CEO REFLECTIONS

DELIVERING ON OUR PROMISE

Our President and CEO, Dennis Jönsson, looks back on another year in which we brought sustainable value to stakeholders by delivering on our simple, unifying promise.

Understanding our role in the world

During the past year, we have made significant progress in identifying and prioritising those aspects of our business which have the greatest stakeholder impact. We spent nine months working alongside sustainability experts on a rigorous materiality assessment, defining clear priorities under the headlines of Food, People, and Futures, as well as reflecting our wider contribution to the 17 UN Sustainable Development Goals (SDGs). 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.

Throughout this report, which is now aligned to the Global Reporting Initiative’s G4 guidelines, you will see how we map our strategy to our most material issues, and to the nine SDGs where we know we can have an impact.

Protecting food

Making food safe and available everywhere remains our vision… and, together with customers and partners across the globe, we continue our journey towards that goal, which is now widely recognised as one of the most pressing issues of our time.

Since launching our first filling machine in 1952, our processing and packaging solutions have been helping to protect food; not just in terms of its safety, but also its quality, flavour, nutritional value and shelf life. Our packaging solutions, in particular, enable food to be transported and stored for several months, without the need for either refrigeration or preservatives. In developed countries, this brings peace of mind to consumers, while in emerging economies, where chilled distribution systems for milk and other liquid food products are less prevalent, it makes a real difference to the everyday lives of countless families.

During the past year, we have been actively involved in several initiatives aimed at extending that positive impact still further. For example, we have broadened our DEEPER IN THE PYRAMID activities, working with customers in new parts of the world to find creative responses to the specific challenges faced by low-income households in securing safe, healthy and nutritious food products.

“We also expanded our involvement in school feeding programmes and are now working with governments and other partners to bring nutritious drinks to around 67 million children in 57 countries using Tetra Pak packages.”

It’s an activity in which we have played a key role for more than half a century, and I was delighted that last year we added Bolivia to the list of nations where we now help ensure schoolchildren regularly receive a healthy drink as part of their school day.

Looking to the future, we see more and more opportunities to expand access to safe, affordable food; offering both our know-how and our cutting-edge processing and packaging technologies to customers and partners around the world, as we journey towards the UN goal of Zero Hunger.

Continued on next page >
Protecting people
When it comes to protecting people, one of our principal areas of focus in 2016 was our Occupational Health and Safety agenda, helping better ensure the wellbeing of all those who work for, or with, our company. We extended our OHS assessment programme to include all of our sites across the globe, and introduced a new training campaign, Safety and Me, to share positive safety-behaviour models with the many thousands who work in our factories worldwide. By year end, this campaign had been rolled out in around 40 percent of our locations.

But protecting our people means more than safeguarding their wellbeing. It is also means protecting them as a resource, ensuring we attract and retain outstanding talent from across the globe, helping them have long and rewarding careers with Tetra Pak.

In this regard, my leadership team and I recognise that success in today’s global business requires employees with a diverse mix of backgrounds, perspectives and cultural understanding. There is undoubtedly more that we need to do in this area, particularly when it comes to gender diversity, and we recently formed an advisory panel to help identify ways in which to ensure more women pursue leadership roles. I look forward to seeing the progress made against the panel’s detailed action plan through the year ahead.

As well as taking a more proactive approach to diversity, we are also exploring how we better attract and retain young talent at an early stage in their careers. Last year, we launched our Future Talent programme, which reflects our long-term commitment to hiring a steady stream of graduates from around the world, offering them a structured agenda of on-the-job training and development, leading to a career with Tetra Pak.

Protecting futures
Helping protect the future of our planet goes hand-in-hand with our commitment to support the long-term success of our customers, and we are working on many different fronts to ensure that happens. Responsible sourcing, for example, is one of the three strategic objectives defined for our supplier operation, and we now have an active programme to better engage both our direct and indirect suppliers, to ensure they are supporting these ambitions.

On a related front, we now secure 100 percent of our paperboard from FSC™-certified and other controlled sources, as we continue our work to raise the quantity of responsibly sourced renewable materials, including bio-based polymers, in our package portfolio. As a consequence of this effort, our Tetra Brik® Aseptic 1000 Edge with Bio-based LightCap™ 30 recently became the first aseptic carton in the world to receive the highest class of Vinçotte certification for its use of renewable materials.

We are also making excellent headway in advancing our processing and packaging equipment technologies to help customers reduce their own environmental footprint. From the Tetra Pak® E3 platform, featuring eBeam sterilisation that lowers energy consumption by almost 50 percent, to high-acid juice pasteurisation, which cuts energy use by up to 20 percent, we continue to bring innovative technology solutions to our customers that reduce energy, decrease water consumption and minimise waste.

On another front, our commitment to RE100, and our decision to source 100 percent renewable electricity by 2030 has been extremely well received by both customers and consumers alike; I am pleased to report that we are already using renewable electricity for more than a third of our total annual consumption worldwide.

Equally pleasing was having our wider climate targets approved by the Science Based Targets Initiative. This reinforces the fact that our climate programme and goals are aligned with the latest science. We are the first food packaging company to achieve this endorsement.

Maintaining momentum
What I have seen through recent years convinces me that driving a sustainable, responsible approach to business is now more important than ever. With that in mind we have established a Sustainability Forum, reporting to the Global Leadership Team’s Strategy Council. We have done so to ensure that this critical dimension, along with a well-defined corporate governance framework, sit at the heart of our strategy and future growth agenda, with accountability at the highest level of our organisation.

There is no doubt that the challenges we face within the food and beverage industry are complex, interconnected and intensifying. But I am absolutely confident that by coming together as a global community to try, test and share new approaches, we can turn these challenges into opportunities and ensure we protect what is so precious to us all.

Dennis Jönsson,
President and CEO, Tetra Pak
Tetra Pak is the world’s leading food processing and packaging solutions company.

Working closely with our customers and suppliers, we provide safe, innovative and environmentally sound products that each day meet the needs of hundreds of millions of people in more than 170 countries.

With more than 24,000 employees around the world, we believe in responsible industry leadership and a sustainable approach to business. Our promise, “PROTECTS WHAT’S GOOD™,” reflects our vision to make food safe and available, everywhere.

Tetra Pak is one of three companies in the Tetra Laval Group – a privately owned business founded in Sweden. The other two companies are DeLaval and Sidel. Tetra Laval is headquartered in Switzerland.

11.4 € billion
Net sales in 2016

77.8 billion
Litres of products sold in Tetra Pak packages in 2016

24,100 Employees worldwide

175+ Countries where Tetra Pak packages are available

188 billion
Tetra Pak packages sold in 2016

6 Research and development centres
2016 PERFORMANCE HIGHLIGHTS

Through 2016, we advanced our sustainability agenda in line with our commitment to protect food, protect people and protect futures. And we challenged ourselves across all three areas to make an even greater impact.

FOOD
- 60+ years of expertise in food safety and quality
- 67 million children received milk or other nutritious beverages in Tetra Pak packages
- 50+ years supporting school feeding and nutrition programmes

PEOPLE
- 98% manufacturing site compliance to global occupational health and safety standard OHSAS 18001
- 24,100 employees worldwide
- +600,000 learning hours taken up by our employees

FUTURES
- First aseptic package with highest class Vinçotte certification for renewable materials
- 100% of carton paperboard came from Forest Stewardship Council™ certified and other controlled sources
- 16% reduction in greenhouse gas emissions, despite 19 percent more packages sold (2010 baseline)
- 100% commitment to renewable electricity by 2030 via RE100
At Tetra Pak, our approach to sustainability is shaped by our brand promise: PROTECTS WHAT’S GOOD™. We bring this promise to life by committing to protect food, to protect people and to protect futures.

In order to provide safe, secure and sustainable products to customers and consumers – and to do so responsibly – we need to continually find new ways to meet the evolving expectations of the market. This means understanding the diverse needs of our customers, while at the same time finding sustainable ways to feed a fast-growing population. It also means supporting people and communities in our business, in our markets and in our supply chains and doing more with less by driving environmental innovation across the life cycle of our products and in our own operations.

**Aligning to global standards**
The challenges we face within the food and beverage industry are complex, interconnected and intensifying. While FOOD. PEOPLE. FUTURES as the chapters of our sustainability story provide us a way to organise and communicate our priorities, we think and work in an integrated way in order to develop solutions that maximise benefits for our customers, for our business and for the communities where we operate.

Part of our stakeholder engagement means aligning to global initiatives like the United Nations Sustainable Development Goals (SDGs). Established in 2015, these global goals strive to eliminate poverty, improve education and health outcomes, create better jobs and tackle key environmental challenges by 2030. We have identified nine Goals that align closely with our business model and that we will track our progress on in the coming years, as shown below and on the following page.

**FOOD. PEOPLE. FUTURES within our sustainability story**

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

**Our commitment to the UN SDGs:**

- Food availability
- Customer health and safety
- Food waste

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

**Our commitment to the UN SDGs:**

- Occupational health and safety

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

**Our commitment to the UN SDGs:**

- Packaging renewability
- Energy use and 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

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 and packaging solutions.

Through this approach, we are making a direct contribution to SDGs 2 and 12:

Our processing and packaging solutions enable food and drink to be distributed and stored without refrigeration or preservatives. Our Food for Development initiative helps drive the development of the dairy and food value chain worldwide. School feeding programmes improve health and stimu late development. Our DEEPER IN THE PYRAMID offering is making healthy food accessible to low-income households.

We select materials from renewable sources, and our long-term goal is that all our packaging will be made from 100% renewable materials. Aseptic technology and packaging also helps to reduce food waste.

Top material aspects: food availability, customer health and safety, food waste.

See how our work to protect food aligns to our material aspects and the SDGs

PROTECTING PEOPLE

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

Through this approach, we are making a direct contribution to SDG 8:

We employ a diverse workforce, and strive to keep all colleagues free from harm. Our Code of Business Conduct sets mandatory requirements on human rights and labour, environment and anti-corruption, complies with applicable legislation and encourages suppliers’ own sustainability initiatives.

Top material aspects: occupational health and safety.

See how our work to protect people aligns to our material aspects and the SDGs

PROTECTING FUTURES

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

Through this approach, we are making a direct contribution to SDGs 6, 7, 9, 12, 13, 15 and 17:

We seek to minimise water usage in our operations and reduce the water consumption of the equipment we develop, sell and operate at our customers’ sites. Our Environmental Benchmarking Services help customers increase efficiency and reduce their own consumption.

We are investing in renewable energy and increasing the use of renewable electricity in our operations. We have joined RE100 and the Business Renewables Center, committing us to sourcing 100% of our electricity from renewable sources by 2030.

We work closely with our suppliers and other partners to ensure sound forest management practices. Our minimum requirements go beyond legislation, and we expect our suppliers to comply. We use credible certification systems to improve forest management.

Top material aspects: supplier environmental assessment, supplier water use, packaging design and resource use, packaging renewability, energy use and GHG emissions, machines and equipment: waste generation, water use, packaging recycling, packaging climate impact.

See how our work to protect futures aligns to our material aspects and the SDGs

Partnership and collaboration

We actively engage with stakeholders across our entire value chain and at all levels in order to develop common solutions and create shared value.
Our 14 most material aspects:

**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.

**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.

**Machines and equipment: water use**
How our food processing, packaging and service solutions help our customers keep water consumption down.

**Packaging recycling**
How we promote and increase recycling through supporting infrastructure development, raising consumer awareness about UBC recycling, and working with partners to boost business opportunities for recyclers.

**Packaging climate impact**
How we measure and manage the CO2 footprint of our packaging products.

**Aspects with medium and low impact**

- (15) supplier waste generation
- (16) renewable energy use
- (17) distribution/retail climate impact
- (18) end-of-life climate impact
- (19) child labour
- (20) supplier human rights assessment
- (21) anti-corruption
- (22) diversity and equal opportunity
- (23) labour practices and decent work
- (24) supplier labour practices assessment
- (25) human rights
- (26) waste generation
- (27) water use
- (28) packaging raw material production: biodiversity
- (29) packaging raw material production: energy use
- (30) packaging raw material production: local communities
- (31) forced or compulsory labour
- (32) non-discrimination
- (33) other air emissions
- (34) biodiversity
- (35) packaging raw material production: emissions to water bio-plastics production
- (36) machine and equipment: recoverability
- (37) end-of-life: marine litter
- (38) end-of-life: emissions to water
- (39) packaging raw material production: indigenous rights

> READ MORE about our materiality process and the partners we work with.
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 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 helps us deliver on our brand promise and comply with relevant regulations and legislation, as well as guiding us to behave ethically and responsibly. 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.

**Code of Business Conduct**
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. In 2016, we established a Sustainability Forum to further support our strategic and cross-functional approach to sustainability. Reporting to the Strategy Council, its members are Vice-President and Director-level representatives from across the company.
PROTECTING FOOD

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

Sustainable Development Goals we can impact:

- Food availability
- Customer health and safety
- Food waste

Safety, quality and availability
In a world where food security is one of the most pressing development challenges, finding immediate ways to address the needs of a growing and rapidly urbanising population, while limiting food losses and waste, is becoming a key priority for our sector. Our products and services can play a key role in achieving that ambition. By working closely with our partners across the value chain, we can help make safe, nutritious and flavoursome products accessible to people across the globe, including those living in remote locations without access to refrigeration.

Reducing food waste
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 prolong the life of food and help prevent it perishing – this is where we believe our greatest impacts are in reducing food losses. We also work with our customers to help educate consumers on how to avoid waste and 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.

"Tetra Pak and GCNF understand that when public and private partners work together, we can make sustainable changes to improve nutrition and education for children. For more than a decade, our innovative and valued collaboration with Tetra Pak has supported developing countries feed and educate some of the world’s most vulnerable children."

Gene White, President, Global Child Nutrition Foundation

READ MORE about how we protect food
PROTECTING FOOD

FOOD SAFETY
Consumers rightly expect food to be safe. For our customers, that means being in full control of production, from the sourcing of raw materials to the retailer’s shelf.

Our Food Safety Policy commits us to maintaining the highest standards of safety and achieve full product traceability through the entire food processing and packaging value chain. This commitment is reflected in our products – 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.

THE TETRA PLANTMASTER™
is a factory-wide control system that fully and seamlessly integrates safety and quality intelligence from each unit of the dairy production line.

We are continually finding new ways to help our customers respond to challenging market conditions and consumer demands around the world, for example through our food safety technologies such as juice pasteurisation and ultra-high temperature treatment.

READ MORE about food safety

Addressing the material aspect
CUSTOMER HEALTH AND SAFETY

FOOD QUALITY
Since launching our first filling machine in 1952, our processing equipment and packaging products have been helping to protect the quality, flavour and nutritional value of food, in turn enhancing its safety.

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.

OVER 60 YEARS OF EXPERIENCE
Our aseptic performance specialists work to measure, benchmark and prevent food safety and quality issues, while our service teams offer ongoing training (at customer sites or at our training facilities) for plant operators around handling, storing and displaying products along the production line. Quality can 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 food quality

Addressing the material aspect
CUSTOMER HEALTH AND SAFETY

FOOD LOSS AND WASTE
The UN Food and Agriculture Organization estimates that around a third of food produced is lost or wasted. Additionally, food losses and waste account for around 8 percent of man-made greenhouse gas emissions, the same as road transport.

Reducing food loss and waste is one of the founding principles of our business.

Our cutting-edge processing and packaging equipment keeps food from being spilled or spoilt in the early stages of production, while our packaging solutions prolong the life of food and help prevent it from perishing – this is where we believe our greatest impacts are in reducing food losses.

WE ARE MEMBERS OF SAVE FOOD
An organisation that aims to bring industry, research, politics and civil society together to find solutions to the problem of food loss and food waste, and to raise consumer awareness of the issue.

Addressing the material aspect
FOOD WASTE

2017 SUSTAINABILITY REPORT
FOOD AVAILABILITY
We believe that the most effective way to tackle the global food security and nutrition challenge is to build sustainable food value chains.

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.

Over 50 years of school feeding
For more than 50 years, we have participated in the development of school feeding and nutrition programmes, which have provided value to children and society around the world. In 2016, 67 million children in 57 countries received milk or other nutritious beverages in Tetra Pak packages in their schools.

We offer our partners practical support in implementing and evaluating school feeding programmes, while also advising on food safety and quality. We also share best practices on environmental education and recycling in schools. Additionally, we support our customers in developing and launching fortified and nutritious beverages that are being used in school feeding programmes.

FIRST SCHOOL FEEDING PROGRAMME WAS IN 1962

The first school feeding programme using Tetra Pak packages was in 1962 in Mexico, in collaboration with the National System of Integral Family Development, still supporting today millions of children.

School feeding, Thailand
School milk in Thailand was introduced in 1992. In 2016, 5.2 million children were reached by milk in Tetra Pak packages through the government-funded programme. Impact studies of the programme have shown promising results.

- Number of children: 5.2 million
- Beverage: milk
- Programme funder: government
- 2016 results:
  - Malnutrition: -47%
  - Child height: +3cm per year
- Source: Dairy Council of Thailand

School feeding, Sudan
Our customer, DAL Group, has initiated a school milk programme to reach schoolchildren across Sudan.

- Number of children: 21,500
- Beverage: milk
- Programme funder: DAL Group
- 2016 results:
  - Underweight: -53%
  - Stunted growth: -55%
- Source: Reproductive and Child Health Research Unit at the University of Medical Sciences and Technology (RCRU/UMST)

School feeding, Dominican Republic
Together with the World Food Programme, we have supported improvements in quality control and food safety across the distribution chain.

- Number of children: 1.1 million
- Beverage: fortified milk
- Programme funder: government
- 2016 results:
  - Anaemia (aged 6-14 years): -24%
  - Malnutrition: -18%
- Sources: UN Development Programme (UNDP)
Dairy development
With the global demand for milk set to overtake supply within a decade, the dairy industry is facing immense pressure. Through our Dairy Hub model, we help build sustainable value chains by supporting smallholder farmers and connecting our customers to higher-quality milk. We do this by linking smallholder farmers to a dairy processor, with Tetra Pak offering the technology and hands-on practical knowledge and training. We have seen around the world how this model increases milk supply and enhances the stability of dairy supply chains.

Nicaragua dairy development
We started a dairy development project in 2012 together with our customer, Centrolac, and the dairy development organisation venture l dairy. In 2016, two new Dairy Hubs were launched.

2016 results (Acopaya region):
- Average milk yield per cow per day: +81%
- Weight gain for calves: +124%
- Milk quality qualified as Grade A: 81%

Source: Tetra Pak

Bangladesh Dairy Hubs
Working together with our customer PRAN RTL, the Swedish International Development Cooperation Agency and UNIDO, two new hubs were opened in 2016, making a total of four hubs.

2016 results (Chatmohar region):
- Average milk yield/cow/day: +143%
- Milk collected in hub 1 per day: +1,950%
- Average income per smallholder farmer per month: +144%

Source: Tetra Pak

OUR NEW DAIRY HUB IN SRI LANKA
In Sri Lanka, we are partnering with our customer, Cargills, and the German development agency, GIZ, to open a new hub in the Poonkari region. So far, we have trained 300 smallholder farmers, with average daily milk yields increasing by over 41% and monthly farmer income up by over 50%.

READ MORE about food availability
Food affordability
Our DEEPER IN THE PYRAMID (DiP) strategy tackles food affordability, bringing safe, healthy and nutritious products to millions of low-income households. We work closely with our customers and our Food for Development programme around:

- Product development: at the DiP product development centre, we help customers to develop affordable, nutritious recipes, identify suppliers and provide facilities for product testing.

- Insights into consumer needs: we share local and global consumer research, run innovation workshops and identify product concepts based on the latest intelligence around consumer needs and aspirations.

- Strong development partnerships: we support our customers to identify and understand nutritional gaps, negotiate funding alliances with non-governmental organisations and governments and support project implementation and training.

- Sharing expertise: we draw on our experience to help our customers understand the complexities of market distribution, develop viable strategies and logistics, devise distribution solutions and create appropriate, effective merchandising material.

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

Safe, affordable protein for Egypt’s poor
White cheese has long been a staple component of many regional diets in Southern Europe, North Africa and the Middle East. In Egypt, the biggest market for white cheese, almost half the population (40 million consumers) is considered to be DiP, some managing on as little as EUR1.80 a day. An affordable, safe and nutritious supply of white cheese is therefore seen as a priority in the sustainable development of the country.

Traditionally, it has been sold loose, with no guarantee of hygiene and easily perishable. Now, thanks to financial support from the International Finance Corporation, we are bringing long-life cheese in multiple sizes to low-income consumers in an affordable package. Smaller sizes are particularly popular to those living hand-to-mouth and readily available through a network of local corner shops and drug stores and affordable to even the poorest.
IN ACTION

A nutritious start for youngsters, Myanmar

The challenge: According to the UN World Food Programme, one in three children in Myanmar is chronically malnourished.

The initiative: The Myanmar School Milk Programme was launched in 2013 by the government of the Republic of the Union of Myanmar, with technical support from Tetra Laval Food for Development. The goal has been to grow the school milk programme into a nationwide programme providing every child in Myanmar with nutritious milk.

Su Sanda Hlaing is the manager of the programme, now reaching 26,000 children. Her team monitors and develops the programme and maintains close collaboration with Ministry of Education counterparts. They visit each school on a regular basis and are in direct contact with teachers, parents and community representatives to assess how the milk is making a difference. Safe storage protocols, milk consumption reports, waste handling and all other safety and quality protocols are being followed to ensure that the milk is of the highest hygiene and safety standards.

The value: The nutritious milk has been widely accepted by the children and the community. Enrolment and dropout rates have improved considerably in targeted schools. The Institut de Recherche pour le Developpement is conducting a nutrition impact study of the school milk programme, which will be finalised in 2017.

Looking ahead: There is an important link between school milk and the dairy sector, since the demand for milk in schools is a key market for local smallholder dairy farmers. A nationwide school milk programme would not only benefit all the children but also many smallholder farmers, in turn developing local milk production.
IN ACTION

Playing our part in school feeding, Bolivia

The challenge: In Bolivia, the World Food Programme reports that around 39 percent of the population lives below the poverty line, with levels of undernourishment the highest in South America (15.9 percent). For children under five, malnutrition stands at 18 percent and many children over five go to school on an empty stomach and struggle to concentrate simply because they’re hungry.

The initiative: Recognising that safe, quality food is key to learning and development, the government introduced official legislation in 2014. The school feeding programme is now in 339 municipalities funded by the Ministry of Education, with technical support from international non-governmental organisations including the World Food Programme, as well as the private sector.

Following the positive experiences of existing school feeding programmes in the North, Central and South Americas region, we took our expertise to Bolivia in 2016 where our customers started to supply fortified nectar in Tetra Brik® Aseptic 200ml packages to 47,000 primary school children in 83 schools. Throughout the year, we worked together with the local food processing industry to improve the existing programme by advising on nutrition for improved health and access to safe food across more regions of Bolivia, as well as providing practical support to implement and evaluate the school feeding programme.

The value: We are proud to be part of a nationwide initiative to improve nutrition and, in turn, the educational outcomes of children in Bolivia. From many years’ experience in school feeding, we know that this intervention directly improves children’s attendance and educational performance, as well as their physical height and weight. We are working with municipalities recommending best practices to track programme impact, comparing the results with schools not involved in the programme. This includes acceptability studies to understand what products and packaging are accepted by children.

We also continue to partner with customers and schools directly to ensure that the distribution and storage chain follows the highest safety and quality standards, regularly checking procedures on the ground and providing information and advice around food safety.

Looking ahead: There is a potential for the programme to stimulate further local dairy supply chains by including milk provision multiple times a week to complement the fortified nectar. We also seek to support more around post-consumption reuse of our packages, since recycling infrastructure is largely unavailable across the isolated municipalities we work in. We have already seen how children and schools can be innovative in turning empty packages into works of art or even containers to nurture saplings for school garden projects. The shared ambition of all partners in the school feeding programme is for it to become self-sustaining and a permanent feature of Bolivian society.
PROTECTING PEOPLE

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

Sustainable Development
Goals we can impact:

Top material aspect:
- Occupational health and safety

Looking after our workforce
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 critical, as is ensuring a fair and inclusive work environment for all. We also act on our responsibility to protect the health and safety of employees, partners and customers and have therefore made it a key business priority.

Investing in our communities
Our work to protect people extends into our communities, for example 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.

> READ MORE about how we protect people

98% manufacturing site compliance to global occupational health and safety standard OHSAS 18001
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.

We made a number of improvements to our global occupational health and safety (OHS) management system in 2016, with 19 more manufacturing sites (98 percent) achieving certification to OHSAS 18001 (against our 2017 target of 100 percent). With the reporting of OHS incident data extended to non-manufacturing sites in 2015, as well as our manufacturing sites, we were for the first time able to track a global Lost Time Accident Rate (LTAR) trend.

While maintaining zero workplace fatalities, unfortunately the LTAR increased marginally in 2016 (2.10, up from 2.04 in the 2015 baseline year). This was mainly due to improved reporting from non-manufacturing sites, and a slight increase in accidents at manufacturing sites (see chart). We now have a detailed action plan to drive improvement in this area.

Andrew Jones, our Corporate Director for Occupational Health and Safety chairs the Conference Board Health and Safety Council, a global network of companies that convene to share health and safety best practice and challenges.

A culture of safety

To support our global OHS policy, our focus in 2016 was on building a positive culture of safety through a number of behaviour change programmes and materials. We launched Safety And Me, a ‘train the trainer’ approach to embed a positive safety behaviour model for factory working. By the end of 2016, 19 factories were implementing it and we aim to fully roll it out across the remainder of our 41 supply chain operations manufacturing sites.

We also launched a set of ‘key safe behaviours’ to encourage employee ownership of OHS, and we will continue to explore the best ways to monitor behavioural change across our diverse sites and markets.

It is important that our OHS teams have the skills and knowledge to support our changing business. So, as well as recruiting two global OHS managers to support our Services Packaging and Processing Systems teams, we also ran seven training workshops for 110 OHS officers, with highly positive feedback. Each factory now has a three-year plan and our focus for 2017 will be on supporting sites to deliver their plans.

One message; multiple channels

Our manual on OHS at customer sites provides a set of mandatory procedures applicable to all Tetra Pak employees working at customer premises. It is helping teams report against 19 standards and design action plans. We monitor performance against the manual with a maturity matrix based on five levels of compliance and any deviations against the manual results in a performance improvement plan. A shorter handbook complements the manual with succinct health and safety guidance. In 2016, we made an app version of the handbook so that engineers can access guidance anytime, anywhere.
DIVERSITY AND INCLUSION

We believe that our ability to innovate and grow is rooted in the diversity of thought and creativity of our people. Fresh ideas are born in workplace cultures that promote inclusion and equality.

Balanced gender representation
A balanced gender representation benefits both individuals and the business. Although the diversity landscape is changing, some industries still struggle to attract and retain women. Like many other companies in our sector, we face a challenge in achieving a balanced gender representation in our workforce. We are therefore taking a proactive approach to hiring women and providing developmental opportunities aimed at increasing gender diversity.

We are 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. In 2017, we welcomed a gender advisory panel made up of 15 men and women across the business to help us understand cultural factors affecting women gaining leadership positions, and develop an action plan.

22% of employees (24 percent of middle managers) are female

PROTECTING PEOPLE

Health and wellbeing
Health and wellbeing has, until 2017, been managed by our local markets, and as a result there have been variations in best practices region-by-region. We have initiated a programme to provide a more holistic, centralised approach with rolling initiatives and consistent governance to drive improvements, irrespective of where our people live in the world.

All companies 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, nutrition, healthy living advice, and alcohol and drug support.

Healthy living across the Americas
We offer annual medical examinations as an employee benefit across the region. In Mexico, teams ran conferences and workshops on sexual health, oral diseases, healthy living, drugs and addiction, stress management and eye health in 2016. Every April, the Monte Mor and Ponta Grossa converting factories in Brazil run a ‘healthy week’. The week includes a flu vaccination campaign, now extended to include Tetra Pak engineers who work at customer sites.

At our Global Information Management site in Sweden, we run an annual ‘highway to health’ programme, raising awareness about available training, healthy food, sleep, stress and mindfulness. In 2016, the focus was on work/life balance, alongside our occupational health department.

Gender diversity in the leadership pipeline

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<th>High potential</th>
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READ MORE about diversity and inclusion

READ MORE about safe, healthy workplaces

Addressing the material aspect

OCCUPATIONAL HEALTH AND SAFETY
TALENT

We want our people to enjoy rewarding careers with us and we want to be able to attract the very best to begin their journey with us. This means building a high-performance culture that helps people perform at their best.

Learning and development

Employees can expect continuous learning and development, aligned to their personal goals and contributing to our corporate strategy. We help our people develop their competencies across corporate functions, from customer understanding, leadership and project management, to sales and portfolio management.

Our Leadership Acceleration programme aims to develop the next generation of senior managers. In 2016, we supplemented the programme with a global leadership workshop, a three-day event designed to align senior managers, including the global leadership team, with our business strategy.

At the start of 2017, we launched myFuture, a fresh approach to people management at Tetra Pak that aims to improve and personalise learning and development across our diverse markets. We will report back on this initiative in 2018.

Future talent

Our global Future Talent Programme is a strategic approach to harness and develop the next generation of talented employees. It involves a long-term commitment to hire graduates; a strategy to establish long-term partnerships with selected universities; and a globally structured training and development for graduates.

“Innovation is key to ensuring the needs of the market and enabling future success. We work closely with our suppliers, but more than that, we try to create real partnerships and have open and collaborative relationships with them.”

Ylan Mathieu, Young Talent Supply Manager

In 2017, we have committed to hiring 230 graduates around the world. This is the first time we have a consistent global approach and we have significantly increased our investment to support this programme.

Our global mentoring programme

Our global mentoring programme is for employees we identify with leadership potential who have been with us for five to 10 years. It provides a platform for people to expand their connections and get to know people from parts of the organisation they don’t normally see. The programme includes a year of mentoring, where we connect experienced managers with emerging leaders and offer monthly mentoring meetings and job shadowing. We run this biannually and the last programme took in 18 employees that we identified as emerging leaders. The next mentoring intake will be in 2017.

> READ MORE about talent
PROTECTING PEOPLE

ENGAGEMENT AND RECOGNITION

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 track engagement levels with a survey run every second year. Since 2016 was a non-survey year, our focus was on addressing issues raised during the 2015 survey. These included: communication and the pace of change and the need to revitalise our process orientation. These were central themes in our Global Leadership Workshop.

Looking ahead
Going forward, we will monitor progress against actions identified as we prepare for our 2017 employee engagement survey. As part of our continued commitment we will review our employee engagement strategy during 2017 and we will investigate and determine additional tools to be used to measure engagement, looking at the total employee experience throughout the employee life cycle, from attracting future talent, to the employees who leave the company.

Employee Excellence Awards
Any employee can nominate a colleague for an Excellence Award in four categories: customer, innovation, operation or leadership. We also recognise teamwork with our awards for market and factory of the year.

COMMUNITIES

Our work to protect people extends into our communities, for example our activities around child health and nutrition, sustainable livelihoods, youth employability and consumer engagement.

Child nutrition
We offer our partners practical support in implementing and evaluating school feeding programmes, while also advising on food safety, quality and the importance of fortified and nutritious beverages for children. We even advise on carton reuse and recycling within schools.

Sustainable livelihoods
Our established Dairy Hub model is helping create sustainable value chains by building the capacity of smallholder farmers. We are also working with the World Wide Fund for Nature to establish local forest owners’ associations and strengthen the competences of smallholders to create sustainable, profitable businesses. In 2016, we supported a new project, the Fair Wood Program, which supports smallholder and community forest management.

Engaging consumers
By giving consumers the information to make discerning purchasing choices and recycling their cartons, we have the potential to bring resource efficiencies at a vast scale. To do this, we need to work closely with our customers and consumer organisations.

Donations and emergency relief
We contribute to specific appeals for support. For example, in 2016 we helped our recycling partner in Kenya to set up the first Information and Communications Technology Centre in Kibera, Nairobi’s largest slum neighbourhood.

READ MORE about engagement and recognition
READ MORE about communities
PROTECTING PEOPLE

IN ACTION

Tetra Pak Academy

Tetra Pak Academy offers a comprehensive business-driven learning portfolio that can be aligned with individual development needs, helping people develop the competences needed to support our own growth and that of our customers, and to realize their own potential.

It also coordinates and manages learning activities across all Tetra Pak locations and functions. By bringing all our learning activities under one umbrella, we can avoid duplication, ensure that content and messages are aligned, simplify access to learning and clearly identify strategic priorities.

All employees have access to Tetra Pak Academy Online, a virtual learning library with a broad range of materials from thought leaders and business schools around the world. The online tool allows each profile to be customised so that every employee has a bespoke development experience.

The focus during 2016 was developing our five strategic capabilities. We saw a significant increase in consumption of learning (captured in our Learning Management Systems), with the total number of learning hours increasing by 30 percent and the total number of consumed courses increasing by 113 percent.

Leading by example: Stefano Boccolari

Engineering Support Manager Stefano Boccolari was named winner of our Leadership Excellence Award in 2016. This award recognised how Stefano inspired his team to deliver marked improvements in quality and reduce claims by more than half over a five-year period. Stefano believes that these results are down to making connections throughout the company, regardless of organisational boundaries and being willing to go the extra mile to understand the customer. This means not being afraid to try and test ideas and immersing oneself in the customer experience. He sees that bringing people and knowledge together can create a better, more productive atmosphere and thereby better results.

“We have an amazing amount of knowledge in Tetra Pak – often more than we realise. We need to reach out to our colleagues worldwide to tap into that, so that we become better equipped to deliver results. This also helps to build relationships and trust throughout the organisation. In my 35 years of working life, I’ve never seen a problem that has a single cause: there’s always more than one. That’s why it is important to involve different people in your problem solving. It helps you see the problem from all angles and to get all the options for how best to solve it.”

Stefano Boccolari, winner of the 2016 Leadership Excellence Award
PROTECTING FUTURES

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

Sustainable Development Goals we can impact:

81% of consumers say they look for environmental logos on the products they buy, according to our 2017 environmental survey of 6,500 consumers.

Top material aspects:
- supplier environmental assessment,
- supplier water use, packaging design and resource use, packaging renewability,
- energy use and greenhouse gas emissions, machines and equipment,
- waste generation, water use, packaging recycling and packaging climate impact.

A value chain approach
With a rapidly growing global population and diminishing resources, as a society we need to do more with less. These global forces are now shaping new market expectations and the expectations of customers. That’s why we constantly strive 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 the end of their life. 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.

Environmental and social responsibilities
Our environmental efforts have a significant social impact throughout our value chain. Upstream, we expect our suppliers to comply with our social and environmental criteria. In many cases we are engaged in the development of leading sustainability practices and standards. Downstream, we are informing consumers about responsible waste management and recycling, while also helping to create socio-economic value for communities through the use of recyclable materials. Our work under Futures combines our efforts to support sound environmental development, strengthen communities and contribute to sustainable food value chains.

> READ MORE about how we protect futures.
ENGAGING CUSTOMERS

Our goal is to create and share value for and with our customers through our products and services. Many of our relationships stretch back for years – and even decades. We attribute this to mutual partnerships based on a common desire to find the most sustainable, cost-effective solutions to complex challenges.

43% of consumers say that environmentally sound packaging can drive brand preference (2015: 39%)

Understanding our customers

Our annual Relationship Customer Satisfaction survey, along with other transactional surveys, helps us stay ahead of market trends and meet the evolving expectations of our customers. In 2016, we saw positive scores yet again across all areas, with particular strengths around partnerships, our commitments to food safety, marketing and environmental impact, as well as marked improvements in innovation.

As well as surveying customers, we also biannually survey the end consumer around environmental expectations. Our most recent survey (2017) polled 6,500 consumers across 13 global markets.

Sustainable packages

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

100% of carton paperboard comes from FSC certified and other controlled sources

In 2016, 100 percent of our paperboard came from Forest Stewardship Council™ (FSC™) certified and other controlled sources. On polymers, we produce bio-based caps and laminate coatings and, while aluminium remains our smallest packaging component by volume, we continue to explore how to make this protective barrier more sustainable, while developing alternative renewable barrier options for our non-chilled cartons.

Tetra Brik® Aseptic 1000 Edge with Bio-based LightCap™ 30

In 2016, we launched the Tetra Brik® Aseptic 1,000 Edge with Bio-based LightCap™ 30: the first aseptic carton package in the world to receive the highest Vinçotte certification for renewable content of packaging products. With polymer film and cap derived from sugar cane, combined with FSC-certified paperboard, renewable materials comprise 80 percent of the package, the threshold for four-star certification from Vinçotte. It also boasts up to 17 percent lower-carbon footprint than a standard package, according to an independent life-cycle analysis conducted by IVL Swedish Environmental Research Institute.

READ MORE about sustainable packages

17 percent lower-carbon footprint.
PROTECTING FUTURES

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.

As part of our service, we help customers make savings and deliver efficient, sustainable products. From the Tetra Pak® E3 platform that uses eBeam sterilisation and airtight separators to cut energy consumption by almost 50 percent; to high-acid juice pasteurisation that reduces energy by up to 20 percent – our innovative thinking directly benefits our customers.

Value-adding services
As well as our cutting-edge processing and packaging technologies, we also offer services that give a holistic view for both cost and environmental impact, enabling them to identify where performance can be optimised and savings made.

Our Environmental Benchmarking Service is one such example. It analyses the entire plant for food and beverage companies, from the processing and packaging lines and water efficiency, to wastewater treatment, energy efficiency, product yield, waste and carbon. Based on this audit, our technical service team can make recommendations on specific areas of improvement.

Giving our customers the full cost of ownership
Our total life cost of ownership tool helps customers weigh-up maintenance versus environmental performance and capital expenditures versus long-term operating costs. This helps the customer make an informed choice when investing in new products or processes.

✧ Netherlands: with cheese production being highly energy and water intensive, Dutch cheese manufacturer, CONO Kaasmakers, wanted to become the greenest dairy in the world. CONO uses the Tetra Alcross reverse osmosis unit to take out 12 percent of whey solids, with water reused as rinsing water for cleaning the equipment. The concentrated whey is further processed at the whey powder factory using our equipment. Separators are estimated to use less than half the energy required by conventional separators. Overall, the solution saves approximately 25 percent in gas and electricity and 75 percent in water, thanks to the improved separation of water and milk.

✧ Pakistan: our teams spent a year helping Fauji Fertilizwer Bin Qasim use the total cost of ownership tool to cultivate networks in the industry and meet joint-venture partners to understand the best approach to its new line of business.

✧ China: we’ve worked with Mengniu, the largest producer of ambient liquid dairy products in the country, applying total cost principles to streamline factory performance.

Addressing the material aspects
MACHINES AND EQUIPMENT: WASTE GENERATION, MACHINES AND EQUIPMENT, ENERGY USE AND GHG EMISSIONS, MACHINES AND EQUIPMENT: WATER USE
PROTECTING FUTURES

RESPONSIBLE SOURCING

Responsible sourcing means looking at what we purchase beyond the more traditional aspects of cost, quality and delivery time.

Our focus on this means that we consider ethics, labour, and social and environmental aspects when purchasing products and services, both for our direct and indirect suppliers. Responsible sourcing is one of three strategic objectives for our supply chain operations.

Supplier engagement

All new suppliers must commit to our Code of Business Conduct for Suppliers (the Supplier Code) before we start any business relationship with them. In the Supplier Code, we set out the expectations of our suppliers, based on the 10 principles of the UN Global Compact.

97% of suppliers by spend (100% of packaging raw material suppliers) have signed the Supplier Code

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.

Addressing the material aspects
SUPPLIER ENVIRONMENTAL ASSESSMENT, SUPPLIER WATER USE

Paperboard

As a major user of paperboard, we have a responsibility to ensure the world’s forests are managed in a socially, environmentally and economically sound way. We are working to ensure 100% of the paperboard in our packages is from certified sources. 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.

Tetra Pak was recognised, for a second consecutive year, as a sector leader in CDP’s forests programme for our performance in managing and mitigating risks associated with the sourcing or production of timber.

100%

FSC™ certified and other controlled sources paperboard

We see FSC™ as offering a credible universal standard; we also know that almost a quarter of consumers recognise the FSC logo so we actively encourage our customers to display the logo on their packages. In 2016, some 65 billion Tetra Pak packages with the logo appeared on retail shelves around the world, up from 54 billion in 2015. Having achieved full FSC Chain of Custody certification for all our converting plants and market companies, 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.

As well as being closely involved in implementing FSC standards and shaping sustainable forestry, we support a number of voluntary stakeholder initiatives. We are members of the WWF Global Forest and Trade Network, which is advocating zero net deforestation and forest degradation by 2020 and we are founding members of the High Conservation Value Resource Network, working with others to identify, manage and monitor conservation value as a step towards gaining certification from major forestry and agricultural commodity standard schemes.

Polymers

A Tetra Pak package has a thin layer of polymer, or plastic, to prevent moisture getting in or out and to keep contents 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 the end of 2016, we had delivered over 100 million of these renewable packages to meet customer demand.

Despite considerable progress, bio-based polymers are still only in a small fraction of our cartons and a niche product for the plastics industry. Our commitment remains to expand their use to cover more of our packages, across all sizes. The challenge becomes increasingly complex when considering the social cost of alternative raw material sources (e.g. local food availability and working conditions) attached to bio-based polymers. We are working with a number of our stakeholder partners to explore these issues, while also continuing to assess alternatives like other plant-based materials, organic waste and algae.
Our work as a founding member of the Aluminium Stewardship Initiative (ASI) seeks to address some of the issues described above at an industry level. In 2016, we were elected to the board of the ASI. Along with Rio Tinto Aluminium, BMW, Nespresso, WWF and the International Union for the Conservation of Nature, among others, we are working to establish a global standard that includes environmental and social criteria for all stages of aluminium production and transformation. The ASI aims to formally launch its certification programme by the end of 2017.

READ MORE about responsible sourcing

### 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, aluminium production can be associated with environmental and social issues, ranging from land use and hazardous by-products; to working conditions, health and safety. Furthermore, as it is traded in an open market, it can be difficult to trace back to the original source. Addressing these challenges is complex and requires continuous research and innovation, as well as working with multiple stakeholders. While undertaking this work, we are continually innovating to make the layer as thin as possible, while investigating alternative barrier materials.

### ENVIRONMENTAL IMPACT

We are working with suppliers and customers to minimise our environmental impact across the value chain, from sourcing and production; to use and disposal. This covers not only greenhouse gas emissions, but also resource use, waste, water and chemicals.

#### Climate

Our goal is to cap our 2020 climate impact across our value chain at 2010 levels, regardless of business growth. In 2016, we managed to achieve a 16 percent reduction, despite a 19 percent increase in packages sold. Working with the Science Based Targets initiative, we have committed to reducing operational greenhouse gas emissions by 42 percent by 2030 and 58 percent by 2040, from a 2015 baseline. Also, we commit to reduce value chain emissions by 16 percent per unit of revenue by 2020 (2010 baseline).

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 initiative (SBT), a global partnership between CDP, the World Resources Institute, World Wide Fund for Nature and the United Nations Global Compact to which over 210 companies have committed.

#### Customers

With over 50 percent of our climate impact deriving from equipment use by our customers, we focus our efforts on helping them find innovative solutions that reduce carbon footprint.

#### Tetra Pak operations

To meet our operational emission targets, we need to increase energy efficiency, buy and invest in renewable electricity and install more onsite renewable energy systems. Electricity consumption in our factories has remained stable since 2005, despite our business growing more than 30 percent during this time.

See full performance data
Renewable energy
We see renewable energy as key to our carbon reduction strategy and we announced our ambitious target to source 100 percent renewable electricity by 2030, through a public commitment to RE100, a global network of businesses that have voluntarily pledged to source 100 percent of electricity from renewable sources. In 2016, our total electricity use was 845,058 MWh, out of which 298,374 MWh was renewable electricity. Solar PV installations on our plants produced 1,044 MWh.

Disclosing our emissions to the CDP’s Supply Chain Programme allows us to be transparent with our customers on how we contribute to the reduction of their value chain emissions.”

Mario Abreu, Vice President Environment, Tetra Pak

Supply chain emissions
Our supply chain accounts for approximately 38 percent of the greenhouse gas emissions in our value chain. We work closely with supplier partners to identify efficiencies, both in their operations and through their own supply chains. In 2016, we saw a 21 percent improvement in climate efficiency among our packaging material suppliers compared to 2010.

Carton CO\textsubscript{2}e footprint
Beyond having our value chain climate goal, we also measure the CO\textsubscript{2}e footprint of our cartons through the Carton CO\textsubscript{2} calculator. The CO\textsubscript{2}e footprint of a product is the sum of all greenhouse gases emitted during its life cycle. This includes all the raw materials used, the production, the distribution, the consumption, as well as the end-of-life treatment of the product. The climate impact is measured in CO\textsubscript{2} equivalents (CO\textsubscript{2}e).

Water, Chemicals and Waste
Water
The amount of water used for production on our own sites is modest. Nevertheless, we are continually looking for opportunities to save this resource, especially where we work in drought regions. Water is a more material impact in relation to the equipment we develop and sell, so our efforts are focused on initiatives like our Environmental Benchmarking Service for customers and products such as the Water Filtering Station. Water is also a particular issue in our paperboard supply chain and we evaluate suppliers annually for water use, as well as stringently monitoring 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, including converting and other production 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. We use external certification in the form of the international environmental management standard ISO 14001 to ensure that environmental issues and impacts are managed in a systematic way. At the end of 2016, 92 percent of our factories were certified, with certification in progress for the remaining 8 percent. 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.

Addressing the material aspects
ENERGY USE AND GHG EMISSIONS

READ MORE about water, chemicals and waste
PROTECTING FUTURES

POST-CONSUMER RECYCLING

We are always thinking about the broader impact of our operations on the environment and society, and we believe that post-consumer recycling is an investment in our future.

When recycled beverage cartons are given a new life, we protect natural resources, reduce climate impact and contribute to communities.

Post-consumer recycling is an essential part of our environmental agenda. In 2010, we set ourselves a goal of doubling the recycling rate of beverage cartons to 40 percent by 2020. Since then, we have succeeded in increasing the percentage of packages recycled annually from 20 to 25 percent.

**Defining recycling success**

On our journey so far, we have come to understand that different markets have different needs and levels of maturity. Rather than focusing on a single indicator, we need to look instead at how well we are performing against the overall objectives which allow us to remain competitive and continue to meet the needs of our customers. Recycling rates remain a relevant metric but a global recycling rate will no longer be our main target.

For 2017, we have therefore introduced a new set of metrics and targets that are market-relevant, reflect our objectives and allow us to focus on what’s important in any given location. They are a richer and more comprehensive way of measuring our recycling work across the board, and a solid foundation for setting our future ambitions.

The new metrics measure our work in different areas including working with associations around the world to promote recycling, investing in awareness campaigns, joint promotional activities with customers, public outreach programmes, ensuring access to recycling collection and improving recycling capacity. In the future, we will report against these new metrics.

**Recycling cartons is possible: South Africa**

In South Africa, we have been working with Mpact, one of the largest paper and plastic packaging businesses in southern Africa. Our joint messaging around carton recycling has reached over a million households. Tetra Pak South Africa supported with information and also covered the cost of printing educational materials. The educational information is now available in a number of local languages to reach even more households.

[READ MORE about post-consumer recycling](#)
PROTECTING FUTURES

IN ACTION

Partnering to change consumer behaviour, Switzerland

The challenge: in Switzerland, nine out of 10 consumers want to recycle their beverage cartons but recycling infrastructure has thus far not enabled it. Without legislation to provide a legal framework, the country's used beverage cartons were ending up in incineration. Voluntary initiatives across the value chain are therefore key to drive recycling of beverage cartons in Switzerland.

The initiative: Through our membership in GKR, the Swiss beverage carton association, we have played an important role in facilitating a partnership between GKR, the supermarket ALDI SUISSE, the sorter Müller Recycling and the producer of individual solid and cardboard packaging Model AG to trial collection, separation and recycling of combined beverage cartons and plastic bottles. Initially, this began as a pilot project in over 90 municipalities. In 2015, ALDI SUISSE came on board, looking to offer combined recycling points for beverage cartons and other plastics in-store, following repeated consumer requests and in line with the company’s own environmental goals. At the same time, Müller Recycling opened the first high-tech plant in the country that could sort beverage cartons and plastic bottles from the same stream, and Model constructed a new pioneer recycling facility in Switzerland investing more than 35 million CHF. With combined recycling now possible, ALDI SUISSE became the first retail partner to offer mixed collection points.

The value: by the end of 2017, ALDI SUISSE will have launched over 180 collection points in its stores across Switzerland. Aided by social media communication, customer feedback has been very positive and, just eight months in, recycling rates are at 60 percent around each collection point.

Looking ahead: for the first time in Switzerland, consumers can be confident that beverage cartons will be separated and recycled. With the potential to save the equivalent of more than 11,000 football fields of forest, the partnership is improving recycling infrastructure and stimulating new market opportunities. It is hoped that the success of the programme will attract further investment to expand to other plants and retailers, making this a model to inspire both municipalities and retailers throughout Switzerland and in other countries.

60% recycle rates at mixed collection points
IN ACTION

Drinking yoghurt: moving away from plastic, Sweden

The challenge: with many of us drinking on-the-go these days, we look for beverages that can be consumed easily. At the same time, more and more of us are looking for environmentally sustainable packaging. Our customer in Sweden, Skånemejerier, was looking for a sustainable alternative carton for its drinking yoghurts and turned to us to assist.

The initiative: responding to the environmental concerns of its customers, for the first time in 2016 Skånemejerier introduced a carton for its yoghurt drinks. It opted for our Tetra Top® 330 MiniV carton for 2.1 million yoghurt products. Combining a very small layer of plastic with FSC™ certified paperboard, the carton avoids 45 tonnes of plastic and, according to our life-cycle assessment, produces only a fifth of the carbon emissions compared to a traditional plastic bottle. What’s more, it is 40 percent lighter, reducing distribution emissions.

A further advantage is that they fit together in transport and storage and can be delivered on a roll instead of ready-mixed as the plastic bottles. All of this makes distribution more efficient and significantly reduces the company’s carbon emissions. Once used, cartons are easy to flatten and recycle, with the screw cap also recyclable.

The value: Skånemejerier’s drinking yoghurt is now available in our MiniV carton in stores throughout Sweden, with positive consumer feedback around usability and environmental sustainability. According to Armina Nilsson, Sustainability Manager at Skånemejerier, “we noted a growing interest in environmentally smart, on-the-go packaging. Younger generations, in particular, value the environment as well as the option to conveniently bring this product with them when on the go. Carton bottles are developed with these aspects in mind. Our consumers are engaged in these issues, not least since the packaging is the first thing facing them in the store.”

Looking ahead: the Tetra Top® 330 MiniV carton is an example of future-proof packaging since it appeals to the next generation who will be looking for convenience combined with sustainability.

“60 years ago, we revolutionised the milk industry, when the glass bottles were replaced by our smart and lightweight cartons. Now we see a new big shift. People on the move care about the environment and the carton bottle becomes the obvious choice.”

Erik Lindroth, Environmental Director, Tetra Pak
RESPONSIBLE REPORTING

Communicating about our responsible business practices and performance is an important part of our overall reporting activity. We have been reporting on our environmental data 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 G4 Core guidelines, the most widely adopted international independent framework for sustainability reporting.

By using the GRI Guidelines, 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.

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 principles developed by the World Resource Institute and the World Business Council on Sustainable Development.
- For selected data we also present an eco-efficiency indicator. These 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; and
- **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.

See our full GRI Index
Read more about our sustainability work
www.tetrapak.com/sustainability

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