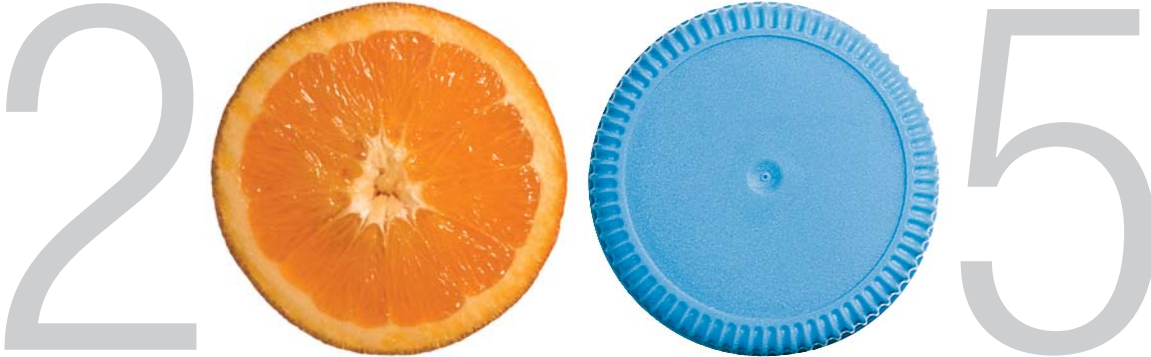


**UK Sustainability Update**



# Introduction

Last year we expressed our commitment to sustainable development in the first Tetra Pak UK Sustainability Report. We reported our approach to integrating this throughout the supply chain, from the sourcing of raw materials, to post-consumer recycling.

Sustainability is part of our competitive strategy and thus a key driver in the way Tetra Pak strives to conduct its business - not only ensuring profitability, but also seeking continuous improvements in our environmental and social performance.

Eight key areas of our value chain were reported on last year and we now give a brief summary of our progress in these areas within this year's 2005 Sustainability Update. All data contained herein pertains to the full year 2004.

As we entered 2005, necessary changes to our organisational design were evident in order to operate with increased Customer Focus. Consequently, the company has been realigned. Among other staff changes, we have welcomed five new members to the Management Team, all with drive and solid business backgrounds.

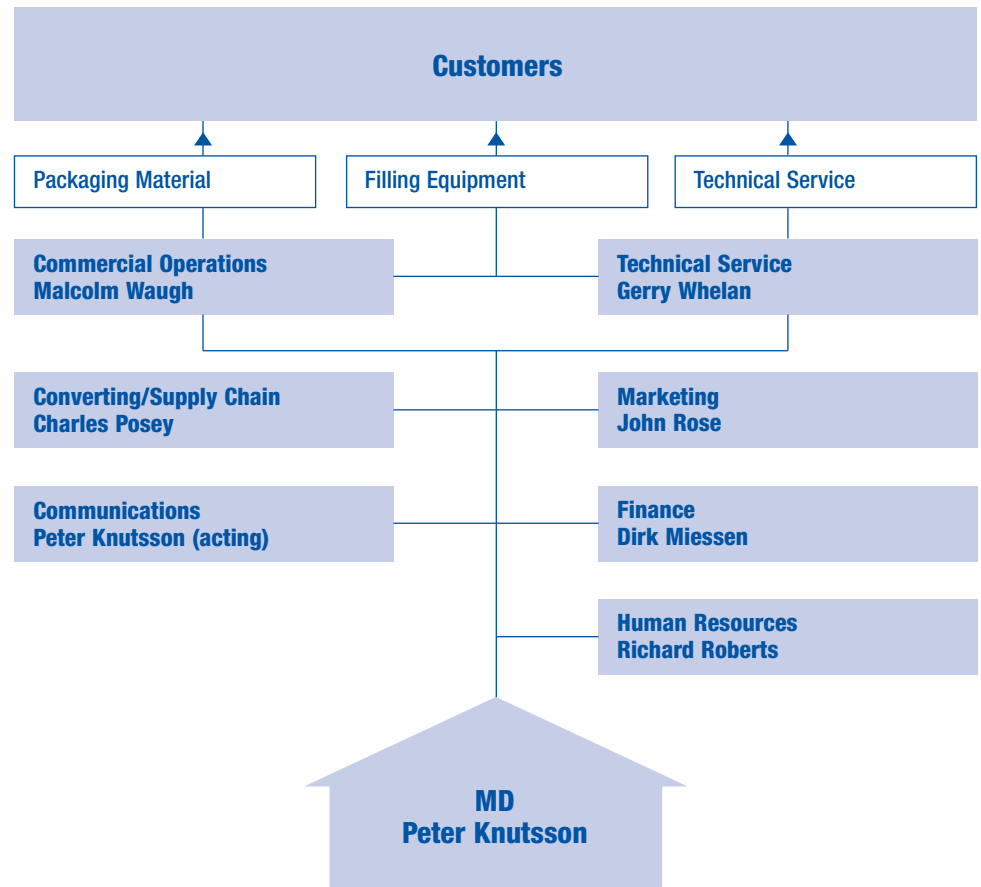
Our business outlook is confident! We are in a better position than ever to demonstrate and tender the benefits of carton based packaging systems!

Please let us know what you think.

With kind regards,



**Peter Knutsson**  
 Managing Director  
 Tetra Pak United Kingdom



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## Our business

We are global leaders in food processing and packaging systems.

As a result of the competitive market in which Tetra Pak operates, there was a slight decline in the number of packs sold in 2004 compared to 2003, from around 2.4 billion packs to around 2.3 billion packs. Despite this, due to a sharp increase of machine sales, the company turnover increased overall by approximately 4% over the past year.

Our market share is measured on an annual basis for submission to our global headquarters. This is assessed as part of the liquid beverage consumption within the domestic environment only. Exported volumes and food products are excluded.

We measure this share of the market mainly within two separate segments:

Liquid Dairy Products (LDP): includes all the categories derived from milk such as White Milk, Liquid Cultured Milk, Liquid Cream, Flavoured Milk, Sweetened Condensed Milk, and Evaporated Milk.

Juice, Nectars, Still Drinks (JNSD): Juice, Nectars, Fruit/Flavoured Still Drinks, Tea Based Drinks, Coffee Based Drinks and Sport and Energy Drinks. This excludes water, hot beverages and carbonates.

Despite its size within the carton industry, Tetra Pak holds only a small share of the total JNSD and LDP market in the UK. In LDP it remains under 10%, whilst in JNSD it remains just below 20%. Instead, both segments are dominated by plastics such as HDPE (high-density polyethylene) and PET (polyethylene terephthalate).

We continued to pay 95% of our invoices within 30 days in and spent £1.3M on Corporate Social Responsibility activities, representing 1% of our turnover.

## Raw materials and suppliers

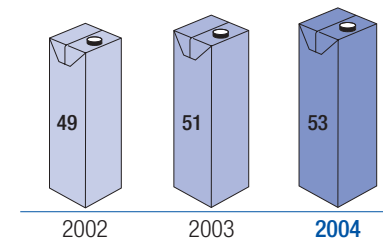
We work with suppliers to improve performance.

At a global level, we evaluate our main global suppliers of paperboard, plastic, aluminium and ink on their overall performance. Their performance in environmental matters constitutes 3-10% of their overall score. This rating aims to encourage improvements by suppliers and is considered in central purchasing negotiations when deciding between suppliers.

Paperboard is the most significant raw material used in the manufacture of our cartons and thus is a key area of focus for supplier management. Progress was maintained in 2004, with another 2% increase in independently certified timber entering our supply chain.

We published an updated Statement on Forest Management in December 2004, describing our objective that all the wood fibre used to make our packages should come from, and be shown to come from, forests that are certified in accordance with the principles of sustainable forest management, such as through Forest Stewardship Council (FSC) certification.

**Proportion of wood fibre from all independently certified sources**  
(percentage)



All tabular information sourced from Tetra Pak internal data





# The impact of our operations

We have reduced our impact on climate change.

Our manufacturing operations have been ISO 14001 accredited since 2001. As part of this, and our World Class Manufacturing (WCM) initiative, the minimisation of loss is a high priority. This involves resource efficiency, minimisation of waste and effective waste management.

WCM is a continual improvement process adopted from Japan, setting specific step by step methodologies to reduce losses and using teams to drive focused improvements.

Through our continued programme to reduce our impact on climate change, we set ourselves ambitious targets for 2004: to reduce our total greenhouse gas emissions per 1,000 standard packs produced by 12% compared to 2001 and to develop a system to monitor our greenhouse gas emissions on a monthly basis.

With the help of the Edinburgh Centre for Carbon Management (ECCM), we successfully developed and implemented a computer based monitoring system, with which our direct and indirect greenhouse gas emissions are measured. Emissions are tracked and converted into a carbon dioxide equivalent (CO<sub>2</sub>e) in accordance with the

Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development and the World Resources Institute.

Waste reduction and energy efficiency gains helped to cut our emissions from 14,385 tonnes in 2001 to 11,782 tonnes in 2004, reductions of 2,600 tonnes in absolute terms and around 0.87 Kg per 1,000 standard packs produced. This is a reduction of 13% per 1,000 standard packs produced. (Please note: 2001 figures presented here have altered slightly from those reported in our 2003 Sustainability Report as auditing processes revealed some data anomalies.)

Whilst every effort is made to avoid or minimise emissions, they are inevitable in operations such as ours. However, we have continued to 'neutralise' their impact by offsetting them via two projects supported by the United Nations Environment Programme. These both combine environmental, social and economic benefits to local communities involved with them.

## Climate change impact (greenhouse gas emissions)

	2001			2004		
	Emissions (tCO <sub>2</sub> e)	Percentage of total (%)	Emissions per 1,000 standard packs produced*	Emissions (tCO <sub>2</sub> e)	Percentage of total (%)	Emissions per 1,000 standard packs produced*
<b>Scope 1</b>						
Natural gas consumption	1,594.58	11.09	0.74	<b>967.58</b>	<b>0.08</b>	<b>0.48</b>
LPG consumption	188.72	1.31	0.09	<b>114.14</b>	<b>0.97</b>	<b>0.06</b>
Business travel						
– company-owned cars	526.58	3.66	0.24	<b>440.51</b>	<b>3.74</b>	<b>0.22</b>
Fugitive emissions	0.00	0.00	0.00	<b>247.00</b>	<b>15.03</b>	<b>0.12</b>
Sub total	2,309.88	16.06	1.07	<b>1,769.23</b>	<b>19.82</b>	<b>0.87</b>
<b>Scope 2</b>						
Electricity consumption	10,073.74	70.03	4.67	<b>8,108.29</b>	<b>68.81</b>	<b>3.99</b>
Sub total	10,073.74	70.03	4.67	<b>8,108.29</b>	<b>68.81</b>	<b>3.99</b>
<b>Scope 3</b>						
Freight	1,877.72	13.05	0.87	<b>1,811.86</b>	<b>15.38</b>	<b>0.89</b>
Waste disposal	123.37	0.86	0.06	<b>93.17</b>	<b>0.94</b>	<b>0.05</b>
Sub total	2,113.78	14.59	0.98	<b>1,905.03</b>	<b>16.17</b>	<b>0.94</b>
<b>Total</b>	<b>14,384.72</b>	<b>100.00</b>	<b>6.67</b>	<b>11,782.55</b>	<b>100.00</b>	<b>5.80</b>

\* kgCO<sub>2</sub>e per 1,000 standard packs produced  
Summary by WBCSD/WRI GHG Protocol Scopes



### Paperboard

	Tonnes used	Kg used per 1,000 standard packs
2000	48,220	21.6
2001	47,993	22.3
2002	44,990	21.9
2003	40,945	18.9
<b>2004</b>	<b>41,474</b>	<b>20.4</b>

In 2004, 96% of our solid process waste was recycled. The amount of waste going to landfill was reduced by 26% against 2001 levels (per 1,000 standard packs produced). The high wet-strength paper used to wrap the rolls of paperboard during transportation to Wrexham cannot be repulped. This continues to be used as fuel for energy recovery.

### Pallets

	Total units	Units per 1,000 standard packs
2000	68,808	0.031
2001	66,764	0.031
2002	66,051	0.032
2003	64,578	0.030
<b>2004</b>	<b>56,352</b>	<b>0.028</b>

During 2003, our sole supplier committed to using only wood from FSC certified sources to make our pallets. This commitment has remained in place for 2004.

### Polyethylene

	Tonnes used	Kg used per 1,000 standard packs	Tonnes of waste polyethylene	Kg waste polyethylene per 1,000 standard packs
2000	12,929	5.8	872	0.39
2001	12,350	5.7	881	0.41
2002	11,904	5.8	901	0.44
2003	12,112	5.6	823	0.38
<b>2004</b>	<b>11,086</b>	<b>5.5</b>	<b>576</b>	<b>0.28</b>

As part of World Class Manufacturing, we have dedicated teams to maximise laminator efficiency and minimise polyethylene waste. Through these programmes, we managed to reduce our polyethylene waste production by 32% per 1,000 standard packs produced against 2001 levels. We recycle all waste polyethylene.

### Aluminium

	Tonnes used	Kg used per 1,000 standard packs
2000	2,596	1.16
2001	2,337	1.08
2002	2,309	1.12
2003	2,397	1.11
<b>2004</b>	<b>2,274</b>	<b>1.11</b>

All waste aluminium continues to be recycled.

In 2004, **96%** of our solid process waste was recycled.



# The impact of our operations

## (continued)

### Combined inks used – solvent and waterbased

	Kg used	Kg per 1,000 standard packs
2000	522,210	0.23
2001	536,330	0.25
2002	468,110	0.23
2003	403,360	0.19
<b>2004</b>	<b>379,870</b>	<b>0.19</b>

### Combined ink waste – solvent and waterbased

	Kg used	Kg per 1,000 standard packs
2000	484,820	0.22
2001	511,980	0.24
2002	333,580	0.16
2003	342,280	0.16
<b>2004</b>	<b>400,510</b>	<b>0.20</b>

### Used ink bucket waste

	Total per annum	Total per 1,000 standard packs produced
1999	34,240	0.015
2000	29,040	0.013
2001	26,020	0.012
2002	25,740	0.013
2003	24,320	0.011
<b>2004</b>	<b>18,160</b>	<b>0.009</b>

Ink bucket waste was an area of focus in 2004. Significant reductions of 30% were made through the introduction of ink bucket liners against 2001 levels in absolute terms, whilst 26% savings were made per 1,000 standard packs produced.

### Energy (electricity and gas)

	Kwh used	Kwh used per 1,000 standard packs
2000	30,185,270	13.50
2001	31,604,958	14.70
2002	30,923,333	15.10
2003	28,525,735	13.20
<b>2004</b>	<b>23,797,354</b>	<b>11.7</b>

Energy efficiency remains a priority.

Our 2004 target was a 15% reduction per 1,000 standard packs produced compared to 2002 levels. We achieved a 22% reduction of our combined energy usage (per 1,000 standard packs produced).

Our steps to install on-site renewable energy generation encountered a number of barriers. However, we remain committed to exploring how we might purchase renewable energy.

### Water

	m <sup>3</sup> used	m <sup>3</sup> used per 1,000 standard packs
2000	15,863	0.010
2001	19,311	0.010
2002	19,800	0.010
2003	23,484	0.010
<b>2004</b>	<b>16,783</b>	<b>0.008</b>

There were no significant spills from our site and no improvement notices were served in 2004. In total, water consumption was reduced by 20% per 1,000 standard packs produced.

### Post Consumer Waste Management

Before 2003 there were no dedicated recycling facilities in the UK for cartons. In June 2004, with significant funding from the carton industry, the country's first carton recycling plant was officially opened at the Smith Anderson paper mill by the Environment Minister, Mr Elliot Morley.

The mill has the capacity to recycle 20% of the UK's beverage cartons. To assist with the development of local collection across the nation, a 25 regional collection hubs were established.

Tetra Pak is committed to promoting post consumer carton collection, and we regard this as a key indicator of the company's overall performance.

We do, however, recognise that there are a number of barriers to recycling in the UK, particularly with respect to lightweight packaging such as our cartons. Whilst high resource efficiency proves to be a significant environmental benefit in the manufacture and transportation of cartons, it becomes a disadvantage when setting up collection systems.

In 2004 Tetra Pak fulfilled its commitment to commission a report written by Forum for the Future to identify the barriers to the recycling of lightweight packaging systems. A copy of this report and the recommendations it made can be found on our website at [www.tetrapak.com/uk](http://www.tetrapak.com/uk).

The UK carton industry also commissioned a study into all local authorities and their attitudes towards carton recycling. This, alongside the previous report, will help in the development of a strategy to reach a 10% carton recycling rate by 2008.



Capacity to recycle **20%** of the UK's beverage cartons.

## Customers, retailers and consumers

We are a customer-focused business.

In 2004 we increased our environmental customer satisfaction rating from 2.9 to 3.5 out of 5.

Although we did not achieve our 70% customer post-production recycling rate, we remain committed to helping our customers recycle their carton waste. We aim to achieve 80% customer waste recycling by the end of 2005. We will provide better communication and support in this area.

Tetra Pak has managed to save one customer £8,300 on landfill and transportation costs, and generate a £14,250 income by the sale of their redundant packaging material.

2004 saw a delay of our television-based consumer advertising campaign. Despite strong evidence of a positive public uptake, the campaign was suspended for financial reasons. Tetra Pak continues to communicate the fundamental benefits of cartons through trade and retail press.

## Our employees

Employee feedback is a valued part of improving our business.

### Health and Safety

World Class Manufacturing initiatives achieved great improvements in 2004. The total number of accidents was reduced from 37 in 2003 to 20 in 2004, a reduction of 46%, and the number of days lost due to serious accidents, was reduced by 70%. We were also awarded the Safe Contractor Certificate.

The total number of serious accidents remained the same at two. Our lost time injury frequency rate (the number of injuries that result in one or more lost work days per 100,000 hours worked) for 2004 was 1.002.

### Staff Consultation

During a period of reorganisation Tetra Pak consulted its employees through the Joint Consultative Committee (JCC), which consisted of representatives from different departments across the business.

Through the JCC, employees were consulted upon the new organisational structure, redeployment, selection procedure and the redundancy package that would be made available.

Following this consultation process, the JCC has successfully been involved with managing the transition from the old to the new organisation.

### Training and Development

All targeted employees received training in 2004, with a budget of just under £53K for the year.

### Diversity

The importance of organisational diversity is recognised. It not only increases the company's skill base, but improves the group's ability to make objective and well-informed decisions.

In 2004, we employed a total of 320 people: 263 men and 57 women, of which 7 work part time.

The percentage of foreign nationals within the organisation remained at 5% in 2004 compared to 2003. The total number of women holding senior positions with direct reports reduced from 14 to 10, due in the main to them opting for redundancy. The number of permanent staff increased from 92% of the organisation in 2003 to 95% of the organisation in 2004.

### Employee Satisfaction

Each year Tetra Pak undertakes an Employee Satisfaction Survey. We see the survey as an important communication channel for employees to express their

views about all aspects of working at Tetra Pak. It is also a tool for the company as an employer to improve its performance.

The 2004 questionnaire was based on 20 core questions, used globally throughout the Tetra Pak Group.

We asked all Tetra Pak UK employees to complete an on-line questionnaire and the 71% response rate was an improvement from previous years. Overall, the top of mind score was 3.7 out of a possible 5.0. The key areas we aim to address from these results in 2005 are: career advancement, realistic targets and performance management.

### Staff Turnover

Our staff turnover rate in 2004 was 12% in comparison to 20% in 2003. Still, this figure was unusually high due to organisational restructuring.

### Well Being

Tetra Pak realises the importance of an individual's personal health and strives to help people achieve their personal health goals. A new scheme called 'Health Promise' was launched in January 2004 to provide support for people who wanted to improve their health. This involved a range of initiatives set up by our on-site nurse; including activity sessions, providing advice on healthy eating, cholesterol checks and weight checks.

In addition to this, an exercise trail was built around our on-site football pitch.





## Community

We engage with and invest in communities.

Globally and at market level, Tetra Pak is involved in a number of projects that support or engage with communities.

Tetra Pak UK concentrated on three projects in 2004.

### Greening our surroundings

In 2003 Wrexham County Borough Council's ecologist undertook a survey of the open land around our site.

This land proved to be rich in biodiversity and it was recommended that the ecological and educational value of this land be enhanced by habitat diversification and improved access.

In 2004, Tetra Pak began to implement a three year plan to do so, with the local environmental action charity, Groundwork Wrexham & Flintshire. The activities for 2004 included the introduction of new wetland habitats and the construction of a footpath and boardwalk system that would enable access for educational and recreational purposes.

The Forestry Commission supported this work by providing funds for tree planting.

### Plan Vivo

Tetra Pak continued to offset 100% of its remaining CO<sub>2</sub>e emissions via Plan Vivo projects. 80% of this is through an agro-forestry project in Uganda. This project offers significant benefits beyond simply offsetting greenhouse gas emissions, such as community development and increased financial independence. The project gives forty-five farmers an additional income, which is administered in five instalments over ten years. The revenue generated through the initial sales of the carbon credits helps meet costs for small-scale forestry activities in Uganda, thus enabling rural communities to invest in sustainable resource management. The project also allows them to gain access to local and national markets for timber, fuel wood, pole wood, fruit and fodder that might not have



previously been as accessible. Additional income support can also be provided through nursery establishment and the production of seedlings. A participating farmer says:

**“These trees will help to pay for my children’s school fees”**

(Betsi Nsigyerewo)

### Arts & Business Cymru

Tetra Pak continued its support of educational activities via Arts & Business Cymru in the following activities:

Arts and Kids work, involving print workshops with local primary schools and the **Wrexham Print Centre**,

Using recycled material to create art-forms and boats with **Denbighshire Council** and **Llangollen International Pavillion**,

Supporting deprived children with a pantomime at **Theatre Clwyd Cymru Music** workshops for children as part of the **Wrexham Music Festival**.

For more information, please visit [www.tetrapak.com/uk](http://www.tetrapak.com/uk) or contact us on [enquiries.uk@tetrapak.com](mailto:enquiries.uk@tetrapak.com)

Tetra Pak continued to offset **100%** of its remaining CO<sub>2</sub>e emissions via Plan Vivo projects.