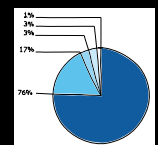




Environmental and Social Report
Tetra Pak | 2009



A continuing journey



Tetra Pak is the world's leading food processing and packaging solutions company, with activities in more than 150 countries worldwide. We well recognise the imperative to balance our future growth ambitions with our responsibility to those with whom we do business, to our employees, to the communities in which we operate and to the environment.

To that end, our community and environmental initiatives are integrated into our business activities. For example, we use raw materials from responsibly managed forests; we set targets to reduce environmental impacts; we advance school feeding programmes; we drive activities focused on nutrition, wellness and health; we support relief efforts in the wake of natural disasters; and much more. And in all

of these activities, we cooperate with leading environmental and development organisations from across the globe.

Tetra Pak participates in the United Nations Global Compact. Initiated by the former Secretary General Kofi Annan in 1999, the Compact brings together companies, UN agencies, labour and civil society to support ten principles in the areas of human rights, labour, the environment and anti-corruption. We are committed to supporting and promoting the Compact's principles in our everyday business. This is in line with our traditional way of working and follows Tetra Pak's vision, Code of Business Conduct and Mission Statement which refers to our belief in "responsible industry leadership, creating profitable

growth in harmony with environmental sustainability and good corporate citizenship". We are implementing the Compact's principles through the actions set out in this report, which also serves as our Communication on Progress to Global Compact.

We recognise that there are still many social and environmental challenges for our business and believe we can only improve by being transparent about our activities and by listening to our stakeholders. This report is an update on our progress, and on our continuing journey.

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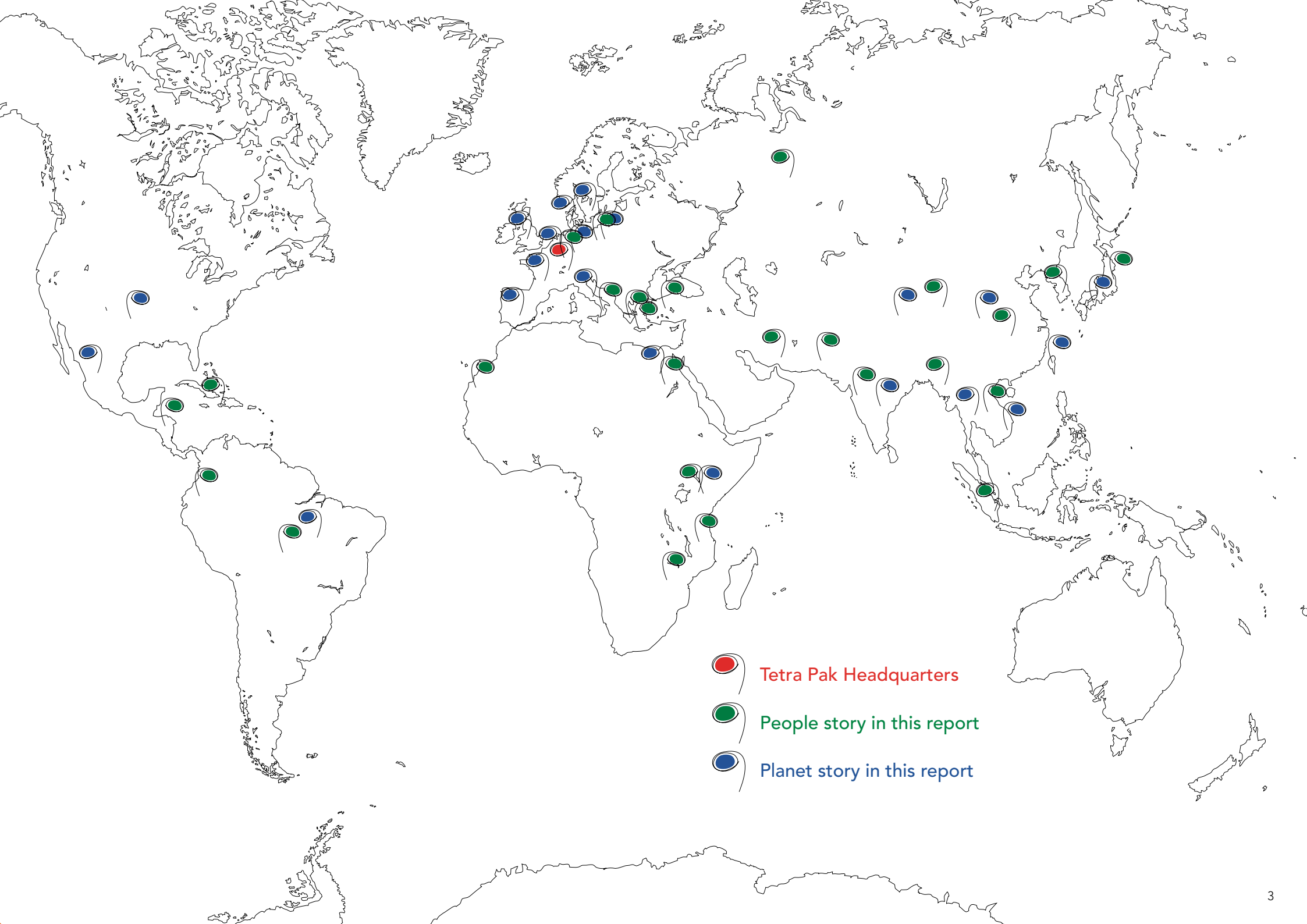
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Finding our way together

Our company was founded 58 years ago with a vision to make food safe and available, everywhere. This report provides an overview of how we operate to earn that trust. It explores some of the complex compromises we face and describes how we take the decisions that lead us to our vision and mission. We know, of course, that we still have a long way to go; and we recognise that we cannot do it alone, but only with the guidance of our expert partners and input from all our stakeholders.

That is why we are passionate about continuing our discussion with you – whether ‘you’ are reading it as a customer or potential customer, an employee, a citizen, a representative of government or member of a non-governmental organisation or have another interest – on the issues you have told us you care about.

We have long engaged in local dialogue and intend to continue the discussions through our website, surveys and other interactions. We have communicated our corporate environmental performance for more

than a decade, formally measured and reported it for nine years and included our broader sustainability commitments for five years. Such dialogues help us to evolve both as an enterprise and a good corporate citizen. In conjunction with our systematic approach to evaluating impacts they have helped us determine key areas of focus: customer satisfaction, employee well-being, human health and safety; facilitating increased recycling in order to obtain value from used packages; the choice of materials and energy; the total environmental footprint left by our products.

Benefiting society

Our company's founder, Ruben Rausing, was determined to make milk safe and available across post-war Europe and beyond, even where the distribution infrastructure and factories were badly damaged. He famously said that Tetra Pak packaging should save more than it costs, meaning in social as well as economic terms. Today, we also apply that standard to the environment. He and his team designed aseptic packaging to protect food for long periods without

preservatives, even in extreme conditions. His vision brings daily benefits to households around the world and enables us to be a useful partner in development work. In partnership with businesses, governments, United Nations and aid agencies, we develop products and packaging to bring children high-quality nutrition at school, improving their attendance and ability to learn. One of our key challenges is to extend these programmes by taking them to new countries and regions, and involving a wider cross-section of each community. We and our partners are working vigorously to accelerate this process.

Protecting the environment

We favour the use of renewable resources, such as wood. This benefits the entire natural environment; responsibly managed, it guarantees inexhaustible supplies of materials and energy. We work with, and learn from, leading organisations such as WWF. We are honoured to serve on the boards of the High Conservation Value Resource Network (HCVRN) and the Forest Stewardship Council (FSC), as well

as working closely with our suppliers. Today FSC certified cartons are available in stores – a first for liquid food packaging – and we aim to systematically increase the amount of FSC certified paper we purchase. We are also working to increase recycling of carton packages; while more countries are recycling, and volume is growing, it has not yet reached the level we hope for.

Thank you for joining us as we explore how to operate responsibly and for helping us to find our way. While we are extremely proud of our past performance, we are looking forward to working with you to improve further. Naturally!

Dennis Jönsson

CEO, Tetra Pak







PLANET

Good for the environment means good for business

Protecting the environment is the right thing to do for society and for business. We want to ensure that our impact on communities and the environment is taken into account in all of our day-to-day operations. We take a systematic approach to using energy more efficiently, favouring renewable materials and continuously improving the entire supply chain, helping ourselves and our customers to be more competitive through lower costs.

A holistic approach to doing business

Our aim is to ensure that the overall performance of our products – from the choice of raw materials to the manner of their disposal – is continuously improved, without compromising quality. We see no value in optimising one part of the chain at the cost of another.

Paperboard

We and our suppliers are implementing tracing systems to ensure the wood fibre we use is sourced responsibly. All suppliers' factories will have achieved the relevant certification by 2015, and our own factories will follow by 2018.

Converting

We laminate paperboard to ensure that cartons allow liquids to retain their nutritional value while excluding contaminants and oxidisers. Our packaging material plants are certified to ISO 14001 standards and are systematically decreasing CO₂ emissions.

Raw materials

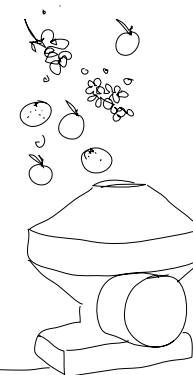
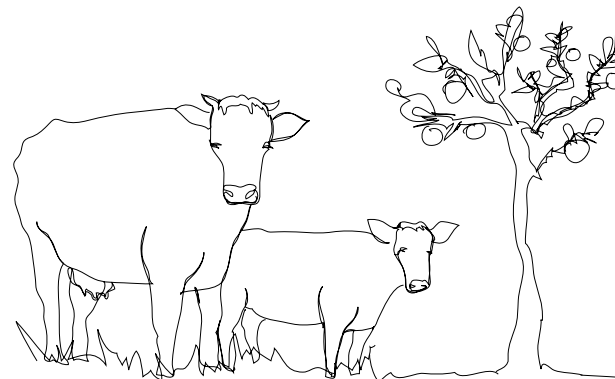
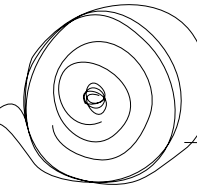
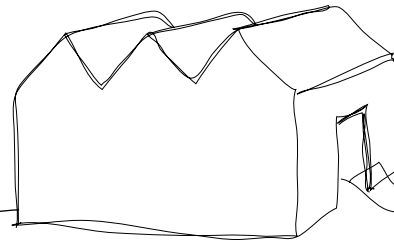
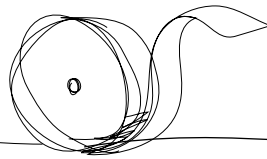
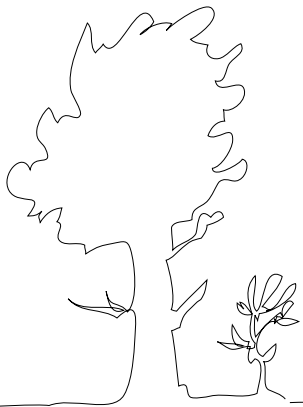
The choice of materials must have the highest environmental value and lowest environmental cost. We favour renewable materials, and our cartons are mainly made from wood fibres.

Milk & Juice

Our processing and packaging solutions are predominantly used to preserve the nutritional value and quality of milk and juice products and other liquid food.

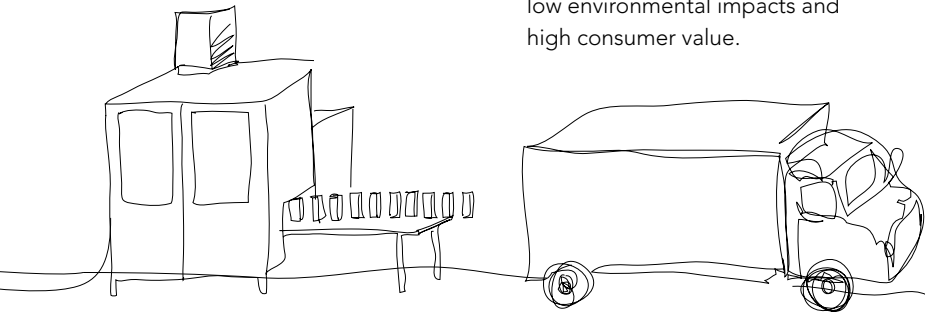
Processing

We deliver processing solutions for our customers' food products. These ensure food safety and high production quality. Our systems are continuously being developed to deliver lower environmental impact and higher performance, making our customers production as efficient as possible.



Distribution

Transport and retail logistics are crucial to efficient distribution, low environmental impacts and high consumer value.

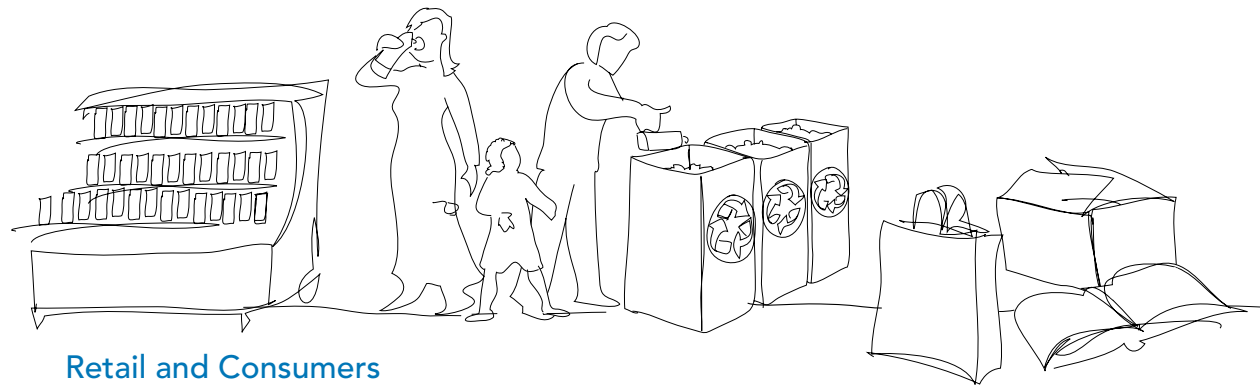


Filling

Our customers use our equipment to package their products. We continually improve the performance of our systems, enabling them to improve theirs.

Retail and Consumers

Tetra Pak packages are designed to meet our retailers needs and our consumers' demands for convenience and protect the food inside.



Recovery

We work with and support our customers, public authorities, NGOs, industry groups and community associations to ensure our packages are recovered effectively. Requirements and possibilities are determined locally.

Recycled carton packages

When recycled, carton packages are turned into raw materials that are used to produce a wide range of commercial products.



FORESTRY

The challenges of choice

Forestry can be beneficial or damaging, depending entirely on how it is practiced. Forests are huge ecosystems that sustain not only trees, but also diverse animals, plants, fungi and insects. Well-managed forests ensure a renewable supply of raw materials, enhance the natural environment and provide jobs for local communities. These benefits are continuous because only a small percentage of the forest is harvested and re-grown every year.

The risks come when forests are not managed well. From our point of view, such practices can create

negative perceptions about our products – even when they take place in forests not linked to our business. The duty is therefore on us to work with organisations that encourage acceptable forestry practices worldwide.

Guidance from the experts

When defining our policies, we seek guidance from, and engage in, initiatives with some of the groups who most stringently guard the world's forest sources: WWF and the Global Forest and Trade Network, the Forest Stewardship Council and the High Conservation Value Resource

Network. This ensures that we and our suppliers abide by clear and accepted high standards.

Meeting fundamental requirements

Our Forestry Guideline defines our objectives and guiding principles: to guarantee that all the wood fibre we use is traceable from tree to store, that it comes from responsibly managed forests, and that our suppliers achieve traceability and forest management certification. In 2008, 97% of the paperboard we used was fully traceable through certification. We evaluate suppliers each year, and reward them for



” Tetra Pak is showing leadership in the paper sector on transparency and supply chain management for fibre sourcing and paper processing. Tetra Pak’s commitment to the Forest Stewardship Council (FSC) and its achievement of 100 million FSC-labelled beverage cartons is a landmark. WWF hopes that Tetra Pak will continue its ambitious efforts and make even more progress in the future.”

Rod Taylor, Director Forest Programme, WWF International.

helping us meet our goals. An independent organisation, ProForest, also audits those of our suppliers who do not have an independently verified traceability system every

two or three years; ProForest identifies areas for improvement, risks and any non-compliance. We publish the report in our Forestry Programme brochure.





A Brazilian example of responsible forestry

Klabin is a forest products company in southern Brazil. Its challenge is how to grow and harvest wood in a country whose forestry provokes intense debate locally and globally. The solution is engagement with partners who help bring sustainability to life.

'Mosaic' is home to 600 species

Klabin has set aside almost half its holdings to be preserved as native forest. To maximise biodiversity, the company plants pine and eucalyptus trees in a 'mosaic' pattern. Animals can roam in their natural habitat without being halted by plantations. More than 600 species of mammals, birds, amphibians and fish have been identified in studies since 1980, among them almost 50 endangered species such as ocelots and the purple-breasted parrot. These are now protected in Klabin's forests.

Medicines and shared wealth

Klabin also runs a phytotherapy programme, blending environmental preservation and social responsibility. Since 1984 it has generated approximately 30 medicines used in the care of employees, their families and the community in Telemaco Borba, Parana. The medicines are derived from indigenous plants and are authorised by the government health agency Anvisa. Klabin promotes the growth of the woodland by offering forestry incentive programmes to small and medium-sized farms. The incentives are economically viable, creating shared wealth and helping farmers to stay in the countryside while preserving nature.



Forest planted in a mosaic ensures thriving wildlife. All the paperboard that we source from Klabin is FSC certified. The FSC certification number is SW-FM/COC-000038.

Mission without boundaries

China

Tetra Pak China and WWF supported the Yong'an Forest in achieving FSC certification in 2008 (FSC certification number is SGS-FM/COC-004777), making it the biggest such forest in southern China. This brings the total area of FSC certified forest in the country to more than one million hectares, among the largest in Asia. WWF honoured us for our dedicated efforts in advocating and implementing responsible forest management systems in China.



Mexico

Tetra Pak Mexico ran an internal environmental competition in which volunteers organised into teams of five competed on reforestation and recycling projects. The winners from the Queretaro manufacturing site ran a reforestation project involving schools.

Spain

Our company sponsors WWF/Adena to replant elm groves around El Campillo lake, part of Madrid's south-eastern regional park and close to our Arganda del Rey factory. The elm groves were devastated by Dutch elm disease, contamination and extensive farming. More than 50 employees and relatives volunteered to work with WWF/Adena, planting some 500 saplings and other species. The project also includes monitoring and maintenance of the young trees.



Poland

280,000 trees have been planted in cooperation with several major Polish national parks since 2006. Tetra Pak Poland used web-based viral marketing to educate people about renewables and climate. Registered users planted 'virtual saplings' on a dedicated website. A link was sent to contacts, encouraging them to visit the 'virtual forest'. Tetra Pak planted a young tree in the national parks for each virtual tree on the site.

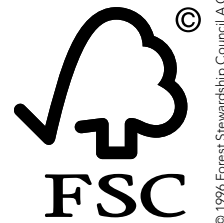
FSC product certification

” Organisations that choose to certify and label their products according to FSC standards are the ones who understand that responsible forest management comes from the convergence of economical feasibility, environmental appropriateness and social benefits. And that only truly open, inclusive and participative multi-stakeholder dynamic processes such as FSC can achieve such a convergence. Tetra Pak sees this clearly and is an example to other companies worldwide ”

Andre de Freitas, Executive Director FSC



Products carrying the Forest Stewardship Council (FSC) label are independently certified to assure consumers that they come from forests managed to meet the social, economic and ecological needs of present and future generations. FSC is an independent, non-governmental, not-for-profit organisation established to promote responsible forest management. It provides standard-setting, trademark assurance and accreditation services for companies and organisations. For more information on Tetra Pak's progress on FSC product labelling see the 'Customer' section on page 31.



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WATER

The need to report more comprehensively

Since 1999, Tetra Pak has reported on direct water consumption. In the past we have not published a great deal of detail, because our operations are not, in relative terms, water-intensive. We now realise, however, that this level of reporting on water use is inadequate. Water is used throughout the supply chain, so we intend to take a broader perspective. We will analyse the water usage in the whole direct and indirect value chain of our business. Our aim is to start reporting more comprehensively in the next report in 2011.

In 2008 our packaging material plants used 65% of our total water consumption (see Environmental facts).



Working towards a renewable future



Setting standards for ourselves and our suppliers

Renewable energy and renewable raw materials not only preserve nature's systems, they are a real competitive strength for business. We use renewables ourselves and work with our industry partners to increase the use of responsibly managed renewables. Tetra Pak has, together with other members of the Alliance for Beverage Cartons and the Environment (ACE), made a voluntary

commitment to the European Union, a first in industry

” a valuable contribution
to EU policies ”

related to forestry, which will ensure third-party verification of all wood sources for paperboard production

worldwide by 2015, and the full supply chain by 2018. EU Commissioner for the Environment Mr. Stavros Dimas called the commitment "a valuable contribution to EU policies to foster responsible forest management, combat illegal logging and develop more sustainable models of consumption and production".

CONTINUOUS IMPROVEMENTS

Systematically reducing environmental impacts

Our purchasing policy dictates that suppliers must meet all applicable legal requirements including environmental and labour, and that they continuously improve their environmental performance. We maintain our commitment to the United Nations' Global Compact principles. We have a 'Common Agenda' with our suppliers, and each can see how their performance compares to the average. Progress is reviewed yearly to ensure continuous improvement.

”informed decisions to drive product development and innovation in a sustainable direction”

We use scientific, transparent Life Cycle Assessments (LCAs) to analyse the impact of packaging and processes throughout the chain of supply and consumption. They enable us to make informed decisions to drive product development and innovation in a sustainable direction. They also inform discussions and negotiations with suppliers, NGOs, governments, customers, retailers and consumers.

Our product development processes take account of the need to include environmental criteria and our methodology 'Design for Environment' ensures systematic integration into development work. Projects must take account of societal and environmental demands, consumer and customer requirements and our environmental strategy. We assign environmental targets to each project and make regular checks that the criteria are being addressed. Our Corporate Environmental Office supports the development teams.

Partnerships

WWF

We have cooperated with WWF since 2006, and recently renewed the partnership for another three years. Our partnership is focused on activities in the areas of forestry and climate change. Within the scope of both areas we have agreed activities and commitments that aim to deliver tangible progress and results. As a result of our efforts and global target to reduce CO₂ emissions we were invited as a partner to WWF Climate Savers in 2006. In addition we strengthen our global partnership with local initiatives around the world.

GFTN

Global Forest and Trade Network is WWF's initiative to eliminate illegal logging and improve the management of valuable and threatened forests. It facilitates trade between companies wanting to achieve and support responsible forestry. Tetra Pak has been a participating member since 2006. These trade links create market conditions that help conserve the world's forests while providing economic and social benefits for the businesses and people that depend on them. GFTN has over 350 members worldwide with combined annual sales of wood and paper products of \$62 billion. For more information on the GFTN see www.gftn.panda.org.

HCVRN

The High Conservation Value Resource Network aims to maintain and enhance critical social and environmental values of forests and other ecosystems worldwide. Tetra Pak serves on the network's Steering Group. The main activities in 2007/2008 included regional stakeholder events and meetings in South Africa and Brazil, a workshop at the UN Conference on Climate Change in Bali, and the International Union for Conservation of Nature (IUCN) Congress in Barcelona. The network also expanded the country pages of its website for Bolivia, Ghana, Gabon, South Africa, Ukraine, Cambodia, Georgia, Paraguay, Russia and Senegal.

CLIMATE

Reducing CO₂ emissions as we grow

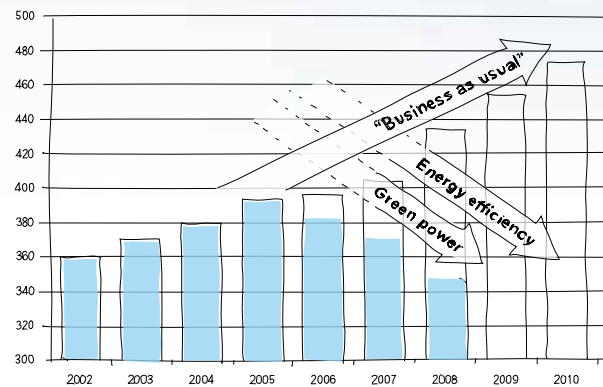
The challenges related to climate change have risen to the top of the world's agenda. To ensure we are acting properly, we count on WWF's advice on how to meet society's expectations of our sustainable practices. As a result, we systematically audit and invest in improved energy efficiency throughout our operations. We are reducing emissions while increasing production: today we produce fewer CO₂ emissions than in 2002, while the total production of packaging material has increased by 32%. These are good achievements, but we know that continuing to reduce emissions will be challenging.

Quantifying emissions

We report emissions in tonnes of CO₂ equivalents. Figures include direct emissions from burning fuels at our sites, indirect emissions from electricity generation and heating, and those from cooling agents and solvents. Our reporting covers Scopes 1 and 2 of the Greenhouse Gas Protocol, the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions.

Progress on climate goal

(kton CO₂ equivalents)



Climate goal

Our aim is to achieve 10% reduction of CO₂ emissions in 2010 compared to 2005, in absolute terms while we continue to grow. CO₂ emissions are down 12% compared to 2005. We have made investments earlier than anticipated and we are in a good position to meet this target if we continue to drive improvements.

Partnership



碳减排先锋
Defensores do Clima
クライメート・セイバーズ
Climate Savers

Climate Savers is a partnership between WWF and businesses, including Tetra Pak, aiming to deliver ambitious reductions in CO₂ emissions. Climate Savers shows how companies can deliver solutions to climate change and at the same time save money and drive profitability. It also provides a platform to demonstrate corporate social responsibility activities which are also viable business solutions. Climate Savers will have achieved a total reduction of 50 million tons by 2010 since the beginning of the commitments.



CO₂ calculator

You can explore the CO₂ profile of our cartons on our website in two ways: by calculating the impact for each package using our online CO₂ calculator and by studying published Life Cycle Assessments (LCAs).

Taiwan

Taiwan is one of the highest per-capita generators of greenhouse gasses. In response we have established an integrated approach towards climate change:

- increase recycling to further reduce the impact of our packages.
- reduce our own footprint through energy efficiency and use of solar heaters
- education and public awareness.

We sponsored the launch of National Geographic's 'Arctic Tale' movie on climate change, took the film to schools, and partnered with retail group Carrefour to advertise the film online, organise school events and create on-pack information. We also held conferences with internationally recognised speakers, governments, NGOs and media to discuss climate change, and how to build engagement.



India

We joined forces with WWF India to launch a Young Climate Savers site (www.youngclimatesavers.com) as part of an initiative to educate students about climate change and, through them, parents and the community. We estimate the initiative has reached 20,000 students across the country. The site will bring information to more and more people and encourage dialogue by asking students to upload their commitments, projects, ideas and challenges.

CLIMATE

Cutting energy use

Energy use at our sites is the primary source of our greenhouse gas emissions. Our major reduction measures are increased efficiency and greater use of renewable energy. Transport and logistics also account for a significant part of our impacts and we work to reduce these in a number of different ways.

Efficiency measures

We have systematically reduced the amount of energy required to produce packaging material. Our plants improved energy efficiency by 3.5% in 2006 and 2.8% in 2007. We achieved these savings by installing improved

” Having factories and customers worldwide requires complex logistics ”

heating, cooling and ventilation systems, running equipment more efficiently and reducing waste. Forty factories have audited their operations for energy savings and developed action plans for further reduction. In Kenya, for example, the factory roof was rebuilt to increase natural lighting and ventilation, cutting electricity use. One third of the factories have not yet conducted audits for energy savings.

Renewable energy

We are also increasing the amount of renewable energy used. We purchase renewable energy from companies that are audited to bring additional renewable energy to the grid. We also generate our own, for example, through solar power in Brazil and Italy. A third measure is to purchase Gold Standard Renewable Energy Certificates (RECs) approved by WWF. RECs are tradable environmental commodities certified as being from an eligible renewable energy resource.

Our factories in Moerdijk and Heerenveen (the Netherlands), Limburg and Berlin (Germany) and Aarhus (Denmark) are using green power. Those in Dijon (France), Rubiera (Italy), and Arganda del Ray (Spain) purchase RECs. Market company offices in China, Sweden, France, Spain and Japan also purchase renewable energy or RECs.

Logistics and travel

Having factories and customers worldwide requires complex logistics. We know the relative emissions associated with air, road and sea transport, and run projects with our suppliers to track and reduce emissions. Our travel policy

states that environmental impact should be considered when selecting mode of travel. We ask our contract travel agencies to report CO₂ emissions associated with travel, and the majority are able to do so. We have also instructed the agencies to offer travel by train as a preferred alternative whenever possible. We augment these initiatives at local level: for example, in the US we introduced Smart Way certified rentals cars, reducing associated emissions by 8%. In France we began replacing our car fleet with low-carbon models.

RECYCLING

Making a used package useful

Our goal is that the cartons we manufacture are recycled in every country after use. The challenge is that we do not control recycling – we can only facilitate it by working with other partners in each country. Nevertheless, there has been a 64% increase in recycling of our cartons in the past six years.

In 2001, 13% of the cartons we manufactured were recycled, and by 2008 this had risen to 18% (or 25.6 billion cartons). Our original target for 2008 was to see 25% of our cartons recycled. We did not achieve this, and acknowledge that it was overambitious, because we cannot directly control recycling. But we believe it inspired engagement and achievements including the expansion of recycling to many more countries than previously. Every country manager is measured on the recycling performance.

We know that there is much more to do in this area and we are committed to supporting continued increases in recycling globally.

We are frequently asked if a carton's layered material makes recycling difficult. About three-quarters of each

carton is wood fibre, which absorbs water. In a paper recycling mill, cartons and other used paper are repulped. The fibres absorb water and work free of plastic and aluminium, which are easily filtered out. The fibre is used

” a 64% increase in recycling of our cartons in the past six years cycles ”

in production of new paper products and, depending upon markets' needs, the plastic and aluminium is also recovered to make composite products such as roof tiles or plastic pots, or to replace fossil fuels for generation of heat and electricity.

Why don't we use recycled paper?

Informed by Life Cycle Assessments, we have learned that there is not an obvious environmental case for using recycled paper in our packaging. Our packages must be durable and light, and are made from special paperboard with the necessary strength, stiffness and other key attributes. Our paperboard suppliers are based near their raw material – the forest.



With every recycling cycle, recycled fibres lose strength, limiting their effectiveness to between five and eight cycles. Consequently there will always be a need for a fibre market with a combination of virgin and recycled wood fibres.

RECYCLING

Local action contributes to a global solution

Increasing recycling depends on consumer action, industry capability and governments enabling recycling through regulatory frameworks. Only a concerted effort by all stakeholders will deliver results. Tetra Pak works with each step of the chain, as these examples show.



In China we partner with recyclers, schools, non-governmental organizations, collection entities and local governments to establish a sustainable value chain for carton packaging collection and recycling. The recycling volume in 2008 reached nearly 28,000 tonnes and the recycling rate grew from almost zero in 2004 to around 10% in 2008.

We partnered with NGOs, paper traders and paper mills in Egypt to stimulate recycling. In five years collection went from zero to 13% of all cartons sold.

In Japan we work with Marusan-Ai Co., a soy milk producer, and Yamato Transport Co. We developed Marusan-Tetra Pak Recycle Service – a collection system enabling consumers to recycle cartons by mail for free. The cartons are shipped to Shin-ei Paper Mfg Co, a paper manufacturer, for recycling into sanitary paper such as tissues.

In Thailand we co-sponsored a nationwide carton collection and recycling campaign with a popular TV programme. More than 21 million beverage cartons were recycled into notebooks and donated to schools along with supporting educational material.

In the UK we collaborate with local authorities, collectors and NGOs. We facilitate collection, provide consumer information and help identify end markets. As a result, more than 85% of UK local authorities provide access to beverage carton recycling.

And in the European Union cartons have been classified as



a single grade of recoverable paper, facilitating the trade of used beverage cartons as a commodity. The recycling rate for beverage cartons in Europe reached 32% in 2007, and another 33% was used to generate energy.



RECYCLING

How we do it

We built recycling into performance measures

Tetra Pak managers' performance is affected by the market's recycling development against yearly targets. This ensures that the whole company focuses on finding local solutions.

... into our operations – and those of our customers

We recycle our own manufacturing waste and we strive to support our customers' initiatives to recycle their production waste everywhere.

... and into our design process

Recyclability is a core performance measure at each stage of innovation and product development.

We get involved in technology development

Our company works in collaboration with scientific institutions and other businesses to develop locally relevant recycling technologies. These may be highly technical or more simple, like small mills for recovering paper fibre.

We work with end-users

Paper mills need to see the value of recycling beverage cartons, particularly in countries with less experience of this. Our engineers work with mills worldwide, visiting about 45 each year to run tests.

The value

Carton fibres are of high quality because they are strong and fairly clean from inks. This makes recycled cartons

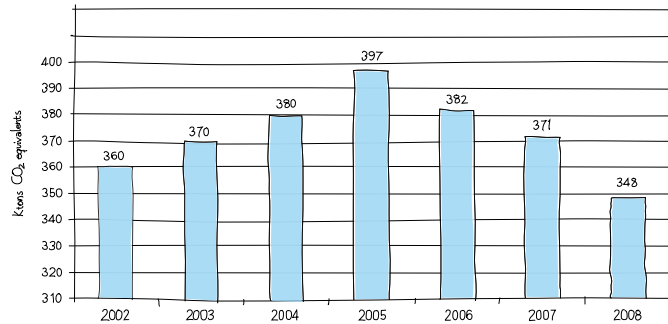


well suited to a number of uses, mainly in the areas of secondary packaging and tissue papers.

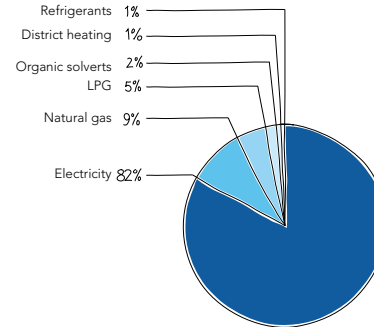
Environmental facts

Greenhouse gas Emissions:

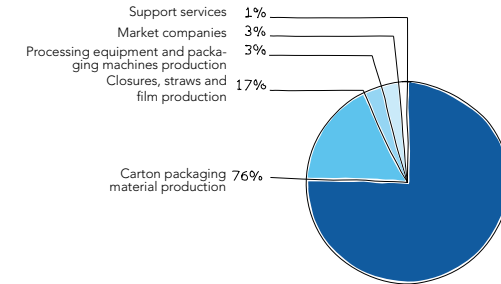
CO₂ emissions Global Warming Potential (GWP)



Greenhouse gas emissions by source (GWP), 2008

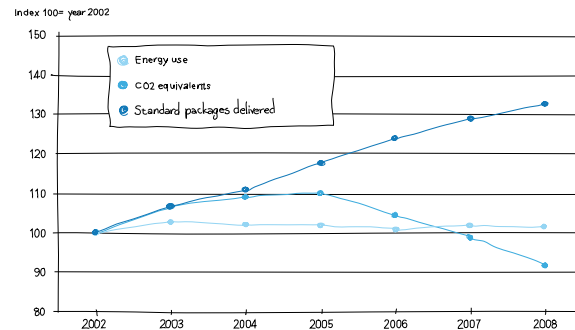


Greenhouse gas emissions (GWP) by operation, 2008

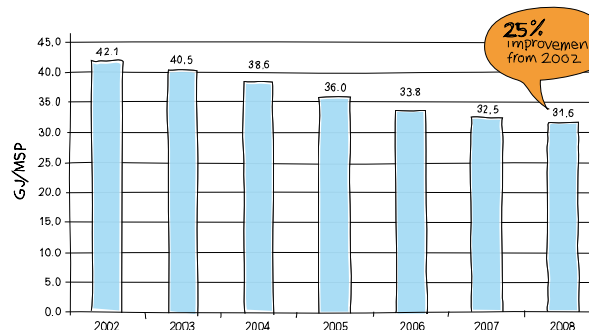


Energy use:

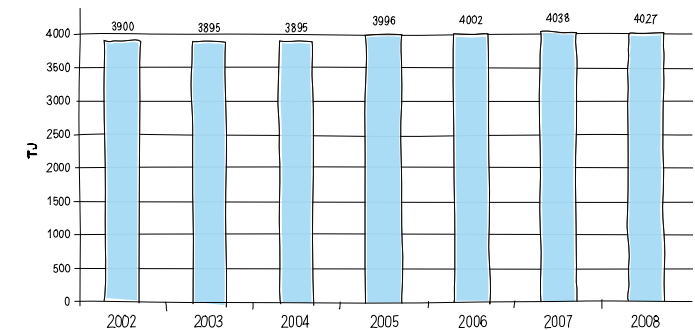
Energy use and production growth in carton packaging material production



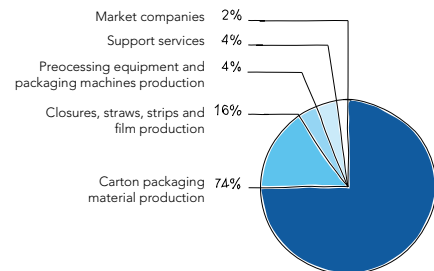
Energy efficiency in Packaging material production



Energy use



Energy use by operation 2008



Forestry:

FSC certified wood fibres in paperboard supply

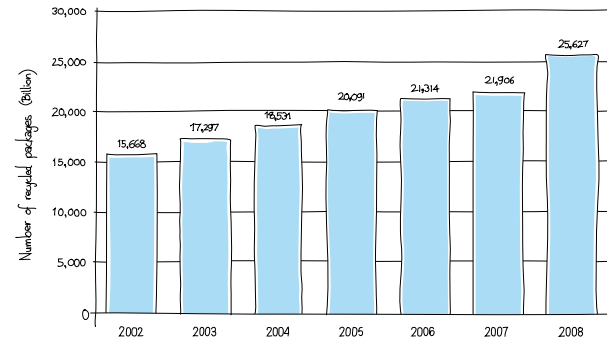
| | |
|------|-----|
| 2005 | 19% |
| 2006 | 21% |
| 2007 | 25% |
| 2008 | 33% |

Chain-of-Custody certified paperboard supply (FSC and equal level)

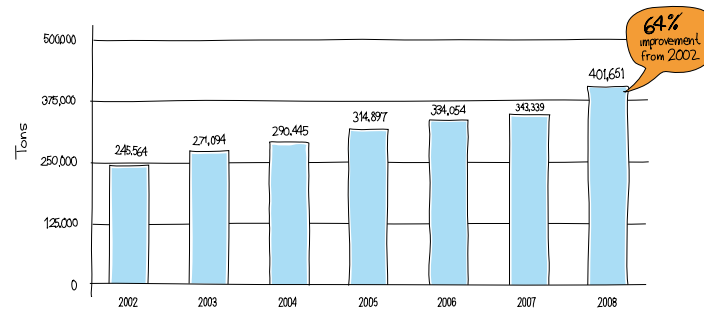
| | |
|------|-----|
| 2005 | 77% |
| 2006 | 76% |
| 2007 | 80% |
| 2008 | 97% |

Recycling of used cartons:

Recycling cartons

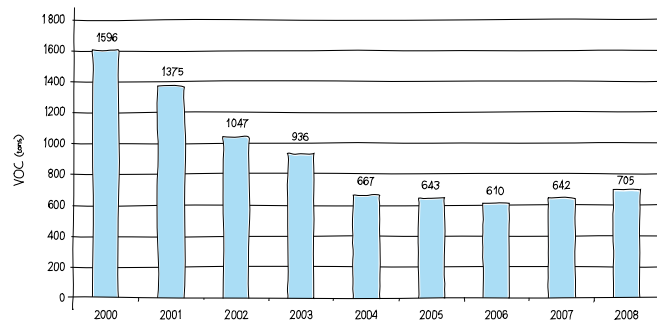


Cartons in Recycled tonnes

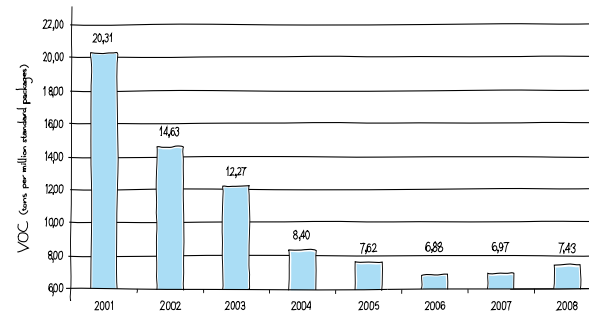


VOC and ODP emissions:

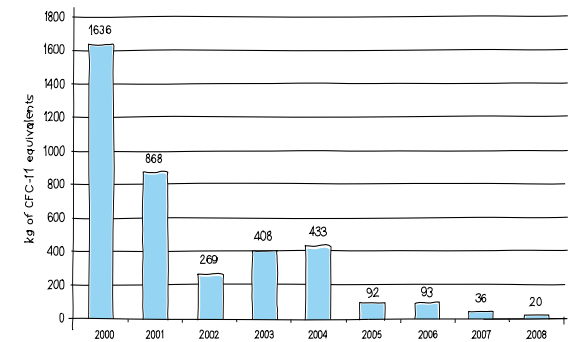
Volatile Organic Compounds emissions in packaging material production



Volatile Organic Compounds emissions in packaging material production

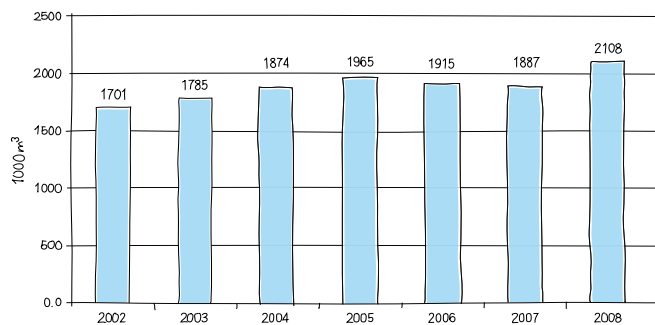


Ozone Depleting Substances emissions

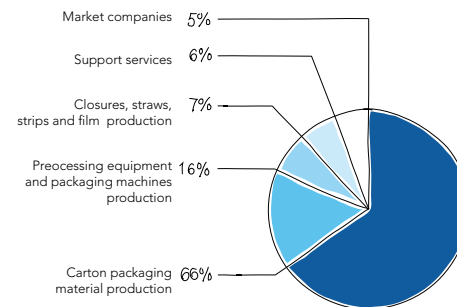


Water:

Water consumption



Water consumption sources



The background image shows a group of people in silhouette performing a traditional dance with large, red, open fans. They are on a rooftop or elevated platform. In the background, the Shanghai skyline is visible, including the Oriental Pearl Tower, under a hazy, sunset sky. The overall mood is artistic and cultural.

PEOPLE

An engaging approach

We are proud of our strong values, which we have codified and in which we train our staff. Our emphasis is on the long-term which means we care about our actions in the context of building enduring relationships. We believe our value will only increase if we add value to others. This is why we are active in development, support relief efforts, further education and health programmes and invest substantially in our employees. We aim to be a preferred business partner, a preferred employer, a preferred social partner, and a friend in the community.



Increasing our value as a supplier

We continually focus on understanding and meeting customer needs. Tetra Pak provides packaging innovation to attract consumers, and innovations in equipment and automation to increase efficiency and decrease operating costs. We also offer service programmes to maximise operating efficiency and initiatives to enhance the value of our customer's brands. We address water use, energy demands and greenhouse gas emissions and assess progress both for new lines and for customer lines in operation.

Reducing operating costs

We work to help cut customers' operating costs through modifying existing machines and developing more efficient equipment. We have run a number of Operational Cost Reduction (OCR) projects—where we help customers make significant savings. Newer, more automated machines use less energy and water. For example, we are introducing fully integrated packaging lines that reduce energy and water consumption by up to 50% (Tetra Pak® A3/Speed iLine™).

Our aseptic dairy production line has the lowest product losses in the dairy industry, saving milk and reducing effluent. One of our customers, Farag Amer, CEO and Chairman of Faragalla Group in Egypt, comments: "Tetra Lactenso Aseptic has had a huge impact on reducing operating costs in my plant. It increased availability to

95% through more efficient technology and reduced CIP (Cleaning in Place) detergent use by 20%. It has also, minimised energy consumption due to a high degree of energy recovery and reduced product losses."

Tetra Pak Processing Systems was a key partner in the development of a state-of-the-art greenfield dairy for Luxlait Association Agricole at Roost in Luxembourg. Industrial Director Gerard Reslinger says: "The impact of

”Our aseptic dairy production line has the lowest product losses in the dairy industry”

environmental values on costs is becoming ever greater, because the cost of energy is increasing, as is the price tag on waste processing and disposal. It is absolutely necessary to take this into account when calculating the cost of our products."

Customer satisfaction surveys

Feedback from our customers helps drive continuous improvement. Surveys are an important tool in helping us to understand how to deliver what our customers need.

A robust process addresses issues that cross organisational boundaries and solves them to the customer's satisfaction.

Constant customer service

Change in personnel and handovers can be challenging. We store information online so that new personnel can follow through seamlessly. A survey by Scholl Consulting, an independent US company, cited the system as best practice in business relevance and IT maturity.

We reward employees on the basis of team as well as individual performance. Key Account and Technical Service teams are linked to meet customers' operational and strategic needs. Coca-Cola's supply chain consultant, Jim Goldman, says: "You get the information you need in a hurry, and most importantly, you can trust what they say. You know the guys at Tetra Pak aren't ever going to sell you something you don't need. We know we can go to either of them [Key Account or Technical Service] and together we'll be able to work out a solution. It's a pretty seamless operation."

We are raising the profile of customer service by giving an award to the team that demonstrates the greatest customer focus.



Protecting customers' brands

Quality Assurance Management (QAM)

Our QAM standards are built on our microbiologists' and food technologists' knowledge and an understanding of our customer operations that takes years to acquire. Members of our team solve problems at our customers' plants. As food safety is so critical for our customers, we strive for the highest possible QAM standards and our team members' performance is independently certified. Certification comprises written tests and assessments of performance. A QAM assessor carries out the procedure and covers every aspect of production as well as service products. The target is for all QAM members to be certified by 2010. Today a majority of our clusters have initiated the certification process.

Shredding to protect

A strict policy to shred all waste packaging material before re-sale ensures that any customer branding appearing on, for example, the ends of rolls is protected. Such waste is often recycled and used in the manufacture of other products. In all cases, the waste material is either shredded or recycled in such a way that the customer brand cannot be misused. This process is closely monitored and audited by a third party to ensure compliance.

Environmental communications

Communicating transparently about the effects of our business on the environment contributes to building and enhancing both our reputation and that of our customers. Feedback from customers shows that they are increasingly satisfied with our actions in this area.



Some examples of our activities include:

Tetra Pak Belgium ran a comprehensive series of workshops on performance and life cycle analysis for customers, and is in the process of creating an exhibit showing the environmental benefits of cartons in a new factory opened by one customer, Luxlait. Environmental training workshops for customers in Greece and Cyprus created a common language for joint communications campaigns. In Italy we ran an environmental campaign calling upon consumers to recycle cartons. We organise training worldwide with sales, marketing and purchasing professionals and management. A wide range of topics includes recycling, the Forest Stewardship Council (FSC) certification

process, how to market products in line with our Green Claims Guidelines and international norms and how to ensure launches are well thought through, credible and effective. The Green Claims Guidelines are available to all employees on our intranet and are actively communicated to all marketing and communications people.



CASE STUDY

Joint environment communication with retailer

During EU Sustainable Energy Week (EUSEW) 2009, Tetra Pak and leading retailer Carrefour launched an environmental awareness campaign in 600 of the company's hypermarkets across France, Belgium, Italy and Spain, with the support of the EU Commission. This was a practical example of the role of packaging in raising consumers' awareness of ways to tackle climate change, such as saving energy and using renewable resources.

Enhancing our customers' value to their consumers



FSC certification on cartons

The FSC Mixed Sources label printed on each carton provides assurance to consumers that the packaging material comes from responsibly managed forests and other controlled sources.. The world's first FSC labelled food and liquid carton was launched in 2007 and we are rapidly expanding this initiative. In 2008, we delivered more than 200 million FSC certified packages. All Tetra Recart packages and Brazilian packages are today FSC certified and can, if our customers choose, be labelled.

Eco Leaf trademark in Japan

Together with the customer Nisshin Kyorin Seiyaku, we launched the first carton package to carry the Japanese Government's Eco Leaf mark. Eco Leaf denotes that the manufacturer discloses environmental impact data from raw materials to disposal in line with the requirements of the Japan Environmental Management Association for Industry (JEMAI). The mark guarantees traceability and allows consumers to access the data associated with the package at a dedicated website.





Food for Development

Our history in sustainable development goes back to the 1960s when Ruben Rausing began to focus on the lack of protein-rich nutrition in the 'third world' after spending time in Pakistan and observing surplus food being destroyed in the developed world. He was aware of the importance of protein and amino acids for the development of the brain in foetuses and in children up to the age of eight, and that malnourished children may not develop their full intellectual potential. His solution: to pack sterile milk in aseptic packages while stimulating the development of dairy processing in developing countries, in parallel to growing local milk production.

Some of the first school milk programmes started in the 1960s in countries such as Mexico and Japan. Today Tetra Pak is involved in school feeding in more than 50 countries benefiting 50 million children, of which 29 million are in developing economies.

The Tetra Pak value chain model

In 2000 we set up the Food for Development Office (FfDO) to make available Tetra Pak's experience and provide active and practical support to implement school feeding and nutrition programmes linked to agricultural and dairy development. We work in partnership with governments, UN agencies, national development agencies, NGOs and our local customers, to initiate, develop and support sustainable agricultural development, school milk and other nutrition initiatives. This builds markets for our

processing and packaging products, while growing local industries and supporting communities.

These partnerships include feeding initiatives throughout the world (Bangladesh, China, Colombia, the Dominican Republic, Egypt, Guatemala, Haiti, India, Iran, Japan, Kazakhstan, Kenya, Mexico, Thailand, the US and Vietnam, and others).

The goal is that these projects are long-term and sustainable; they are focused on the value chain, where the needs and requirements of each sector along the chain are addressed, from farmers to processors, retailers, distributors and consumers.

Strong public-private partnerships

Tetra Pak believes that the most powerful tool for economic development is an integrated public-private partnership. Our role is to support local entrepreneurs as they start food processing businesses and to work with the public sector in developing agriculture, local markets and programmes to feed school-children. Strong partnerships between the private and the public sector can help build sustainable economic development. Our long experience and large network allows us to work with partners to speed up and enhance integrated projects.

Base for sustainable business

Our activities include training farmers in proper feeding, milk handling and cooling, training processors in high quality procedures, and ensuring regular testing and quality control. We stimulate demand and support distribution, provide retailers and sellers with educational material on health and food safety and communicate with schools and consumers about food security, nutrition and safe handling of the products. We provide assessments of ongoing and new school feeding programmes so that best practices and knowledge can be shared.

By strengthening the link between milk farmers and dairy processors, by helping to develop markets, communicating with consumers about food security and supporting school milk programmes, we help create a base for sustainable economic and social development.

New products

We work with partners on the development of nutritious drinks based on locally abundant crops and designed to meet nutritional needs of local children. In the future we intend to work with partners to develop products for severely malnourished children.

CASE STUDY

Food for Development in Central America and Haiti

Low weight at birth, anemia and micronutrient deficiency are significant problems faced by a large number of Latin American children, according to UNICEF and regional Ministries of Health.



We have partnered with the INCAP (Nutrition Institute of Central America & Panama) and developed a ready-to-drink version of their Incaparina nutritional cereal beverage that is comprised of maize and soy protein fortified with iron, vitamins, and minerals. The INCAP is a co-operation between regional organisations including Ministries of Health and PHO, the regional office of the World Health Organisation. Incaparina was originally developed in powder form. The ready-to-drink version, produced by our local customer, offers a safe, easily distributed alternative for rural areas with sub-standard hygiene and lack of potable water, and ensures children consume the recommended quantity of nutrients. It comes in several flavours that children enjoy. The product has now been launched commercially in Guatemala targeting children, lactating mothers, and the elderly.

In Haiti, we are partners in two school milk programmes for school children in poor urban and rural areas in Cite Soleil, Bel Air and Plateau Central. The largest programme is funded by the World Bank's Education for All Fast Track Initiative and managed by Catholic Relief Services and Bureau de Nutrition et Développement. The UHT fortified flavoured milk is produced and delivered by our local dairy customer. The programmes have grown to cover 50,000 children.

Example of continuing growth in school feeding

In the past year school milk pilot programmes began in Morocco and Kenya in partnership with local NGOs, governments and customers. The Moroccan initiative targets nearly 4,000 students in 37 primary schools in two regions with fortified milk. An expanding programme currently covers more than 125,000 children in Mumbai, India, under the management of the local government. Programmes are expanding in China, Iran and Russia. In China a consistent source of safe and healthy milk has been established. Iran now has one of the largest school milk programmes in the world. And in Russia, government commitment has resulted in a Moscow plant dedicated to producing school milk.



In Colombia we have been involved in a school milk programme for over 1.3 million pre school children. New fortified solutions for primary school children are under development.



Partnerships

GCNF

We are represented on the board of the Global Child Nutrition Foundation, the sister organisation to the School Nutrition Association (SNA), whose activities began in 1946. Building on the long experience of the SNA, the GCNF was created in 2006 with a mission to expand 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.



GAIN

Global Alliance for Improved Nutrition works to improve the nutritional status of one billion people to save lives and reduce disease, improve well being, enjoyment and productivity, and reduce poverty and stimulate economic growth. It focuses on reducing micronutrient deficiencies among target groups by increasing regular consumption of fortified foods.



PIBF

The Palestine International Business Forum is a Swedish-Palestinian-Israeli initiative set up in 2001. It engages in dialogue and cooperation in Israel and Palestine, aiming to facilitate mutually beneficial business models and measures to help the Palestinian private sector create jobs, transfer expertise and increase trade. A special focus is on Palestinian agriculture, in particular the dairy sector's ability to fulfil local needs. We are a founding member of PIBF and partners in a dairy development and school milk initiative in the region.



There is a strong commitment from the government of Egypt to provide milk to pre and primary school children.

Shared Expectations

Tetra Pak was founded on the business idea that the value of a package shall exceed its costs. Our 'people idea' is that:

- the value of people's commitment and competence shall exceed their costs, and
- the value of working for Tetra Pak shall exceed the investment each person makes in the company.

This means that Tetra Pak is a demanding and rewarding company to work for. We expect every employee to:

- add value to the company
- take responsibility for the development of their own competence, supported by their manager
- work in partnership with colleagues in all parts of the company
- be accountable for their actions.

A Tetra Pak employee can expect to:

- receive fair and honest feedback on performance and potential
- develop competences to secure the company's long-term competitiveness and their own versatility
- have a working environment in which he/she is motivated, engaged and actively contributing to the achievement of business and individual objectives.

We use a Balanced Score Card (BSC) to link our strategic priorities to each manager's goals, review and remuneration. Our Capability Council is responsible for creating and implementing processes for developing and managing people, including training. Using feedback from customers and

staff, we have identified four key capabilities to ensure success in the strategy implementation: Customer Understanding; Total Quality; Leadership; and Project Management. Each area has a governance forum including at least one member of the Capability Council.

We estimate that we provide more than 100,000 days of training a year to staff, and average of approximately five days for each employee. Target areas range from technical service to leadership, covering elements as diverse as environment, finance, project management, innovation and marketing. The Tetra Pak Academy, focusing on strategic leadership training, has now been in operation for 10 years, and has trained 1,475 people in 203 programmes which led to 88 business projects. Most attendees have undertaken more than four programmes.

Employee engagement

Every year we survey all employees on their experience of working with the company – including the extent to which they live the core values, leadership, and motivation. In 2008 we began a partnership with the international provider of employee surveys, Towers Perrin, which enables us to benchmark survey findings with other companies in the manufacturing sector and thus understand our strengths as well as areas for improvements. This required us to change many of the questions we used to ask in order to make results comparable with other companies. We gained comparability externally but lost comparability with our own past scores.

In 2008, 87% of Tetra Pak employees responded to the survey. We outperformed the benchmark of 81% positive responses among global manufacturing companies with a 90% score.

Career Development and Customer Orientation were rated the highest categories. Performance Management and Team Working scored just above the benchmark and we will work on improving these areas in 2009.

The importance of engagement surveys is in the dialogue that the process stimulates between managers and employees and the improvements that follow. We discovered that people would like more feedback on their performance, resulting in a pilot project for a mid-year review, integrated into our e-HR system to maintain transparency. If the pilot is successful it will be rolled out throughout the company in 2010.

Labour management relationships

Some 30% of our employees are covered by collective bargaining agreements. Most are represented on works councils and health, safety and environmental committees at our operating sites. We also have a European Information and Consultation Council (Tetra Pak European Committee), in line with the European Directive 92/45/EC. TPEC meets yearly, and focuses on the business issues facing the company.



EMPLOYEES

The task ahead: zero workplace injuries and illnesses

Our goal is to eliminate all workplace-related injuries and illnesses and to ensure the long-term wellbeing of employees (see People facts). We have incorporated health and safety into our Corporate Governance policies.

Local companies are also responsible for providing a safe and healthy working environment. Each one has the flexibility to take local regulation into account. We have identified musculoskeletal damage, noise exposure, dust exposure, ergonomics, lifting and stress as the main occupational health issues.

Diversity makes us a better company

Our ambition is to recruit, employ and promote people purely on qualifications and abilities. We know that there are strong cultural elements in play when we seek to define and recognise abilities. We are managing this through a clear policy that there should be no discrimination based on religion, social standing, ethnic origin, gender, physical abilities, sexual orientation, age or political belief. We believe that diversity brings us a better understanding of our customers' and consumers' needs and enriches our problem-solving capabilities. We have a zero tolerance policy on discrimination and harassment at work.

Accident and Incident Management

We have a solid process for managing accidents. Each unit has a trained A&I officer who is alerted as soon as an event occurs. The incident is logged, classified and reported to a core team who identify the cause and develop relevant communications. The process applies to equipment, which may lead to an event at a customer site, or packaging and food, where consumer safety is involved.

Events are classified as incidents, emergencies or crisis. Representatives of packaging and processing systems are involved, as are Legal, Communications and Food Safety. The lessons are captured and used to inform our development and engineering work. A complete guide to process and responsibilities is available to all employees on our intranet.



Acting against child labour

We clearly state that we do not engage, or support the use of, child labour. We check our operations against these standards on a regular basis in our internal audit programmes (set out under Corporate Governance). We have had no incidents of using child labour and our suppliers must verify that they do not use child labour.



COMMUNITY

Investing in our business and communities

Our owners share the enlightened view of the founder, their grandfather, that business is also a driver for social progress. Our business activities are designed to deliver value not only to this company, but also to stakeholders along the chain of supply and consumption. As a result, during the course of conducting our business we attempt to help alleviate malnutrition and its effects on children's development; we promote economic development in markets where our products are sold: and we provide health education.

We also invest strongly in our business, as shown by the examples below from 2007/2008:

- € 30 million was invested in leading-edge printing and laminating technologies at our packaging materials plant in Monte Mor, Brazil, to meet growing demand in the dairy and beverage industry.
- € 60 million in a state-of-the-art packaging material manufacturing plant in Hohhot, China, to support the country's growing dairy and beverage industry. We signed a Letter

of Intent with the local authorities in Inner Mongolia to purchase energy generated by wind power. This represents a reduction of more than 19,000 tonnes of CO₂.

- We made a € 26 million investment in new printing and laminating technologies in our packaging materials plant in Rubiera, Italy. A further € 15 million went to our Modena research and development, test and assembly facility.
- We began building a technically advanced packaging material factory in Pakistan with an expected investment >>

of € 90 million.

- We constructed a new converting plant near Moscow, Russia, an investment of € 100 million, to support growth in Russia and Eastern Europe.

Factory closure

In 2007 we closed a factory in Yaju, South Korea, as it was economically unsustainable. In line with our commitment to treating our people and their families with the utmost respect, we offered affected employees a significantly more generous redundancy package than required under South Korean employment law. Eighty-eight of the ninety-six permanent employees accepted our offer, which included remuneration according to length of service, four months of outplacement services and counselling. The union sought to have the plant reopened, and sent a delegation to meet top management in Europe. It later agreed to the closure and terms, but eight workers refused to accept the agreement.

Strategic economic development

In India, Pakistan, Egypt and Slovenia, among other countries, milk in open containers has been identified as a public health hazard. Tetra Pak is working on integrating the milk supply chain in order to help overcome issues such as unsuitable environments that facilitate disease, dilution and the addition of sometimes dangerous preservatives. In Pakistan and Egypt, we are piloting a 'dairy hub' concept. The 'hub', owned by the dairy processor, helps organise smallholders into producer groups and contracts to buy their surplus milk. Loyalty to the dairy hub is created

through regular bonus payments, education and agri-services such as veterinarian support and feed. This helps smallholdings grow, improves the quality and quantity of milk and helps formalise the dairy industry. We will evaluate the success of these pilots during the next few years.

Social responsibility in Italy

In Italy we have been awarded the SA8000 certificate for social accountability from Det Norske Veritas. This is an international standard for social responsibility involving the whole value chain. We have been particularly proactive in supporting women's professional development; environmental monitoring and improvement; and rolling out programmes for school education and emergencies.

”business is a driver
for social progress”

Philanthropy in line with our business

Our Corporate Mission states that “We believe in responsible industry leadership, creating profitable growth in harmony with environmental sustainability and good corporate citizenship”, so it makes sense that our philanthropic activities complement this. As a result, we have been involved in a number of relief efforts. Below are some examples from the past two years:

- We worked with the International Organization on Migration in Zimbabwe to run a cholera awareness and

prevention programme, donating 50,000 litres of water. Each package carried recommendations for preventing the disease's spread.

- Following the Sichuan earthquake, we donated milk, other beverages, tents and raincoats, reaching 550,000 people (read more on page 42).
- Our Board created a fund to support people affected by the Sichuan earthquake and Cyclone Nargis in Myanmar. The fund was used in cooperation with local authorities and international aid organisations.
- In Haiti we donated 36,000 packages of flavoured milk to charities that organised relief efforts after tropical storms devastated the island.
- We worked with the Brazilian artist Romero Britto and ONE, a global advocacy organisation fighting extreme poverty and preventable disease, and the Brazil Foundation to raise funds for clean water in Brazil. We launched a limited edition coconut water drink in Britto-designed cartons. The packs were sold in the US and a portion of revenue supported projects to bring clean drinking water to 1,200 people in the semi-arid states of Pernambuco and Paraiba.
- We donated a truckload of milk to the Red Cross Ukraine after floods destroyed 40,000 houses and 700 kilometres of road in the west of the country.

Education to improve health

We actively educate children, parents and media in health, food safety and environmental practices. In Thailand we teamed up with the Thai Osteoporosis Foundation to increase awareness about osteoporosis. The disease is the

sixth leading cause of death among women in Thailand. We provided prevention information including recipes, exercise demonstrations and free bone mass density checks, as well as recommendations on self-care to those already diagnosed. Studies in Germany demonstrated that fewer than 50% of young people consumed their recommended intake of milk and dairy products and were growing up with an increased risk of osteoporosis. Our German company runs a three-pronged programme – sponsoring a competition, an annual Run against Osteoporosis

”increase awareness about osteoporosis”

in partnership with the National Initiative against Osteoporosis, and a school milk programme entitled ‘Joe Clever’.

The Food and Agriculture Organisation of the United Nations (FAO) estimates that economic losses in the dairy sector in East Africa and the Near East due to spoilage and waste could be US\$90 million per year. We work with FAO, local producers and government agencies to reduce losses during production, transport and sales by training business partners throughout the dairy value chain. To build awareness of environmental issues in Egypt, our local company launched the ‘Green Media Awards’ together with the Ministry of Environment and USAID, the American government humanitarian agency.

We partnered with Indonesia’s Department of Health and local nutritionists to provide seminars for mothers and children at community health centers.

Our work has been recognised

Tetra Pak China received the China Charity Award 2008 for the Most Charitable Foreign-Invested Enterprises; won five environmental awards from WWF, People’s Daily Newspaper; and three business journals; Tetra Pak Poland has received rewards in a consumer and customer awards programme, the ‘Consumer Lauren 2008’; and Tetra Pak Vietnam has for the third time been selected for the Saigon Times Top 40 awards focusing particularly on corporate social responsibility.



CASE STUDY

Disaster Relief Programs in China

When the earthquake struck the Sichuan province in China last year, the solidarity, courage and determination of Chinese people was evident. Given the scope of the disaster and that our business is to support the well-being of people all over the world we wanted to contribute our part to the relief and reconstruction efforts. We believe that fighting against natural disasters should be a shared responsibility of global citizens everywhere.

Within days of the earthquake our Board created a special Disaster Relief fund of USD 15 million (or RMB 102.8 million) to assist emergency relief and post-quake reconstruction in the Sichuan province. We have focused both on specific needs of individual groups of people affected, as well as the long-term assistance that our contribution can provide.

We worked with the Jet Li One Foundation of Red Cross China to purchase RMB 20 million worth of emergency foods, including milk products, for local people in 39 townships and villages, covering 80% of the earthquake-stricken areas and more than 550,000 people; and to purchase RMB 6 million worth of emergency living materials including tents and rain coats.

Our long term commitment means that the program is further expanded in 2009; including sponsoring 10,000

high school students to continue their high school studies, supporting to set up 100 village clinics to help restore rural medical systems, supporting training and redeployment programs for disabled people, up-grading pastures for local farmers to resume dairy farming and supporting panda habitat recovery.

Personal engagement

There was also engagement on a very individual level. Immediately after earthquake Tetra Pak China employees from different offices across the country started to make cash donation and individual donation commitments to support the emergency relief efforts. Within 4 days, the total donation from Tetra Pak employees reached RMB 360,000.

Focus on children's needs

In September 2008, RMB 8 million was allocated and we worked with the China Children and Teenagers' Foundation (CCTF) to open 120 "Care Islands" in primary schools and kindergartens as recreational space for children. Designed to help the kids grow in a healthy and happy environment, the "Care Islands" are equipped with books, recreational and sports facilities, where psychologists regularly offer psychological therapies for children.



People facts

School Feeding Programmes

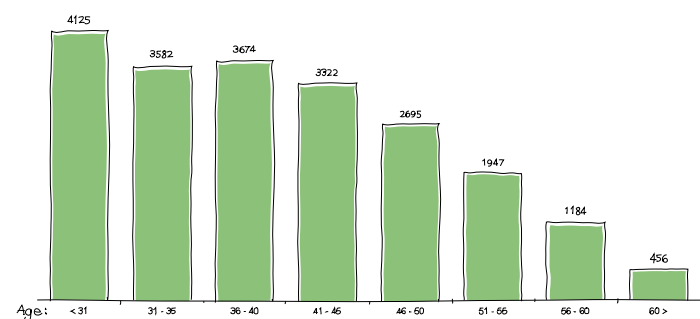
Food for Development

| | 2004 | 2006 | 2008 | Growth 2004-2008 |
|--|------|------|------|------------------|
| Numbers of servings - Global | 4874 | 5142 | 5668 | +16% |
| Numbers of servings - Developing Countries | 1770 | 1886 | 2762 | +56% |
| Number of children - Global | 37,6 | 43,1 | 50 | +33% |
| Number of children - Developing Countries | 13,4 | 17 | 29 | +216% |

(All figures in millions)

Employee Distribution

Employee Age Distribution



Case study



Living the Policies

Tetra Pak has implemented a programme to cover all employees globally - LIVE Tetra Pak – that aims to ensure everyone understands and has opportunities to discuss our vision, Core Values and business strategy, as well as how they affect and direct our daily work.

Customers

Customer Satisfaction survey

| | 2005 | 2006 | 2007 | 2008 |
|-------------|------|------|------|------|
| Truly Loyal | 67% | 77% | 82% | 82% |
| Target | | | 78% | 81% |

(1413 respondents in 42 markets. The survey is done at least every two years – therefore in any given year there may be more or fewer countries and respondents.)

Employee Engagement

Survey Results

(in partnership with Towers Perrin 2008)

| | |
|-----------------------------|--------------------------------|
| Total number of respondents | 18,143 |
| Overall Satisfaction Score | 90 (benchmark target was 81) |
| Work life balance score* | 69 compared to benchmark of 64 |

* Question: "My work schedule allows sufficient flexibility to meet my personal/family needs."

Areas of highest score compared to benchmark

| | |
|----------------------|-----------------------------|
| Customer Orientation | 84 compared to benchmark 81 |
| Quality / Efficiency | 84 compared to benchmark 82 |
| Career Development | 73 compared to benchmark 72 |

Employee Accidents

Accidents in converting 2008

| | Total |
|----------------------------|-------|
| Minor accidents* | 144 |
| Serious accidents** | 80 |
| Extraordinary accidents*** | 0 |
| Total | 224 |

* Minor Accidents: Injuries that require medical advice/attention but lead to less than 1 working day of lost time

** Serious Accidents: Injuries that require medical advice/treatment that lead to temporary disability with more than 1 day lost time.

*** Extraordinary Accidents: Any injury causing death, loss of body part or permanent disability.

Manager distribution

| Non EU and non European managers do we have at Tetra Pak? | Total |
|---|--------------|
| Non EU Managers | 1583 (55,6%) |
| Non European Managers | 1358 (47,7%) |

| Number of middle & top managers with non Nordic/EU/European nationality? | Total |
|--|--------------|
| Non Swedish middle & top managers | 1041 (64,7%) |
| Non Nordic middle & top managers | 994 (61,8%) |
| Non EU middle & top managers | 562 (35%) |
| Non European middle & top managers | 514 (32%) |

| Number of non EU/European top managers | Total |
|--|------------|
| Non Swedish top managers | 89 (67,4%) |
| Non EU top managers | 40(30,3%) |
| Non European top managers | 31 (23,5%) |

Female top managers 11 (8,3%)





TETRA PAK

Who we are

We are a family-owned company established in 1951 with more than 20,000 employees worldwide. We are privately held and report our operating costs, retained earnings, and other financial figures to our Board. While we are particularly known for our milk and juice packaging, we are a provider of food processing, distribution and packaging material and equipment for products as diverse as cooked vegetables, cheese and dry foods. We also offer services ranging from factory planning, control and monitoring software, to training, design, cost-optimisation and marketing assistance.

Corporate Governance

Tetra Pak's Corporate Governance Framework defines how the company and its employees must behave and conduct business in all our operations. The Framework is fundamental to both protecting and creating value for a sustainable and successful business.

The Framework is developed and mandated by the Board and Tetra Pak's Global Leadership Team (GLT) and consists of our Core Values, Code of Business Conduct, Policies, Procedures and Guidelines. It is designed to meet the principles in the 'Combined Code of Corporate Governance' (the European/British version of Sarbanes-Oxley) and our internally defined requirements. While Policies and Procedures are mandatory, Guidelines are to be followed unless there is an explicit reason to the contrary. Each Policy and Procedure is owned by a member of the GLT.

Changes or updates to any Corporate Governance Framework matters, policies or procedures are decided by a Corporate Governance Council and supported by a Corporate Governance Office.

The documents and supporting information within the Corporate Governance Framework are published on our intranet and are available to all employees.

Our Core Values define our company's characteristics and guide how people work with each other as well as how we conduct business and behave towards our customers, suppliers and stakeholders. In 2008 our Core Values were refreshed to mirror a fast-changing business reality and

world. Employee research has shown that our Core Values are well known, appreciated and underpin all our activities throughout the company.

Internal controls and training

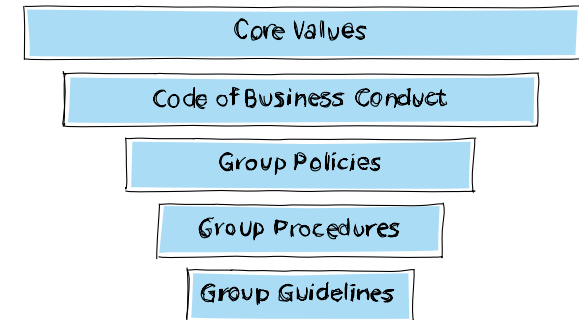
The Board assures conformance to the Corporate Governance Framework through a yearly signed Management Declaration from our CEO and the GLT. They in turn verify conformance through signed Corporate Governance Confirmations and an annual Control Self Assessment (CSA), submitted by the head of each market and business area. The CSA covers the entire Corporate Governance Framework, includes detailed questions and allows for comments and suggestions. In addition, Tetra Laval's internal audit team verifies adherence to the Corporate Governance Framework, its policies and procedures, as well as the accuracy of the CSAs.

Market company and operating unit employees are also trained and supported in making Core Values and Corporate Governance part of our strategy and daily operations. Employees may provide input and feedback to the Corporate Governance Office via e-mail or telephone available on the intranet.

Developments in 2007/2008

The Whistle Blowing procedure was fully implemented. This procedure encourages employees to report any information on a breach of the Corporate Governance Framework, or any other serious inappropriate behaviour, to their line manager, the Head of Corporate Governance,

Corporate Governance Framework



or to the Head of Internal Audit. The Whistle Blowing procedure also explicitly stipulates that no disciplinary action may be taken against an individual for an act of whistle blowing made in good faith. Compliance with and implementation of this procedure is restricted to countries where applicable laws do not prohibit or limit Whistle Blowing.

A new Food Safety Policy was approved and a food safety forum is currently working on defining and implementing the associated framework of controls.

The Recruitment Policy has been revised and strengthened to, for example, promote and reinforce diversity and reiterate non-discrimination in line with our Code of Conduct.

Vision

We commit to making food safe and available, everywhere.

Mission

We work for and with our customers to provide preferred processing and packaging solutions for food. We apply our commitment to innovation, our understanding of consumer needs and our relationships with suppliers to deliver these solutions, wherever and whenever food is consumed.

We believe in responsible industry leadership, creating profitable growth in harmony with environmental sustainability and good corporate citizenship.



Core Values

Customer focus and Long-term view

We ensure that we add value and inspire our customers because we recognise that they come to us by choice. We dare to lead with a focus beyond tomorrow and take opportunities to learn and grow.

Quality and Innovation

We do not compromise on quality. We relentlessly drive for better, fit-for-purpose solutions and breakthrough innovations.

Partnership and Fun

We respect and rely on one another and all our stakeholders for exceptional results. We enjoy working together and celebrating our achievements.

Freedom and Responsibility

We have the freedom to take initiative and act decisively in the best interests of Tetra Pak and our customers. We take responsibility for our actions and contribute to the communities in which we operate.

TETRA PAK

What we do

Tetra Pak is today the only international company able to provide integrated processing, packaging, and distribution solutions for food. Our customers are dairy, fruit juice and other drinks companies, as well as an increasing number of food manufacturers.

Market leadership in processing

Our Processing Systems division's production solutions and services enable food manufacturers to achieve superior production. We aim to become the preferred provider of production solutions and services to our customers, and focus on five food categories; dairy, cheese, beverage, prepared food and ice cream.

We guarantee performance and offer support throughout the lifetime of our processing equipment. Our deep understanding of our customers' business needs, our technical capability and our strong local presence has taken us to market leadership.

Tetra Pak participates in projects large and small, all over the world, through every stage from conceptual design to start-up and service. This includes integrated plant automation systems with product-tracing features, as well as complete plant engineering services that ensure food safety.

Most food processes require custom-designed equipment for specific tasks. Tetra Pak has a unique knowledge base that allows us to design and manufacture key equipment, such as homogenisers, mixing and standardisation units, heat exchangers, system and plant components.

Intelligent packaging

While it is easy to think of Tetra Pak as a 'beverage carton' company, this underestimates the subtlety of keeping a diverse set of foods safe and available in myriad conditions. We offer eleven basic packaging types in numerous variations. One example is packages that keep acidic products - which usually degrade materials rapidly - fresh without preservatives. But what is good for tomato sauce or wine may not suit a delicate milk product. And a product designed for a North American distribution system – large trucks covering long distances with pallets stacked

” a unique knowledge base
that allows us to design and
manufacture ”

high – may not meet the needs of distribution by motorcycle in rural south-east Asia. We design each product to meet the demands of particular consumers and customers, in specific circumstances.

Packaging lines

We manufacture and sell 17 purpose-built lines that form, fill and seal packaging. We also manufacture or provide the caps, straws and other accessory units. Finally, we provide the distribution equipment to ensure our customers have complete, efficient production lines.



Tetra Pak in numbers

| | |
|---|---------------|
| Packaging machines in operation 2009 | 9 115 |
| Packaging machines delivered in 2008 | 503 |
| Processing units in operation 2009 | 46 249 |
| Processing units delivered in 2008 | 1 838 |
| Distribution equipment in operation 2009 | 16 105 |
| Distribution equipment delivered in 2008 | 1 372 |
| Factories for machine assembly | 10 |
| Production plants for packaging material and closures | 43 |
| Number of countries covered | more than 150 |
| Market companies | 41 |
| Sales offices | 74 |
| Number of employees | 21 640 |
| Technical service centres | 41 |
| Technical training centres | 16 |
| R&D units | 12 |
| Number of litres of products sold in Tetra Pak packages in 2008 (million) | 70 538 |
| Number of Tetra Pak packages in 2008 (million) | 141 379 |
| Net sales in 2008 in MEUR | 8 825 |

Figures as of January 2009

Report parameters

Aim

To communicate our performance, challenges and progress, in order to foster dialogue with our stakeholders.

Scope

Tetra Pak, its manufacturing plants, offices, supply and distribution chains, and interaction with its communities and the environment. The report covers all our sites and operations, and in important areas – such as forestry – considers the impacts of our supply chain as well. We report fully within this scope using the indicators set out by the Global Reporting Initiative (GRI) and our specific requirements.

Key stakeholders

The main stakeholders who influence Tetra Pak's performance and goals, or are influenced by the company, are:

- our Board
- Consumers
- Customers
- Educational institutions (research partnerships, educational partnerships)
- Employees
- Environmental non-governmental organisations
- Government and governmental organisations at local, national, regional and global levels
- Health and nutrition organisations
- Suppliers
- Trade associations

We have not counted the number of stakeholders this represents. As a guide we have offices in 43 countries, covering more than 150 countries, and interact with most of the above stakeholder groups in each country.

In terms of governmental and non-governmental organisations, we identify key stakeholders by seeking out those who have long experience and who are actively engaged in the community. Our involvement is based on common agreements, and reviewed yearly both internally and in conjunction with our partners.

We publish our Environmental & Social Report every two years. The previous report was published in the first half of 2007 and the current one covers 2007/2008. Tetra Pak has been publishing its Environmental Performance since 1999. We expanded our reporting based on discussion with stakeholders and feedback on our website or from published reports. Having identified our key areas of impact, we have steadily increased our engagement with civil society through organisations such as those mentioned in this report.

Determining what we should report on

We report on our efforts in our core impact areas, including: community involvement, employee engagement, customer focus, forest sources, activities to reduce climate impact and increase product recycling. While these may seem

distinct, we have found that initiatives to improve one area create improvements in others. In this way we magnify our ability to contribute meaningfully to our owners, our stakeholders, and society.

By serving on the boards of organisations ranging from conservation to child nutrition, we gain direct feedback on the issues of greatest importance to our external stakeholders in terms of both expectations and performance. At the same time, we have systems within the company to elicit feedback on what is most important to employees.

As our goal is to continue to stimulate discussion with our stakeholders, focusing on what matters to them is the relevant test for this report. To ensure we do not lose sight of issues that were once important but have now been managed, we are reporting on the past years where we have data.

Our report is written to highlight the interconnectedness of our initiatives and approach, and richness of the value they generate. The specifics regarding measurements are developed in each section. We have used the Global Reporting Initiative (GRI) framework as reference for the development of this report.

There is a guide highlighting where each requirement of the Global Reporting Initiative is covered. This report has

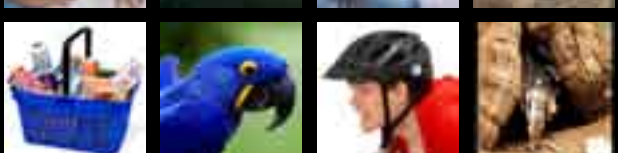
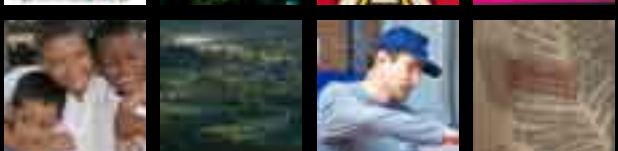
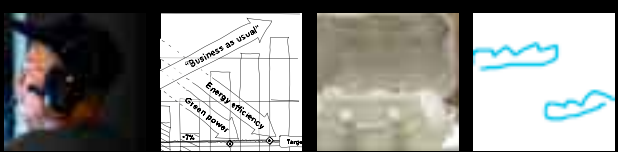
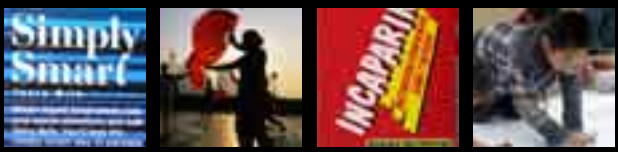
GRI Index

not been externally audited because independent assurance is provided on many of our activities, rather than the report itself. The many external certifications and verifications obtained within our daily business ensure that data stated is accurate and credible.

The most up-to-date information is available on www.tetrapak.com, as well as detailed information on how we are organised and the addresses of all our sites.

For any further questions, comments and ideas you have regarding this report please contact info@tetrapak.com.

| | GRI category | Location | | GRI category | Location | |
|-------------------------------|--------------|--|---------------------------|------------------------------------|---------------------------|-------|
| Strategy and Analysis | 1,1 | 4 | | 4,12 | 2, 17, 18, 31, 35 | |
| | 1,2 | 4, 50 | | 4,13 | 2, 17, 18, 35 | |
| Organisational Profile | 2,1 | 1 | | 4,14 | 50 | |
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| | 3,7 | 50 | | EN29 | 20 | |
| | 3,8 | 50 | | Labour Practises Indicators | LA4 | 36 |
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| 3,12 | 51 | | Society Indicators | SO3 | 46 | |
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| | 4,3 | Tetra Laval 2008/2009 report | | PR6 | 30 | |
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| | 4,8 | 46 | | | | |



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