

# Tetra Pak Transparency in Supply Chains Statement 2023

This statement sets out the steps taken by the Tetra Pak Group during the financial year ending 31 December 2022 to prevent modern slavery and human trafficking in our business and supply chains. It is intended to meet the obligations of Tetra Pak Materials LLC and Tetra Pak Processing Equipment Inc. pursuant to the California Transparency in Supply Chains Act.

## 1 Our company

Tetra Pak is a leading food processing and packaging solutions group with more than 25,000 employees and net sales of approximately € 12.4 billion. We have 52 production plants, 87 sales offices and 27 market companies around the world.

We operate as three businesses: Packaging solutions (carton packages and packaging equipment), Processing solutions (and equipment) and Services. Each day we help to make food safe and available to meet the needs of hundreds of millions of people in more than 160 countries. We believe in responsible industry leadership and a sustainable approach to business.

Tetra Pak supply chains are global, and we manage over 15,000 suppliers in 110 countries. The top 10 countries for supplier spend are Sweden, United States, China, Brazil, Italy, Switzerland, Germany, Austria, Denmark and Hong Kong.

The goods and services procured by Tetra Pak are organised in three main categories:

- The base materials used in our packages (paperboard, polymer, aluminium and inks) are procured centrally.
- The modules, components, parts and services used in relation to our equipment sold to customers, are procured by global, regional and local procurement teams.
- The goods and services used for our own operations (IT, logistics, travel, HR, professional services, facility management, etc) are also procured at global, regional and local level.

The Tetra Pak group relies on our global supply chains for the above goods and services. It also procures goods and service locally, mainly in relation to freight and logistics services, mechanical and automation components, installation services, real estate management and facility management.

The reporting entities adhere to the Tetra Pak global processes and corporate governance framework, which integrate the activities aimed at preventing modern slavery and human trafficking, as described in this Statement.

## 2 Corporate Governance

Tetra Pak is committed to conducting every aspect of its business with integrity, complying with the rule of law and respecting the human rights of the people along our value chain.

Our company culture is based on strong values, which are continually reinforced amongst our employees and form the foundation upon which we conduct our activities and interact with third parties.

Tetra Pak has an established and well-defined corporate governance framework providing guidance on how we go about our business. We believe good governance benefits suppliers, customers, employees, consumers, and society at large.

Everything that we do as a company – from developing strategy, to making decisions, to defining how we should operate and act – is guided by that framework, which includes our Core Values, Code of

Business Conduct, Group Policies and Procedures, Risk Management principles, and Assurance activities. Associated efforts include the following:

- Tetra Pak requires all our businesses to comply with the laws and regulations of the countries in which they operate, to behave as good corporate citizens and to respect human rights.
- All Tetra Pak employees must comply with our Code of Business Conduct, which sets out common rules of business behaviour. These cover working conditions, discrimination, confidentiality, conflicts of interest, financial reporting, obeying the law, bribery and corruption, human rights and environmental issues.
- We work to ensure a fair, inclusive and safe work environment for our people. We uphold freedom of association and the effective recognition of the right to collective bargaining while respecting applicable law and practice, and support the elimination of forced and compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation.
- Our aim is that all individuals are free from harm during every Tetra Pak project or activity. In 2020, we launched a new Contractor Occupational Health & Safety (OHS) Procedure to direct the way we select, validate and monitor the activities of third-party contractors working for Tetra Pak. This ensures that we protect both our employees and contractors, whether they work at our sites or at customer locations. In 2021 we continued to implement our Contractor OHS procedure ensuring that the OHS standards of our higher risk suppliers were validated. In 2022, we had zero fatalities and only one high-consequence incident, across our sites globally. We ensure that any incident has a subsequent detailed action plan to drive improvements to prevent reoccurrence. We also achieved a 19% reduction in our Total Recordable Accident Rate compared to 2021 continuing the trend from 2020.
- In 2020, we introduced a Workplace Conduct Policy covering discrimination, harassment and bullying, and personal relationships in the workplace. The Policy covers all Tetra Pak operations, including general commercial activities, recruitment and selection, training and development, promotion and redundancy selection. For further progress on diversity, equity and inclusion, see our Sustainability Report: [SustainabilityReportFY22 \(adobe.com\)](https://www.adobe.com/sustainability/reports/2022)
- In 2021 we embarked on a change journey for our organisational structure and operating model to simplify how we work and empower our teams to take quicker decisions and deliver better outcomes that can contribute to sustainable development. As part of this change, a new function for Corporate Social Responsibility was created to further lead our work on meeting expectations for Business & Human Rights. In 2022, we expanded our human rights expertise to further strengthen our Social Sustainability strategy, focused on implementing the UN Guiding Principles on Business and Human Rights.

By providing the foundation for our strategy and approach to leadership, good governance ultimately helps us fulfil our vision to commit to making food safe and available, everywhere and deliver on our brand promise to PROTECT WHAT'S GOOD.

### 3 Our focus areas in relation to modern slavery risks

Tetra Pak sees its suppliers as key partners, but also recognises that supply chains are a potential source of environmental and human rights risks. We have developed a structured approach to assess and address such risks, as described in this Statement.

To define the scope of supplier desk-based evaluations and ethical audits, we conduct a regular risk mapping, using EcoVadis IQ with online indices of environmental, social and governance risks, related to the countries and industries in which our suppliers operate.

Supplier assessments are then prioritised based on industry and/or country risk. We have developed enhanced specific risk mapping criteria for the key base materials used for Tetra Pak packages: paperboard, polymers and aluminium. We secure environmental and social aspects are covered for each material using the leading Sustainability Standards (FSC™, Bonsucro and ASI). Our specific Responsible Sourcing Procedure for [Liquid Packaging Board](#) is publicly available, as is our [Responsible Sourcing Procedure of Renewable Polymers](#). The relevant verification and assurance

activities are governed by these standards and procedures, aiming at addressing specific human rights risks, including land rights, deforestation and biodiversity risks.

During 2022, we worked with Shift, a leading centre of expertise on the UN Guiding Principles on Business and Human Rights, to assess our approach to respecting human rights and how it can be further developed as part of our social sustainability strategy. As an outcome, we initiated a systematic risk identification process, to assess and prioritise risks to people across our value chain. For risks in our supply chain, this involved desk research, including reviewing suppliers' disclosure, relevant reports from civil society, international institutions and the media, and assessing information on suppliers from Ecovadis, Sedex audits, and industry schemes such as the Aluminium Stewardship Initiative. This was complemented by interviews with a selection of external experts and credible proxies from NGOs and international institutions that could provide expertise and insight into the severe risks to human rights in key supply chains, through dialogue with strategic suppliers, as well as internal stakeholder interviews and workshops with category managers in our procurement function.

Through this process, we assessed that the most severe risks that may occur to people in our supply chain could be as follows:

- Forced labour of workers and indigenous people's rights in the extraction or cultivation of our base materials
- Environmental impacts on the livelihoods of communities from the extraction of our base materials
- Security of human rights and environmental defenders in some higher risk countries
- Health and safety of workers in our base material suppliers' production
- Working conditions of workers at our logistics providers

## 4 Actions taken to assess and address modern slavery risks

Following the exercise to identify Tetra Pak's salient human rights risks (the most severe risks to people) set out in section 3, we are developing action plans to prevent, mitigate, and remedy these risks by collaborating with suppliers, industry peers, multi-stakeholder associations, governments, and civil society.

Risk management is an integral part of every decision we take, to both prevent and mitigate potential negative impacts on people, society, and the environment and to protect the value of our company. The foundation is our Governance, Risk, and Compliance (GRC) process, which helps our Executive Leadership Team to ensure that risks are escalated promptly, and decisions are shared across the organisation.

Tetra Pak has established Responsible Sourcing as one of its strategic objectives, reflected in our Procurement Policy and our Responsible Sourcing Procedure. Our Responsible Sourcing Procedure sets out the requirements for all purchasing categories to manage risks in relation to human rights, labour practices, occupational health and safety, environment, and business integrity. A central team of specialists supports the procurement teams to integrate relevant requirements in all steps of the supplier management process.

We are committed to ensuring that our suppliers act responsibly, and we have established clear requirements when it comes to behaviours and ethical standards.

### **Supplier Code**

Our Code of Business Conduct for Suppliers (Supplier Code) is an integral part of the supplier onboarding process and purchasing agreements, setting mandatory requirements for our suppliers and their sub-suppliers. All centrally, regionally and locally managed

vendors must sign the Supplier Code or prove that they adhere to equal or higher standards. In addition, the recyclers with which we have co-investment relationships are required to sign and expected to adhere to our Code of Business Conduct for Recyclers. A process to revise the Supplier Code is underway, with an update to be published in 2024.

We encourage and work with suppliers to help them go beyond the mandatory requirements and strive for continuous improvement. For our base material suppliers, additional assessments are performed and identified improvement areas are followed up with the suppliers in regular meetings.

The Supplier Code defines our requirements in the areas of human rights, labour practices, occupational health and safety, environmental management, and business integrity. It reflects the requirements of our own Code of Business Conduct, our participation in the United Nations Global Compact, our commitment to the UN Guiding Principles on Business and Human Rights and our broader sustainability commitments. The [Supplier Code](#) requires our direct suppliers to commit and adhere to certain fundamental principles and business rules, and we will be working with them to build their capacity to be able to meet these standards.

### ***EcoVadis assessments***

We ask our direct suppliers to perform regular evaluations with the support of EcoVadis. Such assessments include aspects specifically related to modern slavery and forced labour. The selection of suppliers is based on our risk mapping, described in section 3 above.

Once assessments are conducted based on our risk mapping, typical areas for improvement that we have identified and followed up with suppliers include:

- Improve documentation on labour & human rights policies
- Missing information or supporting documentation relating to working conditions, career management & training, diversity, discrimination, harassment

In such cases, we request suppliers to implement improvements that we follow up in subsequent assessments.

Evaluations may also be performed when certain key events happen (e.g. when a supplier introduces a new site or production process), or in case of specific concerns. We use Riskmethods, our supplier risk management software, to ensure continuous monitoring of responsible sourcing risks. In addition to using AI to monitor news stories in real time, the Riskmethods platform also consolidates and integrates data from internal and external sources.

### ***SMETA audits***

Tetra Pak conducts periodic ethical audits of suppliers, using the Sedex Members Ethical Trade Audit (SMETA) methodology. Audits are performed of suppliers receiving a high-risk score on EcoVadis IQ. The audits are pre-announced and performed by Sedex Affiliate Audit Companies. Suppliers are directed towards Tetra Pak preferred audit firms, but ultimately have the choice of which Sedex Affiliate Audit Company to use.

The SMETA measurement criteria are based on the Ethical Trading Initiative (ETI) Base Code, which refers to International Labour Organization (ILO) conventions. Where non-conformities are found, we request suppliers to implement corrective actions.

Typical areas for improvement that we have identified during SMETA Audits and followed up with suppliers include:

- Health & Safety issues
- Overtime or lack of appropriate time records

In some cases, we recognise alternative standards and approaches based on the type of purchased goods and services, such as the Responsible Business Alliance for IT suppliers.

In relation to our base materials, we also require Chain of Custody (CoC) certifications, such as FSC™ (paperboard) and Bonsucro (plant-based polymers from sugar cane). We have also achieved a near 100% aluminium suppliers certified to the ASI Performance Standard and the ASI CoC Standard (Aluminium Stewardship Initiative). Such certifications extend to human rights aspects, including the prevention of modern slavery and human trafficking.

During the COVID-19 pandemic period, we started using Sedex Virtual Assessment (SVA)s, which have provided a practical alternative where physical SMETA audits could not take place. This allows auditors to conduct a virtual site tour and worker interviews using video technology, as well as review supplier's management systems and documentation. Based on the successful pilot in 2021, we decided to continue using virtual audits as an alternative when there are good reasons.

If, through an audit, risk assessment or other means, we become aware of any actions or conditions in breach of our Supplier Code which are not remediated in a timely manner, we have the right to responsibly terminate any purchase or other agreement with the supplier – but our first step is always to engage with the supplier in order to change the harmful behaviour or practice.

### ***Training***

We continuously enhance our training programmes and e-learnings to enable all people involved in procurement to effectively integrate Responsible Sourcing and sustainability considerations.

Responsible sourcing trainings, covering aspects of modern slavery and human trafficking, are provided in the form of e-learnings or webinars.

Our Responsible Sourcing e-learning is mandatory for all employees in our procurement organisations. Completion of assigned training is recorded and regularly monitored.

In 2022, we rolled out a new sustainability training for all procurement employees. We also organise awareness sessions for suppliers with our partner EcoVadis. In addition to a general review of sustainability topics and evaluation approach, we focus on the definition of action plans allowing suppliers to improve their sustainability performance and prevent modern slavery and human trafficking risks.

## **5 Assessing the effectiveness of our actions**

### ***External partnerships***

It is our belief that by joining forces with people and organisations who share our objectives, we magnify the positive impact on society and foster higher accountability for our actions.

- Tetra Pak has been a participating and signatory company to the United Nations Global Compact since 2004. We submit a [Communication on Progress](#) every year.
- In 2022, we joined AIM-progress, a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains.
- We joined Shift's Business Learning Program, [Business Learning Program - Shift \(shiftproject.org\)](#); The Nordic Business Network on Human Rights, facilitated by the Danish Institute of Human Rights; The World Business Council for Sustainable Development; and the Business Network on Civic Freedoms and Human Rights Defenders to help build internal capacity on human rights and broader sustainability issues. To build trust and transparency with our customers and as part of our approach to responsible sourcing, we work with leading sustainability assessment platforms, including EcoVadis and Sedex.

- In 2022, we renewed our assessment by EcoVadis with a score 75/100, placing us in the top 1% of companies rated by EcoVadis in our industry category and receiving a Gold medal.
- Our production sites undergo regular SMETA (Sedex Members Ethical Trade Audit) audits based on a rolling schedule, allowing us to provide detailed assurance to our customers and stakeholders.
- We joined the Sustainable Procurement Pledge in order to increase knowledge on responsible sourcing practices across our procurement organisations and empower supplier managers to drive the journey as part of their category strategies.

### **Internal assurance processes**

Compliance with our Responsible Sourcing Procedure is monitored through our assurance processes, in particular as part of our annual risk assessments and control self-assessment processes.

- Our Executive Leadership Team is responsible for implementing the corporate governance framework, supported by a Corporate Governance Office and a network of local governance, risk and compliance officers.
- Every year, Tetra Pak's CEO and the Executive Leadership Team are required by the Tetra Laval Group Board to assure conformity with the corporate governance framework. Across the Group, an internal audit team verifies that the framework, policies and procedures are being followed.
- Anyone within or outside 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 the Head of Audit, without being penalised in any way. Every case of a breach of our Code of Conduct is handled individually and investigated appropriately. Every case of a breach of our Code of Conduct is handled individually and investigated appropriately, depending on its severity. If the incident is criminal, we report it to the relevant authority. [Good governance | Tetra Pak](#)
- Almost all our base materials suppliers have a valid assessment with results that meet our expectations. We are currently working with the remaining few suppliers to obtain missing assessments.
- For the modules, components, parts and services used in Tetra Pak equipment, as well as the goods and services used for our operations, all relevant suppliers from a risk and criticality perspective are covered by our Responsible Sourcing Programme, as described above.
- Engagement with affected stakeholders – those at risk of negative impacts – is a critical element of each stage of the due diligence process, but particularly in identifying risks and evaluating the effectiveness of our actions. As such, we aim to strengthen engagement with affected stakeholders across the value chain.

## 6 Consultation and approval

This Statement has been prepared in consultation with employees with responsibility for the oversight of procurement, sustainability, legal, governance and risk processes in Tetra Pak.

4873-5694-9864.1 / 625000-4260