



FOOD



FUTURES



PEOPLE



2018 SUSTAINABILITY REPORT

DENNIS JÖNSSON

President and CEO, Tetra Pak



LEADING SUSTAINABILITY
Our President and CEO, Dennis Jönsson, describes how we are consolidating our long-term progress on sustainability to build momentum and lead the way towards a secure and sustainable future.

PROTECTS WHAT'S GOOD™ is our brand promise. It is grounded in protecting food, our company's core purpose, but also extends to protecting people and to protecting the future of our business, our customers' businesses and the planet we all share. It's a promise that guides and motivates us every day and, as our business and the world around us continues to change, so our brand promise continues to take on new meaning.

Throughout this report, you will see how we map our strategy to our most important issues, and to the UN Sustainable Development Goals (SDGs) where we know we can have the greatest impact. The SDGs provide an invaluable common framework for organisations across all industries and sectors to work together for a better future. This work also builds on our ongoing commitment to the UN Global Compact and its 10 principles, to which we have been a signatory since 2004.

FORGING THE WAY AHEAD

When it comes to sustainability, Tetra Pak has a hard-earned reputation for working with partners to establish new baselines for environmental performance. We strive to make cartons with the lowest environmental impact possible and are committed to reducing

the use of fossil-based plastics in our packages while increasing the use of renewable materials.

Anti-plastic sentiment is growing louder and stronger globally, with particular concern most recently focused on the issue of marine pollution. We agree that something must be done to urgently fight the problem of plastic littering, and we have committed to help address the issue on two specific fronts.

First, we will support initiatives to drive major improvements in waste management and recycling infrastructure worldwide, while simultaneously raising consumer awareness on the importance of recycling and impact of littering.

Second, we have bolstered our efforts to find new packaging solutions that will reduce the potential for plastic litter. Right now, our particular focus is on the small packages that we supply with attached plastic straws. It's a very popular format that uses less plastic and has a lower climate impact than virtually any other portion package available, so simply switching to alternative formats is not a good environmental solution. Our aim, therefore, is to replace the plastic straw with one made from paper, or to find a completely non-detachable solution. Although that sounds pretty

simple, it is anything but; developing, validating and industrialising such innovations will probably take several years.

In the meantime, we will continue to look for ways to tackle plastic waste. We are active supporters of the EU's Action Plan for a Circular Economy and, in January 2018, pledged our support for the EU Plastics Strategy. This means that we have committed, amongst other things, to increase the use of plastics made from renewable feedstock and to work with industry partners to ensure that there are solutions in place across Europe so that all components of beverages cartons can be fully recycled.

Of course, change doesn't just come from within. We are at the forefront of sustainable business because of our similarly focused customers. In 2018, Tetra Pak was included on the CDP Supplier Climate A list for the second time. By taking action to mitigate climate change in our operations and supply chain and disclosing our performance data, we can contribute to our customers' sustainability targets.

Making food safe and available the world over is another critical priority for our business. In Kenya, we're working on a groundbreaking public-private development partnership to scale

up dairy development and meet the country's growing demand for dairy products in an environmentally and socially sustainable way.

Meanwhile, a little closer to home, in 2017, our new Diversity and Inclusion Panel developed an action plan to make sure we fulfil our aspiration of a work culture in which diversity is integral, evident and valued for the benefits it brings us. As a result, we now have a strategy and roadmap in place.

I'm proud of achievements like these but – as ever – there is still more we can do. Early last year, we set up a Sustainability Forum to bring together our business's collective expertise and experience and take bigger, bolder strides towards our goals.

This report describes our holistic value chain approach to sustainability and we have structured it in chapters that correspond to our three pillars of food, people and futures.

PROTECTING FOOD

Our vision to make food safe and available everywhere remains clear and strong. Our processing and packaging solutions provide food safety, quality, flavour and nutritional value, and extend shelf life. Food in a Tetra Pak package can be transported and stored for several months, without the need for either refrigeration or preservatives. This significantly improves access to food for people around the world and we act to make sure this potential is fulfilled.

Last year, we helped get milk to 20,000 school children in Burundi, creating a virtuous circle of health, development and school attendance. Similarly, in Senegal – a country where 25 percent of children don't get the nutritional food they need – we are working with local dairy farmers to get more milk into schools. This has already led to an 8.8 percent increase in enrolment. Meanwhile, we're also working with partners in China to set a new benchmark for milk safety in schools.

PROTECTING PEOPLE

Although protecting food is the number one way we protect people, there's much more to keeping our brand promise than this. We want to safeguard and empower those at Tetra Pak and to support communities wherever we operate.

I cannot overstate the fact that Tetra Pak's success is down to our people. More specifically, this success is both rooted in and continues to depend on the diversity of our workforce. Our business's healthy future also depends on the young talent we recruit and train.

The new Future Talent Programme led to the successful hiring of 172 graduates in 2017 and I'm thrilled that we're on track to hire another 218 this year.

Our long-term commitment to health, safety and wellbeing continues to deliver progress towards our goals. Following a detailed analysis of our local health and

wellbeing programmes in 2017, our focus for 2018 will be noise at work and mental wellbeing.

PROTECTING FUTURES

For Tetra Pak, protecting the future of our planet is inextricably linked to ensuring the ongoing success of our customers. As a business whose packaging, processing and services solutions optimise the use of resources, our position on circularity is built around renewable materials, responsible sourcing and – through resource-efficient products and processes – doing more with less. Within this, we take a value chain approach to recycling and are building a wide range of stakeholder partnerships to keep delivering progress against our ambitious objectives.

We continue to work to reduce our climate impact across our business and value chain. Our goal is to cap our 2020 impact at 2010 levels, regardless of business growth; in 2017 we saw a 13 percent decrease in greenhouse gas emissions, despite a 19 percent increase in packages sold. Increasing our use of renewable electricity is key to this progress. We are now at 50 percent renewable electricity, which means we are on track to fulfil our public commitment to RE100 and reach 100 percent by 2030.

Finally, in our work towards responsible consumption and production, we are partnering with stakeholders to drive improvement in human rights, labour

standards and environment, and to fight against corruption. We're making good progress against all our objectives, but one particular milestone stands out for me: since the introduction of the Forest Stewardship Council™ (FSC™) label on our first package in 2007, we have now produced 350 billion FSC-labelled packs, 92 billion of which were delivered in 2017 alone. By communicating with consumers in this way, we are raising the bar for sustainable sourcing across our industry and beyond.

FROM FIRM FOUNDATIONS TO A SECURE FUTURE

Our Sustainability Forum consists of 10 senior leaders who represent the entirety of Tetra Pak. As this group consolidates our expertise and experience, it is driving progress across our business. We continue to focus on optimising the processing, packaging and services solutions that deliver sustainable value for our customers today, while also shaping the future of on-the-go packaging in an increasingly environmentally conscious world.

Time and again, our approach to sustainability has helped us grow while meeting the needs of our customers. And when there's room for improvement, we take the opportunity to learn and grow. I hope everyone at Tetra Pak knows they have a role to play in these achievements and that they share in my excitement for the momentum being created for our future.

Our approach to sustainability encompasses our entire value chain, going beyond our own operations and our customers. We do this because we recognise that we can only create a more sustainable future by addressing the interconnected nature of the environmental, social and economic challenges we face. Our solutions work because they are joined up.

To organise and communicate our priorities, we use FOOD. PEOPLE. FUTURES as the chapters of our sustainability story, which is built on a bedrock of good governance and corporate social responsibility.

[Read more about our sustainability approach](#)



PROTECTING FOOD

Working with our customers and partners to make food safe and available everywhere through our innovative and market-leading food processing, packaging and service solutions.

Top material topics

- Food availability
- Customer health and safety
- Food waste

Our commitment to the UN SDGs



PROTECTING PEOPLE

Safeguarding and enabling our people and supporting communities where we operate.

Top material topics

- Occupational health and safety

Our commitment to the UN SDGs



PROTECTING FUTURES

Supporting the sustainable future of our planet and the long-term success of our customers.

Our commitment to the UN SDGs



Top material topics

- Supplier environmental assessment
- Supplier water use
- Packaging design and resource use
- Packaging renewability
- Energy use and Greenhouse Gas (GHG) emissions
- Machines and equipment: waste generation
- Machine and equipment: energy use and GHG emissions
- Machines and equipment: water use
- Packaging recycling
- Packaging climate impact

HIGHLIGHTS

In 2017, we've made strides in advancing our commitments to protect food, protect people and protect futures. Here are some of the achievements we are most proud of this year.

PEOPLE

100%

manufacturing site compliance to global occupational health and safety standard OHSAS18001

95%

of our employees have had a performance evaluation

~29

learning hours taken up by each of our employees on average



FOOD

15,000+

smallholder farmers are linked to our Dairy Hubs

72 million

children in 58 countries received milk or other nutritious beverages in Tetra Pak packages during 2017

55+ years

supporting school feeding and nutrition programmes



FUTURES

13%

reduction in greenhouse gas emissions, despite 19 percent increase in packages sold (2010 baseline)

'A' Listed

for both CDP's Forests and Climate Supply Chain programmes

A pledge

of support for the European Commission's Plastics Strategy, part of the EU Action Plan for a Circular Economy



MARIO ABREU

Vice President, Sustainability
and Chairman of the
Sustainability Forum



Mario Abreu is Tetra Pak's Vice President for Sustainability. Having joined the company in 1999, Mario took up his current role in 2015.

Q/ What does sustainability mean for Tetra Pak?

A/ Three words: Food. People. Futures. Protecting food, protecting people and protecting futures is at the core of our promise to society.

We have made great strides forward over the years. Early in 2017, we took a further step when we set up a Sustainability Forum, which brings together our collective expertise and experience. Its role is to understand and distil different stakeholder expectations and formulate a strategy for a sustainable business going forward.

Tetra Pak has been a very successful company for the past six decades. If we want to continue this success in the future – which means continuing to fulfil our mission to make food safe and available everywhere – we must continue being socially and environmentally sustainable.

Q/ What impact has the Forum had?

A/ Tetra Pak has been looking at the science of environment for decades and since 2010, protecting the environment has also been one of our business's four key strategic priorities. Which is all to say: we're not new to this. The Forum's impact – so far – has broadened our conversation around sustainability to a level and scope we didn't have before.

Looking ahead, the Forum is setting ambitious goals about where we want Tetra Pak to be in 2025, 2030 and beyond.

From that, we can figure out what we must start doing today. One of the issues rising to the top of the agenda is plastic, driven by new attention to the massive problem of plastic ocean pollution and litter. We know that we must be part of this conversation because although it is a small amount, we do use plastic in our products. While we are still working out exactly how Tetra Pak will be contributing to solving this problem in the long run, we have already pledged our support for the EU's new Plastics Strategy and made a commitment to develop a paper straw by the end of 2018.

Q/ What have been the key achievements of sustainability at Tetra Pak in 2017?

A/ We support SDG 13 – taking urgent action to combat climate change and its impacts – and have been working in this area for many years. In 2017, our climate impact reduction targets were validated by the Science Based Targets initiative – an important achievement. In line with SDG 15 (Life on Land), we are reducing our dependence on fossil materials and we have now delivered more than **half a billion fully renewable packages**. Similarly, we are promoting sustainable forest management through our FSC-labelling programme, which is probably one of the biggest in the world.

Last year, we helped feed 72 million school children in 58 countries through our school feeding and nutrition programmes.

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

Our Diversity and Inclusion Panel is working across the organisation to make sure our recruitment, training and development is equitable and provides the opportunity for better gender balance and inclusion. So far, this has included changes in policy such as doubling flexible working arrangements and new initiatives like pilot trainings on cognitive bias.

Q/ How does our sustainability work link to that of our customers and what is the impact?

A/ Linking our sustainability agenda with that of our customers is one of the biggest opportunities for us to drive change, so we proactively work with them to find out how we can best support them. Our customers want to make their operations as efficient as possible, which means reducing water and energy usage, carbon emissions, and food and packaging waste. We work on all these fronts to offer our customers the best possible solutions, with the smallest carbon footprint.

[Read the full interview with Mario](#)

DEVELOPING OUR SUSTAINABILITY APPROACH

Tetra Pak is a global business, and as a result there are many sustainability issues to address and opportunities to explore.

HOW WE DECIDE WHAT MATTERS MOST

To objectively select the issues that matter most to our stakeholders and to our business, we apply the Global Reporting Initiative (GRI) principle of materiality.

During several months at the end of 2016 and early 2017, we undertook our first full global materiality assessment and identified 14 top material topics – the areas in which we can have the greatest positive impact for our customers, our business and society. These are shown on the right and referenced throughout this report. We expect to conduct a new assessment starting at the end of 2018.

We have also used the UN SDGs as a guidance in the prioritisation of our sustainability efforts, and have highlighted this throughout the report.

HOW WE DETERMINE OUR APPROACH

Sustainability is part of our corporate strategy, which is defined by our Strategy Council. In 2017, we created the Sustainability Forum – a group of 10 senior leaders from across Tetra Pak who represent a wide range of areas of responsibility. The Sustainability Forum defines our sustainability work and the areas this work is focused on.

In 2018, the Forum will be taking our sustainability work to the next level. This will include developing a three-year action plan.

HOW WE CHECK OUR APPROACH

Verification and assurance are essential parts of our process. To that end, our practices, processes and performance are externally verified and our GHG emissions data is externally audited. Please see p.34 for a full list of our external verification partners. This report follows the materiality approach of the GRI Standards, the most widely adopted international framework for sustainability reporting.

Our pillars	Our 14 top material topics
Food	1 Food availability How we work across the value chain to ensure food is available, accessible and affordable, by consumers everywhere.
	2 Customer health and safety How we ensure that our products and services are assessed for any potential health and safety impacts during their lifecycle.
	3 Food waste How our food processing and packaging solutions and programmes help decrease food loss and wastage across the value chain.
People	4 Occupational health and safety How we ensure our people are free from harm in every project and activity.
Futures	5 Supplier environmental assessment How we conduct our due diligence process and work with our suppliers to ensure that negative environmental impacts are prevented and mitigated across our supply chain.
	6 Supplier water use How we conduct our due diligence process and work with our suppliers to ensure negative impacts associated with water use are prevented and mitigated across our supply chain.
	7 Packaging design and resource use How we integrate environmental risks and opportunities into our product design and innovation, including renewable content, recyclability of packaging, and weight optimisation.
	8 Packaging renewability How we incorporate materials from renewable sources into our packaging products.
	9 Energy use and GHG emissions How we reduce the impact of our own operations on climate change.
	10 Machines and equipment: waste generation How our food processing, packaging and service solutions help our customers minimise wastage and spoilage.
	11 Machines and equipment: energy use and GHG emissions How our food processing, packaging and service solutions help our customers reduce their impact on climate change.
	12 Machines and equipment: water use How our food processing, packaging and service solutions help our customers keep water consumption down.
	13 Packaging recycling How we promote and increase recycling through supporting infrastructure development, raising consumer awareness about used beverage carton (UBC) recycling, and working with partners to boost business opportunities for recyclers.
	14 Packaging climate impact How we measure and manage the CO ₂ footprint of our packaging products.

[Read more about our materiality assessment process](#)

We believe that good corporate governance is the bedrock of a sustainable and commercially successful business. It is the basis of our brand promise: **PROTECTS WHAT'S GOOD™**, and is at the heart of all our stakeholder relationships.

OUR GOVERNANCE FRAMEWORK

By providing the foundation for our strategy and approach to leadership, good governance ultimately helps us fulfil our vision to make food safe and available, everywhere. Our governance framework guides us in behaving ethically and responsibly. This includes complying with relevant regulations and legislations and delivering on our brand promise. A Global Leadership Team is responsible for implementing the framework, supported by a Corporate Governance Office and a network of local governance and risk officers.

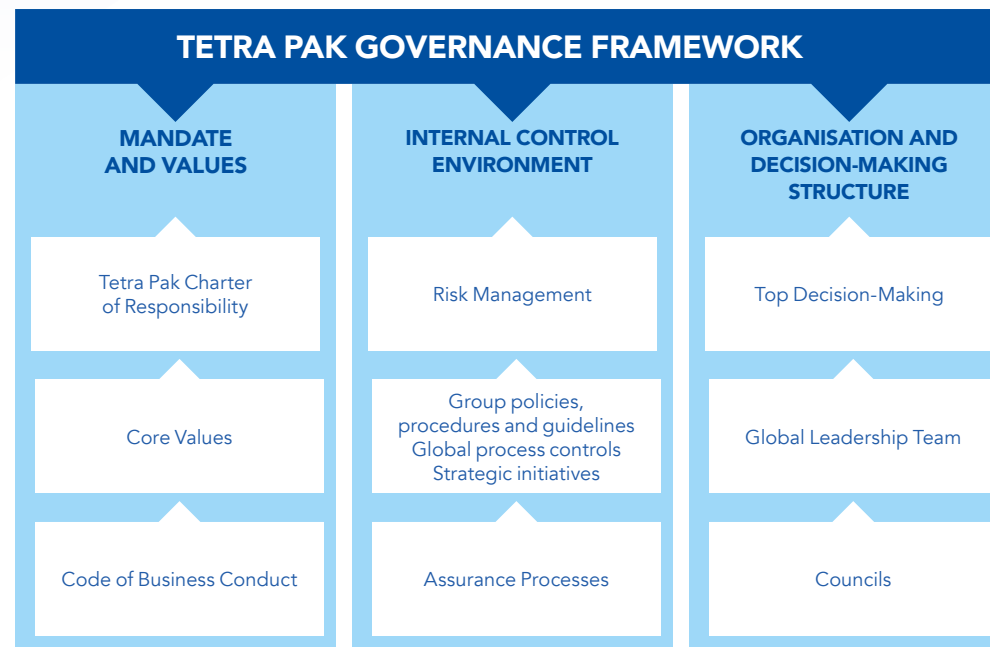
Our charter of responsibility outlines the roles and responsibilities of the Tetra Laval Group Board and Tetra Pak. The framework also includes a comprehensive risk management methodology and system with related and mitigating policies, procedures and global processes for managing

and responding to risks. To secure an effective and transparent internal control environment we have implemented a new Governance Risk Compliance (GRC) system. This creates a single platform for risk management, bringing mitigating policies, procedures and detailed controls together with assurance processes, assessments and reports.

While core values shape our corporate culture and guide our behaviour internally and externally, our Code of Business Conduct sets out the company's position on working conditions, discrimination, confidentiality, conflicts of interest, financial reporting, compliance, corruption, bribery, child exploitation and environmental issues.

To build trust and transparency with our customers and as part of our approach to responsible sourcing with suppliers, we are members of the Supplier Ethical Data Exchange (Sedex), a not-for-profit membership organisation dedicated to driving responsible and ethical business practices in the supply chain. We are also part of EcoVadis sustainability ratings and scorecards to help our procurement teams monitor environmental, social and governance issues in the supply chain.

[Read more about governance](#)



A GOLD RATING FROM ECOVADIS

In 2018, Tetra Pak received our first Gold rating from the sustainability ratings platform EcoVadis. EcoVadis evaluates companies' corporate social responsibility (CSR) performance across 21 criteria around the four themes of environment, fair labour practices, ethics/fair business practices and supply chain.

As part of our customers' supply chain, we provide data on our CSR performance to a number of our customers. Our Gold rating means that we're in the top 3 percent of all suppliers evaluated during 2017.



PROTECTING FOOD

Working with our customers and partners to make food safe and available everywhere through our innovative and market-leading food processing, packaging and service solutions.

Our products and services play a key role in addressing one of the most pressing development challenges of our time – food security. By working closely with our partners along the value chain, we can help make safe, nutritious and flavoursome products accessible to more of the world's rapidly growing population, including the millions who live in remote locations without access to refrigeration.

Reducing food loss and waste is one of the founding principles of our business. Our leading processing and packaging equipment keeps food from being spilled or spoilt in the early stages of production, while our packaging solutions help prevent it perishing without the need for preservatives.

We also work with our customers to help educate consumers on how to prevent food from spoiling. Our work under this pillar contributes to tackling the global challenge of food security by helping to build sustainable food value chains.

Through our work under the Food pillar, we contribute to SDGs 2, 12 and 17.



ROBERTO FRANCHITTI

Vice President,
Development & Engineering



Roberto joined Tetra Pak in 2007 and as Vice President, Development & Engineering, he focuses on designing, developing and launching new products and driving the company's sustainability initiatives through the R&D process and into market.

Q/ Can you tell us what you do?

A/ I head up a 600-strong team of primarily technical staff and scientists. Our job is to design and develop Tetra Pak packaging solutions – that is, the cartons people have in their fridge at home, plus all the packaging equipment our customers have at their production sites.

Q/ What is Tetra Pak's purpose when it comes to food waste?

A/ Our company's purpose is built on the premise of reducing food waste. It goes to the core of why we exist, and why we've been so successful. Through this work, we contribute to SDG 2 – Zero hunger. Thanks to Tetra Pak processes and packaging, our customers can provide a remote village with a supply of affordable, nutritious food. This one example illustrates why Tetra Pak was relevant 67 years ago, when the company was founded, why we're still relevant today, and why we're going to be even more relevant in the future.

Q/ How are you making improvements to the sustainability of your platform?

A/ We are constantly looking at the whole system for the smallest opportunity for improvement. For example, we recently launched the Hyperspeed Filling Machine, which can produce 40,000 packs per hour, nearly double the speed of the previous version. Some of our customers are producing 950,000 packs per day, on just one filling line. So when we make a 'small' 0.01% improvement per pack – to energy use, CO₂ output or whatever – it adds up to make a big difference.

Q/ What's driving this continuous search for small improvements?

A/ The awareness and desire for progress on sustainability issues is much higher than ever before – from society, legislators and many of our customers. Our global customers are absolutely driving the agenda from a sustainability perspective. Joining the Sustainability Forum was also a real eye-opener for me. I've come to realise how much business

sense sustainability actually makes for Tetra Pak – and for our customers.

Q/ Any exciting partnerships to tell us about?

A/ In 2017, Just Water, a responsibly sourced and bottled water brand in the USA, chose the Tetra Top® package, made out of FSC-certified paperboard and bio-based plastic (for the cap and top) as the lower carbon footprint alternative. I'm extremely proud that a company with this kind of ethos selected a Tetra Pak system.

Q/ What are you most excited about in the next year?

A/ I'm excited about the opportunity we have to really address some of the world's food packaging challenges, from improving shelf life to advances in barrier materials. We have a responsibility because of who we are, and we have the resources, the talent and the drive to make a real difference. In my team, sustainability has moved right to the top of our agenda.

[Read the full interview with Roberto](#)

FOOD SAFETY, QUALITY AND WASTE

FOOD SAFETY

Consumers rightly expect food to be safe – and so do distributors, retailers and legislators. For our customers, that means being in full control of production, from the sourcing of raw materials to the retailer's shelf.

Since launching the [Tetra Classic® Aseptic carton](#) in 1961, we have come up with hundreds of new packaging solutions that keep food safe from harmful bacteria. We are also pioneers in food safety technologies such as [juice pasteurisation](#) and [ultra-high temperature treatment](#).

[Read more about ensuring food safety](#)

📍 [Material topic: Customer health and safety](#)

FOOD QUALITY

Today's consumers want their food to be consistent in taste, colour, texture and nutritional value. Our packages are designed to protect and preserve food to meet these expectations.

All Tetra Pak [processing](#) and [packaging](#) equipment is designed to meet the most advanced hygiene standards, satisfy all legal obligations and minimise waste. Ensuring quality starts with the rigorous auditing of raw materials suppliers. All base materials used in our packaging are fully compliant with relevant food

contact legislation. [Plant automation and integration](#) means we can ensure quality control as a product goes along the production line. Quality can also be compromised during transportation and distribution. We therefore carry out rigorous tests across the value chain to ensure that products are fully protected.

[Read more about protecting food quality](#)

📍 [Material topic: Customer health and safety](#)

FOOD LOSS AND WASTE

Reducing food loss and waste is one of the founding principles of Tetra Pak and also one of the global challenges facing the world today. Around a third of food that's produced is lost or wasted, which in turn accounts for around 8 percent of man-made greenhouse gas emissions.

Our cutting-edge equipment and processes set the bar for keeping food from being spilled or spoilt, and our packages are designed to prolong the life of food and help prevent it from perishing. For example, when one of our customers in Japan realised their older consumers were struggling to finish a litre-sized product, we were able to offer half-litre or 900ml alternatives, thereby reducing food waste.

[Read more about reducing food loss and waste](#)

📍 [Material topic: Food waste](#)



ESTABLISHING STANDARDS IN MILK SAFETY AT SCHOOLS IN CHINA

After more than ten years of development, China's National School Milk Programme has a regulated standard system for milk sourcing and production. However, there are still challenges in ensuring full safety for drinking milk in schools. For example, school staff need to learn about lactose sensitivity, how to correctly store milk, how to distribute the milk to students and how to recycle used cartons.

Together with the China Association of Student Nutrition and Health Promotion and the Dairy Association of China, Tetra Pak works in identifying and certifying "Promotion Model Schools", creating an operational standard that can be shared with nearby schools. Together with

our partners, we inspect and evaluate each potential model school on staff training, operational standards, safety protocols and issue management, storage, distribution, and carton recycling.

In this way, we are helping create high standards for milk handling, while raising knowledge and awareness of milk as a safe and nutritious beverage. The programme is also a platform for dairies to work with schools and local authorities to create long-term partnerships.

In 2017, we certified 53 schools as "Promotion Model Schools". Our aim is to certify another 50 schools by the end of 2018.

[Read more about our work in schools in China](#)

FOOD AVAILABILITY

We believe the most effective way to tackle the global food security and nutrition challenge is to build sustainable food value chains.

THE CHALLENGE

The UN predicts that there will be around 9.7 billion people on the planet by 2050. Income levels will also increase, putting even more pressure on food production, land and water sources. To feed this larger, urban and wealthier population, food production (net of food used for biofuels) must increase by 70 percent.

OUR RESPONSE

Food for Development

Tetra Laval Food for Development drives the development of the dairy and food value chain through cooperation with customers, governments, development cooperation agencies, funding organisations and NGOs all over the world.

[Read more about Food for Development](#)

DAIRY DEVELOPMENT AROUND THE WORLD



School feeding and nutrition

For more than 55 years, we have supported school feeding and nutrition programmes. We offer our partners practical support in implementing and evaluating school feeding programmes, while also advising on food safety and quality.

[In 2017, 72 million children in 58 countries received milk or other nutritious beverages in Tetra Pak packages in their schools.](#)

[Read more about school feeding and nutrition](#)

Dairy development

With the global demand for milk set to overtake supply within a decade, the dairy industry is facing immense pressure. Our Dairy Hub model links smallholder farmers in emerging economies to dairy processors, with Tetra Pak offering the technology and 'hands-on' practical knowledge and training. This helps them to build a long-term supply of locally-produced quality milk without raising the cost of collection. We currently operate 14 hubs in 7 emerging economies around the world and we are continuing to expand this work.

[Read more about dairy development](#)

Food affordability

With rising levels of development and urbanisation in many countries, we are seeing a shift in demographics. We need to scale our partnerships to ensure that the poorest people are not left behind and unable to access good quality, safe, healthy food. Our DEEPER IN THE PYRAMID strategy is helping to bring safe, healthy and nutritious products to millions of low-income households.

[Read more about food affordability](#)

[© Material topic: Food availability](#)

IN ACTION

Fighting malnutrition with milk in Honduras



The dairy sector in Honduras has the potential to boost childhood nutrition and improve farmer livelihoods. We are working with our customer Lacthosa and the Honduran government to revitalise the dairy sector by providing technical assistance and technology transfer to smallholder farmers.

THE CHALLENGE

Food security and nutrition are key challenges in Honduras. According to the World Food Programme, the country has a 68 percent poverty rate and one in four children suffer from chronic malnutrition.

Although agriculture is the most important economic sector in Honduras, the dairy sector is quite unevenly developed (only 35 percent of the yearly milk production is industrially processed). With a low average yield of 3.4 litres per cow per day, cattle are often used for both beef and dairy production, which affects farm profitability in the long term. The country's average milk consumption is also low.

THE INITIATIVE

Building on our experience in other countries, Tetra Laval Food for Development and Tetra Pak Central America & Caribbean implemented a Dairy Hub project with local customer, Lacthosa.

"We have joined this great initiative and have reaffirmed our commitment to the dairy sector. As a company, we have taken on the challenge of supporting dairy farmers to deliver healthy products to Honduran families."

– Elena Kafie, Vice President, Lacthosa.

Tetra Laval Food for Development has helped Lacthosa conduct initial farm assessments and farmer training.

We have consolidated baseline data in three regions, and the project now covers 1,013 farms.

THE VALUE

For smallholder farmers, the primary value is that Lacthosa will collect their milk and provide them with access to market.

"As a milk supplier of Lacthosa, I am grateful for the support and advice provided by the Dairy Hub project. I have witnessed the evolution we have had, which is directly reflected today in delivering better quality milk."

– Héctor Ferreira, dairy farmer.

The Tetra Laval Food for Development Dairy Specialist is currently training Lacthosa's Extension Service Officers – a team employed to encourage dairy farm competitiveness by getting farmers to adopt best practices – on feed and animal nutrition, milk hygiene, quality, animal health, and reproduction.

"We are very happy about the joint work we have been developing in the Dairy Hub project together with Tetra Laval Food for Development and Tetra Pak. This has contributed greatly to the strengthening of our relations with our milk suppliers."

"So far, 15 of our Extension Service Officers and more than 100 smallholder farmers have been trained with the knowledge provided by Tetra Laval Food for Development."

"It is already showing an improvement in the milk quality"

– Christopher Millensted, Head, Supplier Development, Lacthosa.

LOOKING AHEAD

We are aiming to reach a further 200 farms with this initiative in 2018. Over time, this programme will increase milk quality, quantity, and smallholder farmer profitability.

IN ACTION

A new programme to improve children's nutrition and school attendance in Burundi



Milk is new on the school menu in Burundi as part of a growing school food programme. We are supporting our customer Modern Dairy Burundi, to help boost the nutrition of 20,000 children and contribute to a positive cycle of health, development and school attendance.

THE CHALLENGE

According to the World Food Programme (WFP), only 28 percent of Burundi's population is food-secure, and as many as 58 percent are chronically malnourished. Despite a gradual return to peace, food security has not improved in recent years. Without proper nutrition, children can perform poorly at school, drop out of classes and become ill later in life.

A school feeding programme is in place, but it will take time for local stakeholders to become skilled enough to take full ownership. In particular, tough conditions for smallholder farmers make it difficult for them to meet the schools' demand for milk. As a result, it will be a

while until the programme can depend on local sourcing of food – the preferred and sustainable model.

THE INITIATIVE

Following an official policy paper from the World Food Programme (WFP), that supports the use of UHT milk in their school feeding operations, Tetra Pak is now part of a school meals programme to boost nutrition for 20,000 children in central Burundi.

The EU is providing €5 million for the WFP to purchase up to one-third of the required food commodities from local smallholders in Gitega province. In collaboration with Tetra Pak, our customer, the newly founded local company, Modern Dairy Burundi, is supplying fresh milk in Tetra Fino® Aseptic 200ml packages.

"We are very pleased with our cooperation with Tetra Pak and Food for Development, which has helped us achieve our mission of providing safe and high quality UHT milk to the school children in Burundi."

– Juma Mohamed, CEO,
Modern Dairy Burundi.

THE VALUE

The school milk programme in Burundi has just started and will contribute to an improvement in health, development and school attendance by providing nutrition to the children.

According to the WFP, when children receive a standard meal of 401kcal for 200 days a year, they gain an average weight of 0.37 kg more than children who are not part of the programme. In pre-school meals programmes, children gain an average height of 0.54 cm per year, compared to children that don't participate.

LOOKING AHEAD

The next step is to stabilise the programme by further developing the capacity of local stakeholders to take ownership in the long-term.

© Material topic: Customer health and safety

PROTECTING PEOPLE

Safeguarding and empowering our people and supporting communities where we operate.

People are critical to our success and that starts within our own business. Ultimately, it is our employees who deliver on our vision. That's why their learning and development is so important, as is ensuring a fair, diverse and inclusive work environment.

We take responsibility for protecting the health and safety of our employees, partners and customers and have made it a key business priority.

Our work to protect people extends to our communities, for example through our work around child health and nutrition, sustainable livelihoods and economic development. We are focused on supporting those who live and work where we operate, and we strive to play a responsible and active role at a local level through a wide range of initiatives.



Through our work under the People pillar, we contribute to SDGs 8 and 17.



GABRIELE YOUD

Director, Future Talent
& Future Work



Gabriele joined the global Human Resources group at Tetra Pak in 2010. In 2017, she became Director of Future Talent and Future Work, and is busy working on various projects to create a more modern work environment across our company. She is also a member of Tetra Pak's Sustainability Forum.

Q/ What does diversity and inclusion mean to Tetra Pak?

Diversity means a workforce with the full range of differences. Inclusion means we respect these personal differences in our organisation, giving different approaches support and room to grow. Everyone is engaged, contributing and has access to opportunities. Only if we

have inclusion can diversity do its job.

Q/ You set up the Diversity & Inclusion Panel last year – what inspired this, and what sort of insights has the panel uncovered so far?

A/ Last year, we took a close look at gender balance in the workplace. We were trying to tackle two stubborn issues: female representation in our senior leadership, and female representation versus the external market. Despite our hard work, we weren't making the progress we wanted. So we decided to dig deeper, going beyond the numbers to look at the cultural barriers and enablers that were at play. We set up a Gender Advisory Panel to do this. Once we identified the root causes, we saw they were an issue

for everybody, not just women. We defined action plans to remove these barriers and create a level playing field for everyone. That's when we broadened the scope and changed the name of the Panel to Diversity and Inclusion.

It is important to understand that our company strategy actually demands diversity of approaches. We have a wide mix of customers, and we want to be the most innovative and integrated company in our field. To stay ahead of an ever-changing environment, you constantly need new ideas and new approaches coming in. And you don't get that without diversity.

Q/ So where does inclusion come in?

A/ You can't have one without the other! If we really want diversity in our company, we must allow differences to be heard and to come to fruition.

If you don't balance diversity with inclusion, you get group-think, conflict, dissatisfaction and the struggle of not fitting in.

Which is why the key elements of our diversity strategy today are a business perspective on diversity and a tight focus on including people.

Q/ What actions are we taking to drive diversity and inclusion?

A/ We have a strategy and roadmap in place, with many actions already

underway, and many in the pipeline. Here are a few examples... We are doubling flexible work arrangements across our company. By the end of next year, every country with more than 50 employees will offer some form of flexibility around working time, place or leave.

We are already transparent on career opportunities, and provide training and guides to help everyone progress. In 2017 (Q1), we offered career development webinars, which we are following up with stories about how different people manage different careers.

We are launching a pilot project on training around cognitive diversity and bias in the workplace. We want to understand the behaviours and thinking patterns that lead us to 'sameness', so that we can overcome them and make the most of different approaches.

Q/ How will we know it's working?

A/ We have created a Desired Future State for diversity and inclusion at Tetra Pak, made up of several components. For each of these, we have identified metrics that allow us to track and measure our progress. To me, diversity means building a workforce from a range of different demographics (or backgrounds), while inclusion is about respecting the personal differences that come from this. Diversity can only do its job when we also embrace inclusion.

[Read the full interview with Gabriele](#)

SAFE, HEALTHY WORKPLACES

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

OUR APPROACH

Safe and healthy, every day, everywhere: our company-wide approach emphasises that occupational health and safety (OHS) does not only apply to factories – it affects all of us. In 2017, we reached 100 percent manufacturing site compliance with the global OHS standard OHSAS 18001. We are close to the full implementation of our global OHS management system, and track OHS data as we strive for continuous improvement. We also started a global OHS assessment programme for all our other non-manufacturing sites. OHS remains critical to our business strategy and our approach is underpinned by our core values.

BUILDING A SAFETY CULTURE

The nature of our operational work and the equipment our people work with brings with it safety risks, including machinery safety, working at height, forklift trucks, cutting and welding, driving, heavy lifting and manual handling. We are working hard to build the kind of safety culture that can reduce these risks.

[Read more about our safety culture](#)

SAFETY PERFORMANCE

In 2017, we reported zero fatalities and achieved 100 percent manufacturing site compliance to OHSAS 18001. The global Lost Time Accident Rate (LTAR) increased slightly from 2.10 at the end of 2016 to 2.29 in 2017, meaning that there were 2.29 days lost for every million working hours last year.

This increase in accidents was mainly at our manufacturing sites in Europe. As a result, we launched a programme called “Good to Great”, which aims to re-emphasise and deliver the high standard of health and safety we expect at Tetra Pak.

Despite the slight increase in LTAR we have improved our processes. For example, in Q1 2017 we launched a corporate procedure and an associated campaign around heavy lifting.

In 2018, we are starting to measure absenteeism, and will keep track of OHS data separated by region. We plan to start reporting on this in our next report.

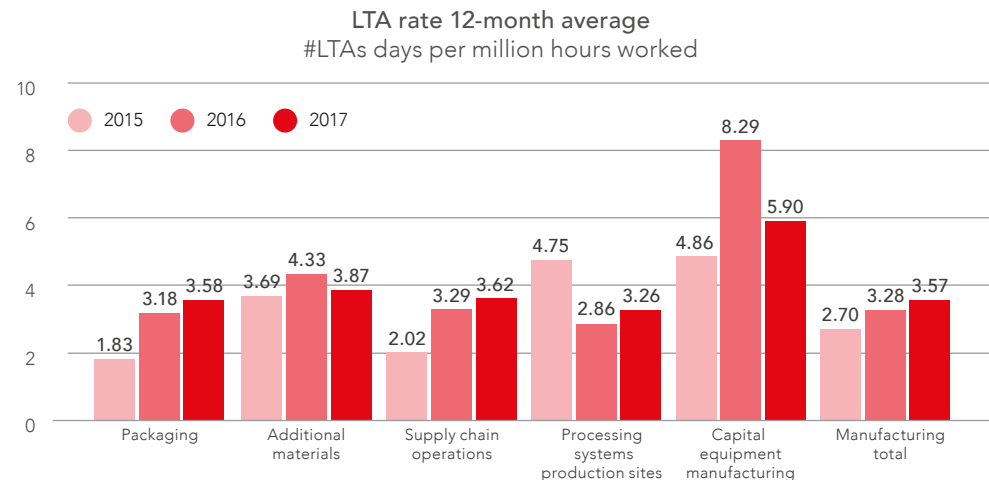
TRACKING OUR IMPACT

We continue to monitor how we manage OHS through an annual self-assessment review led by our corporate governance function. Our manufacturing sites are audited to OHSAS 18001 and our formal programme of assessment visits has now started, with the target to cover all non-manufacturing sites by end of 2019.

To make sure our OHS teams can fully support our businesses, we have further enhanced our OHS team by recruiting Services and Processing OHS managers for each of our five regions. Every factory now has a three-year plan on OHS and our focus for 2018 will be to support sites to meet their goals.

Safety And Me (SAM) is a ‘train the trainer’ approach to embed a positive safety behaviour model for factory working. Following its rollout in 2016, all supply chain factories were running SAM by the end of 2017. We continue to explore the best ways to monitor behavioural change across our diverse sites and markets.

Ⓞ Material topic: Occupational health and safety



Scope: all incidents involving Tetra Pak employees and temporary workers.

HEALTH AND WELLBEING

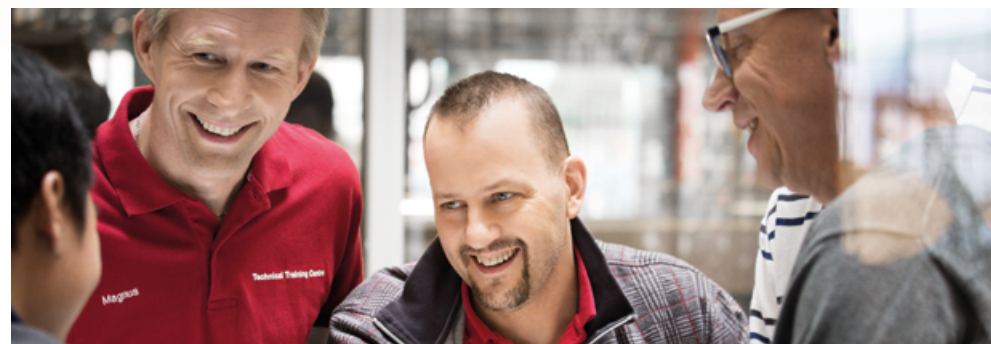
We have a holistic and centralised approach to health and wellbeing at Tetra Pak. We use central governance and run a number of initiatives to drive progress. In 2017, we conducted a detailed analysis of our local health and wellbeing programmes and agreed to focus on noise at work and mental wellbeing.

HEALTH ACROSS OUR COMPANY

All manufacturing sites currently must ensure full compliance with legally required medical examinations for high-risk groups. Many manufacturing sites also focus on employee health and wellness more broadly, from offering regular hearing and eyesight tests, routine vaccinations and ergonomic risk assessments, to stress management programmes, complementary therapies, advice on nutrition and healthy living, and alcohol and drug support.

For example, in 2017 Tetra Pak Singapore ran a programme to improve health and wellbeing. The programme was called the Virgin Pulse Global Challenge and over 450 employees joined in. Over the course of 100 days, the programme went much further than exercise, providing participating employees with learning opportunities on the importance of sleep, nutrition and mental wellbeing to a healthy lifestyle.

© Material topic: Occupational health and safety



PILOTING MENTAL WELLBEING PROGRAMMES AT TETRA PAK

In 2017, we ran local initiatives in France and the UK to test different approaches to managing mental wellbeing.

- In France, all directors at our Guerin Systems site attended awareness workshops and contributed to an audit of their workplace 'mental ecology'. Working with Human Resources country representatives, they developed psychological risk plans and negotiated an agreement around recent 'right to disconnect' legislation
- At our Chester site in the UK, we created a company stress policy and provided mental health training for managers and all employees – including how to recognise, understand, manage and cope with stress.

We also ran mental health risk assessments in the UK, and identified 'Wellbeing Champions' who have stepped up to help build a healthy and supportive work environment for all our Tetra Pak colleagues.

Building on our learnings from these initiatives, in 2018 we are implementing a 'train the trainer' approach to provide our local HR managers with the skills to be able to run and support mental wellbeing programmes in their own countries. This phase of the programme is currently focused on Europe and Japan.

[Read more about how we manage mental wellbeing](#)

We aspire to a work culture in which diversity is integral, evident and valued for the benefits it brings us. Our business's ongoing success is rooted in maintaining a truly diverse workforce, where every employee is respected, included, engaged and fully contributing.

THE DIVERSITY AND INCLUSION PANEL

During 2017, our Diversity and Inclusion Panel – a representative group made up of 19 men and women from across Tetra Pak – conducted a qualitative and quantitative review of our company's performance on diversity and inclusion issues.

They articulated the following business case for increasing diversity and inclusion at Tetra Pak:

- **A competitive advantage:** Strengthening our customer value proposition by offering a diverse team with perspectives that match the evolving needs of our customers and consumers

- **A talent advantage:** Maximising our performance by widening our access to talent, creating an environment where everyone is engaged and performs at their best
- **A decision-making advantage:** Leveraging the power of diverse perspectives and experiences to unlock creativity and performance; challenging ourselves to think and act differently.

OUR DESIRED FUTURE STATE

With this business case in mind, we created a 'desired future state', which describes a respectful and inclusive work environment, company-wide engagement and dialogue around diversity and its value, and an organisation whose diversity reflects our business and consumers.

We have put in place a detailed baseline that will allow us to monitor our progress as we implement our action plan. Our work will focus on increasing flexible working arrangements, manager training, career development training and increasing the focus on diversity and inclusion in our talent review and recruitment process. We will also improve how we communicate these issues both internally and externally.



OUR STRENGTHS AND WEAKNESSES

The Diversity and Inclusion Panel's performance review helped us to identify areas of strength and opportunity across our business.

Our strengths include a positive culture of empowerment and collaboration, good scores on engagement and a strong mix of nationalities across all levels of our business. When it came to gender issues, we hire and promote women well at management level and maintain strong investment in women through development programmes.

Our opportunities for change include increasing transparency in our career development process and improving access to networks and work-life programmes. We need to hire and develop more women below management level and increase the percentage of women at senior management level.

BALANCED GENDER REPRESENTATION

We want our business to keep progressing towards balanced gender representation as quickly as possible. At the end of 2017, for the fourth year running, 22 percent of our employees (23 percent of middle managers) were women.

Our new action plan for diversity and inclusion will help us step up and tackle the barriers that are keeping women from achieving their full potential with fresh focus in the months and years ahead. We remain objective, transparent and proactive when it comes to increasing the number of female future leaders.

This is embedded within our talent review process, which is based on ability and potential, above all other attributes.

[Read more about diversity and inclusion](#)

TALENT, ENGAGEMENT AND RECOGNITION

TALENT

We want to attract the very best people, and we want our employees to enjoy long and rewarding careers with us. This means building a high-performance culture that encourages people to thrive and succeed.

LEARNING AND DEVELOPMENT

At Tetra Pak, every employee plays their part in delivering our strategy. Our investments in leadership and technical competencies – from recruitment to retirement – support people in building productive careers with us, and are therefore investments in the success of our business.

[Read more about learning and development](#)

EMPLOYEE ENGAGEMENT

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

We ran our biennial employee engagement survey in 2017. As with our last survey in 2015, we had a high participation rate (84 percent) and high overall engagement scores (83 percent). When we compare ourselves to other high-performing organisations, over 94 percent of participating employees rate our way of working on environmental responsibility significantly above the norm.

We saw some improvement around career development issues – an area we have been working on (for example, through our investment in the myFuture programme). We continue to focus on improving our process efficiency and managing change. We still have work to do in these areas; both are critical for our long-term success. After taking a close look at what works and what doesn't, we are finalising action plans that will help tackle some of the issues that have been concerning people.

[Read more about employee engagement](#)

MANAGING OUR HIGH-PERFORMANCE CULTURE

In 2017, we successfully launched myFuture, a fresh approach to people management that aims to improve and personalise learning and development across our diverse workforce. Today, 95 percent of our employees have had a performance evaluation, at least one annual discussion, and their performance objectives set. We also publish our entire job structure, including all job profiles and open positions.

The visual below outlines and describes the six stages of a career lifecycle at Tetra Pak

Recruit: helping internal candidates see and apply for job openings.

Onboard: facilitating the arrival of new employees through our online portal.

Develop: publishing all job profiles so employees can assess their suitability and plan their next career move.

Perform: creating conversation around performance, bringing consistency and fairness to our management and evaluation processes.

Reward: aligning compensation ranges across job levels and pay progression with the market.

Leave: conducting exit surveys to collect feedback so we keep improving Tetra Pak.

Since the launch, we have added four new languages to myFuture, bringing the total to nine. We have also expanded the modules to our blue-collar population (currently 27 percent are using it) and are adding an onboarding module to ensure a successful start for all our new hires.



IN ACTION

Future Talent



At Tetra Pak, we take a proactive approach to our future talent – the next generation of Tetra Pak employees. This is more important than ever as our industry will likely face future skills shortages in science, technology, engineering and maths. We're tackling the skills gap where it starts: with young people.

DEVELOPING THE NEXT GENERATION

Our global Future Talent Programme is a strategic long-term approach to harness and develop the next generation of talented employees. It involves establishing partnerships with selected universities, hiring an annual cohort of promising graduates and providing them with globally structured training and development.

In 2017, we hired 172 graduates; this was our first consistent global commitment to graduate hiring, and we made significant investments into the programme. We are already making good progress against our 2018 goal to hire another 218 graduates – an annual commitment from now on. We are using this programme to continue to strengthen both our national and gender employee diversity.

"I was surprised by the genuine appreciation my colleagues have for Tetra Pak and its products and the way they embrace the company values. I was also instantly in love with the cultural diversity I found in my team."

– Lisa Giovetti, Future Talent recruit

"Being part of the Tetra Pak community gives a unique opportunity to not only get insights into the future of the consumer packaged goods industry, but also to use the information to support our customers to grow."

– Meike Behrens, Future Talent recruit

LEARNING ON THE JOB

We believe that learning on the job is the most effective way to develop talent. All our graduate hires work for us in 'real jobs' while undertaking a comprehensive development programme. Upon completion of the Future Talent programme, we offer all of our Future Talent graduates the opportunity to continue working with Tetra Pak in a permanent role.

Graduates are trained through one of three tracks:

1. Leadership: a 24-month programme with the aim to develop broad business knowledge in an international environment.

2. Technical: a 12-month programme with the focus of developing engineering capabilities in an accelerated way.

3. Internship: a variable-length induction phase with the focus of providing a technical foundation for students before embarking on their project assignment.

"I'm really proud of this programme, and I'm confident we're going to hire 218 brilliant graduates this year – and the year after that! We have really upped our recruitment efforts and – so far – the feedback is really encouraging."

– Gaby Youd, Director,
Future Talent & Future Work

OUR GLOBAL MENTORING PROGRAMME

Our global mentoring programme is for employees with leadership potential who have been with us for between five and ten years. We specifically focus on employees who represent a minority, for example women or employees from Asia. The programme includes a year of mentoring, where we connect experienced managers with emerging leaders and offer monthly mentoring meetings and job shadowing. We started our fourth programme in January 2018.

PROTECTING FUTURES

Protecting the future of our planet and ensuring the long-term success of our customers.



With a rapidly growing global population placing stresses on global resources, we all need to do more with less. These global forces are now shaping new market expectations and the expectations of customers. By applying the principles of sustainable sourcing and circular economy, we can reduce waste, keep materials in use and regenerate natural systems. We are constantly striving to develop new,

innovative solutions that reduce the environmental footprint of our products and services across their life cycle, from the raw materials we source through to reuse and recycling after they have fulfilled their original purpose. We are also actively working to significantly minimise our operational footprint and impact. By protecting the environment, we are securing our future growth as well as societal development.

Through our work under the Futures pillar, we contribute to SDGs 6, 7, 9, 12, 13, 15 and 17



LISA RYDEN

Director, Recycling



With a background in engineering, Lisa joined Tetra Pak 13 years ago, moving to our environment function in 2012. She became Tetra Pak's Director of Recycling in early 2017.

Q/ Why is recycling important to Tetra Pak?

A/ We use high-quality raw materials to make our packaging and fulfil our mission to make food safe and available everywhere. Around 75 percent of our packaging material is made of paperboard, which is a renewable, recyclable and truly biodegradable material. Once our packaging has fulfilled its purpose, that doesn't mean the value in the raw materials is all used

up. Instead, those materials can be collected and recycled into something useful, rather than being wasted.

When Tetra Pak cartons are collected and recycled into something new and useful, it also prevents littering, saves resources, and reduces climate impact. Particularly with the current consumer focus on plastic waste and littering, recycling is more than a license to operate – it's actually a business imperative.

Q/ Can you give us a quick summary of our approach to recycling?

A/ We take a value chain approach to recycling – from consumer awareness, collection and sorting, through recycling, to market. To focus on the most impactful actions, we analyse the local value chain to find bottlenecks we can

help unblock. This might include running consumer awareness campaigns, contributing to collection infrastructure and making equipment investments in recycling operations.

Q/ What are our biggest achievements in recycling?

A/ Tetra Pak is recognised as a pioneer in our work to expand recycling of beverage carton packaging around the world. Here are three quick examples of our recycling achievements:

- Through our recycling work we contribute to recycling the equivalent of 4 out of 10 Tetra Pak packages sold. This figure includes the recycling of all beverage cartons on the market, not just those we produce ourselves.
- Since 2012, we have made investments in recycling infrastructure of €17 million
- Since 2010, we have increased our collaboration with companies recycling beverage cartons from 40 to 160.

Q/ What are some of the challenges to recycling?

A/ A chain is no stronger than its weakest link. Because our approach to recycling involves a chain of actors along

the value chain, a weak or missing link – such as a lack of efficient collection systems – is a problem. While it's tempting to look for one solution to the problem of recycling, there is no one-size-fits-all. Recycling happens locally, and we need to be there, unblocking bottlenecks and partnering with the right stakeholders.

In line with the current anti-plastic sentiment, we are putting more emphasis on improving the recycling of the polymers in our packaging material. While polymers only make up a small percentage of each Tetra Pak package, it is still an important issue for us to address.

Q/ What's next, and how do you think we'll get there?

A/ We are in this for the long run and it is truly a journey. The drive for a circular economy is here to stay, and I guess we are only at the beginning. This will give rise to innovations in package design, collection, sorting and recycling that will enable higher recycling rates of packaging materials.

[Read the full interview with Lisa](#)

Our packaging, processing and services solutions optimise the use of resources. Therefore, the principles of circularity are at the very heart of our business. Our value chain approach and partnerships are helping to make our economy circular.

CONNECTING WITH CIRCULARITY

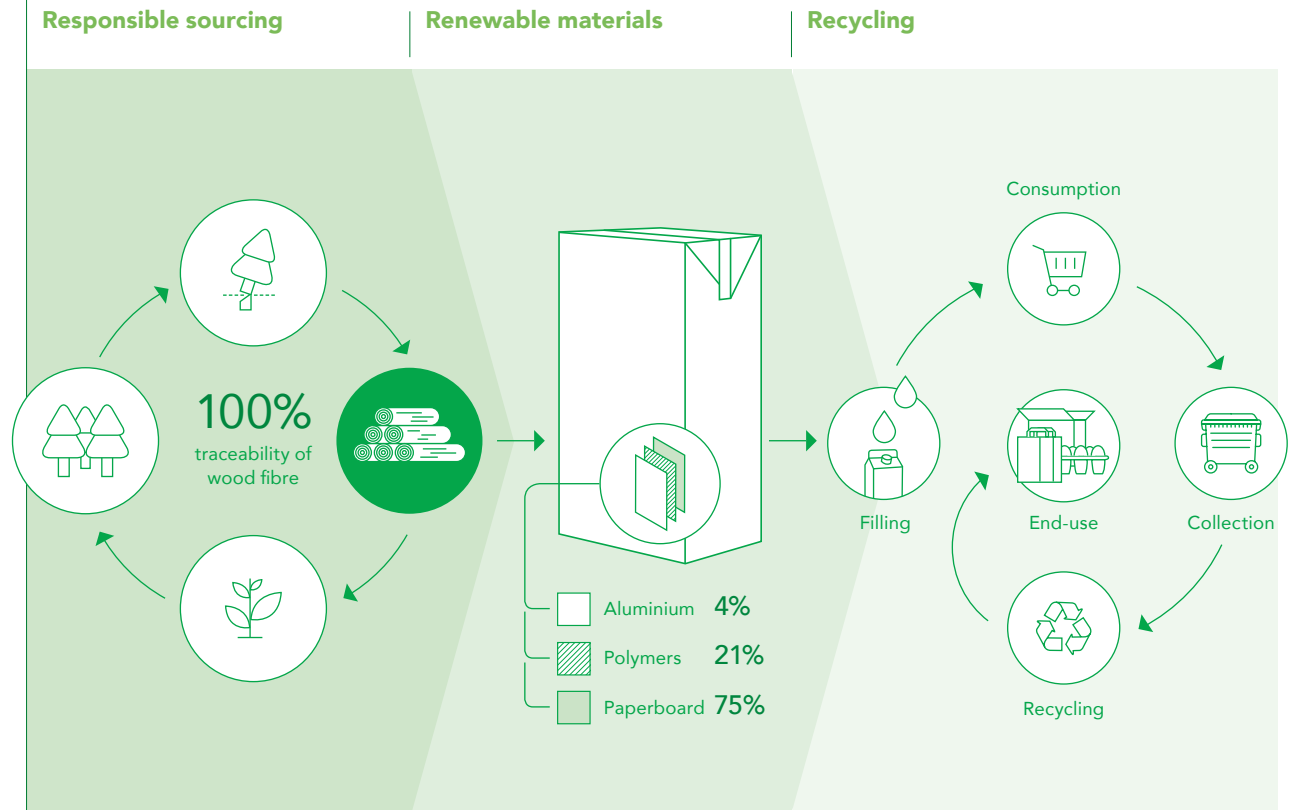
In 2016, Tetra Pak joined the Circular Economy 100 (CE100), a precompetitive multi-stakeholder platform established by the Ellen MacArthur Foundation. Participating organisations work towards building a restorative and regenerative economy. Our membership enables us to test, scale and develop innovations in collaboration with other CE100 members, ensuring their ultimate viability.

As further demonstration of our commitment, we actively support the EU Action Plan for a Circular Economy and, in January 2018, made an ambitious pledge to back the EU Strategy on Plastics. This involves working with industry partners to ensure recycling solutions are in place for all components of beverage cartons, substantially increasing the use of plastics made from renewable feedstocks and using recycled plastics once they are validated as safe and legally acceptable for food contact material.

[Read more about how we support the circular economy](#)

© Material topics: Packaging design and resource use, packaging renewability, packaging recycling

BEVERAGE CARTONS CONTRIBUTE TO BUILDING A LOW-CARBON CIRCULAR ECONOMY



POST-CONSUMER RECYCLING

We take a proactive and pioneering approach to make sure cartons are collected, sorted and recycled so that they keep delivering value. When a recycling value chain is working well, it also prevents littering, saves resources and reduces climate impact – all of which are vital to our shared sustainable future. In this way, recycling is both our license to operate and a business imperative for our company.

OUR COMMITMENT TO RECYCLING

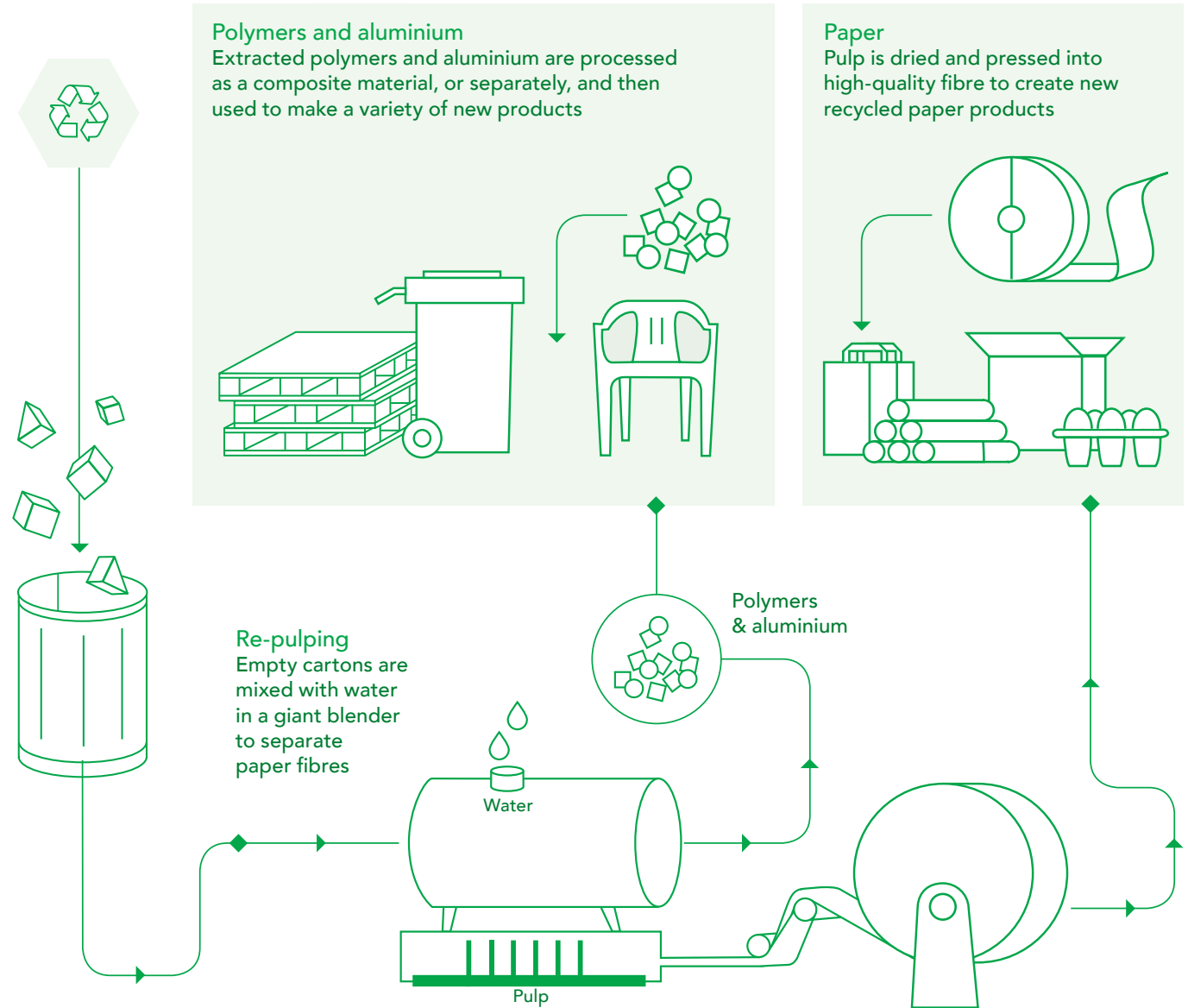
We use high-quality raw materials to make our packaging and fulfil our mission to make food safe and available everywhere. Once our packaging has fulfilled its purpose, those raw materials shouldn't go to waste. Instead, they can be collected and – using relatively simple techniques – recycled into something useful.

Around 75 percent of our packaging material is made from long, strong paper fibres that can be recycled several times into paper products. The thin layer of polymers – or plastics – in our beverage cartons can be blended with other polymers and turned into new products, such as roofing tiles, crates, carton boxes and more.

As part of our recent pledge to the EU Plastics Strategy, we will work with partners to ensure that by 2030, recycling solutions are in place for all components of our beverage cartons.

© Material topic: Packaging recycling

THE RECYCLING JOURNEY



DEFINING RECYCLING SUCCESS

In 2010, we set a goal to double the global recycling rate of Tetra Pak cartons to 40 percent by 2020. We were the first packaging company to set such an ambitious target and have made considerable progress towards it. In 2017, our global recycling rate was 25 percent, the equivalent of a 14 billion increase in the number of packages recycled (from 32 billion in 2010 to 46 billion in 2017) a 45 percent increase. However, it is important to note that through our initiatives we contribute to recycling a lot more than that, the equivalent of 4 out of 10 Tetra Pak packages sold. This figure includes the recycling of all beverage cartons on the market, not just those we produce ourselves. That's because all collection and recycling programmes we develop or support are meant to take back cartons manufactured by any manufacturer, not only Tetra Pak.

Setting the goal was the right thing to do; it provided a direction that focused our work. The target raised the importance of recycling – both within and outside Tetra Pak. It helped us align partners along our value chain, and significantly improve recycling awareness and infrastructure along the way.

During this time, we also evolved our approach to recycling. We learned that every market has different needs and

levels of maturity. Rather than focus on a global single indicator – overall recycling rate – we need to perform against more specific and locally relevant objectives. These keep us competitive and mean we will continue to meet the needs of our customers and other stakeholders. While recycling rate remains a relevant metric, a global recycling rate is no longer indicative of our main target nor the most meaningful measure.

LOCAL SOLUTIONS TO A GLOBAL CHALLENGE

Recycling works when all the necessary actors are in place and well-connected. A weak or missing local link – such as a lack of efficient municipal collection systems – is a challenge. With our new range of market-relevant objectives, we can tailor our approach to focus on actions with the greatest potential for impact or progress; we can zero in on the right problem in any given geography and solve it in the right way. Our work is present in local recycling initiatives in more than 70 markets.

Our new set of objectives and relevant metrics fall into six categories: consumer awareness, customer awareness and collaboration, collection and sorting, fibre recycling, polymer and aluminium (polyAl) recycling and increasing the value of recycled materials.

OUR NEW RECYCLING METRICS IN ACTION

Collection: Our extensive experience in sustainable recycling and collection models and pilots for used beverage cartons means we are well placed to develop and share key learnings and best practices. In China, the government asked for our input as a policy reference for their new waste separation and reduction targets. Starting in 2017, we have projects ongoing in three major cities, Shanghai, Nanjing and Chengdu. We support local collection partners to optimise their collection models, replicate them to other municipalities and demonstrate best practices for local government.

Recycling metric: Outreach of collection partners

Sorting: The Carton Council – of which we are founding members – is always looking for new opportunities to integrate smart technology into carton recycling facilities to expand access across the country.

In an exciting pilot programme led by the Carton Council, AMP Robotics, and a Colorado recycling facility, Alpine Waste & Recycling, a team is teaching robots how to recycle.

The robotic system, AMP's Cortex, is using robotics and artificial intelligence to learn how to identify and 'grab' food and beverage cartons. The system was installed in late 2016 and has a pickup rate of 60 cartons per minute – the human average is 40 picks per minute. The separated cartons are sold and made into new products, diverting material for re-processing that would otherwise be lost to a landfill.

The Cortex is continuously learning how to better recognise and separate cartons, and can share its 'knowledge' with similar robots at other recycling facilities; the system can even be 'taught' to pick out other objects – including contaminants. The Cortex represents a promising long-term solution for keeping up with the ever-growing volume and diversity of packaging materials and formats in the recycling stream.

Recycling metric: Effective sorting

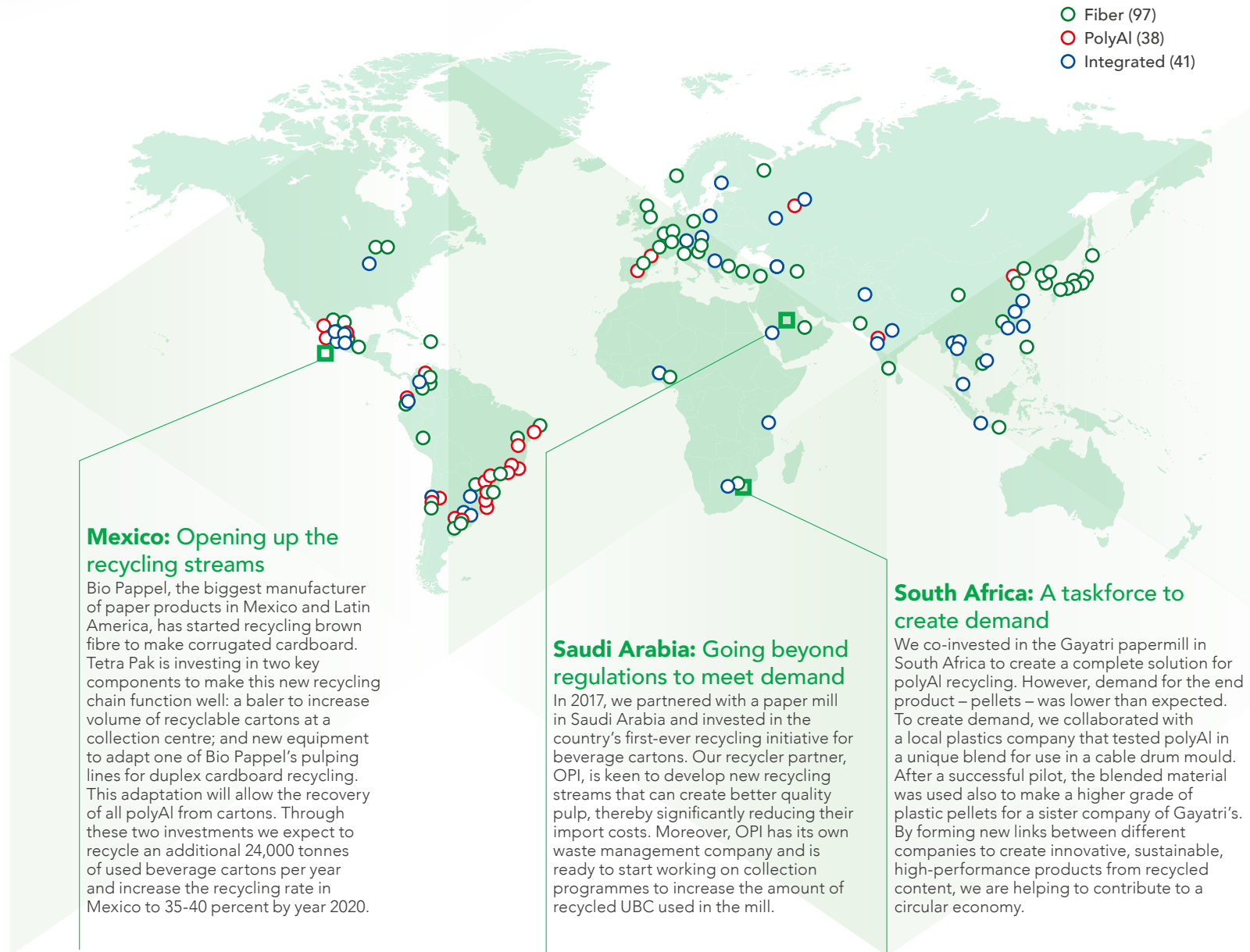
Read more about our new recycling metrics
© Material topic: Packaging recycling

**BUILDING RECYCLING
VALUE CHAINS**

We take a value chain approach to recycling. This means working on everything from **consumer awareness**, and **collection and sorting** infrastructure, through to **expanding market opportunities** for recycled materials and boosting business opportunities for recycling entrepreneurs.

Beverage cartons are currently being recycled in more than 70 countries worldwide with a range of collection and recycling solutions reflecting the maturity of the individual market. This map shows the breadth and variety of the many businesses recycling the materials of post consumer cartons, and some specific examples of how we work with these companies.

© Material topic: Packaging recycling



Mexico: Opening up the recycling streams

Bio Pappel, the biggest manufacturer of paper products in Mexico and Latin America, has started recycling brown fibre to make corrugated cardboard. Tetra Pak is investing in two key components to make this new recycling chain function well: a baler to increase volume of recyclable cartons at a collection centre; and new equipment to adapt one of Bio Pappel’s pulping lines for duplex cardboard recycling. This adaptation will allow the recovery of all polyAl from cartons. Through these two investments we expect to recycle an additional 24,000 tonnes of used beverage cartons per year and increase the recycling rate in Mexico to 35-40 percent by year 2020.

Saudi Arabia: Going beyond regulations to meet demand

In 2017, we partnered with a paper mill in Saudi Arabia and invested in the country’s first-ever recycling initiative for beverage cartons. Our recycler partner, OPI, is keen to develop new recycling streams that can create better quality pulp, thereby significantly reducing their import costs. Moreover, OPI has its own waste management company and is ready to start working on collection programmes to increase the amount of recycled UBC used in the mill.

South Africa: A taskforce to create demand

We co-invested in the Gayatri papermill in South Africa to create a complete solution for polyAl recycling. However, demand for the end product – pellets – was lower than expected. To create demand, we collaborated with a local plastics company that tested polyAl in a unique blend for use in a cable drum mould. After a successful pilot, the blended material was used also to make a higher grade of plastic pellets for a sister company of Gayatri’s. By forming new links between different companies to create innovative, sustainable, high-performance products from recycled content, we are helping to contribute to a circular economy.

ENGAGING CUSTOMERS

Our goal is to create value for our customers through our products and services. We are constantly striving to develop new products and processes that meet our rigorous quality and safety standards, while having a lower environmental footprint.

UNDERSTANDING OUR CUSTOMERS

Many of our customer relationships stretch back for years – and often decades. We attribute this to mutual partnerships based on a common desire to find the most sustainable, cost-effective solutions to complex challenges.

Our drive to improve as a customer-centric company starts with our Customer Value Proposition. Through continuous, regular collection of performance feedback, we learn what we are doing well and where we're falling short.

We have designed a holistic Customer Experience programme, which we piloted in 2017 and began to roll out to our regions at the start of 2018.

SUSTAINABLE PACKAGES: OUR RENEWABILITY JOURNEY

Our long-term ambition is that our entire packaging material portfolio will be made from 100 percent renewable materials, without compromising safety, quality or functionality. With around 75 percent of our packages made from paperboard, we continue to focus our efforts on sustainable timber, while also innovating around polymers and aluminium.

We are particularly proud of the following milestones on our journey towards this goal:

- ◆ **2007**
Tetra Pak launches the world's first FSC-labelled carton
- ◆ **2011**
First bio-based caps derived from sugarcane
- ◆ **2014**
Tetra Rex Bio-based® is the world's first beverage carton manufactured entirely from renewable materials
- ◆ **2016**
Tetra Brik® Aseptic 1000 Edge with Bio-based LightCap™ 30 is the first aseptic package to have a film and cap made from renewable sugarcane-based plastic, lifting the share of materials from renewable sources in the package to above 80 percent
- ◆ **2018**
We delivered 350 billion FSC-labelled packages since the launch of the first package in 2007

Ⓞ Material topics: Packaging design and resource use, packaging renewability

SUSTAINABLE EQUIPMENT

Every day, we work with our customers to find more efficient processing and packaging solutions. Our joint aim is to minimise waste and spoilage, while reducing energy and water consumption – keeping efficiencies up and costs down. Our customers use Tetra Pak equipment to process and package their products. We see it as 'part of the service' to help them do so in a cost-effective and sustainable way.

Looking ahead, we are focusing our efforts to help our customers further reduce their water use. Food producers are often water-intensive, increasing the importance of water stewardship, and there is evidence that water may soon become a limiting factor for some of our dairy and beverage customers.

Ⓞ Material topics: Machines and equipment: waste generation, machines and equipment: energy use

HELPING OUR CUSTOMERS THRIVE

One way we can support our customers is by helping them invest wisely in new products or processes – particularly when it comes to sustainability issues. For example, we use a tool that weighs up capital expenditure versus long-term operating costs, as well as maintenance needs versus environmental performance. This allows us to calculate the total cost of ownership over the life of the equipment or product.

Our **Expert Services** help our customers measure, benchmark, and improve their performance across all areas of operations and food protection.

For example, a juice producer in North America asked us to help them reduce their environmental impact. After a seven-week project, we identified improvement potential including optimisation of the customer's Cleaning in Place (CIP) and upgrading of the heating and cooling systems. As a result, our customer saw a 20 percent reduction in CO₂ emissions, a 30 percent reduction in water use and a cost saving of half a million euros.

RESPONSIBLE SOURCING

OUR APPROACH

As a signatory of the [UN Global Compact](#) and in our support of [SDG 12](#), we work with stakeholders to drive continuous improvement in the areas of human rights, labour standards and environment, and to act against corruption. In line with these goals, and as a global company with thousands of suppliers, we have an opportunity to promote responsible sourcing practices.

Our aim is to minimise negative impacts and make a positive contribution to the businesses, people and communities that make up our supply chain.

Responsible sourcing is one of the three strategic objectives for our supply chain operations. These means that it is incorporated into key performance objectives and individual objectives across all our regions, and has its own assurance system that is integrated into our Corporate Governance Framework.

We require our suppliers to comply with our Code of Business Conduct for Suppliers (the Supplier Code), which sets out our expectations, based on the 10 principles of the [UN Global Compact](#).

We also encourage suppliers to strive for continuous improvement by investing in their own sustainability agendas in order to meet or exceed global best practices.

In 2017, 98 percent of our suppliers (by spend) across all regions had signed the Supplier Code. For packaging raw material suppliers, the rate is 100 percent.

© Material topic: **Supplier environmental assessment**

PAPERBOARD

Around 75 percent of a Tetra Pak carton by weight is paperboard. Although we don't own or manage any forests, we apply our purchasing power to promote sustainable forest management.

We do this by joining up with suppliers, non-governmental organisations and other stakeholders to promote responsible forest management and strengthen traceability through certification and labelling.

In sourcing paperboard for liquid-based packaging, we follow two main principles:

- all the wood fibre in our paperboard should come from forests independently certified as being managed in accordance with the principles of sustainable forest management
- we should be able to prove traceability from the forests all the way to the packaging material we produce at our sites globally, which can only be achieved through independent certification of the total Chain of Custody.

All our paperboard comes from wood from FSC-certified forests and other controlled sources.

Member of:



CDP A-LIST FORESTS PROGRAMME FOR LEADERSHIP ON BUILDING DEFORESTATION-FREE COMMODITY SUPPLY CHAINS

Tetra Pak has been on the CDP A-List Forests Programme for the last two years in recognition of our work in managing and mitigating risks associated with the sourcing and production of timber. We were one of only six companies to be identified as a global leader in combatting deforestation in our supply chain. We have also been recognised as a sector leader for the past three years, equal to the number of years that the CDP Forests Programme has been running.

RESPONSIBLE SOURCING

POLYMERS

A Tetra Pak package has thin layers of polymer, or plastic, to prevent moisture getting in or out and to keep the product inside fresh. It is also in our caps, closures and straws. Our long-term ambition is for all our chilled and ambient packages to be made from renewable alternatives to oil-based plastics.

By 2014, we had created the world's first fully renewable package for liquid food, **Tetra Rex® Bio-based**, made out of paperboard and plastics derived from sugarcane. By early 2018, we had delivered more than half a billion fully renewable packages to meet customer demand. In the same year, we also launched the **Tetra Brik® Aseptic 1000 Edge** with Bio-based LightCap™ 30. It is the first aseptic package to have a film and cap made from sugarcane-based plastic. Combined with the paperboard, this lifts the share of materials from renewable sources in the package to above 80 percent, the threshold for four-star certification from testing company TÜV Austria.



BIO-BASED POLYMERS IN NUMBERS

- By early 2018, we had delivered over half a billion Tetra Rex Bio-based packages to meet customer demand (up from 100 million in 2016)
- Between 2014 and 2017, we delivered 55.1 billion packs with a bio-based polymer coating
- By 2017, we had delivered 3.4 billion bio-based caps, which represents 10 percent of our total closures sold.



There is a long way to go before bio-based polymers become mainstream, replacing products made from oil and gas resources. In particular, we are mindful of the social cost of bio-based polymers, such as how local food availability and working conditions are affected. And despite considerable progress, bio-based polymers are still a niche product for the plastics industry, and therefore only in a small fraction of our cartons at present. Our commitment remains to expand their use to cover more of our packages, across all sizes. We are working with partners to further explore the issues involved, while also continuing to assess alternatives like other plant-based materials, organic waste and algae.

ALUMINIUM

On the inside of our aseptic cartons, a layer of aluminium eight times thinner than a human hair provides vital protection from oxygen and light, keeping perishable food safe without refrigeration and preservatives for months. Although this layer is minute, we are continually innovating to make it as thin as possible, while investigating alternative barrier materials.



TETRA PAK AND THE ALUMINIUM STEWARDSHIP INITIATIVE

Since 2009 we have been working in collaboration with many like-minded organisations like Hydro, Rio Tinto Aluminium, BMW, Nespresso, WWF and the International Union for the Conservation of Nature. The aim has been to establish a global standard that raises the bar for aluminium production, by addressing environmental and social issues.

As a founding member of the Aluminium Stewardship Initiative (ASI), we aim to address sustainability topics related to aluminium at an industry level. Its production can be associated with environmental and social issues, ranging from land use and hazardous by-products to working conditions, health and safety.

In December 2017, the ASI released Version 2 of its Performance Standard, meaning we can now become certified to that level in 2018. In parallel, all but one of our aluminium foil suppliers are becoming ASI members. This requires them to achieve certification standards within two years and demonstrates their commitment to a socially and environmentally sustainable future for aluminium.

PROTECTING FUTURES IN ACTION

FSC certification, labelling and verification

All our paperboard comes from wood from forests certified to FSC standards and other controlled sources.

We see FSC as offering a credible universal standard and we actively encourage our customers to display the logo on their packages. Since the introduction of the FSC label on our first package in 2007, we have produced 350 billion FSC-labelled packs, 92 billion of which were delivered in 2017 alone.

Having achieved full FSC Chain of Custody certification for all our operations, we can now supply FSC-labelled packages from anywhere in the world.

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

The FSC licence code for Tetra Pak is FSC™ C014047.

- The FSC directly supports the sustainable forest management target under SDG 15, while also contributing to 34 targets under 10 other SDGs
- Although figures vary across markets, one out of every two consumers globally recognises the FSC label and 'responsible forestry' comes only second to 'quality' as a driver of purchasing decisions
- In 2017, 42 percent (or 90 billion) of Tetra Pak packages featured FSC labels. In 2018, we aim to grow this to just over 53 percent

THE VIA INITIATIVE

THE POSITIVE IMPACT OF CERTIFICATION

We have long recognised the value of independent certification in the transition to a sustainable future. Last year, we took part in the Value and Impact Assessment, collaborating with the likes of Kingfisher and IDH, to review the scientific evidence of the positive impact of certification of forests. We found that when several companies commit to a sustainable forest standard – such as the FSC's – it has measurable on-the-ground impact on protecting and securing biodiversity. Read more about the value impact analysis initiative.

As of 2014, managers of FSC certified boreal forests had set aside an area roughly half the size of Sweden (over 16 million hectares) for protection. This represents nearly 20% of the 91 million hectares of carbon-rich boreal forests that were under FSC certified management.

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

CLIMATE: A VALUE CHAIN APPROACH

Our climate goal is to cap our 2020 impact across our value chain at 2010 levels, regardless of business growth. Although this requires action at every level of our business and supply chain, the two major drivers of progress towards our goal are improving our energy efficiency and increasing the use of renewable electricity.

In 2017, we achieved a 13 percent reduction in our overall climate impact, despite a 19 percent increase in packages sold. Further to this, in 2016 we became the first company in the food packaging industry to have our climate impact reduction targets approved by the Science Based Targets (SBT) initiative.

Working with the SBT initiative, we committed to reducing our operational GHG emissions 42 percent by 2030 and 58 percent by 2040, from a 2015 baseline. We also committed to reducing GHG emissions across the value chain 16 percent per unit of revenue by 2020 from a 2010 baseline.

The science-based targets allowed us to align our climate goal to the level of decarbonisation needed to keep global temperature increase below 2°C and to look beyond our existing commitments and set a course of action all the way to 2040.

WHAT IS A SCIENCE-BASED TARGET?

Targets are considered 'science-based' if they are in line with the level of decarbonisation required to keep the global temperature below 2 degrees compared to pre-industrial temperatures, the basis of the 2015 COP21 Paris Agreement. The aim of the SBT is that by 2018, science-based target setting will become standard business practice and corporations will play a major role in closing the emissions gap left by country commitments.

© Material topics: Energy use and GHG emissions, machine and equipment: energy use and GHG emissions, packaging climate impact

CALCULATING THE CARBON FOOTPRINT OF A PACKAGE

Our customers can use our Carton CO₂ calculator to make informed climate choices about our packaging solutions. The calculator measures the CO₂e footprint of our cartons up to the moment they leave our factories. This CO₂e footprint covers GHG emissions from 'cradle to gate', which includes impacts associated with sourcing and transporting raw materials to our plants, as well as converting the materials into packaging material. The climate impact is measured in equivalent CO₂e.

THE CARBON CO₂ CALCULATOR



In 2018, version 5 of our Carton CO₂ calculator was certified by the Carbon Trust as capable of generating carbon footprints in compliance with PAS 2050:2011, ISO 14044:2006 and ISO/TS 14067:2013.

© Material topic: Packaging climate impact

TETRA PAK OPERATIONS

By applying World-Class Manufacturing principles, we can reduce energy, waste and water, while making our factories and offices more efficient. At the same time, we are looking to the future and exploring ways of continuing to manage our impact even after we have maximised our energy reductions. One way is by increasing our use of renewable electricity.



We are a signatory to **Caring for Climate, UN Global Compact, The Paris Pledge for Action, Science Based Targets and RE100**

SUPPLIERS

Our supply chain accounts for approximately 46 percent of the greenhouse gas emissions in our value chain. We work closely with suppliers and partners to identify efficiencies, both in their operations and through their own supply and we formally evaluate supplier performance annually.

In 2017, Tetra Pak was identified as a 'Supplier Engagement Leader' by CDP, which means we were recognised for our work to reduce emissions and lower environmental risks in our supply chain.

🌱 Material topic: Supplier environmental assessments

CUSTOMERS

Our greatest environmental impact lies not in our own factories but in those of our customers because this is where most of our equipment is in use. We help our customers to reduce their carbon footprint and costs through more efficient processing and packaging solutions, and we also provide services that help them to reduce energy use, water consumption, waste and food loss.

WATER

Water is an important issue for our business. We are examining global water stress situations to establish a water management approach across our value chain – from raw materials production right through to consumer use. This work is strongly linked to SDG 6.

Starting with our own operations, Tetra Pak uses a modest amount of water at our own sites. However, water use becomes more important in relation to our customers, and the equipment we develop and sell to them. We are focusing our efforts on helping our customers understand, monitor and reduce their water use. We also track the water usage of our suppliers in the production of packaging materials.

🌱 Material topic: Machines and equipment: water use, supplier water use

Our Expert Services help customers measure and reduce their overall water use, while products such as the Water Filtering Station can help food and drink manufacturers cut the total amount of water they use by as much as 95 percent. Similarly, upstream in our value chain, we also address water issues in our supply chain, particularly for paperboard. We evaluate our suppliers every year, and stringently monitor water pollution in line with legislation.

CHEMICALS

The chemicals we use in our operations are subject to approval before introduction and their use is controlled and managed by environmental and safety staff at our sites. All our sites in Europe also have obligations under EU REACH regulations covering the registration, evaluation, authorisation and restriction of chemicals. Similar chemicals legislation is emerging in many other geographies and we are working continuously to ensure that our business, and the materials we use, are compliant. Colleagues responsible for chemicals at all sites are given training to understand how the REACH regulations apply to their activities.

WASTE

Using the latest technology, we can recycle close to 100 percent of material waste of our operations; the remainder being disposed of responsibly and in line with current regulations.

Any hazardous waste we produce is handled in line with local law and best practice. We apply the precautionary principle throughout our operations; so, where a potential risk is identified, we will seek to eliminate or reduce that risk by choosing a better alternative or implementing risk reduction measures.

🌱 Material topic: Machines and equipment: waste generation

PROTECTING FUTURES IN ACTION

Toward 100 percent renewable electricity

We see renewable energy as key to our carbon reduction strategy and in 2016, having made steady progress towards energy-efficient operations, we made a public commitment to RE100 to source 100 percent renewable electricity by 2030.

In just two years since our commitment we have reached 50 percent renewable electricity consumption.

This has been achieved through a combination of initiatives, including the purchase of International Renewable Energy Certificates (I-RECs) and solar power installations at our own facilities.

ONSITE SOLAR POWER

Tetra Pak has seven solar panel installations worldwide and we see onsite solar power as an area where we can make a positive impact within the communities in which we operate.

RENEWABLE ENERGY CERTIFICATES

The International REC Standard (I-REC) is an international standard for issuing, tracking and redeeming renewable energy certificates (RECs) in countries where tracking systems for RECs do not yet exist. In markets where renewable energy infrastructure is not yet developed it is a challenge for companies to source electricity from renewable sources. Sourcing renewable energy certificates allows us to invest in renewable energy projects close to the

areas where we operate, encourage the development of the renewable energy industry, reduce our carbon emissions and at the same time support the local economies.

When sourcing renewable energy certificates, and especially in high risk areas, we always ensure we are exceeding standard practices, setting minimum environmental and social criteria that need to be met. Eco-labels such as Gold Standard and Ekoenergy enable us to apply the same stringent quality criteria across different regions.

DRIVING DEMAND FOR RENEWABLE POWER

Our goal to source 100 percent renewable electricity means we are often either the first or one of the first to demand renewable power in markets around the world. Being a first mover matters because it helps establish the standard and demonstrate demand.

We were the first to source Gold-Standard I-RECs in **Thailand**, where our local factory will soon also generate an additional 1MW renewable electricity from solar panels. Elsewhere in the world, we are a major purchaser of I-REC certificates in **China**, and were the first to source Ekoenergy solar power in **South Africa**.

During 2017, we completed our journey to run our factories on 100 percent renewable power in Sweden, Denmark, Finland and South Africa. About 20 percent of our major sites now run on 100 percent renewable power.

RESPONSIBLE REPORTING

Communicating about our responsible business practices and performance is an important part of our overall reporting activity. We have been reporting on environmental issues since 1999 and on broader sustainability issues since 2005.

This summary accompanies the dedicated Sustainability section of our website, which follows the materiality approach of the GRI Standards guidelines, the most widely adopted international independent framework for sustainability reporting.

By using the GRI Standards, we disclose our most critical impacts – be they positive or negative – on the environment, society and the economy. This framework helps us to generate reliable, relevant and standardised information to assess opportunities and risks and enable more informed decision-making – both within the business and among our stakeholders.

ALIGNING TO GLOBAL STANDARDS

As signatories to the United Nations Global Compact (UNGC) since 2004, we are committed to the implementation, disclosure and promotion of its 10 principles on human rights, labour, the environment and anti-corruption. We submit an annual Communication on Progress and also actively contribute to the UN and best practice standards of the Forest Stewardship Council™ (FSC™), World Wide Fund for Nature (WWF), UN World Food Programme (WFP) and the Global Alliance for Improved Nutrition (GAIN).

MEASURING AND REPORTING ENVIRONMENTAL IMPACT

Since 1999, we have been reporting on our environmental data according to the following principles:

- All data presented covers a full calendar year, January to December
- We report on our greenhouse gas (GHG) emissions according to the GHG Protocol developed by the World Resources Institute and the World Business Council on Sustainable Development

- For selected data we also present an eco-efficiency indicator. These indicators reflect the environmental impact in relation to a certain parameter, for example, production volume
- In some cases, we have corrected previous years' data when sites have reported corrections to historic data. This improves data quality and allows for more meaningful comparisons between years. Consequently, data presented in previous reports may differ slightly
- In cases where we need to recalculate data, we do so according to our own recalculation policy which follows the GHG Protocol standards for Corporate and Scope 3 accounting

The GHG Protocol requires us to report on emissions in three areas, or scopes:

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

GLOBAL VERIFICATION AND ASSURANCE

Our practices, processes and performance are verified externally to World-Class Manufacturing standards, ISO 9001, ISO 14001, OHSAS 18001, and Forest Stewardship Council Chain of Custody and Quality Assurance Management certification. Our GHG emissions data is externally audited by Ecofys.

When we talk about our economic, social and environmental performance, we use certain terms that have specific meanings within Tetra Pak and the world of sustainability. To make sure that our report is easily understood by everyone who reads it, we have listed and defined some of the most commonly-used terms, organisation names and abbreviations in this report below.

- **The Carbon Trust**

A company that helps governments, organisations and companies reduce their carbon emissions and become more resource efficient. Its stated mission is to accelerate the move to a sustainable, low carbon economy.

- **CDP**

An international non-profit, formerly known as the Carbon Disclosure Project, that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
<https://www.cdp.net>

- **Circular economy**

An alternative to the traditional linear economy (make, use, dispose), a circular economy is an economic system that aims to keep resources in use for as long as possible, and to retain value and regenerate products at the end of each service life.

- **Dairy Hubs**

A dairy model used by Tetra Pak to secure a long-term supply of locally produced, quality milk, without raising the costs of collection in emerging economies. The model works by linking smallholder farmers to a dairy processor, with Tetra Pak offering the technology and 'hands-on' practical knowledge and training.

- **DEEPER IN THE PYRAMID**

The "Deeper in the pyramid" category represents the two billion consumers with a spending power of between €1.80 and €7.20 per day. Tetra Pak's DEEPER IN THE PYRAMID strategy is helping to bring safe, healthy and nutritious products within the reach of these low-income households.

- **EcoVadis**

An organisation that produces ratings and scorecards to help procurement teams monitor sustainability practices in their supply chains, across 180 sectors and 150 countries.
<https://www.ecovadis.com/>

- **Forest Stewardship Council™ (FSC™)**

An international non-profit organisation that promotes responsible management of the world's forests by setting standards on forest products, along with certifying and labelling them as eco-friendly.
<https://ic.fsc.org/en>

- **Greenhouse gas (GHG) emissions**

Emissions into the atmosphere of gases (especially CO₂) that contribute to the greenhouse effect (trapping heat from the sun in the Earth's lower atmosphere).

- **GHG Protocol**

A set of standards and tools for companies to manage their GHG emissions and become more efficient.
<https://ghgprotocol.org/>

- **The Global Reporting Initiative (GRI)**

An independent international organisation that developed the world's first and most widely accepted global standards for sustainability reporting, the GRI Standards.
<https://www.globalreporting.org>

- **Human Resources country representatives (HRCR)**

Representatives from Tetra Pak's operating countries who are often involved in developing our people-focused programmes and improvements.

- **I-REC**

An organisation that provides a standard for energy attribute tracking systems so that consumers in all regions of the world can have access to internationally recognised and tradable renewable energy certificates (RECs).
<http://www.internationalrec.org/>

- **Lost Time Accident Rate (LTAR)**

The number of lost time accidents (measured in days) occurring in a workplace per 1 million hours worked. An LTAR of 7, for example, shows that 7 days were lost due to accident or injury for every million hours worked.

- **Materiality and material topics**

Material topics are topics (e.g., energy, waste, human rights) that reflect an organisation's significant economic, environmental and social impacts or substantially influence the assessments and decisions of stakeholders. These are the most important topics for an organisation to consider in its sustainability strategy and reporting. A materiality assessment is used to determine what these topics are, and it is reviewed and validated by senior management. For the purpose of this report, Tetra Pak uses the GRI definition of materiality, as described above.

- **Occupational health and safety (OHS)**

The safety, health and well-being of people at work.

- **RE100**

A collaborative, global initiative uniting more than 100 influential businesses committed to 100% renewable electricity.

<http://there100.org/re100>

- **Science Based Targets (SBT) initiative**

The Science Based Targets initiative champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy. Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered "science-based" if they are in line with the level of decarbonisation required to keep global temperature increase below 2°C compared to pre-industrial temperatures.

<https://sciencebasedtargets.org>

- **Stakeholders**

Stakeholders are individuals, groups or organisations that can affect, or be affected by, the activity of a business.

- **Supplier Ethical Data Exchange (Sedex)**

A not-for-profit membership organisation dedicated to driving responsible and ethical business practices in the supply chain.

- **TÜV Austria**

TÜV Austria is a testing and certification company that took over the OK bio-based certification referred to in previous Tetra Pak sustainability reporting.

www.tuv-at.be

- **United Nations Global Compact (UNGC)**

A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

<http://www.unglobalcompact.org.uk/>

- **United Nations Sustainable Development Goals (SDGs)**

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a collection of 17 global goals set by the United Nations in 2015. Building on the success of the Millennium Development Goals, they are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

<http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

- **The Value and Impact Analysis (VIA) Initiative**

An initiative started by Tetra Pak, Ikea and Kingfisher to support the development of a methodology for assessing the impacts of FSC forest management certification.

- **World Food Programme (WFP)**

The food-assistance branch of the United Nations and the world's largest humanitarian organization addressing hunger and promoting food security.

<http://www1.wfp.org/>



2018 SUSTAINABILITY REPORT

tetrapak.com/sustainability