

Tetra Pak

Communication on
Progress

UN Global Compact





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Tetra Pak

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Tetra Pak became a signatory to the Global Compact in 2004. The attached release is our Communication on Progress 2008, highlighting our activities towards promoting the ten principles of the UN Global Compact.

Tetra Pak will continue to support the Global Compact.

Yours sincerely,

Jörgen Haglind
Senior Vice President Communications

SUSTAINABLE DEVELOPMENT IN EVERY SENSE

Tetra Pak is one of the world's leading companies in the area of systems for processing, packaging and distributing food products, and our motto, "PROTECTS WHAT'S GOOD", expresses our business philosophy of making food safe and available everywhere.

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

Tetra Pak operates in over 150 countries and has over 20,000 employees. We work closely with our suppliers and customers to develop rational processing and packaging solutions to make practical, innovative and environment-friendly products available to millions of people worldwide.

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

Tetra Pak has based the business on a renewable resource; we have delivered sustainable packaging solutions for more than 50 years. At Tetra Pak, environmental aspects are included as standard procedures in all our operations. From forestry to recycling, we direct intense efforts to refining the whole lifecycle of a package. With our food processing solutions, we optimise the use of energy and water, thereby reducing environmental impact and cost in our customers' operations. By integrating environmental aspects in our product development, we assist our customers in creating sustainable solutions not only for today but also for tomorrow.



Corporate Governance

Being a truly global company it is essential for Tetra Pak to live up to the highest standards of behaviour in the communities in which it operates. For this purpose Tetra Pak's corporate governance framework includes a common 'Code of Business Conduct'. It defines the rules for how Tetra Pak should conduct operations in various areas, from anti-corruption to environmental matters.

Framework implementation

The follow up and measurement of how the framework is being implemented is done through Control Self Assessment, (CSA), where management confirms to what degree the company has applied the framework. A part of the internal audit work is to verify the result in the CSA report and any discrepancies are noted in the audit report. In addition, the company provides an annual corporate governance report describing the degree of implementation. In 2007 a Management Declaration was introduced, in which the CEO certifies that the company complies with the corporate governance framework and any deviations and exceptions are described in an 'Explain Report'.

Corporate governance confirmation

As support to the Management Declaration a Corporate Governance Confirmation was introduced for top management in Tetra Pak. The Confirmation states that the framework has been followed and any deviations escalated according to the chain-of-command principle. Tetra Pak has achieved a high awareness of the need and importance of good corporate governance. The company has all the necessary pieces in place for

documenting, communicating, implementing and maintaining the rules of running the business so as to achieve this high level of corporate governance. The pieces range from incentive schemes for managers to how to manage confidential information and manage and report on risks.

Suppliers

Whenever a new supplier contract is signed, the choice has been based on a model for cost efficiency, where price, quality and environment constitute the cornerstones. The task is to find the right trade-off, in order to select the most effective suppliers. But the requirement for solid environmental performance does not stand in conflict with the overall target of cost efficiency. A supplier that lies at the environmental forefront usually also has good internal processes and a solid business model, resulting in better overall performance.

Yearly evaluations

Every year, all suppliers are evaluated by the same principle. Using a standardized questionnaire, the different aspects of the supplier's performance are evaluated. The results are presented openly, meaning that every supplier can see its competitors' scores.

The environment has been a parameter since the early 1990's, and there have been some radical improvements ever since. Most of Tetra Pak's suppliers show a solid environmental performance. Today environmental issues are core business for the transportation sector. Forthcoming regulations will put pressure on the transport and travel industries by the introduction of new tariffs and taxes. The ongoing discussion on climate compensation has triggered a limited trial pilot project for our spare parts deliveries. Tetra Pak believes that it is more relevant to cut emissions by optimising the business, rather than compensating for it.

Constant review of methods

An important role for Group Transport & Travel is to provide advice to the different parts of the company. Tetra Pak delivers material in large volumes to almost every country in the world. Tetra Pak handles immensely large volumes, which is why we have an obligation of constantly reviewing and improving our means of transport from an environmental perspective. We challenge ourselves by evaluating our own supply chain and see what effects different decisions would have. One example is GPOt, an ongoing project at Tetra Pak Technical Service, standing for Genuine Parts On-time from Tetra Pak to the customer. By planning service and maintenance for Genuine Parts On-time in detail, last minute deliveries are avoided, giving benefits in terms of cost, quality and environment.



Human Resources

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

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

Employee Engagement

We continue to monitor employee motivation via our yearly employee engagement survey, which is an important tool to help us ensure that our employees are engaged and motivated. In 2007 the participation level was 87%, which shows a clear willingness to provide feedback and contribute to improving and making Tetra Pak an even better place in which to work.

The results of all indices shows a marginal improvement over last year, with the exception of the top of mind question. We believe that the minor drop in this score is related to changes we are going through in many areas of our organisation; somewhat contradictory to this score is the fact that we have maintained a high score on the questions related to advancement, innovation, personal growth, recognition, work and responsibilities.

In 2008 we will launch an improved global employee satisfaction survey which will allow us to benchmark externally with other companies.

Diversity

Diversity continues to be on our top management agenda. In 2008 we have prioritised actions to ensure that we understand diversity trends, factors and barriers in order to promote the right diversity mix within our organisation. More specifically we will be undertaking a study involving interviews with 300 employees to identify workforce trends with special focus on gender balance within Tetra Pak.

Our action on diversity concentrates on gender and nationalities. We have set ourselves ambitious goals for gender balance and diversity of nationality.

SWiM

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

SWiM Chapters are groups of people at country level, taking action to encourage and promote the professional development of women in Tetra Pak. In 2008 SWiM has grown to 37 chapters with approximately 1600 members.



Environment

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

Tetra Pak maintains focus on continually improving environmental performance in every part of the business.

Climate Impact Reduction

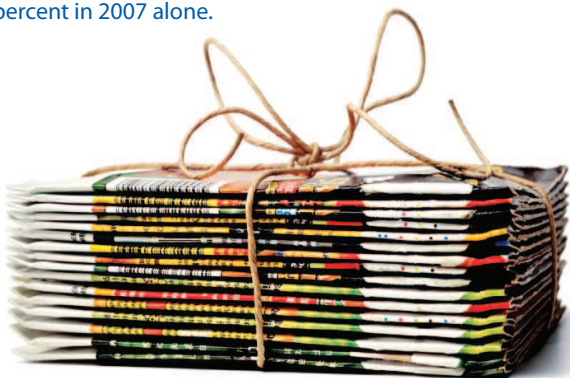
In 2005, as part of the WWF Climate Savers initiative, we set a goal to reduce our CO2 emissions by 10 percent by 2010 in absolute terms whilst continuing to grow. By the end of 2007 we have reached a 7 percent reduction of CO2 emissions despite a double digit production growth in the same period. The goal will be achieved through overall improvements in energy efficiency and increasing our use of green power from renewable energy sources.

Energy Efficiency

Since 2005 Tetra Pak has decoupled production growth from resource consumption with the aim to reduce overall energy consumption while production continues to increase. This is also a part of the overall 'Climate Goal'. By 2007 Tetra Pak has achieved a 23 percent energy efficiency improvement, compared to 2002.

Recycling

The total tonnage of Tetra Pak beverage cartons recycled globally has continued to increase steadily and reached 343,000 tonnes in 2007. It has proved a challenge to reach the target of 25 percent recycling by 2008 (16 percent in 2007). The main challenge is the significant market development in countries without established recycling infrastructure and we continue to work closely with local regulatory authorities and organizations to facilitate development of local recycling schemes. In Europe the overall recycling rate is 30 percent and the global recycling rate (excluding Europe) increased by 22 percent in 2007 alone.



Sourcing renewable raw material

As part of our supply management system, we require

our paperboard suppliers to provide chain-of-custody certification (traceable through every step of the value chain) for their wood fibres and of forest management systems, according to standards recognised by key stakeholders.



We have made a commitment to reach 100 percent chain-of-custody certification of our paperboard supply and converting plants by 2015. In 2007, 100 percent of our paperboard supply in Europe and South America was chain-of-custody certified by the 'Forest Stewardship Council' (FSC). Globally over 80 percent of our paperboard supply is chain-of-custody certified.

Environmental Performance

Tetra Pak reports on the company's environmental progress based on our global goals and performance indicators. In addition to a bi-annual 'Environmental and Social

Report' Tetra Pak reports environmental performance data online on key environmental items (including energy, water, climate change etc). The Environmental Reporting pages can be found at:

www.tetrapak.com/environmentalperformance

Partnerships

Working with non-profit environmental organisations is an important element to meet our objectives for continuous improvement and it ensures that we meet the highest standards in the improvements we make. In addition to our partnership with WWF on both Forestry and Climate Change, other partnerships include the Forest Stewardship Council (FSC), the Global Forest and Trade Network (GFTN), the High Conservation Value Resource Network (HCVRN) and ProForest to name a couple.

Food for Development

Tetra Pak is proud of its long history of supporting school feeding and agricultural development programmes. Partly as a result of Tetra Pak's cooperation with local governments, customers and Non-Governmental Organizations (NGOs), 45 million school children, 22 million of whom live in developing countries, today receive milk or other nutritious drinks in Tetra Pak packages in school.

This type of public-private partnership now encompasses feeding initiatives in Bangladesh, China, the Dominican Republic, Egypt, Guatemala, Iran, Kazakhstan, Mexico, Nigeria, the USA and Vietnam - to mention a few. With the growth of ongoing programmes as well as new initiatives under implementation, the total volume of Tetra Pak packages distributed to children under feeding initiatives reached 5.1 billion in 2007.

Tetra Pak's Food for Development Office (FfDO) was established in 2000 and is responsible for coordinating and making available the company's extensive knowledge in school feeding and agricultural development programmes. The FfDO works in close partnership with governments, development agencies, NGOs and customers to supply dairy industry expertise, know-how in packaging and processing solutions, recycling, advice and practical implementation in support of school milk programmes all over the world.

The FfDO's work is part of the company's continued commitment to initiate and support socially and economically sustainable agricultural, feeding and food development programmes.

The Tetra Pak Food for Development Office (FfDO)

Today there is growing understanding that the only way to

reduce poverty in the world is to create sustainable economic and social development. Tetra Pak believes that this can only be achieved by working in close partnership between the public and private sectors.

The FfDO manages an extensive knowledge base about school feeding and agricultural development programmes. This information is used to create sustainable feeding, nutrition and agricultural development programmes, including sources of finance, equipment, packaging material, experienced personnel and training.

In close cooperation with Tetra Pak Market Companies around the world and its sister company DeLaval that has more than 100 years' of experience of developing milk production all over the world, the FfDO facilitates Tetra Pak's contribution to school feeding programmes, linked to agricultural and dairy development programmes. They are aligned to three main development areas:

- Health & nutrition:
 - o Support school feeding programmes
 - o Combat malnutrition and diseases
 - o Emergency relief
- Education:
 - o Increase school enrolment and attendance
 - o Promote gender issues
 - o Improve learning capacity and results
- Poverty alleviation:
 - o Create agricultural development
 - o Promote private sector development
 - o Facilitate job creation



School milk programmes

School milk programmes benefit individuals and society as a whole. When national health is improved through better nutrition, costs for health care are reduced. As milk consumption increases, national dairy industries develop, and when free milk provides an incentive for children to attend school, educational performance is improved and poverty begins to erode.



Despite the obvious health benefits of dairy consumption, the rationale behind school milk programmes may also be influenced by the following:

- To improve the health of school children – With proper nutrition, children grow better and stay healthy. An analysis of the school milk programme in Thailand showed that children grew an extra 3 cm per year and malnutrition dropped from 19% in 1990 to 10% in 1997.
- To improve the student's academic results – It is difficult to learn on an empty stomach. In Vietnam the percentage of children getting a 'good' grade increased from 16% to 25% following the introduction of a school milk programme.
- To promote school attendance – Parents are more likely to send their children to school (especially girls) if they are fed at school.
- To support the development of the agricultural sector – School milk programmes increase the demand for locally produced milk or eliminate milk surpluses. Jobs are created though the milk value chain.
- To support the development of the private sector – School milk programmes increase the demand for locally-processed milk and support the local dairy industry.
- To increase the demand for similar products in the commercial market, further fuelling growth.

In addition to improving student health, many governments are concentrating on using school milk programmes as a catalyst for agricultural development. In Thailand and China government sponsorship of school feeding has created a

demand for locally produced milk and processing as well as creating dairy industry jobs in rural areas.

Bangladesh is one of several countries that has benefited from school feeding programmes funded by the United States Department of Agriculture (USDA). Here, the school milk programme has been the catalyst for three new dairy plants and the development of a new industry.

Product Development

Due mainly to its high nutritional value, milk - particularly cow's milk - has played a major role in feeding programmes. As more developing nations initiate programmes the FfDO is now looking at innovative alternatives using local produce and customising the taste to local preferences. As a result, the office has recently contributed to the development of new beverages based on maize, soybeans, rice, peas and cassava.

In Tetra Pak's experience, school feeding programmes act as the catalyst to create demand for locally-produced food. They can also be the foundation for valuable long-term economic growth with such benefits as technology transfer and job creation.

Programme Updates

Haiti

In Haiti, one of the world's poorest nations with high rates of childhood malnutrition, a first pilot school milk programme covering 10,000 children was implemented in the autumn of 2007 based on a cooperation between the World Bank, Catholic Relief Services (CRS), VIVA - the first local UHT milk dairy processor in Haiti and Tetra Pak.

A second programme providing UHT milk to children participating in the 'World Bank Summer Camp' is led by the Bureau de Nutrition et Développement (BND).

The goal for both NGOs is to expand the school milk programme during the coming school year.

Iran

The school milk programme was launched in 2001/2002 as a national initiative. Today over 12,000,000 children receive school milk each year through the Iranian school milk programme. This represents an estimated growth of 400% since the programme began in the 2001-2002 academic year with only 1.2 million students. Through the national scheme, students receive three portions of 200ml white milk every week totalling 70 portions over a six month period. Six million of these receive milk in Tetra Pak packages.

The Iranian school milk programme was initiated by a committee comprising representatives from various ministries including the Ministries of Health, Agriculture, Education, Trade, and Budgeting and Planning. The school milk programme was introduced as a preventative health measure to address the issues caused by poor nutrition and low dairy consumption. The supply of school milk was central to this initiative and to improving the quality of students' diets.

Since 2001 Tetra Pak has supported the significant growth and success of this initiative by helping to increase the capacity of the UHT milk producers. The company's support has enabled Iran's school milk providers to meet the rapid-growth demands of the school milk programme.

School milk programmes often act as a catalyst for increasing demand for locally-produced milk, thereby stimulating investment in the dairy sector. Iran is no exception. The national school milk programme has played a role in developing the white milk segment in Iran - a 7% increase corresponding to 187.5 million litres - over the last six years.

The long-term aim of the project is to achieve a sustainable dairy industry by promoting, developing and improving the local milk sector from cow to consumer. By combining the training and education of dairy farmers, equipment financing based on commercial terms and school milk programmes, a base for sustainable economic development has been established.

Russia

In 2007/2008 Tetra Pak Russia held school milk seminars in 10 regions all over the country. In an effort to focus on children's knowledge of milk, Tetra Pak Russia held a 'Celebration of School Milk Day' with numerous events and 10,000 students involved. 'Milk break' and 'Milk lesson' promotional campaigns were initiated for children in 5 regions with 100 000 students involved.

The school milk programme with Tetra Pak involvement has grown from less than 200,000 children in 2006, to approximately 600,000 children in 2007 and with projection of reaching 1 million children by end of year 2008. Tetra Pak has

worked in partnership with the Russian Dairy Union to successfully create a National Legal Standard for school milk. The standard establishes strict requirements on raw milk, processing and packaging solutions and is enforced throughout the nation,

South Africa

A public private partnership is ongoing between the University of the Western Cape, the World Institute for Soy in Human Health (WISHH), Tetra Pak South Africa, Food for Development and the Solae Company and funded by the United States Agency for International Development (USAID). The partnership is involved in a trial to determine the effect of a soy protein supplementation beverage in a Tetra Pak package on the nutritional status of HIV-infected adults. The study was completed in the spring of 2008 and results from the study are expected in the third quarter of 2008.

Vietnam

The Vung Tao School Milk Programme was initiated in a partnership with Tetra Pak Vietnam with the creation of a pilot school feeding programme covering 37,000 children. Tetra Pak provided practical assistance through workshops targeting local stakeholders concerning programme implementation modalities as well as sharing experience and practical advice with staff of institutions tasked with distributing milk to children. With the success of the pilot an official launch of the programme is planned for the autumn of 2008.

More examples and information on Food for Development programmes can be found at:

www.tetrapak.com/ffdo.



Photo Swedfund International AB, Victor Briert

Contributing to our communities

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



Supporting people in need in China and Myanmar

Tetra Pak is part of the Tetra Laval Group which launched a fund for supporting people in need in China and Myanmar. In the wake of the catastrophic cyclone in Myanmar the Tetra Laval Group Board provided support of 100,000 USD to the Red Cross in support of their activities in Myanmar. Following this initial support, the Tetra Laval Group Board put into place a fund of 30,000,000 US dollars for support to Myanmar and China for relief due to the catastrophic earthquake. 15 million USD will go to each country and will be used to best support the affected people. Initially there is need for supply of milk and water, but the Tetra Laval Group Board also foresees the fund being used for monetary support to aid organisations and in the case of China, to re-build schools.

Tetra Pak joins the Global Child Nutrition Foundation board of directors

In 2008, Tetra Pak joined the board of the Global Child Nutrition Foundation (GCNF). This commitment marks another step forward in Tetra Pak's long history of supporting sustainable school feeding, agricultural and dairy development programmes around the world.

The GCNF is a sister organisation to the School Nutrition Association (SNA) in the United States, whose activities goes back to 1946. Building on the long experience of the SNA, the GCNF was created in 2006 with the mission of expanding opportunities for the world's children to receive adequate nutrition for learning and achieving their potential. It promotes child nutrition internationally through sustainable school and community-based feeding programmes.

Through its school feeding partnerships, the GCNF and Tetra Pak are aiming to help meet the first of the eight United Nations Millennium Development Goals. Millennium Development Goal 1 is to eradicate extreme poverty and hunger by 2015.

ALMA

ALMA is a voluntary relief organisation, whose members are employees of Tetra Pak and its sister companies and the company Alfa Laval. The association focuses entirely on supporting needy girls and women in Kenya, India and Sri Lanka. During 2007, the donations from ALMA's members financially supported the education of 69 girls, of whom 37 live in Kenya, 25 in India and 7 in Sri Lanka.

Thanks to the financial support from ALMA's members these girls will be provided a standard education as well as receive a vocational education. ALMA has shown great success as many of the girls, who get support from ALMA, have achieved very high academics results and some are considered to be of the highest rank in their respective schools. All the beneficiaries of ALMA's support get a better start in life than they would have had without the support from ALMA and Tetra Pak.



SWHAP Programmes in South Africa and Kenya

In an effort to respond proactively to the prevalence of HIV/Aids, Tetra Pak South Africa and Tetra Pak East Africa (based in Nairobi, Kenya) are proud and active members of the Swedish Workplace HIV/Aids Programme (SWHAP).

SWHAP was formed in partnership between the International Council of Swedish Industry (NIR) and the Swedish Industrial and Metalworkers' Union who jointly decided to initiate and implement a long-term strategy to contribute to the establishment and support of HIV/Aids programmes at Swedish related workplaces in Sub-Sahara Africa. The SWHAP programme presently operates in Kenya, South Africa, Tanzania, Uganda, Zambia, Zimbabwe and Botswana. It is co-financed by the Swedish International Development Cooperation Agency (Sida) and through contributions from Swedish companies.

Tetra Pak South Africa's efforts have focussed on the factory in Pinetown Kwa Zulu Natal Province, South Africa, a region where the HIV infection rate is very high. Through the SWHAP Programme and in partnership with local unions, Tetra Pak South Africa has been involved in a number of initiatives including; HIV testing initiatives, peer educating and support and HIV awareness sessions with external speakers and experts. SWHAP initiatives have also been held at Tetra Pak South Africa headquarters in Johannesburg including an HIV information day. In all parts of the country, Tetra Pak is involved in supporting employees infected with HIV with dietary programs, medical care and programs to help and support the families.

Throughout 2007, Tetra Pak East Africa has been involved in a series of initiatives towards the SWHAP programme's objectives. Tetra Pak East Africa held health talks where staff was educated about HIV/Aids and other related illnesses. During the year, sessions were held on opportunistic infections, nutrition and positive living for the staff of the company. A 'Family Day' was held bringing together family members and dependants of employees to educate on HIV/Aids transmission and prevention. Couple counselling and testing was organized for spouses.

Tetra Pak East Africa is working with customers and suppliers in a first step to a larger community outreach programme. The targeted suppliers were encouraged and mentored into starting HIV/Aids programmes for their employees.

Throughout the year Tetra Pak East Africa participated both in the SWHAP joint community outreach and joined other companies in a home for the orphans and neighbours in an initiative to respond to HIV/Aids in the community.

The company also marked World Aids day, with onsite voluntary counselling and testing programmes (VCTs) for employees which was a huge success.



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