

SUSTAINABILITY IN ACTION

SUSTAINABILITY REPORT 2019



CHIEF EXECUTIVE OFFICER'S LETTER

ADOLFO ORIVE

President and CEO,
Tetra Pak



Join us in building a low carbon, circular economy in the food and beverage industry

As Tetra Pak's newly appointed CEO, I'm proud to lead a company that has made sustainability a key priority for such a long time. We are living in a changed world – a world more aware of, and coming to terms with, the requirements of a sustainable future. For the food and beverage industry especially, this is a time of transition and change. Never before has sustainability been in sharper focus, and with emerging technologies and innovative thinking it is within our power to do something about it. With the United Nations Sustainable Development Goals as a framework to guide us. I'm excited to deliver against this responsibility.

As a company committed to doing good – by consumers, customers, employees and society – sustainability is one of our biggest values and a critical component in the legacy we want to leave behind. Advances inspired by sustainability have helped us build success in our business and drive innovation for the food and beverage industry. Innovations such as aseptic solutions, e-beam technology, fully-renewable packaging, and low-carbon operations showcase how sustainability has always been at the core of who we are and what we do.

The dramatic shifts in the sustainability landscape within the last 18 months, including increased pressure on waste management, plastic materials and reusability, have challenged us to think differently about our approach to recycling and sustainable materials. In 2018, we strengthened our packaging portfolio innovation strategy with the ambition that our packaging should be made from renewable and/or recycled packaging materials and fully recyclable, without ever compromising on food safety requirements. We have also signed the

Ellen MacArthur Foundation New Plastics Economy Global Commitment and initiated partnerships with companies like Veolia in order to expand collaboration and accelerate global beverage carton recycling. Ultimately, we want all beverage cartons to be collected for recycling, and for no cartons to end up as litter or in a landfill.

A promise to Protect What's Good means that you must always do better. While the challenges of single use plastics are real, climate change will have an even more profound impact on the complex infrastructure of the food and beverage industry. The consequences of climate change – drought, floods, unreliable access to water and energy – will disrupt business, affecting our operations, our customers, and suppliers.

We believe that the economy of the future must be circular and low-carbon with a minimum climate impact across the entire food value chain. We are working to achieve this by delivering solutions with the lowest carbon footprint and highest efficiency, minimising the environmental impact on our own operations and working with partners to address the end-of-life of our products. And we are proud to be on track with our 2020 carbon emissions reduction ambitions.

Above all else, to be successful in creating a low carbon, circular economy in the food and beverage industry, we depend on the power of collaboration. We depend on the passion of our people and our tradition of innovation, dedication and problem solving by pulling in different perspectives from our global network of engineers, food experts and technicians. We depend on our customers to take bold steps with us. And we depend on partnerships across industries, governments and NGOs.

In this report, we'll share with you our progress towards this ambition. Delivering against our goals in sustainability won't be easy, but as the leader in food processing and packaging solutions with a commitment to make food safe and available everywhere, we are uniquely equipped to do so.

HIGHLIGHTS

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The environmental, social and economic challenges we face are all connected. This is recognised by the 17 goals and 169 targets that sit underneath them – known collectively as the UN Sustainable Development Goals (SDGs). Covering a diverse range of issues including gender equality, sustainable cities, access to clean water and good governance, the Goals are becoming well known now, so it is important for businesses to understand their contribution as they report against them. It isn't enough to report positive progress around one or two SDGs, while ignoring negative impacts on another goal.

Ultimately, solutions will only work if they are joined up. That's why our approach to sustainability encompasses our entire value chain, going beyond

our own operations and our customers. At Tetra Pak we've committed to support all of the 17 goals, and prioritised those where we could have the greatest influence and impact. Our Sustainability Forum – a diverse group of 10 senior leaders from across the company – is currently conducting a new materiality analysis to check and refresh progress against our last analysis in early 2017.

The Forum has also been working on our 2030 strategy. The SDGs, as well as the output of our materiality process, will inform this. Our strategy will set ambitious new targets that build on our existing work and push us faster and further towards fulfilling our vision in a way that creates environmental, social and economic value.

OUR COMMITMENT TO THE UN SDGs

PROTECTING FUTURES



Our commitment to the UN SDGs



We are working to support the sustainable future of our planet and the long-term success of our customers, making direct contributions to SDGs 6, 7, 9, 12, 13, 15 and 17.

Tetra Pak is committed to achieving a low carbon and ultimately climate neutral circular economy. This supports SDG 13

– reaching the long-term goals of the Paris Agreement by taking urgent action to combat climate change and its impacts and SDG 12 – action on Responsible Consumption, such as substantially reducing waste through prevention, reduction, recycling and reuse.

► Read more on p.10 and p.14

PROTECTING FOOD



Our commitment to the UN SDGs



Working with our customers and partners to make food safe and available everywhere through our innovative and market-leading food processing and packaging solutions. Through this, we are making a direct contribution to SDGs 2 and 12.

Our Dairy Hub model links smallholder farmers in emerging economies to dairy processors. This supports key targets of SDG 2 – No Hunger – such as doubling the agricultural productivity and incomes of small-scale food producers.

► Read more on p.18

PROTECTING PEOPLE



Our commitment to the UN SDGs



We safeguard and empower our people, and are working towards greater diversity and inclusion. Our Code of Business Conduct has high standards for our own business and our suppliers, and we are making a direct contribution to SDGs 8 and 17.

Our Diversity and Inclusivity strategy supports key targets of SDG 8 – Decent Work and Economic Growth – such as achieving decent work for all women and men, including for young people.

► Read more on p.20

HIGHLIGHTS


OUR PROGRESS AGAINST OUR AMBITIONS

In 2018, 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.

FUTURES

CLIMATE


Combating the impact of climate change is crucial. Tetra Pak's biggest climate impact comes from its operational energy consumption.

50% 
use of renewable electricity

€80M
commitment to investment in development

from 2019 to 2021 in paper straws, tethered caps, and other solutions that replace fossil-fuel based plastics straws.

Since 2010, we have currently saved a cumulative total of

>10m 
tons CO₂-equivalent through all the value chain.

€20M
invested to support recycling infrastructure expansion, in addition to recyclers' own investments.



PEOPLE

-8% 
in global accident rate

DIVERSITY

While recruiting women in our industry remains a challenge, we have made progress to improve the diversity of our workforce.

Increase in women in senior leadership

10%   **14%**
2017 2018

LEARNING

The number one factor millennials consider when starting a new job is "sufficient training".

~34 learning hours
Taken up by each of our employees on average (up from 29 hours in 2017). 

FOOD

FOOD AVAILABILITY

815 million people around the world are undernourished, many of whom are children.

Support technical assistance in school feeding and nutrition programmes.

 **40+**
countries on average

106% increase of investments in Dairy Hub projects.

 **5** new Dairy Hubs

to support improving milk quality, reduce food loss, increase farmers income and industry growth.

FOOD SECURITY

42% from the global milk production still produced by smallholder farmers, equivalent to 361M tons per year.

On average more than **28,700** 
smallholder farmers, supplying our customers, are receiving technical production in our Dairy Hubs.

Packaging machines in operation:
>8,700

Processing units in operation:
>81,000

Number of employees:
25,488

Tetra Pak® packages sold in 2018 (billion):
>189

Net sales 2018 in € billion:
11.2

HIGHLIGHTS

OUR STAKEHOLDER VIEWS

IN CONVERSATION

Our stakeholders and partners are vital to the work we do. In preparing this report, we've talked to several stakeholders about how we work together, the challenges we face as an industry and the opportunities to make a difference. Some of their thoughts are captured below, and you can hear more in our podcast series on

www.tetrapak.com



A GAME-CHANGING PARTNERSHIP

"Legislation is drastically changing with regard to plastic waste. Tetra Pak and Veolia have seized upon this new paradigm and turned it into an opportunity whereby we can offer customers new solutions for the treatment of one of the most difficult of all recycling process residues, which is PolyAl."

DAVID COX
SENIOR EXECUTIVE
DIRECTOR, [VEOLIA](#)

Listen to David's
podcast on our
website



DELIVERING A PACKAGE WITH THE LOWEST COMPARABLE CARBON FOOTPRINT

"We have been working with Tetra Pak since 2016 on the Carbon Calculator. The aim of this toolkit is to be very transparent in communicating the footprint of its products. We certified the methodology and the management system that sit behind this calculator and perhaps more importantly, we certified the reductions that the products are achieving by changing to plant-based caps and films. This encourages Tetra Pak customers to select the most environmentally sustainable option."

SILVANA CENTTY
SENIOR MANAGER,
[CARBONTRUST](#)

Listen to the podcast
on our website



NO MORE BUSINESS AS USUAL

"It's become clear that we can no longer talk about business as usual – the context for business is changing rapidly and radically. We work with Tetra Pak to understand how to create a case for the business community to come together and move closer to a sustainable economy."

ARIS VRETTOS
DIRECTOR, OPEN PROGRAMMES AND INTERNATIONAL MARKETS
AT THE [CAMBRIDGE INSTITUTE FOR SUSTAINABILITY LEADERSHIP](#)

Listen to the podcast on our website



MAKING FOOD AVAILABLE EVERYWHERE

"No one wants to see children get sick from unsafe food. The quality of packaging and materials that Tetra Pak uses help enormously in food safety, and we're working together to ensure that Tetra Pak's products and expertise are available to those who need it most."

ARLENE MITCHELL
EXECUTIVE DIRECTOR,
GLOBAL CHILD NUTRITION
FOUNDATION

Listen to Arlene's podcast
on our website



PARTNERING FOR RESPONSIBLE FOREST MANAGEMENT

"Working with Tetra Pak for over ten years has given us the unique opportunity to put the FSC™ logo on very large amounts of products that are seen by consumers every day. We have worked together around the world to promote responsible forest management and the use of renewable materials in packaging."

KIM CARSTENSEN
DIRECTOR GENERAL, THE FOREST STEWARDSHIP COUNCIL™ (FSC)

Listen to Kim's podcast on our website



GOOD GOVERNANCE, TRANSPARENCY AND REPORTING

A STRONG FOUNDATION FOR A SUSTAINABLE BUSINESS

At Tetra Pak, we equate good governance with good business: we do well by doing good.

Our governance framework safeguards ethical and responsible behaviour across our business; it means we comply with regulations and legislation while delivering on our brand promise to Protect What's Good. Our Global Leadership Team is responsible for implementing the framework, supported by a Corporate Governance Office and a network of governance and risk officers.

In 2018, we started a major review and update of all our policies and procedures. We will continue and complete this in 2019.

A new online register of all Tetra Pak's legal entities' Board of Directors was created in 2018, along with a training programme of all Tetra Pak Board members.

In 2018 we also reached a satisfactory completion on our mandatory corporate governance training programme for all employees.

We continuously updated our risk management methodology and system, creating a single online platform that significantly increases risk visibility and improves how and when we respond to and mitigate risks.

Tetra Pak is a member of the Supplier Ethical Data Exchange (Sedex), which drives responsible and ethical business practices in supply chains. We also worked with EcoVadis to help our procurement teams better monitor environmental, social and governance issues in the supply chain.

Anti-corruption is an important part of our corporate governance and we take a zero-tolerance approach to corruption, bribery and fraud. Anyone in the company can anonymously report actual or suspected breaches of our Code of Business Conduct or any other unethical behaviour directly to either the Corporate Governance Officer or Head of Audit, without being penalised in any way.

► [Read more about our approach to governance here](#)

A GOLD RATING FROM ECOVADIS

In 2018, Tetra Pak received a first Gold rating from the sustainability ratings platform EcoVadis, an organisation that evaluates companies' corporate social responsibility (CSR) performance.



By providing the foundation for our strategy and approach to leadership, good governance ultimately helps us fulfil our vision of making food safe and available, everywhere.



OUR JOURNEY TOWARDS A LOW CARBON, CIRCULAR ECONOMY





BEVERAGE CARTONS CONTRIBUTE TO BUILDING A LOW CARBON CIRCULAR ECONOMY

FOCUS ON RECYCLING & RESOURCE EFFICIENCY

Above all, our packaging exist to protect food, making it safe and available everywhere. The circular economy is a regenerative model that reduces waste and keeps materials in use for longer. As such, it is close to Tetra Pak's heart. Our business is designed to minimise waste and optimise use of resources, and we have always acted to reduce the lifecycle impact of our packaging, processing and service solutions. In line with our commitment to the Paris Agreement, our focus is now on building a low carbon and ultimately climate neutral circular economy and through even lower carbon solutions, we help eliminate carbon emissions from our economies.

PARTNERSHIPS AND COLLABORATION

The circular economy requires collaboration at every stage of a product's lifecycle – from sourcing and product design, to consumer awareness, collection and sorting, to recycling and market. Although we have built strong foundations and innovative partnerships along this value chain, transformational change requires a step up from everyone. The growing trend against plastic pollution and the accompanying societal and legislative pressure presents the conditions required to help drive rapid, collaborative progress towards a more circular economy for plastics.

COMMITTED TO A LOW CARBON, CIRCULAR ECONOMY

"Tetra Pak was the first packaging company to go through the SBTi target review process. You've set forward-thinking goals for 2020 and 2030 and grounded them in science, which signals the credibility of Tetra Pak's commitment."

EMILY NEAGLE
MANAGER, CORPORATE RELATIONS AND COMMUNICATIONS AT WRI

Listen to Emily's podcast on our website



We are committed to a low carbon circular economy, in which the entire food chain has a minimum climate impact.

A NEW ECONOMY FOR A NEW REALITY

"Companies like Tetra Pak have a very interesting and demanding agenda in front of them. We need a packaging system that delivers everything consumers want in terms of quality and cost, while also recognising the new realities around climate change and pollution. This means quickly moving towards higher recycling rates, working with all the partners in the value chain to define what a new system will look like, and exploring business models aligned with this new context."

MARTIN STUCHTEY
CO-FOUNDER & MANAGING PARTNER, SYSTEMIQ

Listen to Martin's podcast on our website





BEVERAGE CARTONS CONTRIBUTE TO BUILDING A LOW CARBON CIRCULAR ECONOMY CONTINUED

OUR PORTFOLIO STRATEGY

Renewable package

- Launch fully renewable aseptic carton package
- Further development and deployment of bio-based products

Sustainable openings

- Paper straws
- Non-detachable alternatives
- Bio-degradable straws
- Tethered caps

Recycled content

- Use of recycled polymers and paper in primary and secondary packaging and additional materials

Enable recycling by design

- Explore new packaging material structures
- Smart packaging that enables collection, sorting and recycling.

BUILDING A CIRCULAR PORTFOLIO

Our ambition is to deliver a package that contributes to a low carbon and ultimately climate neutral circular economy, that is, a package made entirely from renewable and/or recycled materials that is fully recyclable, without ever compromising on food safety requirements.

In 2018, we took the first steps to address marine litter by investing heavily on a new closures portfolio, in line with our strategy to build a fully renewable package. We will be spending approximately 80 million euros per year for the next five years on developing alternative solutions to on-pack plastic straws, such as paper straws, tethered caps and other drink-from systems. We expect to industrialise production of paper straws as fast as possible, starting with market trials in 2019.

As part of our commitment to EMF New Plastic Economy, we will incorporate a minimum of 2% recycled plastics content (in Europe) on average across our beverage cartons by 2025, subject to technical and economic availability of suitable food-grade recycled plastic. We brought half a billion fully renewable packages to market in 2018, and will be using more and more recycled plastics for secondary packaging and distribution material going forward.

Looking ahead, the market for recycled plastic (as opposed to virgin plastic) must continue to grow. To help this market increase, we will continue to actively seek and support the approved food-safe plastic. In the meantime, we will continue to reduce our impact by bringing greater recyclability and renewability into our product portfolio, combating the plastic litter problem through awareness-raising and the development of paper straws and tethered caps, and accelerating partnerships with relevant players further down the value chain (like Veolia) to help increase recycling.

Investments in development for tethered caps over the next three years



Committed to developing paper straws and other solutions to replace plastics straws.

€30M



Investment in development over the next three years.

CARTONS AS A LOW CARBON PACKAGING ALTERNATIVE



Our customers can use our Carton CO₂ calculator to make informed climate choices of our packaging solutions. The calculator – which has now been externally verified by the Carbon Trust – measures the CO₂e footprint of our cartons up to the moment they leave our factories. This includes impacts associated with sourcing and transporting raw materials to our plants, as well as converting the materials into packaging material.





RESPONSIBLE SOURCING PURCHASING FOR GOOD

PROTECTING PRECIOUS RESOURCES

As a signatory of the UN Global Compact and in our support of SDG 12, we work with our suppliers and other stakeholders to drive continuous improvement in the areas of human rights, labour standards and environment, and to act against corruption. As a major global company with thousands of suppliers, the way we buy has a profound impact on people, the environment and the economy.

Responsible Sourcing is one of the strategic objectives for our Supplier Management organisation. We require from our Suppliers to endorse the Tetra Pak Supplier Code and regularly check performance against it through desk-top assessments and on-site audits. These activities are integrated in our procurement processes and part of our Corporate Governance Framework. Our purpose is to ensure compliance and drive continuous improvement across our value chain, using a collaborative approach with suppliers.

In 2018, we further aligned responsible sourcing with risk management under the responsibility of the Supplier Management Risk Director. We worked with EcoVadis to map our supplier base in terms of both country and category risk. The main purpose was to integrate more objective criteria when selecting suppliers for responsible sourcing evaluations and audits.

In order to raise awareness and increase competence levels, we included in the Tetra Pak Academy a mandatory Responsible Sourcing e-learning for all Supplier Management employees.

We have developed even stricter criteria for the 3.1 million tonnes of base materials (paperboard, polymer and aluminium) that Tetra Pak sources every year.

Our strategic supplier management process for base material suppliers includes the setting of reduction targets for carbon dioxide emissions; we report supplier performance against these. We focus on improvement opportunities and allocate purchasing of our base materials to maximise carbon footprint reduction. Alongside this, our ability to source alternative materials both sustainably and responsibly (particularly for plant-based polymers), is critical to our new packaging portfolio strategy.

PARTNERING FOR FORESTS

Some 71 percent of the raw material we put in our carton packages is paperboard. Responsible sourcing of this paperboard is critical to continue to avoid deforestation. Although we don't own or manage any forests, we apply our purchasing power to promote sustainable forest management and protect biodiversity.

We do this by working together with suppliers, non-governmental organisations, customers and other stakeholders to promote responsible forest management and demonstrate traceability through independent certification and labelling. In 2018, we reached the major milestone of helping our customers produce more than 460 billion FSC™ (Forest Stewardship Council™) labelled packages since 2007 (Tetra Pak FSC license code is FSC C014047).

As the need to protect the world's forests increases, we are forging ever closer ties with FSC, expanding FSC supply and increasing FSC labelling. We continue to work with our customers to promote FSC through local marketing campaigns. During 2018, we increased the share of FSC certified paperboard in our production facilities, giving even more customers the opportunity to use the FSC label on their packages.



Tetra Pak has been on the CDP A-List Forests Programme for the last three years in recognition of our work in managing and mitigating risks associated with the sourcing and production of timber.



Our decade-long partnership with the WWF is based on a shared commitment to promoting responsible forest management, as we can see with our GFTN collaboration.



FSC is an international non-profit organisation that promotes responsible management of the world's forests. All our paperboard comes from wood from FSC-certified forests and other controlled sources.

By the end of 2018,
we'd sold more than

460
billion

FSC labelled
packages
since the first
package
sold in 2007.



'A'  listed

on the CDP's Forest Programme for the third year in a row. Tetra Pak is one of only seven companies with this achievement.

RESPONSIBLE SOURCING
PURCHASING FOR GOOD CONTINUED
THE BIG PICTURE FOR 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. We also use polymers in our caps, closures and straws. Our long-term ambition is for all our chilled and ambient packages to use renewable and/or recycled polymers, with no further extraction of fossil feedstock necessary.

However, there is much work to be done before renewable polymers fully replace traditional fossil-fuel based polymers as the industry to convert it is still embryonic. We currently use the same responsible sourcing requirements for our plant-based polymers that we use with all our purchase categories.

Beyond this, our supplier of plant-based polymer is working with ProForest, a world leader in supporting the sustainable management and sourcing of natural resources. Our supplier is also establishing a Bonsucro Chain of Custody from sugar cane plantation to their production facility for renewable polyethylene.



“Tetra Pak packaging is mainly made of responsibly sourced paperboard; however, we see it also as our responsibility to address the plastics issue because polymers are used in our packaging for protective layers, caps and closures, and straws.”

ALUMINIUM: LEADING THE INDUSTRY TOWARDS SUSTAINABILITY

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, which saves significant energy and carbon footprint through storage and distribution of the food products. Although this layer is minute, it is also responsible for about a third of the climate impact of our base materials. In 2018, we set a tougher carbon dioxide emissions target for our aluminium foil suppliers and are continually innovating to reduce how much we use, while investigating alternative barrier materials.

As a founding member of the ASI we have invested in human and financial resources over a few years with like-minded organisations to develop an independent and balanced set of standards for the responsible manufacturing and use of aluminium. In November last year, Tetra Pak became certified to the ASI’s Production Standard; we are delighted to be among the first group of aluminium producers, transformers and industrial users to demonstrate sustainable sourcing of this material.



60%



of the bioethanol used for our renewable polyethylene was sourced with Bonsucro Certification.



The story of our Tetra Rex® Bio-based package began back in 2007, and was our first step to achieve our goal to produce a package derived entirely from renewable resources. Nowadays, we also provide renewable polyethylene certified by Bonsucro.



BEVERAGE CARTONS RECYCLING AND END-OF-LIFE

CARTON RECYCLING: A HOLISTIC APPROACH

At Tetra Pak, we see recycling as one of the key enablers of a low carbon circular economy, that depends on sustainable recycling value chains, which ensure cartons are collected, sorted and recycled so they keep delivering value. When a recycling value chain is working well, it also prevents littering, saves resources and reduces climate impact. To ensure our recycling efforts are aligned across our business, in 2018, Tetra Pak established new circular economy teams, organised in our global sustainability function.

In November last year, we announced a major new partnership with Veolia, which we plan to increase significantly in 2019. This will enable all components of used beverage cartons collected within the European Union to be recycled by 2025. Our interview with Veolia and our recycler map shows how this regional approach to recycling accelerates our shift to the circular economy.

Our vision is that all beverage cartons are collected for recycling, and zero beverage cartons become litter or are sent to landfill. We have an open approach to partnerships, collaborating with our customers, the industry at large and all players in the recycling value chain.

INVESTMENT



€20M

invested to support recycling infrastructures from 2012 to 2018

INVESTMENT

25+ 

years

of exploring and evaluating recycling technologies with many partners


PEOPLE

45 

NEW ROLES

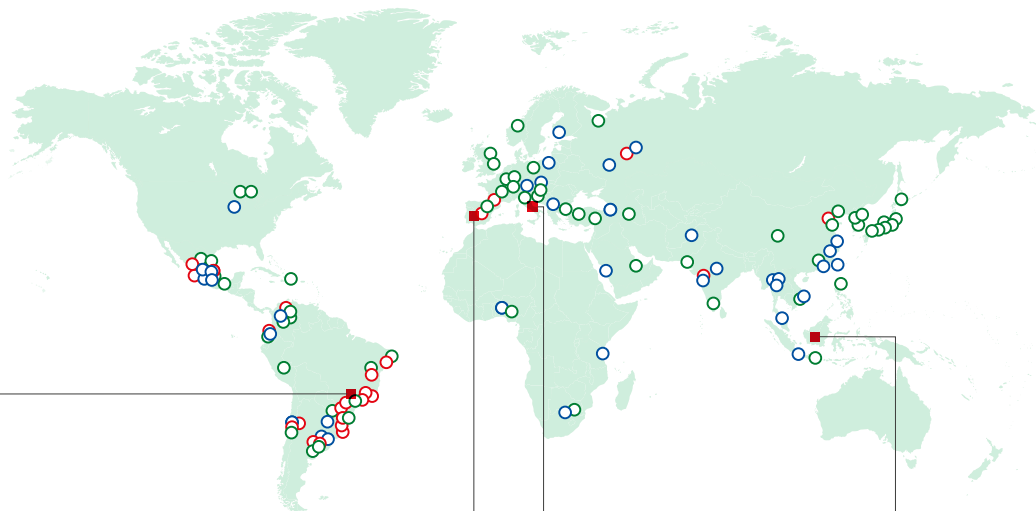
dedicated to supporting collection and recycling around the globe

COLLABORATION



THE ALLIANCE FOR BEVERAGE CARTONS AND THE ENVIRONMENT

We are members of the Alliance for Beverage Cartons and the Environment (ACE), and cofounded the **EXTR:ACT** platform to foster recycling of beverage cartons, including the non-paper components, such as polymers and aluminium.



Brazil

Tetra Pak has been working with Revita, a Brazilian recycler, since 2007. We have recently invested in a new process at our partner's plant, which increases their capacity to process and clean polyal. The new structure allows Revita to dry and clean the used polyal, removing all residual fibre, water and other contaminants which makes it easier to sell as a plastic material.

Spain

Saica, El Burgo de Ebro (Zaragoza) has the capacity to recycle 120.00 tons of UBC (Used Beverage Cartons) mainly from the selective collection of Spain and Portugal and the south of France.

Italy

Lucart is Europe's largest producer of paper for flexible packaging and a major manufacturer of paper and tissue products. We are working together to change Italy's carton collection system, significantly increasing Lucart's access to used beverage cartons and their ability to product recycled products.

Indonesia

Leo Graha Sukses Primatama has been partnering with Tetra Pak for more than 10 years to recycle used beverages cartons into recycled paper in Indonesia. Through constant repair and upgrade of materials, they now have a total capacity of 4,000 tons of paper per month. Since 2018, they have also been recycling the polymer and aluminium layers of cartons into roof sheets.



SUSTAINABILITY ACROSS ALL OUR BUSINESSES EQUIPMENT

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 fulfil this goal, while meeting rigorous quality and safety standards, and creating a smaller environmental footprint.

UNDERSTANDING OUR CUSTOMERS

We have long, rewarding relationships with most of our customers, often stretching back decades. This comes from our shared desire to find the most sustainable, cost-effective solutions to complex challenges.

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

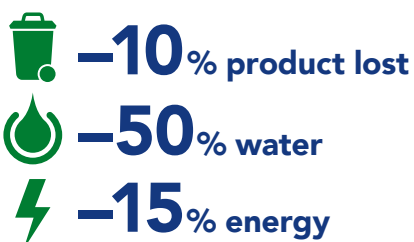
EFFICIENT EQUIPMENT AND SOLUTIONS

Our customers use Tetra Pak equipment to process and package their products. We work with them to minimise waste and spoilage while reducing energy and water consumption – keeping efficiencies up and costs down. In this way, we help increase the value of our customers' brands and lead the food industry towards sustainable growth.

Customer solutions in action include:

- Bright Dairy in China uses the Tetra Pak® PlantMaster Automation Solution, developed specifically for food production. This plant could avoid food waste, and reduce carbon and water footprints thanks to the traceability and environmental module provided by its Manufacturing Execution System (MES).
▶ [Read more](#)
- We have integrated environmental assessments into all stages of our UHT milk product and technology design processes. Over the years, this has led to significant savings.
▶ [Read more](#)

Our best practice UHT milk lines are much more efficient



SAVINGS FROM REDUCED FRICTION

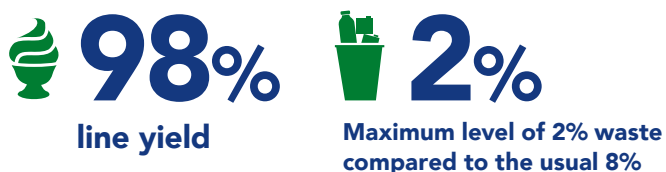


In May 2018, we launched Encapt technology for our high capacity separators for the dairy industry. This technology reduces the air pressure around the spinning bowl which lowers the air friction and thereby the energy consumption.

The combination of the new Encapt™ technology, and the established AirTight design enables as much as 40 percent savings compared to alternative separator designs.

- We have made great improvements to our JNSD beverage line architecture by combining UV, filtration and aseptic technologies. While maintaining product safety and quality, we achieve drastic savings in the overall energy costs. In our white paper case study, we could show energy reduction of 67 percent and water savings of 50 percent in juice production.
▶ [Read more](#)
- High-quality, high-capacity ice cream production: The Tetra Pak® Extrusion Wheel lets customers make premium, uniform, high quality ice cream products at the highest capacity and lowest cost in the industry.
▶ [Read more](#)

Our Extrusion Wheel for ice cream products reduces waste:



BUILDING CIRCULARITY INTO OUR CUSTOMER OFFER

In 2018, we finalised a new function at Tetra Pak that supports our shift to the circular economy – Certified Renovated Equipment. This organisation collects and renovates previously used equipment before selling it on, reducing scrappage and improving our customer offer.

It is built around three pillars: competitive portfolio, end-to-end process and global supply chain. And we are already seeing results. For example, in 2018 we renovated 106 filling machines and downstream equipment. We also sold around 15,000 maintenance units, which offer an alternative to single spare part maintenance and reduce downtime. These are mostly reconditioned units, allowing us to save about 5 tons of titanium on a yearly basis.



ENVIRONMENTAL IMPACT ACTING ON CLIMATE

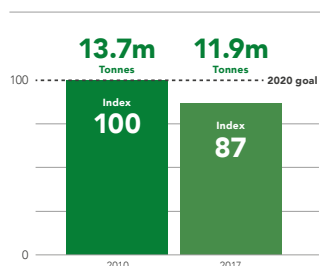
REACHING OUR 2020 GHG GOAL

We fully support SDG 13 – taking urgent action to combat climate change and its impacts. In 2011, we set a climate goal to cap our 2020 impact across our value chain at 2010 levels, regardless of business growth. We have also signed the UN Paris Pledge for Action

In 2019, for the third year in a row, Tetra Pak achieved a Leadership band rating from the CDP for our climate disclosure and supplier engagement. These scores show the CDP’s recognition of our commitment to minimise our climate impact across our value chain and increase our use of renewable electricity.

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

Progress across value chain
Million tonnes CO₂e emissions.



% Emission vs Production growth
Emissions are decreasing despite production growth.



On our way to reaching our 2020 climate goal, we have cumulatively saved more than 10 million tonnes of CO₂e throughout our entire value chain since 2010.

CARBON PRICING

We are using an internal carbon price in our D&E Capital Equipment organisation to drive the behaviour change leading to reduction of GHG emissions and encouraging investment in renewable energy.

Our policy on air freight means that air freight can now only be used if business critical and approved. Any use of air freight will incur a fee which the Development & Engineering organisation will then invest in renewable electricity.



SCIENCE BASED TARGETS



The Science Based Targets (SBT) initiative champions science-based target setting as a powerful way of boosting companies’ competitive advantage in the transition to the low carbon economy.



In 2016 we became the first company in the food packaging industry to have our climate impact reduction targets approved by the SBT initiative. We committed to reducing Tetra Pak’s operational GHG emissions by 42 percent by 2030 and 58 percent by 2040, from a 2015 baseline, and to reducing GHG emissions across the value chain per unit of revenue by 16 percent by 2020 from a 2010 base-year. We will share the results of our progress towards these targets on our website later this year.

While our current science-based targets are aligned with keeping global temperature increase below 2°C, as we work on our new strategy, we are looking at how best we can ensure alignment with the latest science that indicates the need to keep below 1.5°C, and to look beyond our existing commitments.



We commit to reduce operational GHG emissions 42% by 2030 and 58% by 2040, from a 2015 baseline

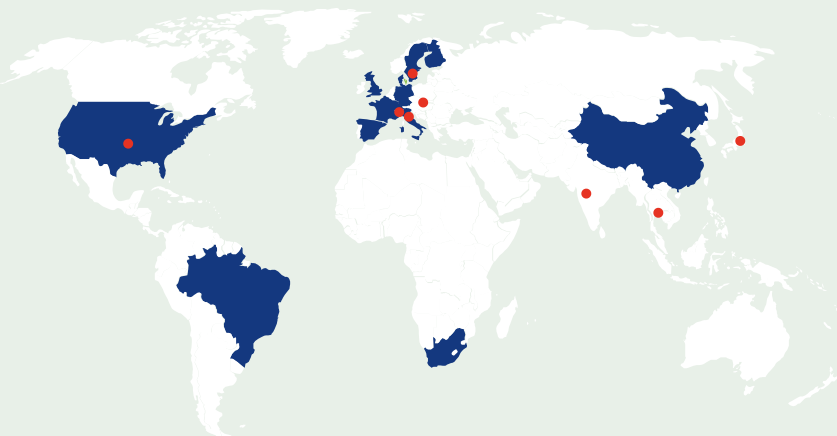
We are a signatory to Caring for Climate, UN Global Compact, The Paris Pledge for Action, Science Based Targets and RE100





ENVIRONMENTAL IMPACT ACTING ON CLIMATE CONTINUED

TETRA PAK IS INVESTING IN RENEWABLE ELECTRICITY



- Eight factories producing green electricity from solar photovoltaics (PV)
- 33 out of 56 production sites had 100 percent renewable electricity contracts in place



Solar photovoltaics installed on Tetra Pak factories

Number of installations	8 (in 2018)
Installed capacity (kW)	2,644

Renewable Electricity consumption 2018	
(MWh)	460,000 (est)

OUR OPERATIONS: POWERING UP FOR CHANGE

We have a long history of investing in energy efficiency in our own operations. Our first centrally driven energy audit took place in 2001; these audits have identified significant energy savings through process improvements and behavioural changes. In 2016, we took the next step and made a public commitment to RE100 to source 100 percent renewable electricity by 2030. In 2018, we passed the 50 percent milestone towards this goal and are on track to have 80 percent of our operations supplied with renewable electricity by 2020, and 100 percent by 2030.

We are evaluating how Tetra Pak can directly initiate new renewable projects in the regions where we operate. During 2018 we invested in two further solar PV projects at our factories in Rayong, Thailand (1.0 MW) and Denton, US (0.6 MW). We see this as just start, with the potential for more such projects. In addition we are evaluating the use of Power Purchase Agreements as another way to increase the global availability of renewable electricity.

OUR SUPPLIERS: STAYING ON TRACK

Our supply chain accounts for 45 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 sustainability performance annually.

LESS WASTE, MORE RECYCLING IN OUR FACTORIES

We use our continuous improvement work culture, World Class Manufacturing to benchmark our top performing sites, capturing good practice and ensuring that it is applied systematically across the company. Improved technology has also helped cut waste, and we recycle close to 100 percent of material waste; the remainder is disposed of responsibly and in line with current regulations.



We are on track to have
80% renewable electricity
supplied to our operations by 2020



4%

For the first time in 20 years, our factories generated less than 4% waste.



PROTECTING FOOD FOR ALL





PROTECTING FOOD FOR ALL SUSTAINABLE FOOD VALUE CHAINS

PROTECTING FOOD FOR ALL

Tetra Pak's innovative and market-leading food processing, packaging and service solutions 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. In addition, our cutting-edge equipment, processes and packaging prolong the life of food and keep it from being spoiled. This addresses the challenge of food waste, which accounts for around 8 percent of man-made greenhouse gas emissions.

PROVIDING MILLIONS OF CHILDREN ACCESS TO SAFE NUTRITION

In many countries, children still go to school hungry. Governments invest in school feeding programmes to make sure children get nutrition at schools, and Tetra Pak packages enable safe nutrition to reach those children. Governmental programmes are today implemented in many countries and Tetra Pak packages are part of those programmes in 59 countries. Being practical to carry, protective of the food with Tetra Pak aseptic technology and easy to drink from with straws – which will soon all be paper – Tetra Pak cartons are an enabler for the food industry to participate in these programmes, and we are proud of their impact.



19.4%
↓ **1%** in 10 years

In the Dominican Republic, chronic malnutrition presence reduced from 19.4% to 1% in 10 years.



School attendance increased by
7.6%

School feeding programmes increase access to education. In Zambia, school attendance increased by 7.6% and pass grades increased by 16.3% in the year after programme launch.



PROMOTING RECYCLING IN PERU



According to the World Food Programme, 13 percent of Peruvian children suffer from chronic malnutrition and 22 percent of people have little access to nutritious food. Alongside this, there is a need to preserve local culture and the Quechua family of languages through education.

Our customer, P&D Andina Alimentos, S.A., made history with a Yoleit brand launch of a new fortified dairy product featuring both Spanish and Quechua languages on the package. This beverage contains locally-produced grains and is enriched with vitamins A, D, E, calcium, zinc and magnesium. The packaging also incorporates educational messages that promote good nutrition, hygiene and recycling.

Qali Warma, a Department of the Ministry of Development and Social Inclusion, manages Peru's National School Feeding & Nutrition Programme. This reaches approximately 3.7 million schoolchildren, of which 523,000 receive fortified beverages in Tetra Pak packages. In collaboration with the school feeding programme suppliers and Tetra Pak, Qali Warma developed a scheme to recover post-consumer packaging from 38 schools and to create awareness by training teachers about nutrition and environmental care in a dynamic way.



Tetra Pak's unique expertise in formulation of products

is used to help the milk industry propose highly nutritious food for under-fed children.

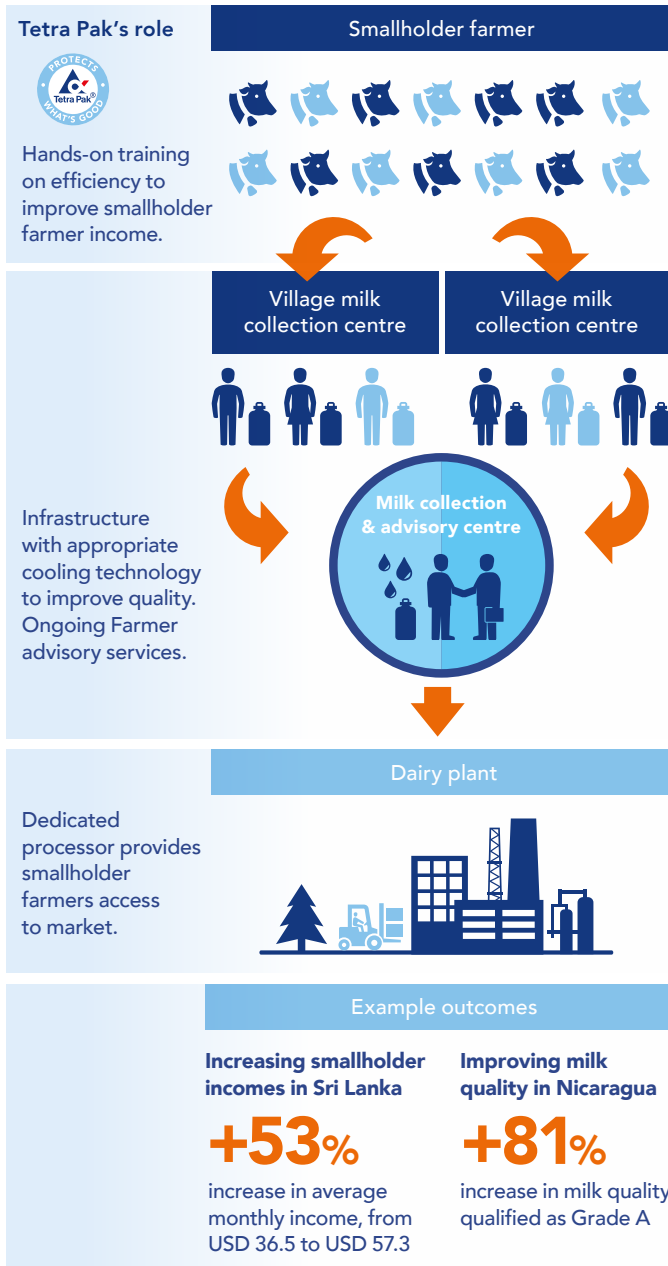


PROTECTING FOOD FOR ALL

SUSTAINABLE FOOD VALUE CHAINS CONTINUED

TRANSFORMING LIVELIHOODS WITH LOCAL SOLUTIONS

Our Dairy Hub model links smallholder farmers in emerging economies to dairy processors. By strengthening local supply networks, we can build resilient supplies of quality milk in an environmentally, socially and economically sustainable way. As part of this offer, we help farmers increase their yield through training in sustainable farm management and animal husbandry. Given the positive impact this has, we are looking for more partners to scale our training offer.



NEW DAIRY HUB PROJECT IN KENYA



Our customer, Uplands Dairy, is in the Kiambu County in Kenya.

Dairy farming is a key source of livelihood and local nutrition, but poor farm management practices have led to low productivity, low incomes and poor-quality raw milk. Country-wide, malnutrition is a serious problem.

Building on positive experiences elsewhere, we are implementing a Dairy Hub project with Uplands Dairy. This involves farm assessments, technical assistance, capacity building and showcasing of best practices. We are also training trainers so our work can spread to the 7,000 farms supplying Uplands – and beyond.

The project has already seen positive results, with a 150 percent increase in milk production yield per cow.

Overall, milk collection has grown by 16 percent in the past year while Uplands' milk collection cost has decreased by 5 percent. Looking ahead, the project team are looking for partners to scale-up the training services to reach and benefit more smallholder farmers.

On average more than

+16% Overall milk collection

7,000 farms supplying Uplands Dairy



PEOPLE

**OUR
GREATEST
STRENGTH**





TALENT AND DEVELOPMENT RECOGNISING OUR GREATEST STRENGTH



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.

A SUCCESSFUL, SUSTAINABLE WORKFORCE

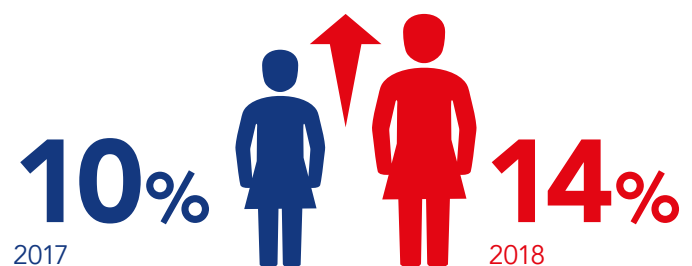
We aspire to embed a work culture in which diversity is integral, evident and valued for the benefits it brings us. Our business’ future success is dependent upon maintaining a truly diverse workforce, where every employee is respected, included, engaged and fully contributing. We also know that our customers are diverse and they expect us to be equally diverse.

In 2018, we moved from defining our Diversity and Inclusivity strategy to implementing it. To do this, we are seeking to enable all aspects of diversity (e.g., age, gender, race and nationality). Here are a few highlights of the results:

- The number of women at senior leadership level rose from 10 to 14 percent, and women at management level rise from 23 to 24 percent. This is a significant increase in a short amount of time.
- We have doubled the reach of our flexible working policy. Flexible working is now available in most of the countries where Tetra Pak operates.
- We now provide Diversity and Inclusivity training to all leaders. We launched a course on inclusive leadership which is being offered to all leaders during 2019.

Looking ahead, we have put plans in place for further improvements in 2019. Each senior leader has plans to close the gaps in their business area related to different aspects of diversity, be it age, nationality or others. One area of focus is improving gender representation at leadership level. We have put various tactics in place to attract talent, such as recruiting through social media, hiring more interns, supporting projects that encourage more schoolgirls in science, and sharing stories from female role models across our business to change perceptions.

Women in senior leadership





TALENT AND DEVELOPMENT

RECOGNISING OUR GREATEST STRENGTH CONTINUED

LEARNING AND DEVELOPMENT

At Tetra Pak, every employee plays their part in delivering our strategy. Through training and development, we support our people from recruitment to retirement.

Following the continuous improvement of our employee development programmes at Tetra Pak, much of which comes through acting in response to employee feedback, we saw the average number of learning hours for all employees increase from 24 in 2016 to 34 in 2018.

We are focused on engaging our people to better understand how we can create meaningful work and long, rewarding careers. This involves providing exceptional learning and development opportunities that ensure our workforce can perform at its best.

In 2018, we launched an Induction Framework to improve how we onboard new recruits. This introduces Tetra Pak at a global and local level, explains how our business functions and describes how their new job fits within the bigger picture.

SHARING FEEDBACK AND ENCOURAGING SUCCESS

We want to attract the very best people, and to work with them to ensure that they thrive and succeed at Tetra Pak.

In 2018, most of our workforce engaged in performance management activities, and we are on track to reach 84 percent of our blue-collar workers in 2019. Our core content is now available in nine languages. We also improved how anyone at Tetra Pak requests, provides and shares performance feedback, streamlining an important process for improvement.

And finally, having collected feedback on our performance management process, we identified and implemented a collection of improvements.

RECOGNISING EXCELLENCE

Our 2018 Leadership Excellence Award went to the factory director of Jeddah, Saudi Arabia, who successfully raised the competence and maturity of his organisation in a challenging hiring environment, securing high levels of employee engagement throughout the factory.

TALENT TODAY AND TOMORROW



FUTURE TALENT

Our global Future Talent Programme is developing the next generation of talented employees by hiring promising graduates and offering a great opportunity for their first job. We make a significant investment in these new recruits, providing them with globally structured training and development. In 2018, another 180 graduates joined us, bringing the total up to 350. Our 2017 recruits are thriving, with positive feedback from both graduates and managers.

We are also using this programme to continue to strengthen both our nationality and gender diversity. Our third round of recruiting for the 2019 programme has started.



In 2018 180 graduates joined us

bringing the number up to

350 total



SAFETY, HEALTH AND WELLBEING

PROTECTING OUR PEOPLE

OUR APPROACH

Safe and healthy, every day, everywhere: occupational health and safety (OHS) does not only apply to factories, it affects all of us. In 2018, we retained 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.

TRACKING OUR IMPACT

We continue to monitor how we manage OHS through an annual self-assessment. In 2018, 19 market companies were assessed as part of our new OHS assessment programme. We are on target to cover all non-manufacturing sites (market companies and head offices) by the end of 2019.

In 2018, we enhanced our team with Services and Processing OHS managers for each cluster. These roles are helping deliver against local plans to improve OHS maturity. Each of our factories continues to deliver on its local three-year improvement plans.

SAFE DRIVING

In 2018, we launched a procedure to ensure suppliers of our driving services (buses, coaches, taxis, etc.) provided a service that met minimum safety requirements set by Tetra Pak, as explained in the graphic below:





SAFETY HEALTH AND WELLBEING PROTECTING OUR PEOPLE CONTINUED

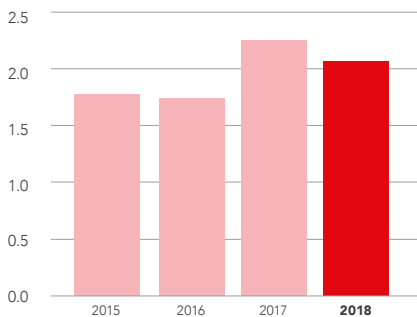
HEALTH AND WELLBEING

When it comes to health and wellbeing at Tetra Pak, we look at the whole picture. Our initiatives are run centrally, and rolled out to all parts of our business, from head office to the factory floor. In 2018, we developed a new procedure to ensure management of noise and started the roll out of our global wellbeing programme.

SAFETY PERFORMANCE

In 2018 there were two fatalities: one employee as a result of a driving accident and one contractor working on an installation project. Tetra Pak is determined to learn from these tragic incidents and has put in place detailed action plans.

Lost Time Accident rate
12-month average (MA)
Number of LTAs per 1,000,000 hours worked



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

SAFE AND HEALTHY, EVERY DAY, EVERYWHERE

"I am proud of my team's performance and the value we're adding to Tetra Pak's OHS journey. For example, here in Jeddah, we have identified certain tasks that people should repeat every month and developed a mobile application to remind them to perform and record these tasks. If each and every person takes ownership, we can ensure our operations are as safe as possible."

BULENT KOZAK
FACTORY DIRECTOR, JEDDAH

Listen to the podcast on our website



GLOBAL WELLBEING



In 2018, we rolled out the first phase of a new wellbeing programme to 14 countries across Europe, South America and Asia. The programme uses a 'train the trainer' approach to provide our local HR managers with the skills to run and support similar programmes in their own countries.

In 2018, we trained 24 'trainers', who then trained 482 local managers. The programme provides three levels of support for employees.

1. Primary support – this raises awareness and suggests steps employees can take to manage their own wellbeing.
2. Secondary support – this provides tools for managers, including a risk assessment and training on how to conduct conversations around wellbeing.
3. Tertiary support – this gives support if or when a 'burn out' situation occurs. Our return to work process ensures an employee is not placed in the same environment if this contributed to their burn out.

In 2019 and 2020, we'll roll out this programme across the rest of our business.



SUSTAINABILITY REPORT 2019

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