



SUSTAINABILITY UPDATE 2015



FOOD. PEOPLE. FUTURES.

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CEO'S REFLECTIONS

Our approach to sustainability is shaped by our brand promise: PROTECTS WHAT'S GOOD™. Clearly, that's about protecting food, through the processing and packaging activities that have long been the core of our business. But it goes further.

It is also about protecting people: our own employees, as well as the communities in which we work and society as a whole. And it is about protecting futures: by developing the products and services that will support the future growth of our customers; by acting and operating in ways that best protect the future of our planet; and by driving a sustainable business agenda that will help to ensure the future success of Tetra Pak.

We have long realized the importance of balancing each of these commitments. And we have also come to recognize that the only way to achieve this is through collaboration, innovation, determination and a strong sense of obligation across the entire company.

That is why we have a well-defined corporate governance framework, which includes our Charter of Responsibility, [core values](#) and Code of Business Conduct, setting out the behaviours and standards we expect of all those working on the company's behalf. And it is why, since 2004, we have been a signatory to the [UN Global Compact](#), and remain committed to ensuring that its 10 principles on environment, labour, anti-corruption and human rights are embedded within our day-to-day operations.

But, of course, this is only a starting point. Building a sustainable business requires joined-up thinking and concerted action on many different levels. It involves broad collaboration: working closely with our customers, our suppliers,

governments, NGOs and society as a whole to explore ways in which we can make a lasting positive difference.

It requires a commitment to continuous innovation, developing technologies and materials that will drive efficiency, cut waste, lower consumption of finite resources and reduce environmental footprints, while continuing to meet the ever-widening needs of the market. And it demands an absolute determination to succeed; a shared belief among all employees that sustainability makes sense, not only in terms of protecting food, people and futures, but also in relation to the long-term aspirations we have for our company – and for ourselves.

Protecting food

For many years, our processing and packaging solutions have played an important role in protecting food; keeping it safe, preserving its nutritional value and maintaining its quality. Our vision, to make food safe and available everywhere, is probably more relevant today than at any time during our 63-year history, and we continue to develop new ways, in collaboration with our customers and other parties, to make that vision a reality.



“ Building a sustainable business requires joined-up thinking and broad collaboration ”

During the past year, for example, our DEEPER IN THE PYRAMID unit has worked closely with key customers to bring healthy, nutritious, specially formulated products to millions of people with relatively little purchasing power, often living in remote locations.

Our Food for Development team has continued to support governments and customers around the world by implementing school feeding programmes. In 2014, 66 million school children in more than 50 countries were reached by milk or other nutritious drinks in Tetra Pak packages. The health benefits for children are well documented; but studies have also shown that these schemes have a very positive impact on a child's capacity to learn and, at the same time, provide a positive stimulus for the local economy.

Local economic stimulus also lies at the heart of our Dairy Hub initiative, which has expanded further during the past 12 months, with projects now under way in Bangladesh, Kenya, Nicaragua, Senegal and Sri Lanka. These schemes bring together thousands of smallholder farmers from across a region, link them with dedicated dairy processors and provide them with training, expert advice and modern facilities, with the aim of improving both yields and quality.



For the farmers, it means an improved livelihood. For the local community, it means better access to safe, affordable milk. For the dairy processor, it means higher quality and increased quantity of raw milk supplies. And for Tetra Pak, it means new market opportunities.

During the past year, we have also continued to work with customers and partner organizations

on the other important aspect of food protection: eliminating waste. The UN Food and Agriculture Organization estimates that almost a third of the food produced for human consumption is lost or wasted – around 1.3 billion tonnes per year, or 3.5 million tonnes every day. Put another way, that's 4.5kg of food for each one of the 800 million people who go to bed hungry every night. In this area our industry can, surely, do more.

Protecting people

Today, 23,500 people work for Tetra Pak. They are the engine of our success, which is why we regard ensuring their safety, welfare, well-being and continuous development as an investment rather than a cost.

Our injury and illness rate among employees and contractors remains exceptionally low, but we recognize the imperative to continue to aim for zero. With this in mind, during the past year we have revised and relaunched our occupational health and safety management policy, to ensure proper focus and consistent performance across the whole of the company. Our goal is simple: that everyone who works for Tetra Pak returns safely to their home at the end of each day.

When it comes to our employees, protection is also about ensuring that we retain the outstanding talent we already have working

for us across the globe, and help them deliver to the very best of their abilities. After all, our workforce is a primary source of competitive advantage. These are the people who develop and implement our strategy, differentiate our products and services, ensure operational excellence, shape our reputation and drive our sustainable growth agenda.

That is why we continue to focus significant resource on a broad array of training, coaching and mentoring programmes to support individual development needs at every level, and in all parts of the company. During 2014, an average of 2.5 days per person were set aside for formal training activities.

Equally important, we made further progress towards improving the diversity of our workforce, particularly in terms of gender mix; long a challenge within the manufacturing sector. For the fifth successive year, 2014 saw a year-on-year increase in women employees as a percentage of the total, including at the managerial level.

Building on this success, we will continue our efforts to ensure the workplace environment across our organization is both respectful and inclusive; an environment in which employees know they have every opportunity to achieve their full potential, regardless of who they are or where they are from.

Of course, protecting people does not stop at our fence line, and we accept that we have a duty of care that extends far beyond our own organization. With that in mind, during 2014 we also continued to play an active part in the communities in which we operate, from providing apprenticeship schemes and supporting local supplier development, to health education and emergency relief.

Protecting futures

Throughout this report, you will find examples of Tetra Pak projects, initiatives and innovations that are helping customers to grow their business, while enhancing the environmental performance of their products or operations.

For example, in January 2015, Finnish dairy producer Valio became the first company in the world to sell products in our Tetra Rex® Bio-based package, a carton made entirely from plant-based materials. It marked another step towards our goal of fully renewable packaging, but it is by no means the end of that journey. We will now look for ways to extend the fully renewable concept to other parts of our portfolio, without compromising safety, quality or functionality.

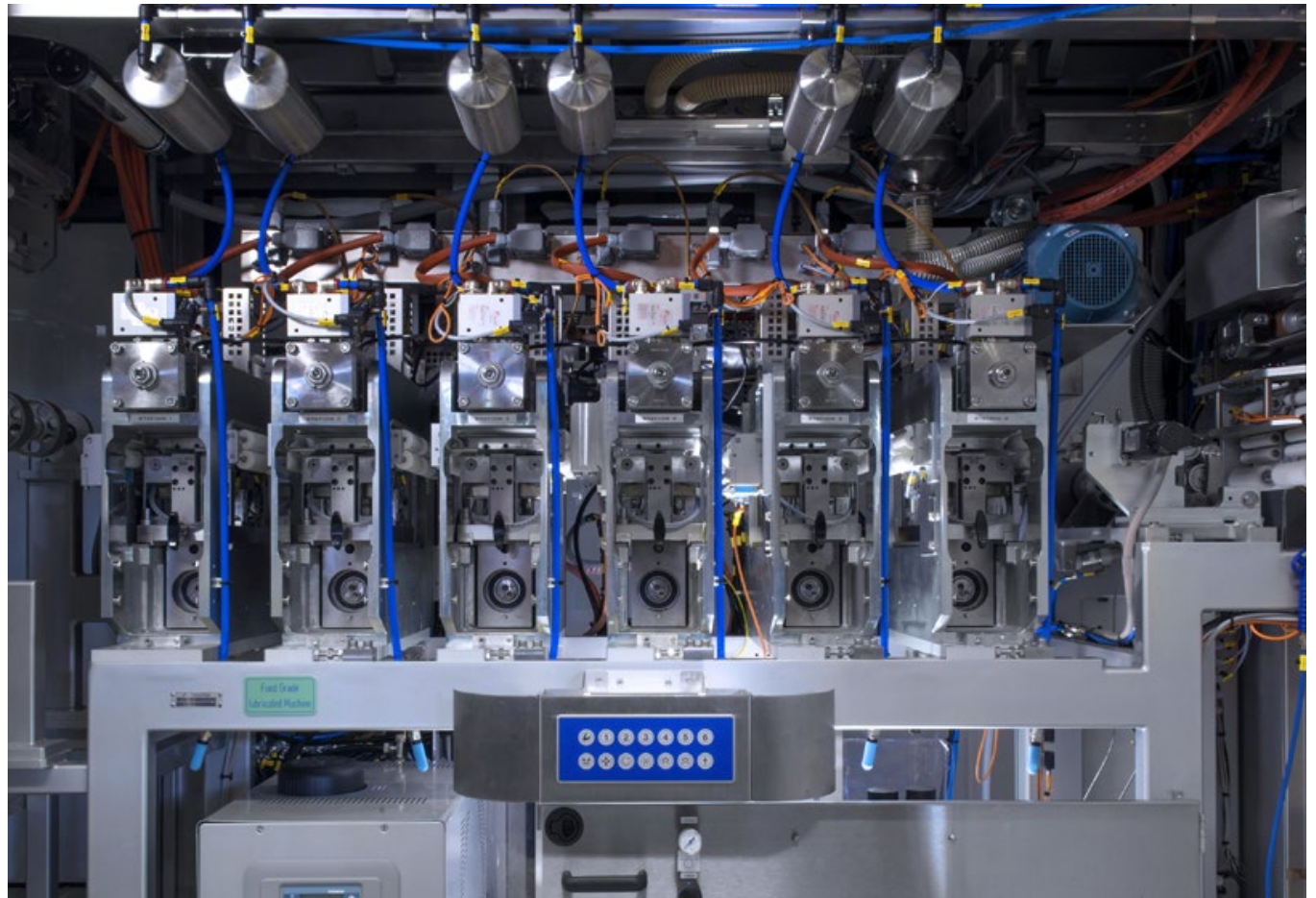
The year also saw us secure Forest Stewardship Council™ (FSC™) Chain of Custody certification for the last seven Tetra Pak facilities and entities worldwide. This means that we can now deliver



FSC-labelled packaging material from anywhere in the world, signalling a major milestone in a journey that began eight years ago, when the first Tetra Pak FSC-labelled cartons appeared on shelves. Today, they account for around a quarter of Tetra Pak packages sold worldwide, some 44 billion in total, and that number continues to climb.

On the technology front, in a ground-breaking first for the beverage carton industry, earlier this year we unveiled our next generation Tetra Pak® E3 platform at a trade show in Brazil. The new platform is built around eBeam technology, which uses an electron beam rather than conventional hydrogen peroxide to sterilize packaging materials, saving energy, reducing environmental impact and cutting waste. In addition to its environmental benefits, the new technology also improves productivity, offering the capacity to produce up to 40,000 filled cartons an hour – or 11 every second.

Since our last Sustainability Update, we have made good progress towards our long-term environmental objectives, including our ambition to cap carbon emissions in 2020 at 2010 levels. In 2014, we saw emissions across the value chain fall by 16%, despite a 14% rise in production. We also achieved a score of 98 from [CDP](#) (formerly the Carbon Disclosure Project) in the



latest reporting period, putting us on a par with our global customers and ahead of most of our competitors in both packaging and processing. And we made significant progress in recycling: 650,000 tonnes of our beverage cartons were recycled globally in 2014, compared with 623,000 tonnes in 2013.

On that note, I would encourage you to explore the rest of this report, which offers much more insight to the progress we're making in all areas of our sustainability journey. I very much hope you reading it and, as ever, I would welcome any comments or feedback you may have.

OUR APPROACH.

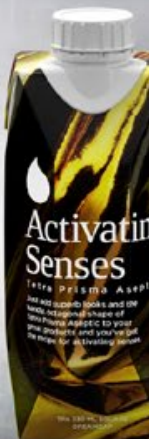
At Tetra Pak, our approach to sustainability derives from our brand promise: PROTECTS WHAT'S GOOD™. That means protecting food, through our processing and packaging activities. But it also means protecting people, both inside and outside the company. And it means protecting futures: our planet's, our customers' and our own.

FOOD. PEOPLE. FUTURES. >

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FOOD. PEOPLE. FUTURES.

Our brand promise, PROTECTS WHAT'S GOOD™, plays out in three key areas: protecting food, protecting people and protecting futures. These are the pillars of our brand; and they are also the chapters of our sustainability story.

Our future success depends on our continued ability to provide safe, secure and sustainable nourishment to consumers. It requires constant innovation, finding new ways to meet the evolving expectations of the market and the increasingly diverse needs of our customers.

At the same time, we must strive to be socially responsible in all that we do, providing opportunities for all our employees and supporting communities everywhere we operate. We know we must also fully address our environmental responsibilities, playing an active role in shaping a better future against the demanding backdrop of climate change and dwindling natural resources.



Society today rightly expects the manufacturing sector to do more with less, which means developing technologies and materials that will drive efficiency, cut waste and lower our environmental footprint. This is an expectation we are determined to exceed, not only because it supports our mandate to operate, but also because helping our customers enhance their own environmental performance and achieve their sustainability goals represents a significant channel of growth for our business.

The sustainable value chain

We recognize that our responsibilities extend beyond our own operations and our business with our customers. That's why our approach to sustainability ensures that we encompass the whole of the value chain in our decisions and our actions.

Our 2020 climate goal, for example, extends right the way from the sourcing of base materials to the end of life of used cartons. Over the past

few years, we have put considerable effort into developing robust systems and methods to reliably collect this data and our results, which have been audited and validated by independent external consultants, showing that we are making steady progress towards the targets that we have set for 2020.

Suppliers

The way we work with our suppliers is a big part of our commitment to responsible sourcing and of our sustainable value chain approach. Since 2011, all our suppliers have been required to sign and adhere to the terms set out in our Business Code of Conduct for Suppliers.

We also assess our suppliers against the high standards of performance defined by the [UN Global Compact](#). We signed up to this Compact in 2004 and remain committed to the implementation, disclosure and promotion of its 10 principles on environment, labour, anti-corruption and human rights: these are embedded across all of our operations through our own well-defined corporate Governance Framework.

Every year, we evaluate our key suppliers' operations and environmental performance through audits and self-assessments.



Employees

We employ more than 23,000 people around the world, and their engagement and dedication is essential to our success. We provide learning and development opportunities for all our employees, and strive to ensure that every project and activity we do is injury-free. We undertake to include and respect every individual, regardless of age, gender, ethnicity, nationality or sexual orientation. To ensure we are meeting our responsibilities, we conduct an employee engagement survey every other year to gather and evaluate feedback on all these areas.

Customers

As the world's leading food processing and packaging company, we work with customers across the globe to achieve our shared business and sustainability goals. Projects include:

- School feeding programmes and Dairy Hubs delivered through Food for Development.
- DEEPER IN THE PYRAMID initiatives to make food more affordable and available to low-income households.
- Community engagement collaborations at local, regional and global level.

We are constantly developing new products and processes to help our customers reduce their environmental footprint, and we work with them to manage and minimize impact throughout the value chain.



Consumers

Our food packaging and processing solutions make food safe and available for consumers everywhere. Many of our product innovations are made in response to consumers' increasing demands for lower environmental impact and better recycling solutions. At the same time, we

develop and promote campaigns to educate and inform consumers on various sustainability-related topics, such as recycling and renewability, and the benefits of packaged milk.

OUR STAKEHOLDERS AND PARTNERS

Our approach to sustainability extends across our entire value chain. Achieving our goals depends on collaboration with a broad range of stakeholders at global and local level to develop common solutions and create shared value.

We actively engage with our stakeholders at all levels. By respecting their interests, listening to their concerns and being open and honest in our communication with them, we can find new ways to reduce our impact and make our business more competitive and sustainable.

As the leader in our industry, we play a key role in industry organizations and in supporting and building partnerships, helping to facilitate awareness campaigns, conferences and seminars, methodology development and standards setting, as well as public policy development.

We work with non-government organizations, inter-governmental organizations and multi-stakeholder initiatives. Key partners and initiatives include the UN Global Compact, the Forest Stewardship Council™ (FSC™) the World Wide Fund for Nature, the UN World Food Programme, the Global Alliance for Improved Nutrition and more. Follow the link (right) for a full list.

In addition to our partnerships with customers, we have long-standing collaborations with governments, ministries and departments to support school feeding programmes around the world through our Food for Development function. We are also industry leaders in



Go online

Read more about [our stakeholders and partners](#)

environment advocacy globally, particularly in areas such as packaging sustainability and recycling, resources and waste, sustainable production and consumption, and dairy sustainability.

HOW WE REPORT

We have communicated our responsible business practices and performance in updates for several years. We have been reporting on environmental performance since 1999 and on broader sustainability issues since 2005.

We provide data and information on our sustainability performance and goals in an annual Sustainability Update.

The Sustainability Updates also form our Communication on Progress to the [UN Global Compact](#), demonstrating how we are integrating its 10 principles on environmental performance, labour and human rights practices, and anti-corruption into our business strategy and day-to-day operations.

They also communicate our support for the UN's eight [Millennium Development Goals](#), a set of objectives that, through global partnerships, aims to end poverty and hunger, widen access to education, improve health and promote environmental sustainability. Through our core business and Food for Development, we contribute directly to five of these goals, as outlined in the table on the following page.



Environmental reporting

Over the past two years, we have continued to improve our data collection and management on key environmental measures. For example, we have introduced new software to support the reporting of environmental data from our sites and suppliers. The benefits include improved efficiency and quality of data collection, and ensuring that the data is auditable.

We have also implemented global management of recycling information through our SAP Business Warehouse system, which both improves the quality of reporting and provides access to the latest data, on a local or global level, across the company.

External assurance

Our practices, processes and performance are verified externally through World Class Manufacturing, ISO 9001 and 14001, OHSAS 18001, and Forest Stewardship Council™ (FSC™) Chain of Custody and Quality Assurance Management certification. By the end of 2014, 94% of our factories had been certified to ISO 14001. Our GHG emissions data has been audited by a third party since 2006.

Millennium Development Goal	Tetra Pak activities
Eradicate extreme poverty and hunger	School feeding programmes, Dairy Hubs and emergency relief efforts tackle hunger and create employment and income opportunities. The work of our DEEPER IN THE PYRAMID unit focuses on providing affordable, nutritionally balanced food.
Achieve universal primary education	School feeding programmes make it easier for children to complete a full course of primary education.
Promote gender equality and empower women	School feeding programmes make girls more likely to attend school, while Dairy Hubs empower women farmers. We are also working to promote diversity throughout Tetra Pak, including addressing issues of gender equality.
Ensure environmental sustainability	We drive environmental excellence throughout our value chain, setting ambitious targets to spur responsible sourcing and innovation, combat climate change and increase recycling.
A global partnership for development	Food for Development works to build strong value chains by strengthening the private sector, boosting agricultural development and building local capacity, while our efforts to reach 100% Forest Stewardship Council™(FSC™)-certified paperboard encourage responsible forest management practices.

GOVERNANCE

We believe that good corporate governance is fundamental to a successful, sustainable business. That's why we have a well-defined Governance Framework that guides everything we do.

The Tetra Pak Governance Framework is designed to help ensure that we deliver on our brand promise PROTECTS WHAT'S GOOD™, that we abide by relevant regulations and legislation, and that we behave ethically and responsibly.

Mandate, values and assurance

This section of the framework provides the structure for setting company objectives, strategies and the means by which we will achieve these. It also provides a guide on how we operate and act with colleagues internally and with our stakeholders across the value chain. It includes:

- **Charter of Responsibility** Issued by the Tetra Laval Group Board, this outlines the roles and responsibilities of the Board and Tetra Pak. The CEO of Tetra Pak is ultimately responsible for the Governance Framework.
- **Core values** These form and shape our corporate culture and guide our behaviour internally and externally, uniting people from different cultures, countries and backgrounds. Shared and lived core values are essential to good governance.
- **Code of Conduct** This sets out requirements on working conditions, anti-discrimination, confidentiality, conflicts of interest, financial reporting, compliance with the law, anti-corruption, bribery, child exploitation and environmental issues in all parts of our operations.



Other key elements include a comprehensive risk management methodology with related and mitigating policies, procedures and global processes for managing and responding to risk.

Our state-of-the-art Governance Risk Compliance (GRC) system represents a major step towards securing an effective and transparent internal control environment. The GRC creates a single platform for risk management, bringing mitigating policies, procedures and detailed controls together with assurance processes, assessments and reports in a single place.

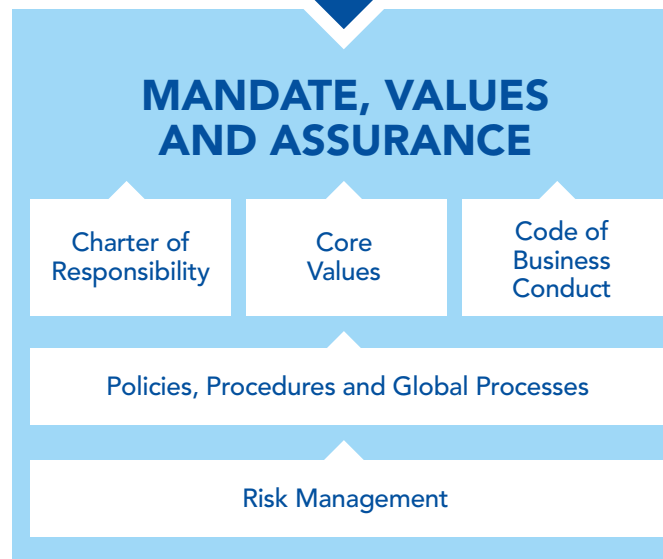
Organization and decision-making

This section of the framework sets out our clear and well-established organizational decision-making and reporting structures. Our Global Leadership Team (GLT) is responsible for implementing the framework, supported by a Corporate Governance Office and a network of local governance and risk officers.

In addition, the GLT has set up four councils to manage decision-making in the following key areas: strategy; products and technology; transformation and capability; and corporate governance.

Every year, our CEO and the GLT submit a signed Management Declaration to the Tetra

TETRA PAK GOVERNANCE FRAMEWORK



Laval Group Board, reporting on our adherence to the Governance Framework. This is based on detailed reports and self-assessments from all heads of markets and operating units.

International frameworks

As signatories to the [UN Global Compact](#) since 2004, we remain committed to the implementation, disclosure and promotion of its 10 universal principles on human rights, labour, the environment and anti-corruption and

submit an annual Communication on Progress. Defined functions within the organization have a coordinating role and all heads of markets and business areas take responsibility for operational implementation for each area:

- Human rights – Human Resources/Corporate Communications
- Labour – Human Resources
- Environment – Environment
- Anti-corruption – Corporate Governance

We also actively contribute to the eight UN [Millennium Development Goals](#).

Awareness, understanding and compliance

All employees, at all levels of the company, are responsible for compliance with the Governance Framework in their everyday decisions and actions. Details of the framework are accessible on our intranet and various training programmes are ongoing to assist all employees with awareness and understanding.

Whistle-blowing

Anyone in the company can anonymously report actual or suspected breaches of our Code of Conduct or any other unethical behaviour directly to either the Corporate Governance Officer or Head of Audit. Employees are not penalized in any way for reporting an incident or a suspected incident. Every breach is handled individually and investigated appropriately, depending on its severity. If the incident is criminal, we report it to the relevant authority.

Zero tolerance towards corruption

Anti-corruption is an important element in our approach to corporate governance, and we take a zero tolerance approach to corruption, bribery and fraud. Corruption is unethical; it undermines the fairness of the market, distorts transaction costs, destroys an open, honest and decent



society and harms countries' economic, social and political progress. Combating corruption is a vital part of building trust with customers, suppliers and other stakeholders, and fostering a responsible, transparent business culture.

Trust and transparency

To build trust and transparency with our customers and as part of our approach to responsible

sourcing with suppliers, we are members of [Sedex](#), the Supplier Ethical Data Exchange. Sedex is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in supply chains.

Go online

Read more about [our core values](#)

FOOD.

We are driven by our vision to make food safe and available, everywhere. Our innovative and market-leading food processing and packaging solutions are making that vision a reality worldwide.

PROTECTION >

AVAILABILITY >

AFFORDABILITY >



PROTECTION

Our packaging technology enables food and drink to be distributed and stored without the need for refrigeration or preservatives, which is vital for achieving our vision: to make food safe and available, everywhere.

Tetra Pak's brand promise, PROTECTS WHAT'S GOOD™, expresses our fundamental commitment to customers and consumers across the world. Food safety has been our number one priority from the outset. At a time when production and distribution were far from reliable, Dr Ruben Rausing founded Tetra Pak to provide milk to post-war Europe and beyond, in a safe and efficient manner.

The pioneers of aseptic packaging

Tetra Pak pioneered the development of aseptic packaging, introducing our first such package, the Tetra Classic® Aseptic, in 1961. Aseptic processing systems enable liquid food products to be aseptically packed, distributed and stored at room temperature, with a typical shelf life of six to 12 months.

Aseptic technology offers several advantages over other methods, including the variety of package shapes, economies in energy and packaging materials, and improved consumer convenience. Often, aseptic packaging also improves quality because food products generally change less than with other preservation methods.





Beyond aseptic packaging

Today, Tetra Pak is able to offer protection for fresh products that need to be kept chilled throughout distribution and storage. Options include our Tetra Brik[®], Tetra Rex[®] and Tetra Top[®] packages. Tetra Rex and Tetra Top also include options for High Acid Ambient Distribution (HAAD).

We continue to innovate to help our customers meet the changing needs of consumers, retailers and food producers. Tetra Recart[®] was the first package on the market to make it possible to sterilize foods with particles inside a carton, providing a cost-effective, environmentally friendly alternative to cans, jars and pouches for a whole range of products, including vegetables, tomatoes, ready meals, soups and pet foods. The package is now being used by Tetra Pak customers in more than 50 countries.

Hygienic design

As an active member of standardization bodies such as the [European Hygienic Engineering Design Group \(EHEDG\)](#) and [3-A Sanitary Standards](#) in the US, we follow established guidelines on equipment hygiene for the manufacture of safe and healthy food and beverage products.

For us, food safety starts on the drawing board through to the “hygienic design” of our processing and filling equipment. This ensures that everything which comes into contact with food – from single components to connections and welds – is made from approved materials and built to enable correct and efficient cleaning.

Food safety technology

We are also pioneers in the development of food safety technologies, such as juice pasteurization and ultra-high temperature (UHT) treatment. UHT treatment sterilizes food by heating it for two to four seconds at a temperature exceeding 135°C (275°F): high enough to kill all bacteria and spores



Safety first

We evaluate all packaging materials in the light of their end-use application, and build the results into the Food Contact Certificate documentation we supply to our customers. Routine control migration testing programmes ensure continuous high standards of food safety, and we have recently introduced internal audits to ensure those standards are met throughout our processing and manufacturing chain, from supplier to delivery.

All our packaging materials at least conform to relevant EU and US Food and Drug Administration food contact material legislation. We also monitor changing legal frameworks in relevant markets so that we can be proactive in ensuring that we meet future legal expectations.

in milk. Our OneStep technology combines several processes – separation, standardization and UHT treatment – in a single step, reducing running costs by up to 50% and milk loss by up to 30%.

Trust and traceability

Our working processes are underpinned by an uncompromising approach to food safety. We work with our suppliers to obtain detailed information on the chemical composition of the raw materials we use, to ensure that the final product is both safe and compliant.

The more globalized the world becomes, the more food is transported – including across national borders. As a result, there is growing demand for traceability from both customers



and consumers. This generally means tracing raw materials and ingredients back from manufacturer to supplier, and tracing the finished product forward to the consumer.

Tetra Pak has developed solutions to do just that, such as Tetra PlantMaster™, a factory-wide control system that fully and seamlessly integrates intelligence from each unit of the dairy production line. It covers everything

any kind. Once satisfied, the FDA then issues a “letter of non-objection”, which is held centrally along with our own master file, setting out functional specifications and processes, and the latest validation report. This way of working saves time and money for our customers, who can simply refer to the master file for a particular type of machine, rather than having to arrange a costly individual validation.

from milk reception and processing to filling, stacking in pallets and distribution – all with maximum efficiency and full traceability.

Benefits to customers

We are continually working to develop new solutions to help our customers respond to fast-changing market conditions and consumer demands around the world, including developing new package types, sizes and closures that offer product differentiation and enhanced functionality. We are also working to further extend shelf-life, developing processing and packaging solutions for food distribution at ambient temperatures, and to maximize the efficiency and environmental performance of our systems and processes.

Aseptic packaging also enables our customers to reach consumers in remote locations or after natural disasters. It can make a huge difference to the everyday lives of low-income consumers who might not otherwise have access to milk or other dairy products, perhaps because refrigerated distribution and storage facilities don't exist locally.

Equipment that meets the standard

All Tetra Pak equipment within the US and Canada – or used to manufacture products for export to those countries – must meet the stringent standards set by the US Food and Drug Administration. The process is managed at a global level by the Aseptic Systems team, based in Modena in Italy and Lund in Sweden. Validation is very much a live process – machines must be checked again each time there is a modification of



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Read our guide to [Cleaning in place – securing food safety](#)



Consumer education

We are working around the world to raise awareness of the risks of consuming unprocessed milk, and to promote the benefits of packed milk.

In some markets, consumers still buy loose milk that has been poured into plastic bags or used bottles. Studies have repeatedly shown the dangers of drinking such milk, which is usually sold in corner shops or door to door. Contrary to popular belief, loose milk is often contaminated and high in bacteria. Another common misconception is that packed milk contains unhealthy preservatives.

Working in partnership

We work in partnership with our customers to raise public awareness of the risks of consuming unprocessed and unpacked milk in uncontrolled conditions and, at the same time, to convey the benefits of packed milk as a healthy source of valuable nutrition.

These activities address several of the UN [Millennium Development Goals](#), at the same time as demonstrating how broad cooperation can help improve food safety and develop our business.

Multiple channels

In cooperation with health and food authorities, the dairy industry and universities, Tetra Pak is driving awareness through communication campaigns in various different countries. We



Improving the image of UHT milk in Morocco

A campaign by Tetra Pak Maghreb aims to raise awareness of the benefits of UHT milk and prove to low-income consumers that it represents excellent value for money. The campaign, which began in the second quarter of 2014, is a direct response to consumers questioning how UHT milk could have such a long shelf life without the use of preservatives, and also to recent price increases that have put pressure on household budgets.

The first step was to engage the media, primarily through a roundtable conference led by the president of the Moroccan Nutritionists Association and then with a series of press releases and one-to-one interviews. Later in 2015, we will be reaching out to consumers through ad-on-pack and digital advertising and holding events for doctors and nutritionists, who are well placed to spread the word about the benefits of UHT milk.

use multiple channels, such as TV commercials, information in pharmacies and seminars, as well as schools and universities.

With the increased penetration of social media, online communications have started to pay off. The messages focus on the health aspects of milk, the potential hazards associated with loose milk, and the benefits of processed and packaged

milk. The main target group is women, as they are most often responsible for the household, cooking and caring for children.



Go online

Read about [educating consumers in Bangladesh](#)

Responding to the challenge in Turkey

Over the past few years, loose milk has started to regain popularity in Turkey. Loose milk is increasingly seen as healthy, and as a natural, organic product. Meanwhile UHT milk has been the subject of negative media coverage, linking it with the use of additives and even some

serious health risks. Now Tetra Pak Turkey and Caucasus has launched a wide-ranging initiative aimed at correcting misconceptions and raising awareness of the benefits of UHT milk, by strengthening links with industry associations, supporting customer activities and promoting messages through digital and social media. Recent activities include a roundtable for influential women and bloggers, aimed at spreading positive messages about UHT, and a press visit to a dairy farm organized in partnership with customer ASÜD.

We are also putting out eight broadcasts by nutritionists on the Hurriyet digital TV channel. The [website](#), also developed with ASÜD, is a comprehensive source of information on UHT, as is our own [uhtsut.com](#) microsite.



Marking World Milk Day in South Africa

To mark World Milk Day 2015, Tetra Pak joined forces with community development charity Oliver's House to run education sessions for 400 people living in the village of Putfontein, north of Johannesburg, about the benefits of UHT milk. The sessions – which covered milk's nutritional qualities, and its importance as part of a healthy diet, as well as explaining the risk of contamination from loose milk – particularly focused on older people and those with families including children. Many have little or no access to running water or electricity, and therefore can't keep food chilled.

AVAILABILITY

We believe that the most effective way to tackle global challenges relating to food and nutrition is to build sustainable food value chains.

Food for Development >

Food for Development works with customers, governments, development agencies, funding organizations and NGOs to drive development of the dairy and food value chain worldwide.

School feeding programmes >

School feeding programmes deliver nutrition, improving children's health and boosting their capacity to learn. They can also help to stimulate economic development, tackling poverty in a sustainable way.

Dairy Hubs >

The Dairy Hub concept goes to the heart of food security and dairy farming development, by helping our customers in developing countries to access more, better-quality, locally produced milk.



Tetra Laval International Dairy Expert Morgan Tinnberg helped establish our Dairy Hubs in Bangladesh



School feeding programmes in Vietnam are now reaching more than 300,000 children

Food for Development

Food for Development works with customers, governments, development agencies, funding organizations and NGOs to drive development of the dairy and food value chain worldwide.

With the world's population set to reach 9 billion by 2050, pressure on natural resources is growing all the time, and food prices are rising. Access to food and nutrition is vital to tackling development challenges and to promoting economic and social sustainability. Around 800 million people in the world still go to bed hungry every night, while one in six children in developing countries – around 100 million – are underweight.

Through our aseptic processing and packaging solutions, we are working to tackle these challenges and move towards achieving our vision: to make food safe and available, everywhere. Building on our long experience of helping governments to develop and implement school milk programmes, Food for Development was set up in 2000 to enable us to offer expertise and support to governments and

1 in 6

The number of children in developing countries of the world – around 100 million – who are underweight as a result of malnutrition



other partners to develop school feeding and childhood nutrition programmes in a more systematic way.

What we do

Food for Development helps drive development of the entire dairy and food value chain, working with customers, governments, development agencies, funding organizations and NGOs all

over the world. Through strong public-private partnerships, we grow markets for Tetra Pak – and our customers – at the same time as supporting development in emerging countries and increasing access to nutrition worldwide.

We work closely with governments and international agencies all around the world to implement school feeding programmes to

66m

The number of children who are reached by a Tetra Pak package in their schools. The first feeding programme was launched in Mexico in 1962



ensure that children get access to safe food and education, at the same time as creating demand for locally produced and processed quality milk.

Today at least 368 million children worldwide receive food at school. However, there is still potential for many more to benefit from school feeding, both as an important source of nutrition and as a way to improve attendance and results in schools. The first school feeding programme using Tetra Pak packages was launched in Mexico in 1962, and 66 million children are now reached by a Tetra Pak package in their schools.

We also support dairy farming development, helping local dairy processors to access more and better locally produced milk while helping smallholder farmers to move from subsistence farming to running milk production as a profitable business. Nearly one billion people live on dairy

farms, smallholdings or in landless households keeping one or more animals.

The value chain approach

Our commitment to adopting a value chain approach goes back to the 1960s, and the earliest days of the aseptic packaging solution. Ruben Rausing recognized that in order to help



customers in developing countries build up a sustainable and profitable dairy industry, it was important to focus on the development of the whole milk value chain.

We also believe that building a sustainable value chain is the most effective way to tackle global challenges related to food and nutrition. Even today, much food is still lost in production or wasted during distribution and consumption, for example because it cannot be collected, processed, packaged or stored correctly.

Tetra Pak is a world leader in food processing and packaging systems. Together with our sister company DeLaval, which offers products and services for milk producers, we have the knowledge and expertise to support the dairy value chain from cow to consumer. We work to address the needs and requirements of each actor in the food value chain, creating links and filling gaps, with the ultimate goal of making food safe and available, everywhere.



Go online

Read more about [our partnerships](#)



School feeding programmes

School feeding programmes deliver nutrition direct to the classroom, improving children's health and boosting their capacity to learn, and helping to stimulate economic development.

In many parts of the world, children come to school with empty stomachs. According to the UN World Food Programme (WFP), some 66 million primary school children across the developing world regularly come to school hungry. As a result, they have little energy to

concentrate and participate in class. They are more prone to low performance, to be absent from school, to fall sick and to drop out of school.

Since 1962, Tetra Pak has supported governments and dairy processors in developing school feeding programmes around the world. School feeding programmes address hunger and malnourishment, at the same time as creating demand for agricultural products from the local market.

The WFP estimates that one out of five children in the world gets a meal in school every day. Much of the annual \$US75 billion cost is met by governments; the rest comes from donor funding

and private supporters. The return on investment is substantial – for every US\$1 spent, the WFP estimates at least US\$3 is gained. Studies confirm the positive effects on health and nutrition, on enrolment, attendance and performance, and on rural and economic development.

Health and nutrition

The number of hungry people in the world is falling, but more than one in eight in developing countries – and one in four in Sub-Saharan Africa – remains undernourished. While children's nutritional status is improving overall, 25% of the world's children are stunted (i.e. have a low height for their age).

The first years of a child's life are critical when it comes to nutrition. A child doubles its height between the ages of two and 12, and proper nutrition is absolutely vital in laying the foundations for future health and wellbeing. School feeding programmes have an important part to play in combating malnutrition.

The role of milk

Milk is an important part of a healthy, balanced diet. Milk contains 18 of the 22 vitamins and minerals that humans need and it makes a significant contribution to our requirement for magnesium, selenium, riboflavin and vitamin B12. It provides many other nutrients, including calcium, which is vital for the growth and strength of human bones and so particularly important for children. Milk is a very good source of calcium since it also contains vitamin D,



which is necessary for the body to be able to absorb calcium.

How we support school feeding programmes

Tetra Pak packages are used in school feeding programmes in almost 60 countries. The most commonly used package is the Tetra Brik® Aseptic 200ml, while other popular options include Tetra Fino® Aseptic and Tetra Classic® Aseptic packages in various sizes. Aseptic packages offer a safe and practical solution, since they can be transported and stored in ambient temperatures without any need for cooling or preservatives.

In most cases, packages for school feeding programmes are specially designed. They do not carry a barcode and are clearly marked "Not for resale", reducing the risk of their being sold on the commercial market. Packages can also be used to carry educational and entertaining messages and games; programme implementers can draw on our vast design portfolio for inspiration.

Food for Development supports school feeding programme development and implementation in many ways. We talk to governments about the benefits of school feeding programmes, and about linking programmes to local food production. We help partners write funding proposals and applications. We also provide technical assistance, for example



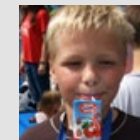
by providing implementation manuals and training for programme staff and teachers. We can facilitate the development of new nutritious beverages based on local ingredients.

Food processors and suppliers often apply special discounts for school feeding programmes. Even without any form of subsidy or discount, milk used in the programmes is cheaper than milk sold at retail, since products are usually sold direct rather than via wholesalers and retailers.



Go online

Read about school feeding programmes in [Vietnam](#)



Read about school feeding programmes in [Poland](#)

Dairy Hubs

The Dairy Hub concept goes to the heart of food safety and dairy development, by helping our customers in developing countries to access better-quality, locally produced milk.

Total global demand for milk is set to overtake supply within the next decade, fuelled by population growth, rising prosperity and urbanization in Africa, Asia and Latin America. In the long term, the dairy industry is facing the emergence of a persistent gap between supply and demand – a supply deficit.

Many developing countries have a long tradition of milk production, but only a small portion of locally produced milk is collected, processed and packaged due to lack of infrastructure, cooling and processing capabilities. A lot of the milk is lost in the early parts of the supply chain.



1bn

The number of people who live on dairy farms, smallholdings or in landless households keeping one or a few animals

The Dairy Hub concept

The overall aim of Dairy Hubs is to secure a long-term supply of locally produced quality milk without increasing the cost of collection and, at the same time, to help smallholder farmers move from subsistence farming to running milk production as a profitable business. Investment in a Dairy Hub project is a long-term commitment by the dairy processor.

The concept is based on linking farmers in a specific area – covering a certain number of villages, smallholder farmers and cows – to a

dedicated dairy processor. The processor sets up milk collection stations with cooling tanks where farmers deliver milk twice a day. Farmers benefit from the transfer of knowledge and expertise – which leads to healthier animals and increased productivity and profit – as well as access to proper infrastructure and guaranteed twice-daily milk collections all year round. Processors are able to tap into a reliable supply of locally produced, high-quality milk and gain better control over the supply chain. And at the same time, public access to safe and affordable milk is increased.

Developing the dairy value chain

Nearly 1 billion people live on dairy farms, smallholdings or in landless households, keeping one or a few animals. The milk and dairy industry holds huge potential and opportunities to create jobs and increase incomes for all the people along the value chain – farmers, dairy processors, distributors, shopkeepers and other stakeholders.

Equally importantly, milk has the potential to improve nutrition for hundreds of millions of people in developing countries. It is one of the most complete foods: an important source of dietary energy, protein and fat, as well as around 20 essential vitamins and minerals.

Drawing on our world-leading knowledge of food processing, packaging and distribution, combined with the products and services offered by our sister company DeLaval that cover every step in the milk production process, we have the knowledge and expertise to support development of the entire dairy value chain – from cow to consumer. Today, there are successful Dairy Hubs in Bangladesh and Nicaragua, and new projects are under way in a number of other developing countries.



Go online

Read about how Dairy Hubs are making a difference to [farmers in Bangladesh](#)



20

essential vitamins and minerals are found in milk. It is also an important source of dietary energy, protein and fat

AFFORDABILITY

Our DEEPER IN THE PYRAMID unit is helping to bring safe, healthy and nutritious products within reach of millions of low-income households.

There are currently around 1.8 billion people in developing countries with an income of between \$2 and \$8 per day. By working with our customers to make safe, healthy and nutritious products accessible to these consumers, our DEEPER IN THE PYRAMID (DiP) unit is supporting customers in promoting good health at the same time as making the most of this very significant new business opportunity.

Set against a backdrop of global urbanization and growing demand in emerging markets across Southeast Asia, the Middle East, Africa, China and Central and South America, DiP consumers are aspirational. They want to be able to buy good-quality, safe, healthy food, and to do the best for their families. They are also upwardly mobile – the global DiP population is predicted to fall by 3% per year leading up to 2020 as consumers shift from the low to middle income bracket.

This represents a major opportunity. The brands that low-income consumers choose today will influence what they buy tomorrow as their spending power increases. Today's DiP consumers are tomorrow's loyal purchasers. Our focus is on finding creative, innovative responses to the unique challenges presented by these emerging markets, developing brand awareness and building consumer loyalty to create a secure future for our customers' businesses.



1.8bn

people living in
developing countries
worldwide have an
income of between \$2
and \$8 per day

Our value proposition

Our work is underpinned by the following four strategic principles:

- **Attractive** The product must be aspirational, offering branded quality, nutrition and health benefits, and convenience. There is a particular focus on developing products that are attractive to mothers looking to provide a healthy diet for their children.
- **Affordable** An affordable price point is key. It must be set in line with the local market context, and reflect the consumers' perception of value.
- **Available** Distribution should focus on traditional outlets, such as small or pop-up shops (see image below). Our brand must



become part of the community. Our expertise in ambient technology plays a very significant part in ensuring availability in countries that lack infrastructure or a reliable cold chain.

- **Sustainable** Products must be sustainable from an economic, social and environmental point of view. Sustainable profitability in particular is key to long-term success.

Our activities

We work closely with our customers and with our colleagues in Food for Development, focusing on activities in the following areas:

- **Product development** At the DiP product development centre, we help customers to develop affordable, nutritious recipes, identify suppliers and provide facilities for product testing.
- **Insights into consumer needs** We share local and global consumer research, run innovation workshops and identify product concepts based on the latest intelligence on consumer needs and aspirations.
- **Strong development partnerships** We support our customers to identify and understand nutritional gaps, negotiate funding alliances with NGOs and governments, and support project implementation and training.
- **Sharing expertise** We draw on our experience to help our customers understand the complexities of market distribution, develop

Healthy food for low-income customers

In Egypt, 49% of the population earn between \$2 and \$8 a day. This rapidly expanding demographic represents a significant market opportunity for our customers. In April 2015, Lactalis targeted this group with the launch of Teama, a white cheese sold in Tetra Brik® Aseptic 125 packages – the fastest-growing package size in the Egyptian white cheese market. The new product offers an attractive combination of a healthy and nutritious product at a competitive price, and in a package tailored to reflect consumption habits: consumers in Egypt eat cheese throughout the day, mainly on the go.

viable strategies and logistics, devise distribution solutions and create appropriate, effective merchandising material.

- **Strengthening the value chain** Through a network of Dairy Hubs, we offer training, education and practical support to help local farmers build a sustainable business.



Go online

Read about how we are targeting [DiP consumers in Kenya](#)

PEOPLE.

We make social responsibility a priority when it comes to people. We seek to support communities wherever we operate and provide opportunities for our employees around the world.

HEALTH & SAFETY >

EMPLOYEE ENGAGEMENT >

LEARNING & DEVELOPMENT >

DIVERSITY >

COMMUNITY ENGAGEMENT >



HEALTH & SAFETY

We strive to ensure that individuals are free from harm in every project and activity, and we believe that working as a team is the best way to achieve our aim of zero accidents and work-related illnesses.

Occupational health and safety (OHS) is a key part of the strategy for all our business functions, and our approach is underpinned by our [core values](#). "Freedom and responsibility" means providing a safe, healthy working environment that meets all legal and customer requirements, while "Partnership and fun" reflects our belief that working together is the best way to achieve our goals.

In 2014 we continued the implementation of a global OHS management system based on OHSAS 18001, the international standard for operational health and safety management systems. This project is sponsored and steered by members of the Global Leadership Team and will ensure coordination across all sites, including our customers'. Each function is now represented in a senior level OHS forum, and in a central OHS working group.

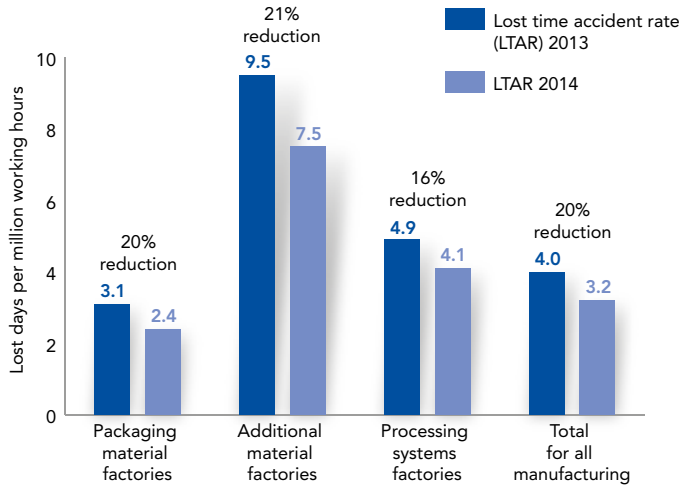
This year, we expanded the scope of the global management system by launching a programme called "Safety First". This will ensure that standardized, global OHS procedures are applied to Technical Service and Processing Systems operations carried out at our customers' sites.

38%

Proportion of our manufacturing sites that have now achieved OHSAS 18001 certification



Lost time due to accidents



Also in 2014, we set ourselves the challenging target of achieving OHSAS 18001 certification for all manufacturing sites by 2017. So far 38% have been certified. Our market companies in Spain and Italy have also achieved OHSAS 18001 certification – the first non-manufacturing sites to do so.

Accident reduction

Our 34 packaging material factories employ approximately 6000 people. In 2014 they continued to show excellent results, with a 20% year-on-year reduction in their combined Lost Time Accident Rate (LTAR).

In 2014 we also incorporated data from our smaller “additional material” and “processing system manufacturing” sites which, between them, employ approximately 1400 people. These sites showed an excellent OHS performance with reductions of 21% and 19% respectively contributing to an overall LTAR for all manufacturing sites of 3.5. Overall, 25 of our

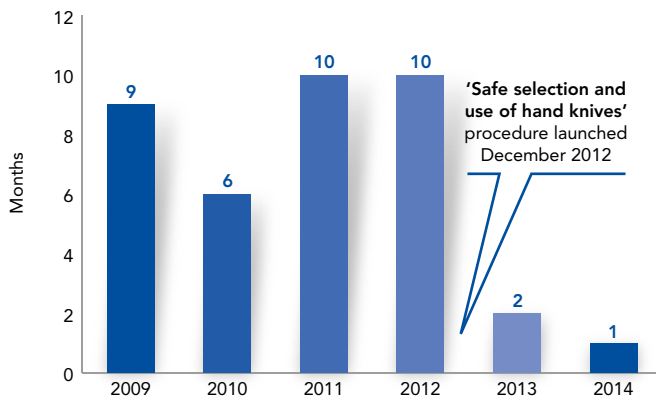
Italy: focus on safety at customer sites

This year, Tetra Pak Italiana has focused strongly on accountability for safety at customer sites, rolling out a programme promoting risk awareness and the need for safe behaviours to all field service engineers. The market company became one of our first non-manufacturing sites to achieve OHSAS 18001 certification, an indication that our OHS management systems are aligned to international standards of best practice.

54 factories were “accident-free” during 2014, 13% up on 2013.

In 2014, we continued a safety programme in our packaging material sites to reduce the number of knife cuts, which had been a major cause of injury. The programme focused on identifying the

SCO PM – number of LTAs due to knife cuts



Brazil: the Guardião initiative

In Brazil, a new initiative for field service engineers has been added to a portfolio of existing safety measures in our factories that include a revised tag-out/local-out programme, a “Safety Minute” at the start of each shift, a new safety behaviour tool and monthly contractor meetings. The Guardião initiative focuses on field service engineers working on customer sites, using email newsletters to raise awareness of their role as “safety guardians” and ambassadors for Tetra Pak, and to give a reminder of the pressing health and safety issues of the day.

safest type of knife for each area of operation and developed safety procedures to be implemented across all PM sites. We saw a 90% reduction in LTAs caused by knives during 2014 as a result.

Occupational health and wellbeing

All of our manufacturing sites have access to occupational health support, including doctors, nurses and physiotherapists, ensuring high levels of care even in those regions where national healthcare standards are less reliable.

Many sites have programmes that systematically monitor and support employee health and wellness. These vary from market to market, but include hearing and eyesight tests, routine vaccinations, ergonomic risk assessments at workstations, stress management, massages and reflexology, and information about nutrition, healthy lifestyles and issues associated with alcohol and drugs. We also conduct routine medical examinations of high-risk groups, such as those who work with hazardous chemicals.



Occupational health round-up

- 1 In Sweden, the Global IM office in Malmo organized an initiative called "Highway to Health", featuring talks, practical training – including gym sessions with instructors – and events focusing on a range of occupational health topics.
- 2 In East Africa, our employee health and wellbeing programme focuses on disease prevention, treatment, care and support. Bi-monthly discussion sessions identify employee needs, workshops are held for teenagers and there are routine medical check-ups.
- 3 In 2014 our New Zealand market company entered seven teams for the Global Corporate Walking challenge and three teams in the inaugural corporate Italian Pursuit cycling event, one of which went on to win the event.



Committing to safety excellence in China

Our facilities in China have been recognized two years running for their high level of safety performance. In 2013, Danone Waters China awarded our Processing Systems business a Quarterly Safety Excellence Award for an installation project in Qionglai. The team demonstrated its commitment by attending Danone's daily safety meetings, and managing risk through a combination of regular inspections, training, safety signage and daily "tool box" talks. In 2014, L'Oréal recognized our Yichang plant as an "excellent safety management contractor", following a process to assess and compare practices at all contractor plants.

EMPLOYEE ENGAGEMENT

Our success depends on our people performing at their best – and for this they need to feel motivated, connected and valued. By making sure our employees are engaged, we create a culture of personal responsibility, diversity and innovation.

We employ more than 23,000 people around the world, and their engagement and dedication is essential to help us develop and maintain our competitive edge. Our company culture is based on a set of strong, shared core values that guide us in our day-to-day business and create unity and cohesion across our global sites:

- Customer focus and long-term view
- Quality and innovation
- Freedom and responsibility
- Partnership and fun.

Measuring engagement

Our employee engagement survey is a key element in helping us to measure how connected and motivated our people are to perform at their best, and one of the ways in which we can check how we are delivering against the promises we make to them.



Our Excellence Awards recognize achievement and drive engagement

The survey covers a wide range of areas, including diversity, leadership and sustainable engagement. In our most recent survey, at the end of 2013, we achieved a participation rate of 87%, which compares favourably with the high-performance norm and demonstrates our employees' commitment and willingness to share their opinions with us.

The proportion of positive responses on sustainable engagement – 83% – also puts us on a par with companies performing at world-class level. We are delighted to have achieved such a high score at a time of considerable organizational change.



Equally importantly, the survey also identified areas for improvement, including how we manage and communicate change, and how we recognize and reward people's contributions on a day-to-day basis. In 2014 we implemented a global action plan to improve our performance in both these areas. In our next employee engagement survey, in 2015, we will measure the impact of that action plan.

We also monitor voluntary employee turnover. Our current figure – an average of 6.1% – is low, another positive indicator of employee satisfaction and engagement.

Reward and recognition

We acknowledge colleagues who make an exceptional difference to both our company and our customers. For example, through our Excellence Awards, employees can nominate a colleague they feel should be recognized in the customer, innovation, operation or leadership categories. We also award the market and factory of the year.



Go online

Read about Roberto Franchitti, winner of our [2014 Leadership Excellence Award](#)



Recognizing and rewarding employees in China

Retaining employees in an environment where there is fierce competition for skilled workers requires more ongoing recognition for those who go the extra mile, beyond our six global awards. Employees at Tetra Pak China who go above and beyond expectations in their daily work can be nominated for a Spontaneous Award, which highlights behaviours such as accountability, teamwork and innovation.

At any time, an employee might also get a "thank you" card from a manager or co-worker for making progress or reaching a project milestone. Special contributions in their own function might lead to a nomination for a "functional yearly recognition", while 10 years in the company, and every fifth anniversary thereafter, results in a Long Service Award.

LEARNING & DEVELOPMENT

By promoting a culture of learning, and sharing knowledge and experience across the business, we enable our people to reach their full potential, while we continue to attract and retain the very best.

Tetra Pak Academy is designed to support strategic implementation by helping our people develop the competences needed to support the growth of our customers and our company, and to realize their own potential. It offers a comprehensive business-driven learning portfolio that can be aligned with individual development needs, with the aim of ensuring that all employees have the competences they need for the future.

During 2014, Tetra Pak Academy took on extended responsibility for coordinating and managing learning activities across all Tetra Pak locations and functions. By bringing all our learning activities under one umbrella, we can avoid duplication and overlap, ensure that content and messages are aligned, simplify access to learning for employees and clearly identify strategic priorities.



Developing and managing performance

We proactively develop our employees and offer them inspiring new challenges. Individual performance goals and development plans align corporate and individual objectives, and are agreed in conjunction with managers. Our programme for development focuses on cross-functional, company-wide areas such as customer understanding, leadership, project management and quality, as well as function-based skills such as selling service and portfolio management. On average, every employee has 2.5 days' formal learning each year.

Our Leadership Acceleration Programme aims to develop the next generation of top managers. In 2015, the programme will run with 35 participants representing 15 nationalities. A new leadership programme, Leading Across Cultures Remotely, that focuses on leading intercultural and virtual teams will be rolled out in 2015.

Code of Business Conduct training focuses on deepening the understanding of our Code of Business Conduct and our environmental management across the business. An interactive e-learning module on corporate governance will be launched as a mandatory training programme for all Tetra Pak employees in 2015.

We regularly evaluate performance through a company-wide review process, and offer financial incentives for reaching certain goals, including

environmental targets such as recycling rates and greenhouse gas emissions.

Informal learning

A fundamental part of employee development at Tetra Pak is learning on the job and being coached by colleagues. For example, our global mentoring programme brings together senior managers with emerging leaders from around the globe. The programme, which lasts for a year, includes monthly mentoring meetings, job shadowing and participating in projects. There are currently 18 mentor/mentee pairs across the business. The Technical Talent Programme gives promising engineering students the opportunity to spend time working at Tetra Pak while still studying, gaining valuable "real world" experience.

All employees have access to Tetra Pak Academy Online, a virtual learning library with a broad range of materials from respected thought leaders and business schools around the world.

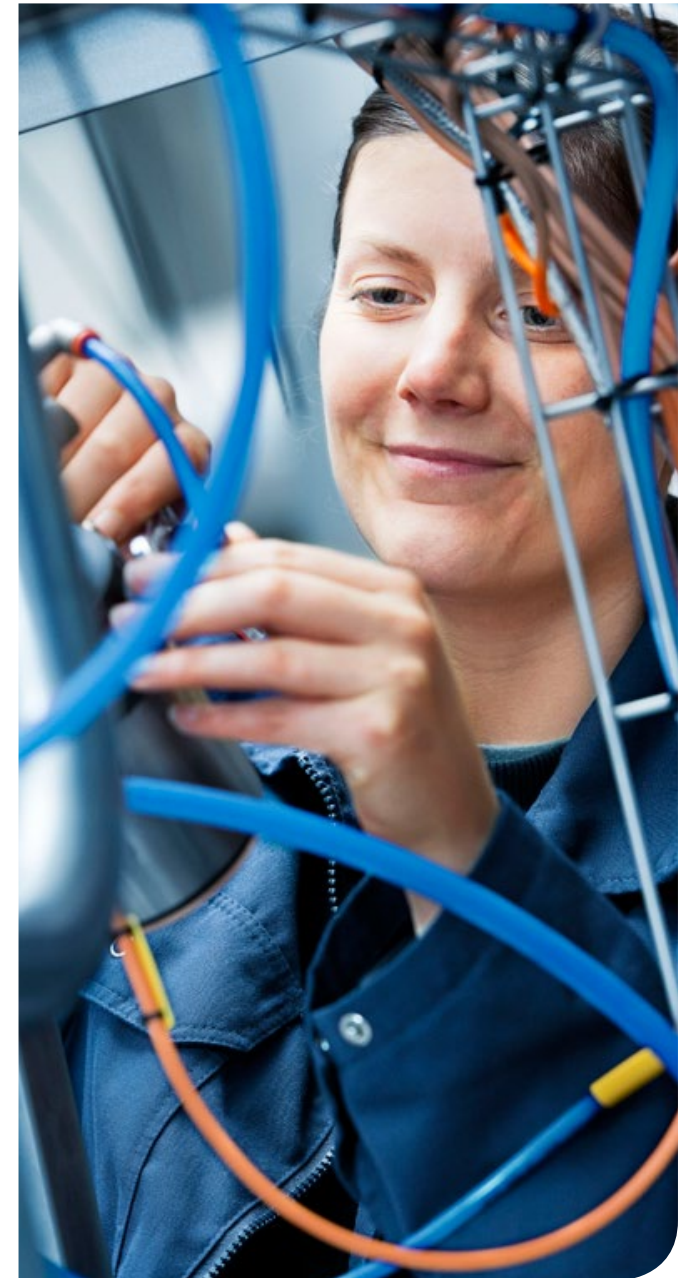


Go online

Read more about our [Leadership Acceleration Programme](#)



Read more about our [Technical Talent Programme](#)



DIVERSITY

We undertake to include and respect every individual, regardless of age, gender, ethnicity, nationality or sexual orientation. A diverse workforce enhances our ability to understand the different cultures and languages of our customers and consumers.

Our products are sold in more than 170 countries and our employee base is similarly international, giving us a cultural and national diversity that contributes to our success. More than one-third (34.7%) of our top management have non-European backgrounds, compared with 35.5% in 2012. Diversity can also be defined in terms of age distribution. A balanced mix of different generations in the workforce contributes to the competitiveness of a company. Looking at our entire company, Tetra Pak has a balanced and stable age mix across our different businesses and markets.

Gender balance

Tetra Pak, like many manufacturing companies, faces the important challenge of improving the gender balance within our organization. At the end of 2014, 22% of our total workforce and 25% of our managers were women, while the proportion of women in senior management roles rose from 6.5% in 2013 to 8% in 2014.

The representation of women in our total workforce and at managerial level has improved year-on-year for the past five years, due in part to our conscious effort to ensure women are given the




25%
of our managers are
women, and women
comprise 22% of
our total workforce
worldwide

development opportunities they require to reach leadership positions.

Key management processes, such as succession planning, our Leadership Acceleration Programme and our mentoring programmes provide these opportunities for women and employees from outside Europe. We believe our [core values](#), along with our Code of Business Conduct training, promote an

inclusive and positive company culture, and contributed to the lack of reported incidents of discrimination during 2014.

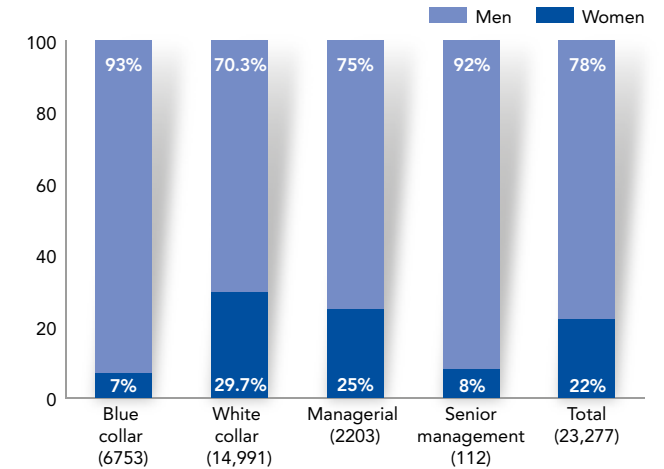


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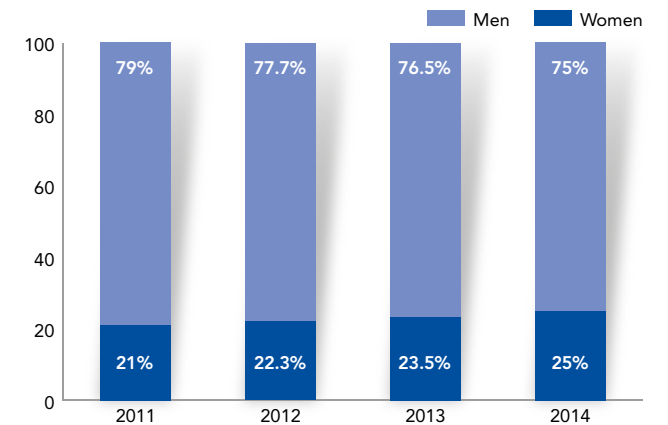
Go online
Read more about our [finance mentoring programme](#)



Gender balance 2014 (%)



Gender distribution at managerial level (%)



COMMUNITY ENGAGEMENT

We strive to play a responsible and active role in the communities in which we operate around the world, getting involved at a local level through a wide range of initiatives.

As a global company with many local operations, we are well placed to act as a catalyst, bringing together various stakeholders to drive projects and initiatives that make a positive difference, like our school feeding programmes and Dairy Hub initiatives.

Our expertise in food protection, our long-time experience in many markets and our strong relationships with a broad range of other organizations have helped us develop practical solutions to local problems around the world.

Apprenticeship programmes

We work with local stakeholders to attract apprentices and trainees, many of whom have not previously had a formal education. As well as offering industry training, we help participants to develop transferable skills in areas including time management, business writing, project management and interviews. We also offer mentoring and host workshops to help apprentices make informed career decisions and become positive role models for other young people. These programmes help to grow the local economy in the communities in which we work. They also enhance our



20

The number of new homes built in 2014 through the CAREton Project, a partnership between Tetra Pak and customer Nestlé

reputation as an employer of choice and build up a talent pool for the future.

Educating consumers

Consumers have huge potential to bring about environmental change, both in terms of making active purchasing choices and by recycling used packages. We work with local communities and our customers to engage and empower students and consumers. Examples include:

- **[Little Things Renew Nature](#)** This long-running campaign has so far reached more than 1 million schoolchildren in Turkey with messages about recycling and protecting natural resources.
- **[Bringing the forest to the city](#)** We worked with the Forest Stewardship Council™ (FSC™) to bring messages about sustainable forestry to life for consumers in Warsaw.
- **[Moving to the Front](#)** This US-based campaign is encouraging suppliers, manufacturers and brand owners to switch to using renewable resources.
- **[Educating the next generation in Cyprus](#)** We are working with our customer Kean to raise awareness among schoolchildren of the importance of renewability and recycling
- **[Eco patrols in the Czech Republic](#)** Our education programme, "What shall we do with the used carton?", ran throughout 2014 and reached more than 50,000 consumers.



Supporting smallholder plantations

Through our partnership with the World Wildlife Fund (WWF), we are supporting smallholder plantations around the world, boosting capacity and helping them develop the competences they need to manage forests effectively.

In China, for example, our work to promote good practice and raise awareness of the Forest Stewardship Council™ (FSC™) has included a study tour to Brazil for representatives of forestry authorities and farmers to learn about responsible forestry management. A further tour to China in June focused on the successful partnership between the China Green Carbon Foundation and the Zhengjiang

Anji community of bamboo growers, and included representatives from our suppliers Stora Enso and Suzano.

We are also supporting the WWF in its work to develop a group certification scheme for smallholders, with training workshops already under way in Chile and Bolivia. A Nature Value Assessment tool is being trialled with farmers in Chile and Panama, while a new licensing scheme for individuals carrying out High Conservation Value (HCV) assessments was launched at the end of 2014, and more than 50 new assessors have already gained their licence.

- **EKO Paket** – this initiative is bringing the recycling message to schools in Slovenia, Croatia, Serbia and Macedonia.

Emergency relief

The Tetra Laval Group remains committed to providing funding for disaster relief, but it is our long-standing relationships with the communities in which we operate that enable us to support efforts on the ground. With operations in more than 170 countries, it's likely that either Tetra Pak or one of our partners is close to the scene and able to respond rapidly.

When disaster strikes and infrastructure fails, getting medicines, food and water to where they are needed becomes the top priority. We first look to our own value chain to provide donations in kind. And because our aseptic technology allows food to be delivered safely without chilled transportation, we have been able to support the distribution of water and food in the aftermath of earthquakes, floods and droughts.

Supporting the Red Cross in Spain

A month-long online campaign by Tetra Pak in Spain led to 12,500 litres of milk being donated to the Red Cross in the run-up to Christmas 2014. Consumers could join in the Postales Solidarias initiative – which ran for the first time in 2012 – by sending a virtual postcard to friends and family via the Tetra Pak Iberia environment website, Facebook and Twitter pages. For each postcard sent, Tetra Pak customers donated one litre of milk, which went to needy people living in the Madrid metropolitan area.

The campaign met its target within a week, but consumers were able to continue sending postcards, generating further publicity for the campaign and for the customers involved, which included some of Spain's largest dairy producers. "The feedback from customers has been very positive," says Communication Officer Teresa Román Herrero. "And it's also a great opportunity for Tetra Pak to demonstrate how we can work alongside them to help them communicate their sustainability messages."



ANDRÉ PERA

The art of recycling

The work of urban intervention artist Eduardo Srur seeks to increase awareness of environmental issues and the different ways we can tackle them. For two weeks in March 2015 he confronted the inhabitants of Campinas, Brazil, with the reality of the waste they produce by asking them to navigate their way around a maze constructed from bales of Tetra Pak cartons that the people of the city had discarded. His "Labirinto" installation (pictured left) stretched over 200 square metres in the town's Arautos da Paz Square and incorporated over 60 tonnes of cartons, highlighting the need for an integrated management system for urban solid waste. At the end of the exhibition, all the cartons were sent for recycling.

Other donations

Most charitable donations and contributions to relief projects are made through our parent company, Tetra Laval. For example, during the last few years, we have donated €250,000 to Hand-in-Hand, an international non-profit organization that aims to reduce poverty through social mobilisation, business training

and access to micro-credits to create new jobs. We have also donated €150,000 to Caritas for a project in Kenya. Caritas is committed to analysing and fighting poverty and social exclusion, as well as promoting human development, social justice and sustainable social systems.

Tetra Laval is also a partner to Mentor, a leading international NGO fighting drug use and substance abuse throughout the world, and FoodBank in Australia, a non-profit organization that acts as a pantry for charities and community groups.

Disaster relief

When the March 2011 earthquake and tsunami hit the Tohoku area of north-east Japan (pictured right), Tetra Pak was able to support the immediate disaster relief effort, by supplying food and drink.

But the effects of a disaster on this scale last for years, so we have continued to offer support to communities in the area. By the end of 2014 we had donated a total of €2.724m which has also gone to support children's activities, school equipment, library services and local festivals aimed at restoring and reviving communities. The latest phase of funding is providing higher education scholarships for children whose families are facing financial difficulties.

We have also provided support for disaster relief efforts in Nepal, following the devastating



earthquake there in April 2015. The Tetra Laval Group Board made an initial donation of \$US500,000 to support aid organizations and help secure the distribution and supply of milk and water to people in the affected areas. We are now working with aid organizations and our customers to identify what additional support might be needed.



Go online

Read about [the CAREton project in Malaysia](#)



Read about how we are working in partnership with The Coca-Cola company to [support schools in India](#)



Read about [the Pack Bridge project](#), which is supporting working mothers in Japan



Read more about how [LEADearthSHIP](#) is shaping the leaders of tomorrow



Read about how [the ALMA Association](#) is improving women's lives

FUTURES.

We strive to play an active role in shaping a better future, supporting the long-term success of our customers' businesses and driving environmental excellence across our whole value chain.

CUSTOMER FOCUS >

ENVIRONMENTAL INNOVATION >

RESPONSIBLE SOURCING >

MANAGING OUR IMPACT >

RECYCLING >

CUSTOMER FOCUS

Our goal is to create and share value for and with our customers through our products and services. We believe that true value is generated through active collaboration and real partnership working.

Customer feedback >

From daily dialogue to annual feedback, we constantly seek to understand what our customers want from us and our products and services, and work together to create strong and lasting partnerships.

Trends and research >

As well as responding to customer requirements, we seek to anticipate them. We analyze market and product development trends, so we can optimize our products and services, and align our offer with our customers' needs. We also look at wider trends in consumer markets and consult with key opinion leaders, in order to feed into our own development cycle.



We analyze market and product development trends, so we can optimize our products and services, and align our offer with our customers' needs



Customer feedback

From daily dialogue to annual feedback, we constantly seek to understand what our customers want from us and our products and services, and work together to create strong and lasting partnerships.

Our relationships with our customers are based on openness, transparency and collaboration. We take pride in the fact that many of these relationships stretch back for years – and even decades.

We work closely with our customers to ensure that the products and services we develop meet their needs. We share our expertise and insights through our everyday dialogue, and also through workshops and roundtable events where we come together to exchange ideas, identify challenges and find new opportunities to generate value together.

Customer feedback

Day-to-day contact with customers is vital in keeping us up to date with changing priorities and the latest issues. But we also conduct an annual Relationship Customer Satisfaction survey, which helps us to monitor what our customers are thinking in a more formal way,



348

Number of customers responding to our 2014 Relationship Customer Satisfaction Survey

and to track our progress against their expectations of us – and our own standards.

In 2014, 348 customers responded to the survey, of which 246 were Key Accounts. We exceeded our 2013 scores in all areas, with Technical areas showing the greatest improvement. The survey identified a number of areas where we must continue to focus on improving performance: the top three for 2014 were Innovation, Packaging Line Performance and Issue Resolution. These findings will form the basis for targeted action plans over the coming year.

The survey also highlights our strengths, including Food Safety, Key Account Management, Marketing Services and Environment. Many of our customers set their own ambitious environmental targets, and it is encouraging to know that we are playing a part in helping them to achieve their goals. The key priority areas identified by our customers are activities to increase collection and recycling, and communication with consumers, and we are addressing both of these in our shared activity plans.

Transparency as a supplier

As well as publishing environmental data on our own site, since 2010 we have been members of [Sedex](#), the Supplier Ethical Data Exchange. Sedex is an online collaborative platform which makes it easy for customers to access, compare and share ethical performance data from a range of suppliers. We report to Sedex on all our packaging material, closure and drinking straw factories, as well as all our machine factories and spare part delivery units.

Trends and research

As well as responding to customer requirements, we seek to anticipate them. We analyze market and product development trends, so we can optimize our products and services, and align our offer with our customers' needs. We also look at wider trends in consumer markets and consult with key opinion leaders, in order to feed into our own development cycle.

Our ongoing mapping and analysis of market trends enables us to take a proactive approach to developing new products and services. We also share our findings with our customers, ensuring that they too can benefit from our insights and that we are fully aligned as we work together to find solutions to help us tackle emerging challenges and make the most of future opportunities.

80%
Number of consumers choosing products with environmentally sound packaging, from our latest environment survey

Environmental research

A key part of this process is our biannual environment survey of key influencers in the food and packaging sector, and consumers. This provides us with vital intelligence that we can use to inform our understanding of stakeholder attitudes and our environmental communications, as well as future strategy and product development.

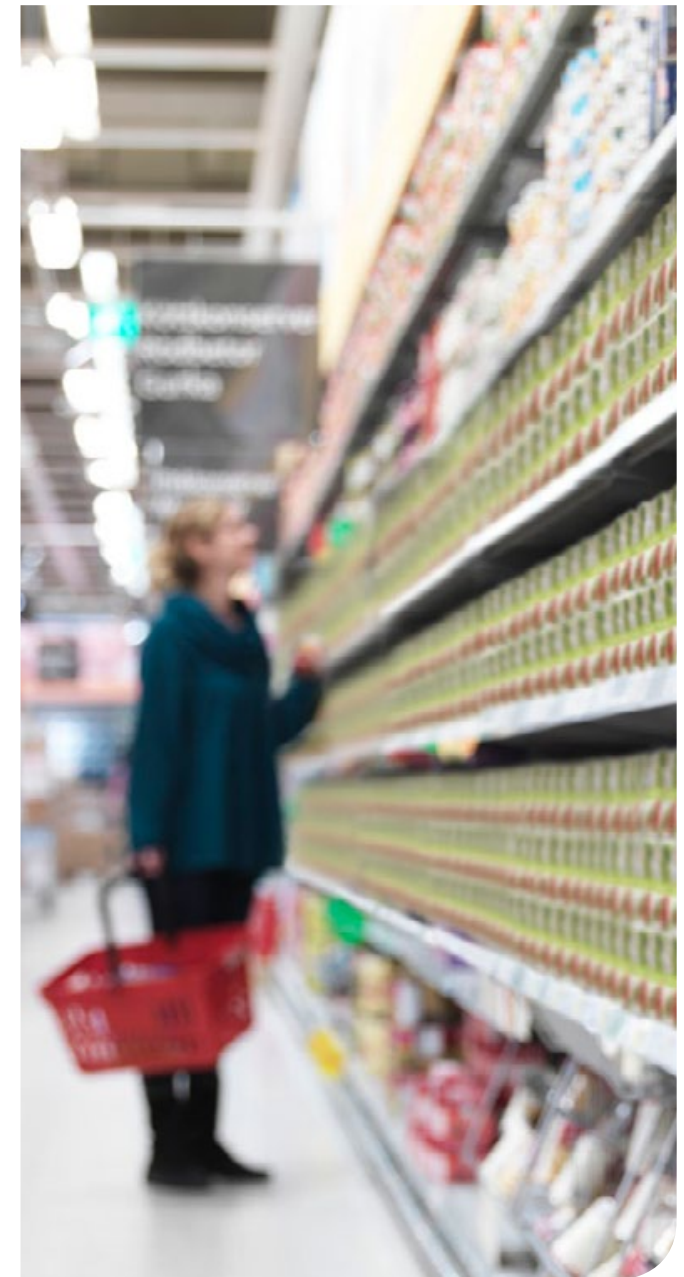
Our most recent survey polled more than 6000 consumers and 240 industry influencers in 12 countries, and identified the following priorities:

Industry trends

- Most industry stakeholders consider environment to be an important part of their business strategy, and over 90% of those interviewed stated that their companies have environmental strategies and initiatives in place.
- Brand equity is the most important driver for environmental initiatives, followed by cost reduction; 70% of influencers say that environment has an impact on their brand equity.
 - There is some evidence of a vicious cycle, with influencers pointing to limited consumer demand vs consumers' view that there is a lack of both environmentally friendly products and information.

Consumer insights

- The most common environmental action for consumers is sorting and setting aside for recycling. The second most mentioned is "buy products with environmentally sound packaging": almost 80% of consumers say they "often" or "sometimes" do this, significantly higher than in 2013.



- Across the 12 countries surveyed, environmental factors were a considerably stronger influence on beverage brand choice in developing markets like China, Turkey, Brazil and India than in developed areas such as the UK, the US or Japan.

Recycling and renewability

- Recycling and responsible sourcing are the areas where influencers expect support and innovation from packaging suppliers. There is growing awareness of recycling and renewability as complementary initiatives, and demand is increasing in both areas.
- The next two most important areas are the improvement of equipment, environmental performance and food waste reduction.

Labelling and the role of the package

- There is a fast-growing trend among consumers to look for environmental information on the products they buy.
- Labelling is of growing importance, and a key strategic tool for environmental communication, particularly with regard to recyclability. Now, four in 10 consumers say they look for environmental information on packaging – a figure that has increased steadily since 2005.
- Beverage packaging is the preferred channel for influencers and among the most recalled by consumers in relation to environmental information. Influencers also use corporate websites, while consumers prefer to access environmental information through social media.

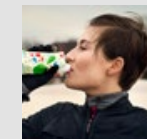
Knowledge sharing

We hold regular meetings with our customers, where the focus is on reciprocally sharing expertise and creating shared value:

- **Customer workshops** We initiate and coordinate workshops where all parties can explore their vision for a sustainable future and start to develop common action plans. We start by analyzing the current position and mapping customer needs before looking at how we can work together to deliver solutions that will help our customers reach their goals and generate sustainable growth.
- **Internal roundtables** At our internal roundtable sessions, colleagues come together to analyze the latest information and research, and explore how new technologies and solutions can be used to develop innovative products and services. The Bio-based Polymers Roundtable is a good example of how this has worked in practice, delivering a product that has helped position us at the forefront of environmental innovation. We openly share key insights with our customers and other stakeholders, further strengthening our working relationships.

40%

Number of consumers who now look for environmental information on packaging



Go online

Read about the [Choose a good package initiative](#)

ENVIRONMENTAL INNOVATION

We're constantly striving to develop new products and processes that meet our rigorous quality and safety standards but with a lower environmental footprint. Innovation is the key to addressing new and emerging customer needs, staying competitive and doing business in a sustainable way.

Sustainable products >

We continually strive to develop innovative products that meet our customers' needs – including their requirement for a high standard of environmental performance.

Equipment >

Our food processing and packaging technology is designed to provide outstanding performance, minimizing wastage and spoilage and keeping energy and water consumption down.

Environmental Benchmarking Services >

Our services help identify opportunities to optimize performance, reduce waste to a minimum and deliver efficiency and cost savings.



Sustainable products

We continually strive to develop innovative products that meet our customers' needs – including their requirement for a high standard of environmental performance.

Renewable resources are natural resources that grow back, such as wood and sugarcane. A package made from renewable materials is a future-proof solution, securing the supply of packaging materials and protecting food and forests for this generation and those to come.

Tetra Pak is the world's leading supplier of wood fibre-based carton packaging and as such we believe that using renewable resources, when managed responsibly, creates market differentiation. Over 99% of the paperboard we purchased in 2014 was from [Forest Stewardship Council™](#) (FSC™)-certified and controlled sources, while during the year our customers produced more than 44 billion FSC-certified carton packages around the world. We also produce bio-based caps and protective coatings made from plastics derived from sugarcane.

Our long-term goal is that all our packaging will be made from 100% renewable materials.

In 2014 we reached a significant milestone on that journey with the launch of the world's first fully renewable package – the Tetra Rex® Bio-based package. Looking ahead, we are exploring innovative renewable materials that can be traced back from package to origin.

Design for Environment

During the early stages of product development, every one of our new packaging products goes through a stringent environmental impact assessment to identify risks and opportunities, set environmental requirements and targets, and check legal compliance. We then apply our Design for Environment (DfE) process to ensure

And the Oscar goes to...

The Tetra Rex® Bio-based package has scooped a number of prestigious awards. It won the Special Environment Prize for 2015 at the so-called Oscars of Packaging, a prestigious awards ceremony organized by the Italian Packaging Institute in partnership with the Polytechnic University of Milan. The awards were set up to recognize remarkable innovations in packaging, from materials and technologies to new responses to evolving market and consumer demands. This is the second year in a row that we've won an award – a reflection of our commitment to delivering the best packaging solutions for both people and the environment.

The package was also voted the most environmentally friendly product of the year at the Green Star Packaging Awards in Austria, May 2015. The awards – which are judged by a panel including representatives from environmental magazine *KOMPACK*, the OFI Austrian Research Institute for Chemistry and Technology, and ARA, the country's leading collection and recovery system for packaging – spotlight eco-friendly packaging and recycling solutions and improvements to production and distribution processes. Dr Johannes Bergmair of the OFI, who chaired the jury, said: "Completely plant-based and made from renewable raw

materials, this carton was one of my favourites from the beginning of the jury sessions."

Finally, the Tetra Rex Bio-based package won a Gold award at the Pro2Pac Excellence Awards in March. The event was set up to shine a spotlight on the most exciting products, services and solutions in food and drink packaging. "It's been wonderful to see the journey of this carton from inception to the market and now to an award," said Gavin Landeg, Environment Manager at Tetra Pak UK and Ireland. "We continue to look for ways to extend our renewability ambition across our portfolio."

the full environmental impact of a new package and associated machinery is calculated and minimized. The earlier DfE can be integrated into our innovations – the bigger the cost savings, the lower the environmental and business risks, and the greater the market opportunities.

Recent innovations

Innovation has been at the heart of Tetra Pak since the company was established. In addition to the Tetra Rex Bio-based package, other innovations designed to meet the needs of customers and consumers include:

- **Solutions that encourage recycling** Our Tetra Top® with separable top package (pictured above right) features a pre-cut perforation that allows consumers to detach the plastic top from the carton sleeve so the two components can be recycled separately. Arla Foods in Denmark and Sweden has already introduced Tetra Top with separable top, reporting that: “Over 80% of consumers appreciated being able to separate the top and 77% said they would recycle more.”
- **User-friendly packages.** HeliCap™ is a one-step opening designed to provide a good grip with a clearly visible tamper evidence ring, while DreamCap™ is ergonomically designed for on-the-go consumption. The angled top of the Tetra Brik® Aseptic Edge allows more space for fingers, making the cap easier



to grip. These are among the 10 packages from Tetra Pak now certified by the Swedish Rheumatism Association (SRA) for their ease of use for people with reduced hand strength, including the elderly and those suffering from rheumatism-related diseases.

- **Space-savers.** Tetra Recart® is a sterile carton that keeps products such as vegetables, beans, tomatoes, pet food, soups and sauces fresh for up to 24 months. It takes up 40% less shelf space than a round container and is lighter than cans or jars, making it more efficient to handle and transport.



Go online

Read more about our first fully renewable package, the [Tetra Rex® Bio-based package](#)



Read more about the award-winning [Tetra Top® with separable top package](#)

2014 World Beverage Innovation Awards

Tetra Pak products won two awards at the 2014 World Beverage Innovation Awards: Best Carton, for Tetra Top® with separable top; and Best Closure, for our bio-based caps. The judging panel commended Tetra Top with separable top for combining the convenience of a bottle with the environmental profile of a carton, and for its environmental credentials: the plastic top can easily be separated from the sleeve, making it easier to sort and recycle. In the Best Closure category, our bio-based caps were recognized for their innovative use of polymers derived from sugarcane – a major step towards our goal of developing a fully renewable package.



Equipment

Our food processing and packaging technology is designed to provide outstanding performance, minimizing wastage and spoilage, and keeping energy and water consumption down.

As well as cartons and packages, we offer our customers a wide range of equipment for processing, filling and packaging food and beverages, providing an end-to-end service that includes installation, servicing, maintenance and training. Our aim is to support our customers in meeting their own efficiency and sustainability goals.

Our most energy-efficient filling equipment uses less than a third of the energy of standard machines from the 1990s and, since 2000, we have halved the water consumption of our filling machines. One of the latest innovations in this field is our Water Filtering Station, which has the potential to cut water consumption by 95%.

Supporting innovation

Our equipment can also help customers explore new market opportunities. We provide equipment for specific parts of the process, including UHT treatment, pasteurization and sterilization, application



of lids and straws, and film wrapping. For example, in 2013 we introduced Tetra Vertico®, a new generation of heat exchanger unit that improves energy efficiency in heating and cooling a wide range of prepared food products. Our Tetra Pak® E3 platform, launched on to the market in 2015, uses eBeam sterilization to open up new opportunities for customers in chilled and ambient, at the same time as delivering improved environmental performance.

Total cost of ownership

We aim to give a full picture of all the costs associated with a piece of equipment, not just the initial outlay. We work with customers to calculate the total life cycle costs of a processing module or line, taking into consideration parameters such as machine performance, maintenance needs and environmental performance. This enables them to make meaningful comparisons and informed choices.

Performance guarantees

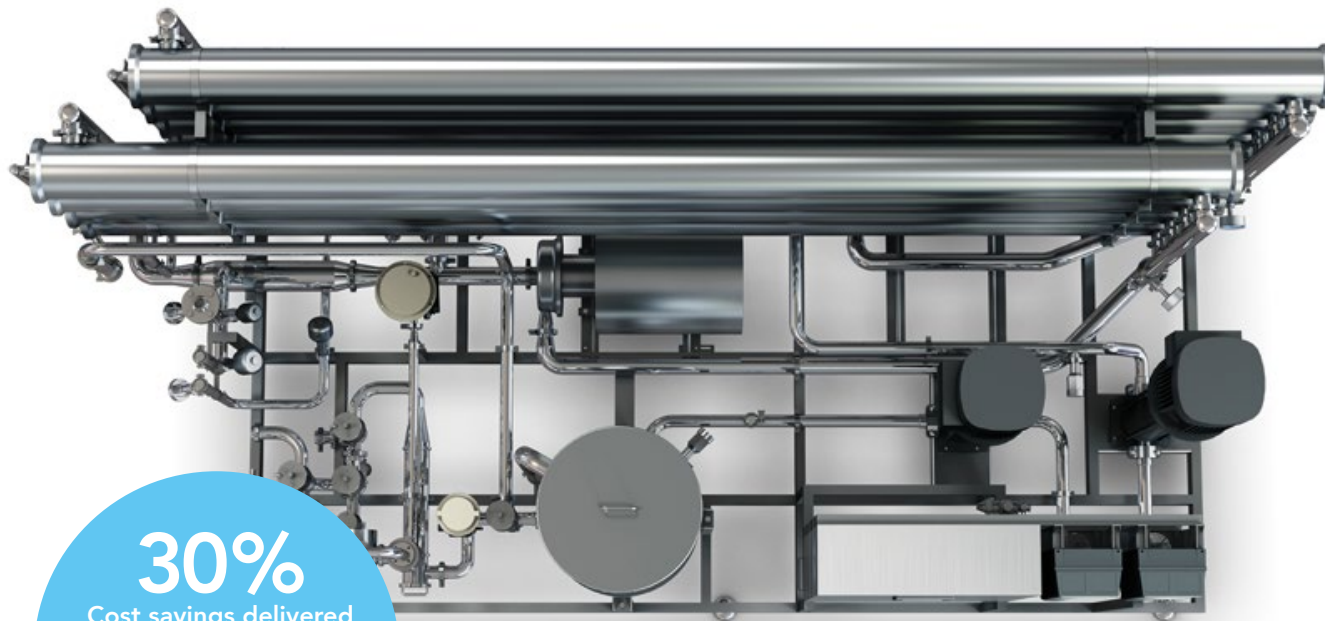
The performance guarantees we give on parameters such as product loss and energy and water consumption ensure significant cost savings and reduced environmental impact. In addition, our Tetra PlantMaster™ customized automation solutions facilitate monitoring and control of production, supporting more efficient use of raw material and utilities.

Turning waste into income

As well as reducing waste, we also seek to identify where traditional waste products could be used to generate new market opportunities. For example, whey is a common by-product of cheese production, but is only valuable when concentrated. Because the filtration technology needed to produce concentrated whey has been too expensive for most small and medium-sized dairies, whey has historically been discarded.

In 2013, we launched Tetra Alcross® RO Lite, a system that uses a process of continuous reverse osmosis filtration to remove excess water from the whey, tripling its concentration while retaining dissolved salts, lactose, acids, proteins, fats and bacteria. This can then be sold on as an ingredient.

The system costs about 30% less than the customized alternatives, giving small and medium-sized dairies a viable means of turning waste into income, while also significantly reducing or eliminating unnecessary transportation and waste-handling costs.



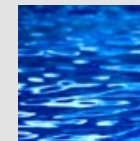
30%

Cost savings delivered by our Tetra Alcross® machine, enabling even smaller dairies to convert their waste into income



Go online

Read more about [Tetra PlantMaster™](#)



Read more about saving water and cutting costs with the [Tetra Pak Water Filtering Station](#)



Read how the innovative [Tetra Pak® E3 platform](#) is transforming sterilization

Environmental Benchmarking Service

Our services help identify opportunities to optimize performance, reduce waste to a minimum and deliver efficiency and cost savings.

Our Environmental Benchmarking Service was launched in 2014, with the aim of helping our customers assess the environmental performance of their production operations, and to identify opportunities for improvement.

The service provides an analysis of the entire plant, including both the processing and packaging lines, assessing performance in areas such as water efficiency, wastewater treatment, energy efficiency, product yield and waste, and carbon footprint. Based on this audit, the Tetra Pak Technical Service team will then provide specific recommendations on opportunities for improvement, helping customers not only to reduce their environmental impact, but also to lower cost.

The service has already delivered significant cost savings for customers in Europe and the US. For example, with Pacific Foods, a US-based producer of organic foods and beverages, we



identified opportunities to reduce the carbon footprint by approximately 3500 tonnes of CO₂e and to cut water consumption by some 31 million litres per year.



RESPONSIBLE SOURCING

Responsible sourcing means taking into account social, environmental and ethical considerations, as well as cost, quality and delivery time. Our goal is to minimize negative impacts and make a positive contribution to the businesses, people and communities that make up our supply chain.

As a global company with suppliers around the world, we have an obligation and an opportunity to promote responsible sourcing practices. In the past year, we have strengthened our efforts in this area by making responsible sourcing one of our three main priorities within supplier operations.

We believe this is the right thing to do; and we also believe it is important to ensuring that Tetra Pak remains the packaging supplier of choice for our customers and for consumers. Increasingly, our stakeholders require us to demonstrate that our commitment to sustainability covers our entire supply chain as well as our own operations.

Support and guidance

We depend on our people to make the right decisions about the companies that supply our goods and services. To ensure that we are giving them the best possible support and guidance, we have introduced a number of measures aimed to strengthening our sourcing activities across the whole supply chain.



We have created an assurance system (see below), integrated with our existing Corporate Governance Framework and underpinned by our vision, mission, core values and Code of Business Conduct. These require us to behave ethically and comply with the rule of law.

Our new procurement policy has a strong focus on responsible sourcing. We have also developed a new Code of Business Conduct for Suppliers, which all suppliers must sign up to. As well as setting out mandatory requirements, the Code encourages suppliers to take steps to strengthen their own sustainability and corporate social responsibility efforts where possible.

In addition to our supplier audit programme, we have introduced a self-assessment tool, which will enable us to gather more information. All suppliers have been made aware of our responsible sourcing activities and requirements.

Responsible sourcing now forms an integral part of our risk management procedures for suppliers. This means that risks related to health and safety, human rights, labour rights, corruption and the environment will now be assessed alongside other traditional supplier management risks.

Finally, to raise awareness and build capacity among our people, we held the first in a series of training sessions on responsible sourcing. This focused on providing a general understanding of responsible sourcing, and the principles of the UN Global Compact. The session is now being turned into an e-learning module which will be available to all employees.

Working with Sedex

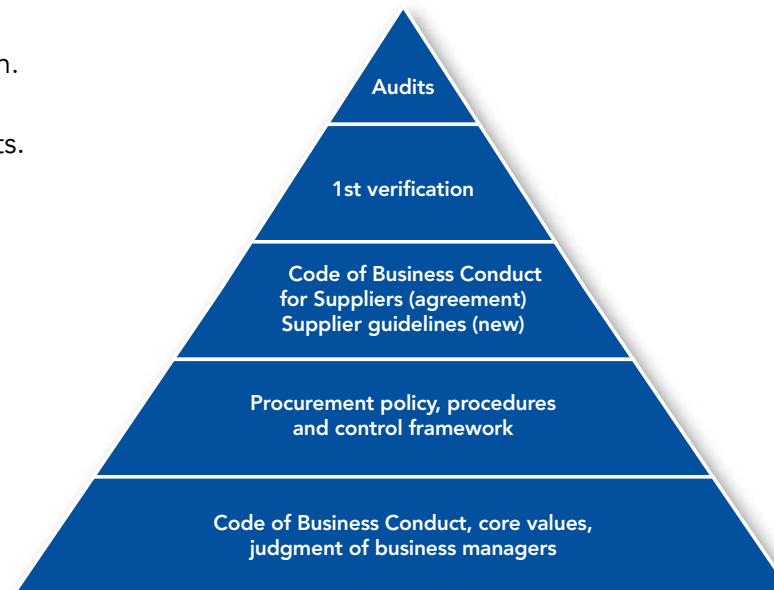
As part of our approach to responsible sourcing, we have an assurance system which provides our suppliers with the option of becoming a member of [Sedex](#), the Supplier Ethical Data Exchange. Sedex offers an effective way of managing ethical and responsible practices in the supply chain. By

allowing our suppliers to share relevant data with us through the Sedex reporting platform, we build trust and transparency in the whole value chain and can focus on areas where any improvements are needed.

Focus on renewability

To develop more sustainable packaging, one of our focus areas is renewability. In particular, we are working to increase the use of renewable materials from natural resources that grow back when properly managed. Using responsibly managed renewable materials helps us to ensure a supply of packaging materials that protect both the food they contain, and the resources they were sourced from. We believe that using renewable resources also creates market differentiation for our products.

As more than 70% of a Tetra Pak package is paperboard – made from wood, a renewable resource – we have already, naturally, taken a major step towards achieving our long-term renewability ambitions. We were also the first in our sector to introduce bio-based caps, and are now leading the way in the use of bio-based plastic coatings. In 2014, we launched our first fully renewable package, the Tetra Rex[®] Bio-based package, which is now being rolled out with customers around the world.



Paperboard

On average, more than three-quarters of a Tetra Pak carton's weight is made up of paperboard – which comes from wood. Securing a sustainable supply of wood-based products is therefore absolutely critical to our business.

Healthy forests are important for life on earth. They are also key to our business success. We work to protect the forests by ensuring traceability through certification and labelling of our products.

We don't own the forests we source from; nor do we make paper. So, to ensure sound forest management practices, we have an engaged approach to sourcing that involves working closely with suppliers, NGOs and other stakeholders globally. Our minimum requirements go beyond the applicable legislation.

Forest management certification and traceability

We believe that responsible sourcing of wood and wood-based materials is based on two distinct principles:

1. All the wood fibre in our paperboard should come from forests independently certified as managed in accordance with the principles of sustainable forest management.



2. We should be able to prove traceability from the forests all the way to the packaging material we produce at our sites globally, which can only be achieved through independent certification of the total Chain of Custody.

FSC™ certification

As a major user of paperboard, we feel it is our responsibility to do what we can to help improve



FSC™ C014047

the management of the world's forests, which is why we are working to ensure 100% of the paperboard we use is certified.

We believe the most credible certification system is run by the [Forest Stewardship Council™](#)



(FSC™) which was founded in 1994 by a group of NGOs, timber users and traders, with the aim of striking a balance between the economic, environmental and social aspects of forest management. The FSC label on our cartons is a sign that they comply with FSC requirements relating to forest management and the traceability of wood fibre in the paperboard, and that the wood fibre itself comes from FSC-certified forests and other controlled sources.

FSC™ labelling

The FSC logo allows consumers to make an informed choice to help protect the future of the world's forests. Our research shows that more than 39% of consumers look for environmental logos when buying a product, while 23% recognize the FSC logo. Of these, more than half can explain what it means.

We encourage our customers to use the FSC logo on packages, and in 2014, some 44 billion Tetra Pak packages with the logo appeared on retail shelves around the world. This was an increase of more than 11 billion over 2013. According to our research, more than 60% of influencers believe that the FSC logo makes their brand more meaningful to consumers. The FSC licence code for Tetra Pak is FSC™ C014047.



The VIA initiative

With pressure increasing to convert forested land for other uses, and with an estimated two-thirds of the world's tropical production forest still lacking a sustainable management plan, Tetra Pak has joined forces with Kingfisher and IKEA to promote the benefits of responsibly sourced timber and sustainable forest management and highlight the role of the FSC in delivering these values through the Value and Impact Analysis (VIA) Initiative. The initiative is also supported by the IDH, the Sustainable Trade Initiative and the ISEAL Alliance. Over the next two years, it will create a methodology for assessing how FSC certification has contributed to better management of the world's forests. This information can then be used to drive home the benefits of using timber from renewable sources, further stimulating demand from businesses and consumers.

FSC™ Chain of Custody certification

In 2014, Tetra Pak achieved [FSC Chain of Custody](#) certification for all our converting plants and market companies, so we can now supply FSC-labelled packages from anywhere in the world. The certification covers 92 facilities worldwide, and enables wood fibres to be traced at every stage of the supply chain.

In 2014, over 99% of the paperboard we purchased came from FSC-certified paper mills and we expect to reach 100% before the end of 2015.

Independent verification

For certification of the Chain of Custody of our own operations, we have chosen to work with the Rainforest Alliance, one of the world's largest FSC-

accredited certification bodies. The Rainforest Alliance is an international NGO that works to conserve biodiversity and ensure sustainable livelihoods by transforming land use, business practices and consumer behaviour.

Using our influence

As one of the world's largest purchasers of paperboard, we are in a unique position to influence our suppliers and our customers. We support organizations that have the knowledge and resources to improve forest management practices, and are involved in a number of voluntary stakeholder initiatives:

- We are active members of the FSC, sitting on the board of directors of FSC International from 2006 to 2012.

- We have been members of the WWF Global Forest & Trade Network since 2006 and are committed to continually improving our performance in regards to certifications.
- We are founding members of the High Conservation Value Resource Network (HCVRN), and helped fund the secretariat between 2006 and 2013.



Go online

Read more about [FSC™ Chain of Custody](#) certification

The 2014 FSC™ General Assembly

Tetra Pak was invited to be a silver sponsor at the 2014 FSC General Assembly, held in Seville, Spain, reflecting our status as a key stakeholder and demonstrating the strength of our partnership. As well as promoting our sustainability agenda through brochures and package samples, we were able to share our thinking on key issues and show our commitment to tackling the challenges that face our forests and the planet. Our CEO and President Dennis Jönsson took part in a panel discussion, "Too much demand, too little supply: Managing security of supply in a competitive world", which focused on how commercial, social, environmental and government bodies can respond to the growing problem of demand for forest products exceeding supply. This was an opportunity to restate our support for the FSC certification process and demonstrate our thought leadership in sustainable forestry.



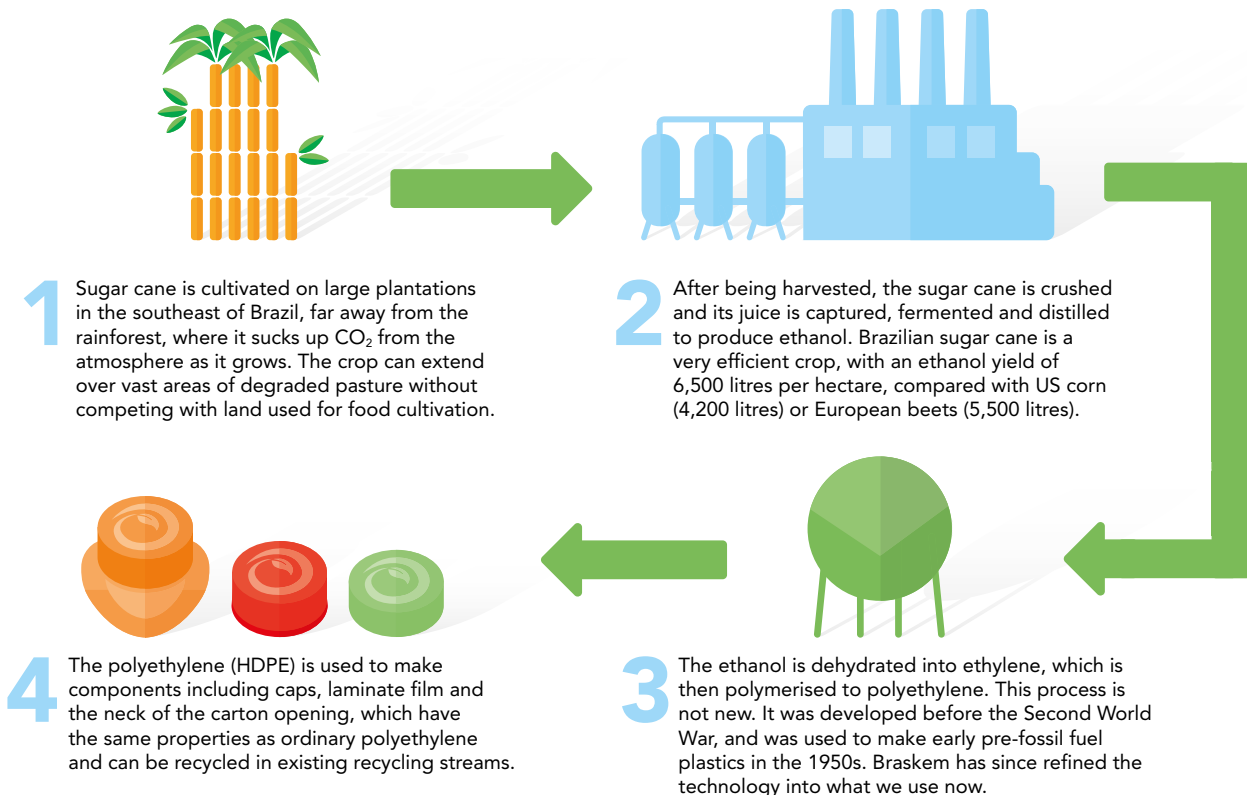
Polymers

Our ambition is to develop a package made entirely out of material from renewable sources – and that includes polymers.

All our cartons have thin layers of polymer, or plastic, which prevent moisture getting in or out of the carton and so help to keep the contents safe. We use polymers to laminate paperboard and aluminium, and to make caps, closures

and straws to improve both functionality and consumer convenience.

Our long-term ambition is to offer packages made entirely from renewable resources, including polymers. In 2015, we launched our first such package, the Tetra Rex® Bio-based package, which uses polymers derived from sugarcane. As part of our sustainable approach to business we are continuously exploring new opportunities for using bio-based plastics from a wide range of



OK Biobased certification

As environmental awareness among consumers increases, there is a growing need for an independent party to ensure the renewability of raw materials. The “OK Biobased” certification is a direct response to this requirement.

The OK Biobased scheme provides a clear indication to consumers of how renewable the raw materials used in the products they buy actually are. The scheme, run by Belgian-based inspection and certification body Vincotte, uses rigorous scientific processes to determine what percentage of raw materials are bio-based, and allocates a star rating from one to four:

- 1 star: between 20% and 40% of raw materials are bio-based.
- 2 stars: between 40% and 60% bio-based.
- 3 stars: between 60% and 80% bio-based.
- 4 stars: more than 80% bio-based.

The bio-based content of the new Tetra Rex® Bio-based package has been given a 4-star rating under the OK Biobased scheme.



possible sources, from plant-based feedstock to organic waste to algae.

Bio-based caps and coatings

In 2011, we launched the industry's first caps made using bio-based polymers. The caps are derived from Brazilian sugarcane and have a lower carbon footprint* than conventional fossil fuel-based polymers. Where bio-based caps are available, customers can now easily make the switch without additional investment or modifications to filling machines.

In 2014 alone we sold 2.1 billion packages with bio-based caps, almost twice as many as in 2013 (1.1 billion). In 2015 we expect to complete our advanced caps portfolio, which will allow us to offer bio-based caps for all advanced packaging formats.

Following a pilot project in South America, in 2014, we formed an agreement with Braskem, the largest thermoplastic resins producer in the Americas, and are now using low-density polyethylene derived from sugarcane for all coatings in all Tetra Pak packages produced in Brazil, both on the outside surfaces of packages and in the lamination. In doing this we have replaced 25% of the fossil-based plastic material used in the 13 billion packages produced in Brazil each year.



Sourcing challenges

As is now widely recognized, using renewable sources brings with it a responsibility to ensure they are managed in a way that does not have a negative impact on other global needs. Tetra Pak actively encourages all sugarcane suppliers that deliver to Braskem to apply the Bonsucro certification standard for responsible ethanol production, developed in consultation with stakeholders across the sugarcane value chain.

A Code of Conduct has now been signed between Tetra Pak and Braskem, which also covers external verification of Braskem's ethanol suppliers and their ability to comply with social and environmental demands. Certification is ongoing.

** Environmental assessment of Braskem's bio-based PE resin, prepared by E4Tech and LCA Works with Professor Isaias Macedo and Professor Joaquim Seabra, November 2013.*

Aluminium

On the inside of our aseptic cartons, a layer of aluminium eight times thinner than a human hair provides vital protection from oxygen and light, keeping perishable food safe without refrigeration for months. Yet this tiny layer has the greatest single environmental impact of any part of our packaging.

Aluminium is the world's second most used metal after steel. It is in great demand for its unique qualities such as durability, strength and its ability to be recycled forever without loss of quality. It also plays a vital role in our packaging, helping to keep food and drink fresh by preventing oxygenation.

However, the sourcing and use of aluminium may potentially raise environmental and social issues. The bauxite mining industry, for example, faces a number of challenges, including relating to land use, use of chemicals, working conditions and health and safety. Also, aluminium is traded at an open exchange market, which can make it difficult to trace sustainability all the way back to the original sources. We are working to tackle these challenges in a number of ways, including by making the foil layer as thin as possible and working to develop alternative barrier materials.



MATEE NUSERM/SHUTTERSTOCK

The Aluminium Stewardship Initiative

In 2012, we joined a number of companies in launching the [Aluminium Stewardship Initiative](#) (ASI), with the support of the International Union for Conservation of Nature. The ASI's aim is to improve the sustainability performance of aluminium products, and in December 2014 it published a global standard that sets out environmental and social criteria for all stages of aluminium production and transformation.

Setting the standard

Version 1 of the ASI Performance Standard was published in December 2014, following extensive consultation with not-for-profit stakeholders. The standard sets out clear criteria for all stages of aluminium production and transformation, acting as a guarantee of environmental and social responsibility and of good governance, so that consumers and stakeholders can feel confident about the aluminium products they choose. The standard also lays the foundations for a more transparent system, with greater traceability, where suppliers and materials can be identified and tracked throughout the supply chain. Throughout 2015, the ASI will be working on a Chain of Custody standard that will support the sustainable sourcing of aluminium, and on an assurance model that will cover auditing against the standards and certification.

MANAGING OUR IMPACT

We are working to minimize our environmental impact across the entire value chain, from sourcing to production to the use and disposal of our products, working in partnership with our suppliers and customers.

Climate impact >

Our goal is to cap our climate impact by 2020 at 2010 levels, even though we expect to have grown our business considerably over that period.

Environmental impact >

Beyond climate change, we're also looking at minimizing our impact on the environment in other areas by making efficient use of resources including energy, water and raw materials.

Measuring and reporting >

We set clear targets and work hard to monitor our progress against them, ensuring transparency about our impact.



Climate impact

Our goal is to cap our climate impact by 2020 at 2010 levels, even though we expect to have grown our business considerably over that period.

Our ambitious climate impact target covers every aspect of the value chain, from the raw materials we source, all the way through to how our products are handled after use. Our biggest single climate impact results from energy consumption, both in our operations and elsewhere in the value chain: more than 80% of the carbon emissions related to our products actually come from our suppliers in the production of raw materials and from our customers' sites when they use our processing and packaging equipment.

Nevertheless, the decisions we make about how we run our own business have an impact across the entire value chain:

- Packaging materials specifications influence how and what we will source from our suppliers.
- Waste rates from our own production, and those of our customers, will impact the amount of materials we need to purchase.
- How efficiently we use resources such as energy in our production facilities will impact emissions from our own operations.



- The efficiency of the packaging and processing equipment we sell will significantly impact the emissions from our customers' operations.
- Recycling rates will influence emissions from the end-of-life of our packages.

Data validated for 2014 showed CO₂e emissions across all parts of the Tetra Pak value chain down 16% from a 2010 baseline, despite a 14% increase in production over the same time period.

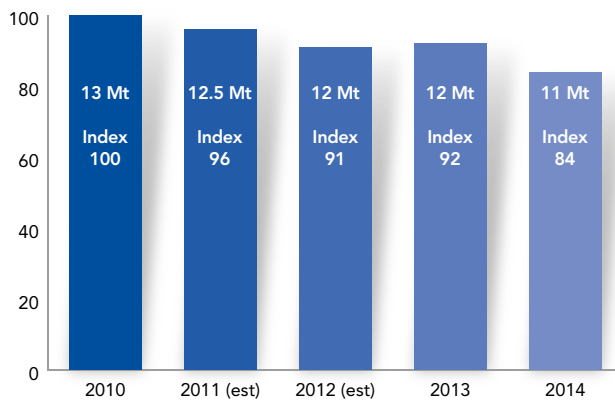
Suppliers

We set clear criteria to ensure that all the raw materials we use come from sustainable sources

wherever possible, and have minimal impact on the environment. We will only work with suppliers that can meet those criteria. However, we don't stop there: we also work with our suppliers to identify opportunities to cut energy losses and make the supply chain more efficient.

Every year, we evaluate the operations and environmental performance of our base materials suppliers, including greenhouse gas emissions, and adjust targets and parameters in line with our strategic priorities. Environmental criteria account for 5% of Supplier Performance.

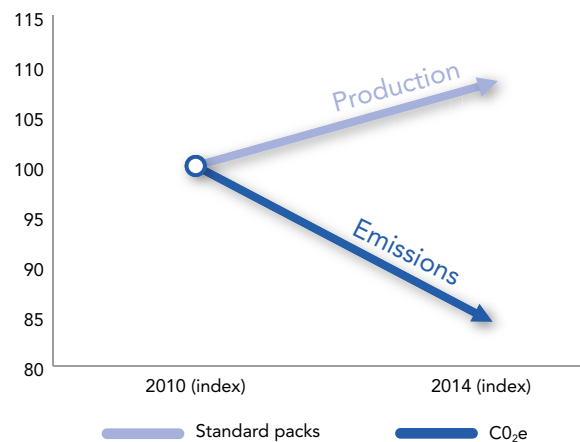
Progress across value chain*
(Million tonnes CO₂e emissions)



* Target 100

2010, 2013 and 2014 data verified by 3rd party (Ecofys)
2011 and 2012 data estimated, not verified by 3rd party

Emissions decoupled from production growth (%)



The Clean Shipping Network

Tetra Pak is part of the [Clean Shipping Network](#), which brings cargo owners together to put pressure on the shipping industry to improve environmental performance. Members of the network – including Volvo, AkzoNobel, VW, Ericsson and Philips – encourage shipping suppliers to submit data, which is then fed into the Clean Shipping Index (CSI).

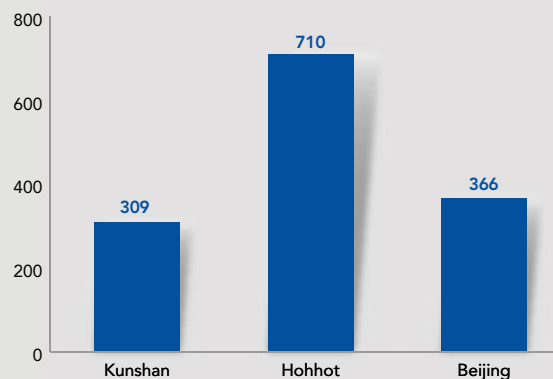
The CSI is a user-friendly, transparent tool that members can then use to compare suppliers' environmental performance – including data on chemicals, waste disposal and CO₂, NO_x and SO_x emissions – before making an informed, sustainable decision about sea transport.

"CSI data now forms part of our procurement process," says Per Nilsson, Global Supply Manager Tetra Laval Group. "As a result of that we're seeing more and more of our cargo moving over to CSI-evaluated ships."

Improving energy efficiency

Recent energy audits at three of our factories in China – Kunshan, Hohhot and Beijing – recommended the installation of heat recovery systems to improve energy efficiency and reduce CO₂ emissions. The new systems enable heat that would previously have been lost through the factory chimneys to be captured and fed back into the factory's hot water system, reducing the need to run boilers. The hot exhaust air can also be directly heat exchanged in the factories' air handling units to deliver a supply of warm air to the production halls. As the figures show, this has resulted in significant annual reductions in carbon emissions and energy savings. Note figures have been rounded.

CO₂ reduction from our factories in China
(CO₂e reduction tonnes, total: 1385)



Our operations

Energy efficiency

Since energy consumption is currently the source of our biggest climate impact, improving energy efficiency – and thereby reducing carbon emissions – is a top priority for us. We work continuously to improve energy efficiency and use external energy experts to audit several of our factories each year. These audits have helped identify opportunities to reduce energy use by 10-12% and we are currently implementing these recommendations, as well as sharing best practice guidance across all sites. In 2014, we introduced a [climate efficiency KPI](#). As a result, a number of our sites around the world have launched new energy-saving initiatives.



Renewable energy

We use renewable energy where possible, and our Hohhot factory in China runs on renewable energy from a wind farm. Since 2005, our purchases of renewable energy have resulted in avoided emissions equal to 400,000 tonnes of CO₂e – equivalent to the total emissions of our global operations for a whole year. Avoided emissions are not deducted from our total greenhouse gas results.

Gold standard

GoldPower is a renewable energy certificate that enables businesses to reduce emissions by supporting renewable energy projects in developing countries. It is guaranteed to create genuine additional renewable energy, and carbon savings resulting from its projects are reportable under the [CDP \(formerly the Carbon Disclosure Project\)](#).

Tetra Pak is currently investing in a number of GoldPower projects including the Taichung

Wind Farm in Taiwan which is expected to generate 400 GWh of clean, renewable energy per year, enough for 110,000 households. The project is also contributing to the reduction of the environmental and health impacts associated with fossil fuel extraction and creating jobs for local people.



Transport

We also look for ways to reduce the impact of transportation and travel, both of products and of people:



HXDYL/SHUTTERSTOCK

- **Products** We seek to consolidate shipments and to use rail rather than air where possible, and we are collaborating with more than 30 other global businesses as part of the Clean Shipping Network to improve the environmental performance of ocean freight. The greenhouse gas emissions of all outbound shipments are tracked centrally, providing a single and consistent source of data for us and our customers.
- **People** Between 2010 and 2014, we reduced emissions from travel by around 70% by adopting smart travel procedures and increasing the use of video-conferencing.

Cutting emissions by reducing air freight

A new initiative by DSO Capital Equipment is driving the reduction of greenhouse gas emissions and encouraging investment in renewable energy. Analysis of the team's environment performance showed that air freight shipments were responsible for a large proportion of emissions. Training was delivered to the market companies to raise awareness and introduce a new policy on air freight – that it should only be used in business-critical

situations, and with the explicit approval of the relevant managing director and the Vice President DSO Capital Equipment. In addition, if the market company chooses to disregard recommendations and use air freight anyway, they will now be charged a fee, which DSO will then invest in renewable electricity generation. Over one year, this has reduced emissions by an amount equivalent to twice that generated by the air freight shipments.

Customers

Many of our customers have set ambitious environmental targets and expect Tetra Pak to contribute to these. We support our customers to reduce their carbon footprint and costs in many different ways, including by creating and delivering more efficient processing and filling solutions, and developing services to reduce energy use, water consumption, waste and food loss at their sites.

Robust measurement

We have developed tools to help our customers fully understand the climate impact of their products. Our [life cycle assessment methodology](#) looks at every stage of product development, from raw material extraction to processing, manufacturing, distribution and disposal or recycling. Our [Carton CO₂ Calculator](#) shows the CO₂e footprint of a carton under European conditions, right up to the moment when the packaging material leaves our factories.

The following recent initiatives have all helped customers reduce their environmental impact at the same time as improving operational efficiency:

- Tetra Therm® Aseptic Flex is a continuous aseptic processing unit that offers dairy producers the highest levels of UHT performance at the lowest environmental impact and total cost of ownership.
- A new high-acid juice pasteurization process can cut energy use by up to 20% by reducing the temperature of the second pasteurization process from 95°C to 80°C without compromising the safety or quality of the finished product.
- Our [Environmental Benchmarking Service](#) is helping food and beverage companies assess the environmental performance of their production operations, and to identify opportunities for improvement.



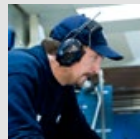
Recycling

When used carton packages go to landfill, they can decompose and contribute to climate change. We're working to reduce this by increasing the [recycling](#) of used Tetra Pak beverage cartons.

Go online



Read about our [partnership for low carbon growth](#) with Maersk Line



Read more about [setting a climate efficiency KPI](#)



Read more about our [Product life cycle assessment](#)



Read more about our [Carton CO₂ Calculator](#)

Environmental impact

Beyond climate change, we're also working to minimize our impact on the environment in other areas by making efficient use of resources including energy, water and raw materials.

By applying World Class Manufacturing (WCM) principles, we are able to reduce waste, minimize water loss, improve efficiency and reduce energy consumption across all our operations.

Over the years, we have made a considerable effort to reduce waste at our factories. We have used WCM to benchmark our top performing sites, capturing good practice and ensuring that it is applied systematically across the company. Improved technology has also helped cut waste



Cutting waste at Chakan

At our Chakan plant (pictured right) near Pune, southern India, two new initiatives in printing and pre-press are delivering major reductions in waste. Both are based on the principles of Environmental Management Accounting, where inputs are mapped and outputs analyzed using the "5Rs" – Refuse, Reduce, Reuse, Recycle and Recover – to identify opportunities for reducing environmental impact.

The team focused on two areas: printing ink and plates. In the past, the residual ink left over after printing was sent straight to an effluent treatment plant. Now, a relatively simple change to the recovery system means that the leftover ink is captured separately, rather than being pumped out with the water, and so can be reused. As a result, the amount of ink wasted has almost halved from 11 tonnes per month before the project began in December 2013 to 6.2 tonnes per month in Q4 2014 – equivalent to an annual saving of around €26,000.

The impact in the second area – the polymer plates used to print designs on to the packaging material – has been similarly dramatic. Here, the team has achieved major savings by simply reducing the margin around each design from



5mm to 3mm. In the case of Tetra Brik® Aseptic 200 Slim, for example, this has reduced the area of plate wasted from 26.6% to 7.8% and increased the number of impositions that can be made from one plate from 12 to 16.

The team is now experimenting with combining designs for different size variants on a single plate to make even more efficient use of the available space, and with reusing plates rather than disposing of them straight away. As a result, the plant is saving an average of around 50 plates per month – out of a total of between 950 and 1000 – as well as reducing solvent use by 980 litres, delivering total monthly cost savings of approximately €11,000.

and we recycle close to 100% of material waste; the remainder is disposed of responsibly and in line with current regulations.

Chemicals and hazardous waste

The chemicals we use in our operations are subject to approval before introduction and their use is controlled and managed by environmental and safety staff at our sites. Any hazardous waste is handled in line with local law and best practice. We apply the precautionary principle throughout our operations; so where a potential risk is identified we will seek to eliminate or reduce that risk by choosing a better alternative or implementing risk-reduction measures.

Chemicals management

Our Swedish operations rely on a chemicals management software system, iChemistry, for comprehensive, easily accessible information on all chemicals in use at our sites. The system includes information on where and how chemicals can be used and safe handling, as well as the most up-to-date safety data sheets. Chemical products that come into Tetra Pak facilities in Sweden must be assessed and approved by local environmental officers and registered in the system before being used.

All our sites, including converting and other production sites in Europe, also have obligations under EU REACH regulations, covering the registration, evaluation, authorization and restriction of chemicals. Similar chemicals legislation is emerging in many other geographies and we are working continuously to ensure that our business, and the materials we use, are compliant. Colleagues responsible for chemicals at all sites are given training to understand how the REACH regulations apply to their activities.

Water

The amount of water used for production on our own sites is modest. Nevertheless, we still seek to minimize water usage as far as possible, and are constantly looking for opportunities to implement simple water-saving measures, in particular in areas where water is scarce.

However, water usage is a significant consideration in relation to the equipment we develop and sell, so our efforts are focused on reducing consumption in this area, including through our [Environmental Benchmarking Service](#) and [Water Filtering Station](#).

Independent certification

We use external certification in the form of the international environmental management standard ISO14001 to ensure that environmental issues and impacts are managed in a systematic way at our

Offsetting water consumption

A project at our Monte Mor plant in São Paulo state, Brazil, aims to generate and save enough water to offset the amount used at the plant. The project is based around the idea of restoring a number of degraded springs in the local area – which is currently facing a water crisis – increasing both the quality and the volume of water produced. We have installed 30 new digesters to treat domestic wastewater so that it can no longer contaminate the springs, and created 200 catchment areas for collecting rainwater and groundwater. We have also planted more than 3500 native trees. With the infrastructure now in place, the focus has shifted to monitoring the impact of the project, with an initial report due in July 2015. Early indications are that the target for saving water will be met or even exceeded.

production facilities around the world. At the end of 2014, 94% of our factories were certified, with certification in progress for the remaining 6%. We have also certified our development processes.



Go online

Read about the [Moving to the front](#) renewability campaign

Measuring and reporting

We set clear targets and work hard to monitor our progress against them, ensuring transparency about our impact in all areas.

In order to monitor our progress towards our climate goal and to ensure consistency and accuracy, we have established procedures and processes as well as a comprehensive reporting system. Since 1999 we have been reporting on our environmental data according to the following reporting principles:

- All data presented covers a full calendar year, January to December.
- We report on our greenhouse gas (GHG) emissions according to the [GHG Protocol principles](#) developed by the World Resource Institute and the World Business Council on Sustainable Development.
- For selected data we also present an eco-efficiency indicator. Eco-efficiency indicators reflect the environmental impact in relation to a certain parameter, for example, production volume.
- In some cases, we have corrected previous years' data when sites have reported corrections to historic data. This improves data quality and allows for more meaningful

comparisons between years. Consequently, data presented in previous reports may differ slightly.

- Where we need to recalculate data, we do so according to our own recalculation policy which follows the GHG Protocol standards for Corporate and Scope 3 accounting.

Reporting on greenhouse gas (GHG) emissions

Tetra Pak has a long history of working to mitigate greenhouse gas emissions. Since 1998, we have been collecting data from the different parts of our organization on an annual basis, and consolidating the information in a central database.

Up to 2010, we measured only the emissions from our own operations. Then, in 2011 we established our new climate strategy. This set out our commitment to reducing emissions across the entire value chain, defined our 2020 climate goal and established 2010 as a baseline year in which we collected the data across the value chain for the first time.

The following two years were dedicated to establishing and fine-tuning the procedures and processes that would help us achieve our target. With these in place, we began verifying our emissions data through external auditors in 2013. To ensure we have comprehensive

Our CDP score

We also disclose our climate performance data and progress towards our target through the [CDP \(formerly the Carbon Disclosure Project\)](#), an independent non-profit organization that measures companies on how they monitor emissions and the actions they are taking to mitigate climate change.

In 2014, we improved our CDP disclosure score from 91 to 97, compared with the CDP Supply Chain average of 53, and our performance – based on how far we have succeeded in meeting our own targets – was rated A- compared with an average C. In the CDP's own words, this indicates that we have "a fully integrated climate change strategy, driving significant reduction in emissions due to climate change initiatives".

and comparable figures, we base our accounting on the guidelines of the [GHG Protocol](#), widely acknowledged as the leading methodology for the management of greenhouse gas emissions. The Protocol requires us to report on emissions in three areas, or scopes:

- **Scope 1** Direct emissions from our own operations, including fuel consumption and the use of solvents and refrigerants.
- **Scope 2** Indirect emissions related to purchased electricity, heat, steam or cooling.
- **Scope 3** Indirect emissions in our value chain from sources not owned or controlled by Tetra Pak.

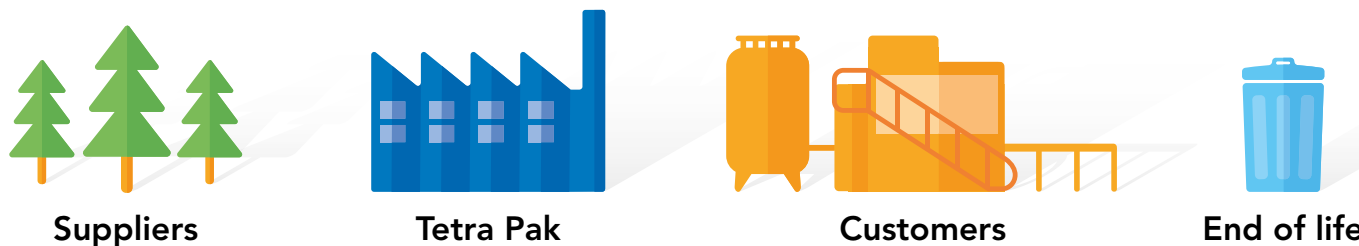
Under Scope 3, we account and report emissions across our value chain, including our suppliers, customers and end of life, giving us a complete picture of the total climate impact resulting from the sourcing, production, use and disposal of our products:

- **Suppliers** Production of purchased raw materials including paperboard, aluminium and polymers. Inbound and outbound transportation contracted by us.

- **Our operations** Emissions from business travel, waste from operations and upstream emissions related to consumed fuels and energy on site (not included in Scopes 1 and 2).
- **Customers** Energy use of Tetra Pak equipment installed on customer sites, including processing, filling and distribution equipment. Transport, including transportation of packaging materials to customers not contracted by Tetra Pak.
- **End of life** Including the climate impact of Tetra Pak beverage cartons going to landfill and incineration without energy recovery.

33.9 33.8 **Go online**
Read more about our [performance data](#)

The value chain



Committing to Science Based Targets

A joint initiative by the World Resources Institute, CDP, WWF and the UN Global Compact, [Science Based Targets](#) was created in 2014 to develop a methodology to support companies in aligning their greenhouse gas emissions targets with global climate science scenarios. Tetra Pak has been part of the Technical Advisory Group since the start. The methodology, the Sectoral Decarbonisation Approach (SDA), allows companies to set emission reduction targets in line with a 2°C decarbonisation scenario. Developed with the support of renewable energy consultancy Ecofys, the SDA is freely available.

According to Mario Abreu, Vice President Environment, who represents Tetra Pak at the Technical Advisory Group, “Being invited meant a lot to us. It’s a recognition of the work we have been doing to map emissions across the value chain, and reduce them annually. We have also piloted the methodology with the help of Ecofys, which has helped our common understanding of how the methodology can be applied in our sector.”

RECYCLING

Our goal is that by 2020, 40% of all Tetra Pak cartons will be recycled – equivalent to recycling around 100 billion individual cartons a year.

We are convinced that recycling is an investment in our future and are committed to promoting our used beverage cartons as a valuable source of raw materials. The different layers of the aseptic carton – paper fibres, polymers and aluminium – can all be recycled using relatively simple techniques and turned into new products. Recycling means that less waste is sent to landfill and reduces demand for resources.

Tetra Pak has been promoting and facilitating recycling for many years, but our 2020 goal – to double the recycling rate from 20% in 2010 to 40% by the end of the decade – represents a new level of ambition. Taking the company's growth into account, this actually means tripling the volume of recycled cartons. It's a challenging goal, and to reach it we will need to achieve improvements along the entire recycling value chain by:

- increasing consumer awareness
- supporting collection and sorting infrastructure
- boosting business opportunities for recycling entrepreneurs, and
- expanding market opportunities for recycled materials.

We are already making good progress. In 2014, approximately 651,000 tonnes of Tetra Pak beverage cartons were recycled globally, up from 623,000 tonnes in 2013.



Partnership working

While we don't own or operate any recycling services ourselves – nor use recycled paperboard in our packaging – we firmly believe it is our responsibility to encourage and enable the recycling of used beverage cartons.

In order to achieve this, we work with partners and stakeholders across the entire recycling value chain, supporting the development of the collection infrastructure, building the market for recycled materials and, above all, educating and encouraging end consumers to recycle. More than 150 companies in 45 markets – from small enterprises to multinational companies – currently recycle the base materials used in Tetra Pak cartons.



How recycling works

We're working with partners to identify the most effective recycling solutions, with the aim of producing the most valuable and useful end products at the lowest possible cost.

We divide recycling solutions into three categories, depending on the materials to be recycled:

- **Fibre recycling** The paper in our packages is used to produce pulp as material for new paper products.
- **polyAl recycling** The polymer and aluminium in our packages are used, either together or separately, as material for new products.
- **Full carton recycling** Without separating the paper, plastic and aluminium, the whole package is used to produce material for new products.

Since fibre recycling uses common and proven recycling methods, our main focus over the past years has been to increase the efficiency and expand the use of recycling technologies that extract the most value from the polymers and aluminium.



Single separation

Single separation – the most common recycling method – separates used cartons into wood fibre and an agglomerate of polymer and aluminium (polyAl). Paper mills take used paper and cartons and put them into a large tank of water. The fibres absorb water and the non-paper elements (plastic and aluminium) will either float or sink and can be picked,





scraped or sieved off. This process usually takes about 15-30 minutes and will recover most of the wood fibre.

The recovered fibres can be used to make cardboard boxes and paper for office supplies. Other paper grades include tissue paper, paper towels and writing paper. Over 100 paper mills around the world recycle post-consumer beverage cartons, and they vary in terms of size and type of production.

The polyAl can be used to make products such as pipes, pens, pallets, roof tiles and even artificial flowers.

Full separation

Finding ways to extract and separate the polymers and aluminium in our cartons is a priority,



as these two materials have a higher reuse value when separated than together. Full separation is a more complex and expensive process than single separation, but it means the aluminium can be used to produce metal parts, and in chemical and industrial processes such as water purification and metal deoxidisation. Polymers can also be reused as a new raw material or recovered as energy. Full separation plants are currently operated by recyclers in Europe and China.

Composite recycling

An alternative approach is to recycle cartons as a whole to create a composite material which can be used as a replacement for wood, plastic or metal in panel boards, pallets, garbage bins and furniture. At present this is most common in emerging markets. The cartons are typically mixed



with different types of additives and the resulting composite material is then processed through thermo-forming, extrusion or injection moulding into board or profiles of different shapes

Choosing the right solution

The decision about which recycling method to apply depends on the market. Without a strong market, there is no profit for recyclers and hence no incentive to collect recyclables or manufacture products made from recycled materials. The process of deciding which recycling approach to use should start by identifying the potential end-products. Where there is no market, cartons can be burnt to produce low-carbon energy.

Increasing consumer awareness

According to a global study conducted on behalf of Tetra Pak, consumers prefer to buy products in packages they know to be recyclable and 85% say that they frequently sort and set aside waste for recycling.*

Although billions of Tetra Pak cartons are already being recycled every year, many consumers are still unaware that cartons can be recycled, or do not know where to go to recycle. If we are to achieve our ambition of recycling 40% of Tetra Pak cartons by 2020, it's essential we increase consumer awareness.

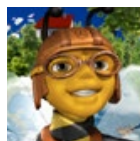
One of the most effective ways of increasing awareness of Tetra Pak recycling opportunities is through consumer campaigns, partnerships with local organizations and programmes in schools. For example, in Turkey, we started a recycling awareness programme for schoolchildren in 2005. Since then, "Little Things That Renew Nature" has reached more than 1 million children in Istanbul, Bursa and Izmir. We are also involved in a range of consumer awareness initiatives worldwide.

* Where infrastructure is in place.



Go online

Read more about [raising consumer awareness of recycling](#)



Read more about how we are working to [promote recycling in schools](#)

Supporting infrastructure

To achieve our recycling goals, we support and encourage the development of a resilient recycling infrastructure in every market in which we operate.

Building a robust infrastructure for recycling means working with private and public sector partners to provide collection opportunities, developing the market for recycled products and contributing to discussions on legislation.

Around the world, there are different rules and regulations about how waste should be handled – and what should be recycled. That in turn means there are significant differences in recycling rates for different categories of waste.

We want to increase the collection and recycling of Tetra Pak packaging in all our markets, so we have to adapt our approach to reflect local legislation and practice.

Understanding the challenge

Though actual recycling processes are fairly similar across the world, the process of collecting and sorting waste for recycling differs from market to market. In developing countries, it is often informal and manual, while in more mature markets it is typically highly mechanized.



So, in some countries, the main challenge is to develop a collection infrastructure that provides a sufficient supply of cartons to make recycling viable. We support the development of this infrastructure by working with local partners to influence legislation or to facilitate discussion between collectors and recyclers.



Go online

Read about our [partnership to promote recycling in Seoul](#)



Encouraging recycling in Mexico

In Mexico, where recycling rates have historically been very low, Tetra Pak is working to strengthen the recycling value chain by developing the market for polyAl. As part of our partnership with roofing tile manufacturer Placove, we have installed a new cleaning line which delivers cleaner raw materials. This has enabled Placove both to raise the quality of its finished product – and more than double its production capacity.



UK recycling programme is top CSR initiative

The Alliance for Beverage Cartons and the Environment (ACE) UK, a platform of beverage carton manufacturers and their paperboard suppliers, won the 2014 Packaging News CSR Initiative of the Year award after opening the UK's first dedicated carton recycling facility. The facility, in Halifax, West Yorkshire, has the capacity to recycle up to 25,000 tonnes of cartons per year, or 40% of those produced for the UK market, and is already recycling cartons for 38% of the UK's local authorities. Commenting on the award, Gavin Landeg, Tetra Pak UK and Ireland Environment Manager and ACE UK Director, said: "It's fantastic news, and appropriate recognition for all the hard work undertaken to increase carton recycling in the UK."

Expanding the market for recycled materials

Without demand, there is no incentive to collect cartons or make products from recycled materials. To expand the market opportunities for recycled carton materials, we conduct research to understand how the materials in our cartons can be profitably used.

Another essential part of developing a strong recycling infrastructure is the recycling business itself. We help local recyclers explore profitable business opportunities from turning collected cartons into products or viable raw materials, and also advise them on what is needed from a technical perspective.

Working with partners on recycling

Companies we have worked with include:

- Deluxe Recycling in India, which turns recycled cartons into thick boards for the construction industry.
- Gayatri Paper Mill in South Africa, which in 2012 became the first business in South Africa to recycle beverage cartons. Before then, used cartons had to be exported for recycling.
- StoraEnso, a Finnish pulp and paper manufacturer, and Sweden's Fiskeby Board,



Europe's oldest manufacturer of paper and board, which both use recovered plastics as an energy source for some of their factories.

- Hangzhou Fulun Ecology Technology in China, which has invested in new equipment and chemical de-lamination technology to allow full separation of materials. It produces recycled paper for wallboard and packaging companies, polymers for plastic recyclers, and

foil flakes which replace virgin materials for insulation and fireworks manufacturers.



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Read about the [Green Roof Project](#)

[tetrapak.com/sustainability](https://www.tetrapak.com/sustainability)