good business practices with development projects,” said Tetra Pak CEO Dennis Jönsson. Tetra Pak was awarded for its Food for Development activities and its innovative and productive approach to sustainable development. At the heart of this approach lies the belief that development programs should be built around economically viable investments. Tetra Pak's integrated value chain model is a practical model for public private partnerships. It combines development of the private sector, based on Tetra Pak's core business – to process and pack sensitive food – with agricultural development and school feeding programmes and local capacity building. It is a model that can be replicated and that can improve the lives of millions of people all around the world.

“Our school feeding and agricultural development programmes go beyond ordinary business, but they are not charity. They represent a long term development effort that improves the nutritional status of children and contributes to the development of the agricultural sector in developing countries, while at the same time creating and developing new markets for Tetra Pak,” said FfDO Global Director Ulla Holm.

Partnership with Global Alliance for Improved Nutrition

On 10 January 2006, Tetra Pak and the Global Alliance for Improved Nutrition (GAIN) signed a Letter of Intent on how to work together in the fight against malnutrition. Addressing vitamin and mineral deficiency is seen as one of the most affordable and effective ways to achieve sustainable development in many of the poorest countries of the world.

Tetra Pak has also joined the GAIN Business Alliance for Food Fortification (BAFF), which was launched in Beijing in October 2005. The Business Alliance is a strategic partnership to support private sector initiatives in food fortification targeted to the poor. The long-term goal is to ensure a supply of market-viable fortified goods to people suffering from malnutrition.

The first joint activity under the cooperation between Tetra Pak and GAIN will be an evaluation of the nutritional impact of the school feeding programme launched in the Nigerian state of Nasarawa in September 2005.

Recent Projects

Kazakhstan

Recent examples of Food for Development projects include a school feeding and dairy development programme in cooperation with Kazakh dairy entrepreneurs and the government of Kazakhstan. Together with DeLaval, our sister company and full-service supplier to the dairy farming industry, Tetra Pak engaged in a public-private partnership with the aim of developing the Kazakh dairy industry that is suffering from lack of cohesive infrastructure, and laid the foundation for the establishment of a school milk programme in the country.

Guatemala

In Guatemala, Tetra Pak gave support to the government in the form of advice, training and technical assistance, while Tetra Pak and DeLaval provided technical help to stakeholders in the dairy sector. In early 2005, a school milk programme was launched. A rapid expansion of the programme to reach 350 000 children by the end of

2006, has driven demand for locally produced milk and led to new investments across the dairy sector. Primary producers are expanding and importing milk cows, two new dairies have gone into operation and a new distribution centre has opened.

Nigeria

The school feeding programme in Nasarawa State, Nigeria was launched on September 27, 2005 by Nigerian President Olusegun Obasanjo. The programme is covering approximately 200 000 children by the end of 2006. The programme distributes a highly fortified maize and soy based drink, delivered in a Tetra Pak package. Tetra Pak's Food for Development Office has been supporting the Programme since its inception, functioning as a technical advisor to the Nasarawa State School Feeding Committee. The school feeding programme is the first component in an integrated chain to promote sustainable agricultural and industrial development in Nigeria. It will generate demand for locally produced foodstuffs which will lead to an increase in employment and income for local farmers, industry and distributors.

Bhutan

On 29 January 2006, the opening of Bhutan's first UHT plant was celebrated in Phuentsholing in the southern part of the country. The opening of the plant is the result of over two years of preparation. Tetra Pak has assisted Bhutan Dairy & Agro Products Ltd in developing a business plan, and has been instrumental in bringing together financial partners, including Swedish risk capital company Swedfund International and Tetra Laval Credit. The opening of the UHT plant will increase the demand for locally produced raw milk, and is the first step in a further development of the entire dairy value chain in Bhutan.

More information about Tetra Pak's Food for Development activities can be found on www.tetrapak.com/ffdo.

Contributing to our communities

We are members of our communities and as such we find it important to contribute both financially and in kind

Cooperation agreement with the International Osteoporosis Foundation

On April 5, 2006 Tetra Pak announced the signing of a three-year cooperation agreement with the International Osteoporosis Foundation (IOF) to promote awareness on how individuals can take responsibility for their bone health by healthy eating, staying active, and being aware of risk factors for osteoporosis. The IOF identifies milk and other dairy foods as being among the richest and most readily available dietary sources of calcium, an essential nutrient in building bones.

Jörgen Haglind, Senior Vice President Communications for the Tetra Pak Group, stated: “Tetra Pak’s motto, protects what’s good, summarises the core business philosophy of the company as practiced in different ways in our business operations. We are supporting the IOF to express our commitment to help protect the health of consumers around the world.”

Some of the activities under the agreement include the development of initiatives for the observance of World Osteoporosis Day (October 20). The theme of World Osteoporosis Day 2006 is Bone Appetit: The role of food and nutrition in building and maintaining strong bones.

Disaster relief

The initiatives presented below are examples of the financial, in-kind products and services that local Tetra Pak market companies have contributed to disaster situations recently. This is an illustration of our commitment to protecting and improving local environments for future generations.

School Milk Programme in Aceh

Following the Tsunami that hit Indonesia in the days after Christmas 2004, an enormous reconstruction effort has been ongoing in the Nanggroe Aceh Darussalaam province in Northern Sumatra. In February 2006, a special School Milk Programme for Children of Aceh was officially launched. The Programme is a joint partnership between Tetra Pak, the provincial Education Department of Nanggroe Aceh Darussalaam, PT. Ultrajaya Milk Industry and KPAi, a non-governmental organisation active in Aceh. Over 60 000 elementary students in Aceh benefited from the programme, as an extension of the humanitarian aid provided by Tetra Pak for the victims following the disaster.

Hurricane Katrina

Tetra Pak donated USD 250 000 to be used together with our customers to provide food and dairy products – an equivalent of approximately 20 trucks of products – in the aftermath of Hurricane Katrina that left catastrophe along the United States Gulf Coast in the autumn of 2005. In addition, the Tetra Pak Denton Pilot Plant produced aseptically packaged water for the American Red Cross. On a local level, Tetra Pak employees in Denton provided support for displaced individuals at a Dallas hotel.

South Asian Earthquake Disaster

Following the devastating earthquake that caused widespread destruction in Pakistan, Afghanistan and India on 8th October 2005, Tetra Pak donated 200 000 USD towards immediate relief efforts. Most of the relief efforts were concentrated in the Azad Kashmir region in Northern Pakistan where the devastation was enormous. The donation included a combination of cash and packaged milk and juices, delivered to the local disaster relief agencies.

Lebanese Refugees

In the wake of the war in Lebanon in the late summer of 2006, Tetra Pak donated 100 000 USD worth of beverages in Tetra Pak cartons to the aid effort. The distribution of the beverages was carried out in cooperation with the Red Cross/Crescent. The donation benefited more than 150 000 refugees in Lebanon and Syria.

ALMA

ALMA is a voluntary relief organisation, the members of which are employees within the Tetra Laval Group and the company Alfa Laval. The association focuses entirely on supporting needy girls and women in Kenya, India and Sri Lanka. During 2006, the donations from ALMA’s 250 members financially supported the education of 65 girls. Of these girls, 18 live in India, 8 in Sri Lanka and 39 in Kenya. Tetra Pak and Alfa Laval double the amount of money collected from the members of ALMA.

Human Resources

We recognise that our success – both commercially and as a responsible corporate citizen – depends on the initiatives, actions and decisions of our people. Individually and together they make Tetra Pak what it is today and what it will be tomorrow.

Our People Strategy focuses on three main areas: a right to a safe and healthy workplace, respect for gender and nationality diversity and leadership. However, the health and wellbeing of our employees comes first and foremost. Our motto, “Protects What’s Good,” applies to our employees too. We also believe that an engaged workforce is the key to the company’s success. Benchmarked against other companies, Tetra Pak consistently achieves high scores for employee engagement.

We use our employee satisfaction surveys to assess the motivation and degree of alignment among employees.

In 2005, 84% of Employees responded to our Employee Engagement Survey. Our overall employee satisfaction score was 4.1 on a scale of 1 to 5. Up from 4.0 the previous year. Our employee motivation score was 3.7.

Our ambition is to recruit, employ and promote employees on the sole basis of their qualifications and abilities. There should be no discrimination based on religion, social standing, ethnic origin, gender, physical abilities, sexual orientation, age or political belief.

We have made progress on diversity of nationality in management positions over the past 10 years: while our middle and top management positions used to be predominantly Swedish, today approximately 35% of middle and top management positions are occupied by nationalities from outside Europe.

We have made less progress on gender diversity. While there are continuous improvements, only 6% of top management and 17% of middle management are women.

Our action on diversity concentrates on gender and nationalities. We have set ourselves ambition levels for gender balance and diversity of nationality. In particular, by 2010 we are seeking to increase the proportion of women in management to 20%, and double the number of women in the top 130 management positions over 2004. Furthermore, to better reflect the employee population and sales base, management nationality should mirror the employee base, and at least a quarter of the top 130 management positions should be from outside Europe.

SWiM

Sustaining Women in Management (SWiM) is a voluntary, global network in Tetra Pak, open to both men and women who support the mission ‘to encourage the professional development of women through networking and the sharing of best practice.’

SWiM Chapters are groups of people at country level, taking action to encourage and promote the professional development of women in Tetra Pak. At the end of 2006 there were 36 chapters with 1608 members, of whom 27% are men.