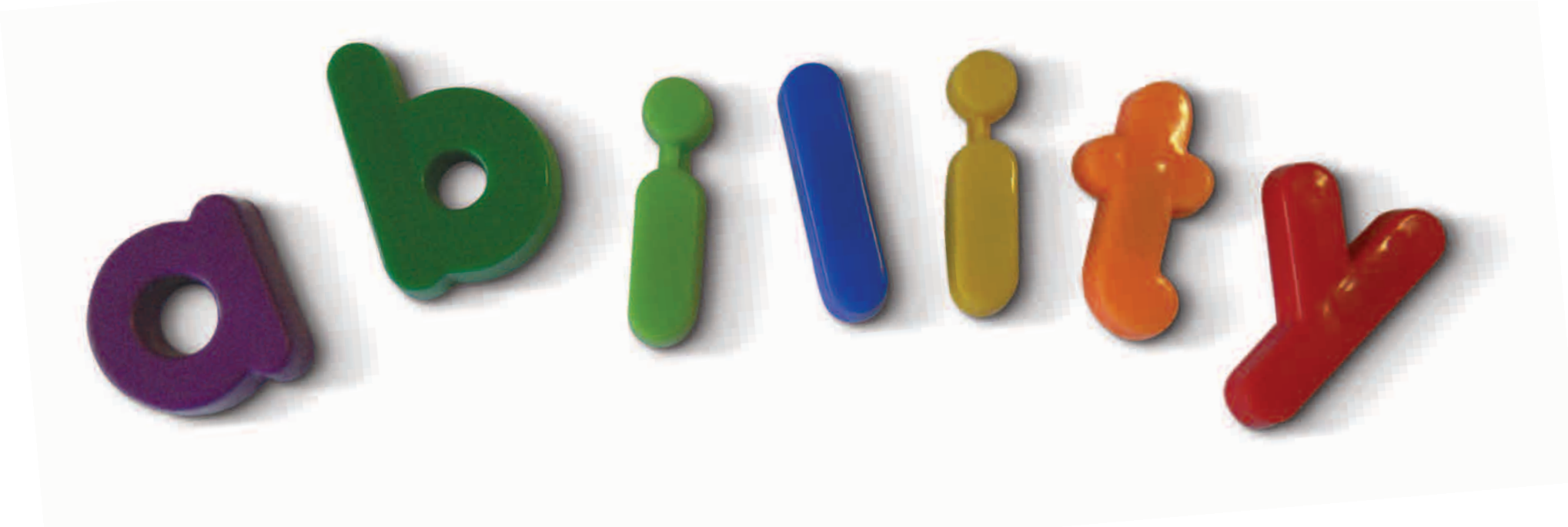


Making the most of our



Introduction

This update shows how we are making the most of our ability to improve our economic, social and environmental performance.

As we enter into our third year of reporting on our performance in all economic, social and environmental focus areas, I am pleased to welcome you to our 2006 Sustainability Update. All data herein refers to our performance in 2005.

Although we have been recognised for our achievements to date, we are determined to step up the game by constantly improving in all areas of our business.

In 2003, we voiced our commitment to sustainable development throughout the supply chain. We see this as something which is ingrained in our culture and competitive strategy and have continued to make positive strides forward – not only in our environmental and social performance, but in ensuring profitability as well.

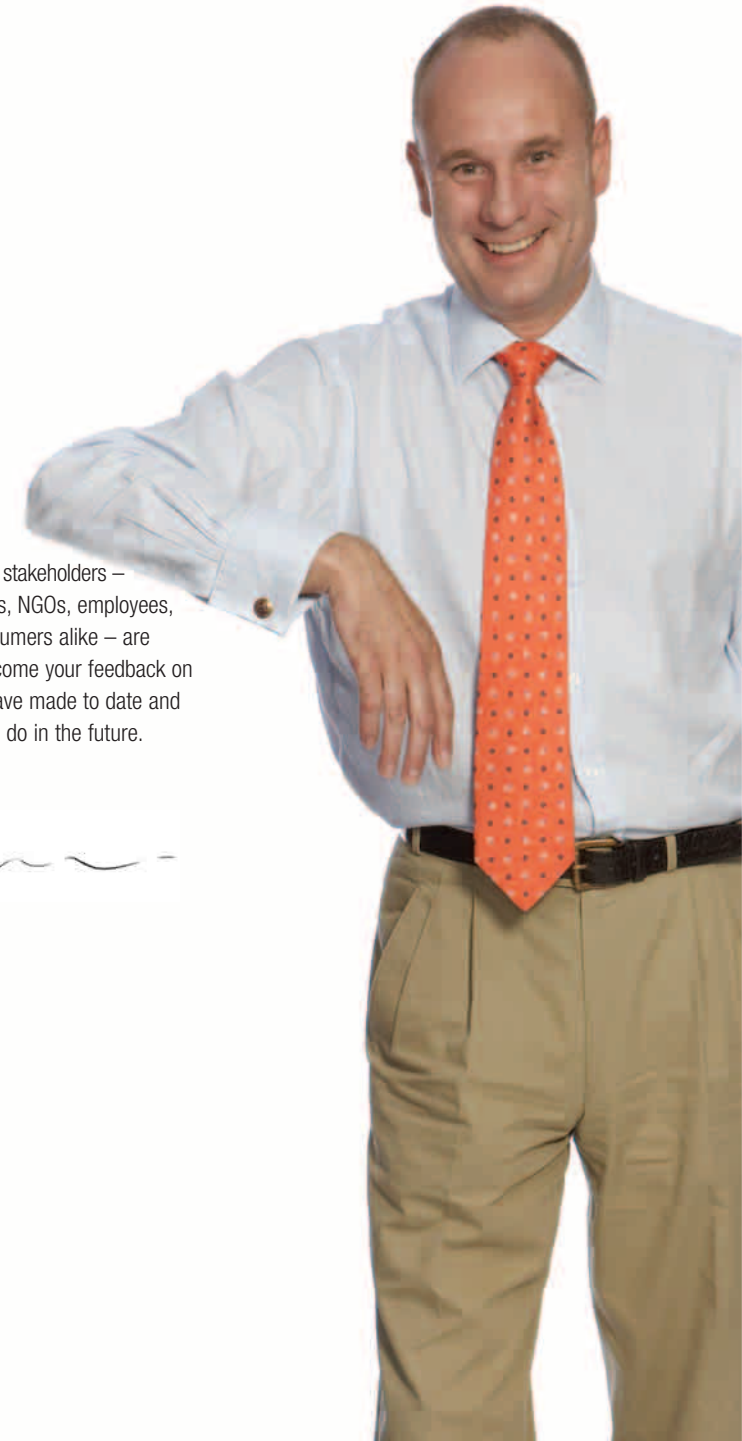
Although we have been recognised for our achievements to date, we are determined to step up the game by constantly improving in all areas of our business. Through the innovative use of technology, we continually seek to minimise the amount of raw materials required in the manufacturing of our cartons; we have openly communicated our commitment to driving the independent certification of the forests from which our board is sourced and have made substantial cuts in the carbon emissions from our UK operations. We also continue to take a direct approach in expanding the coverage of post consumer carton recycling in the UK and have set ourselves very ambitious targets as part of this commitment.

We have also welcomed a new member to our Management Team and continue to work with our colleagues from Denmark, Finland, Ireland, Norway and Sweden in the North Europe Cluster to drive common agendas forward in a more effective manner.

The opinions of our stakeholders – customers, retailers, NGOs, employees, suppliers and consumers alike – are important. We welcome your feedback on the progress we have made to date and on what we should do in the future.



Peter Knutsson
Managing Director
Tetra Pak UK



2005 highlights

4.6% increase in turnover.

Three transport suppliers with the highest environmental rating – green, one with an amber rating, and none with red.

All the mills from which our board is sourced with Chain of Custody Certificates in place to ensure traceability.

41% of the fibre in our paperboard from independently certified sources, including 22% from FSC certified forests.

Tetra Pak UK FSC Chain of Custody Certificate in place.

CO₂e emissions cut from 14,385 tonnes in 2001 to 10,933 tonnes in 2005, representing a 24% reduction in absolute terms.

Roll-out of Tetra Wide reducing the amount of polyethylene in the inner liner of our cartons by up to 30%.

Ink bucket waste reduced by 58.3% on 2001 levels.

44 areas collecting cartons for recycling, achieving a 3% recycling rate.

62% reduction in the number of near misses and a 5% reduction in the total number of accidents in our Wrexham factory against 2004.

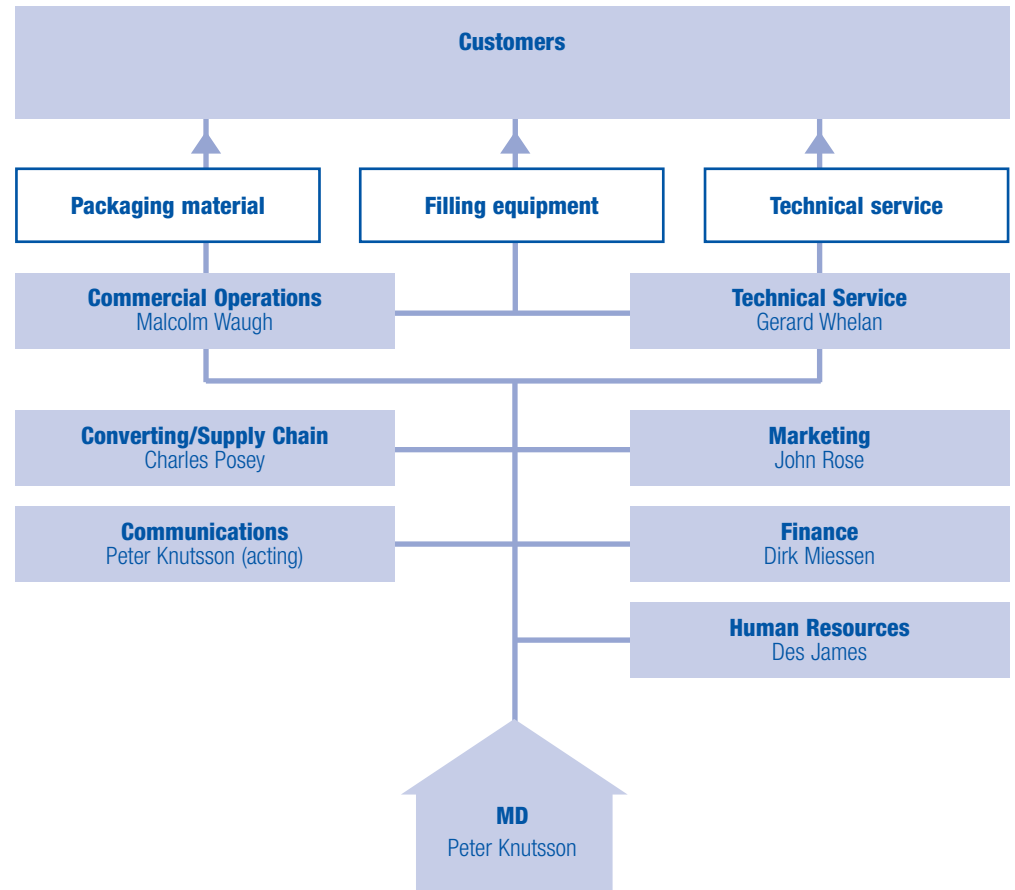
3.8 out of 5 employee satisfaction score.

Contents

Tetra Pak – the Company	03
Our business	04
Raw materials and suppliers	05
The impact of our operations	08
Customers, retailers and consumers	12
Our employees	14
Community	17

Our organisational structure

Our organisational structure enables us to operate with increased customer focus.



Tetra Pak – the Company

Tetra Pak is the only company in the world able to provide integrated processing, packaging, distribution line and plant solutions for food manufacturing.

Tetra Pak is one of the largest global suppliers of packaging systems for milk, fruit juices and drinks, as well as many other products. We are the only company in the world able to provide integrated processing, packaging, distribution line and plant solutions for food manufacturing.

We have been operating in the UK since 1955, just three years after the parent company was founded. Our Wrexham factory celebrated its 25th anniversary in September 2004, and since 2005 all of our carton operations have been based in Wrexham.

In our factory, we convert raw materials into finished packaging material. Details of this can be seen in our manufacturing process flowchart.

The manufacturing process

Rolls of paper are delivered to Tetra Pak and stored in the warehouse, waiting to be used.

The rolls are taken to the printer, which prints the design onto the paper roll, colour by colour.

After creasing, which allows for the efficient formation of the correct shape when the package is filled, the paper enters the viewing area, where the colours and their registration are checked and controlled.

The printed paper is then laminated with polyethylene on the outside and with foil (for aseptic cartons) and polyethylene on the inside.

Rolls of laminated board are slit by a slitting machine into reels of one pack width.

Each reel is then wrapped in plastic and stacked on pallets.

Each pallet of reels is shrink-wrapped in plastic for protection during transportation.

The pallet of reels is stored in a warehouse until it is needed by the customer.

Our stakeholders

- Customers
- Employees
- Tetra Pak globally
- Retailers
- Consumers
- Local community
- Government
- Non-governmental organisations (NGOs)
- Suppliers

We are committed to working with all our stakeholders to improve our sustainability performance. Many aspects of stakeholder relations and the issues important to them are contained throughout this update.

Our business

We are committed to providing our customers and consumers with the most reliable, cost effective and innovative carton packaging solutions.

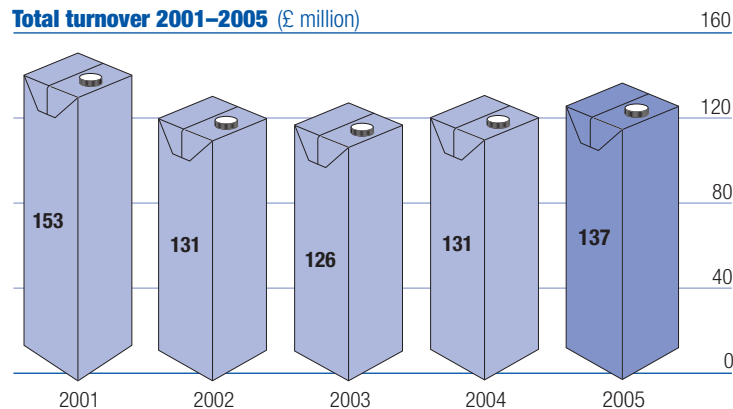
2005 marked a very positive year for filling machine sales, with an increase of 47% in sales/revenue. This in turn has contributed towards a 4.6% increase in turnover.

However, pack sales have suffered slightly due to competitive pressures from other packaging systems, most notably plastic bottles.

On an annual basis, we measure our performance within the two main categories in which we operate:

- 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.

Tetra Pak holds only a small share of the total LDP and JNSD market in the UK, despite our size within the carton industry. In LDP our share remains under 10%, whilst in JNSD it remains below 20%. These



categories are both dominated by plastics such as HDPE (high-density polyethylene) and PET (polyethylene terephthalate).

The competitive pressure we face continues to build. Tetra Pak has responded positively to consumer demand for convenience and on-the-go formats by creating a range of highly-functional re-closable or re-sealable containers. We are constantly striving to innovate and provide customers with products to help them differentiate and meet all emerging consumer needs.

One of our latest packages is Tetra Recart. This has been developed in response to consumer demand for more functional

packaging for canned goods. Already this product is being trialled on the UK market, with promising results.

In order to maintain good business practice and strong relationships with our suppliers we aim to pay all invoices according to the payment terms of our suppliers. These are normally within 30 days. To minimise human error, the system is automated.

This practice continued in 2005, with 95% of invoices being paid within 30 days. Our overall spend on employee benefits and social activities, such as healthcare and a subsidised canteen, represents around 1.4% of our turnover.

Tetra Recart

For almost 200 years, the humble can has been a constant feature in millions of UK homes and was long thought of as one of the most convenient forms of packaging ever invented. However, when one considers the predominant need for a can-opener, the weight of the package, the inefficient shape for storage and the fact that over 2,000 people cut their fingers while opening cans each year, a gap in the packaging market soon emerges. Tetra Pak took advantage of this in 2005 by working with Sainsbury's to introduce chopped tomatoes in Tetra Pak's new paperboard-based, rectangular package called Tetra Recart.

Tetra Recart has entered the market as the world's first retortable carton package (the package is cooked and sterilised after filling) with a practical yet modern and fresh image which meets today's consumers' demands. In an advancement for the packaging industry as a whole, Tetra Pak developed a new award-winning packaging material to enable Tetra Recart cartons to be moisture-resistant, as well as use polymers that are heat-resistant. As such, over the past year, Tetra Recart has become more firmly established within the UK – and of course globally – as an attractive and viable alternative for food products historically packed in heavyweight tins or jars.

Weighing only 18g compared to the traditional can at around 60g, this package has a variety of benefits that lie beyond reduced weight. The package's laser-perforated opening allows consumers to open the carton easily and safely, with no can-opener needed and no resulting sharp edges. The rectangular shape of the package also enables more efficient storage and distribution throughout the supply chain than that of a round can.

"These packs are certainly the shape of the future. The cardboard packs don't need a tin opener to open and fit better in the cupboard and fridge, meaning the tomatoes we sell will still be bursting with every one of its original flavours." (Les Rowse: Sainsbury's Canned Buying Manager)

Raw materials and suppliers

We maintain a close relationship with our suppliers, helping us to drive environmental improvement throughout the supply chain.

Common agenda

Maintaining close relationships with our suppliers ensures that we are not only able to maintain a premium product and service, but are able drive progress in areas of common importance to us and our customers.

Tetra Pak UK currently has four transport suppliers, three with green ratings, one with an amber rating, and none with red.

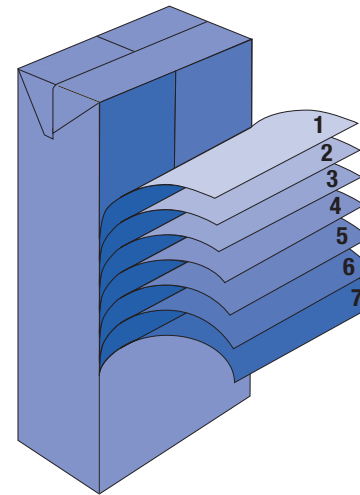
Supplier engagement for all of our main raw materials – paperboard, polymers, aluminium and ink – is driven on a global level through our 'Common Agenda' initiative. This is an established platform between Tetra Pak and its suppliers to raise and discuss business issues and agree future commitments, including those related to the environment. Their performance in environmental matters constitutes 3-10% of their overall score and is considered in central purchasing negotiations when deciding between suppliers.

In the UK, we send environmental questionnaires to our 10 most significant suppliers on an annual basis to assess their environmental performance. We also require all new listed suppliers to provide information on a number of areas, including the environment.

All of our transport suppliers are given a 14-point questionnaire to evaluate their environmental performance. Their responses are graded against a traffic-light system. A green rating indicates that the supplier has met the required standard and is therefore preferred. Amber-rated suppliers can still be used, but they must improve their performance. Red-rated suppliers are phased out.

Tetra Pak UK currently has four transport suppliers, three with green ratings, one with an amber rating, and none with red.

Tetra Pak's aseptic cartons



- 1 Polyethylene – seals in the liquid.
- 2 Polyethylene – adhesion layer.
- 3 Aluminium foil – oxygen, aroma and light barrier.
- 4 Polyethylene – adhesion layer.
- 5 Paper for stability and strength.
- 6 Printing ink.
- 7 Polyethylene – protects against external moisture.

Note: Aseptic cartons contain a layer of aluminium foil which serves as a barrier to light, aromas and oxygen. This enables the contents of an aseptic carton to last for up to a year without the need for preservatives or refrigeration.

We also make non-aseptic cartons for chilled beverages, which do not contain aluminium foil or as many layers of polyethylene as shown in the diagram above.

Forest management

The concept of sustainable development is embodied in the use of well managed, renewable resources. Renewable resources are preferred environmentally as they can be re-grown or produced without depletion of natural resources.

Cartons are the only liquid food packaging system made mainly from a renewable resource, namely wood.

It is Tetra Pak's ultimate goal that all the wood fibre in our packages shall come from forests independently certified as managed in accordance with the principles of sustainable forest management.

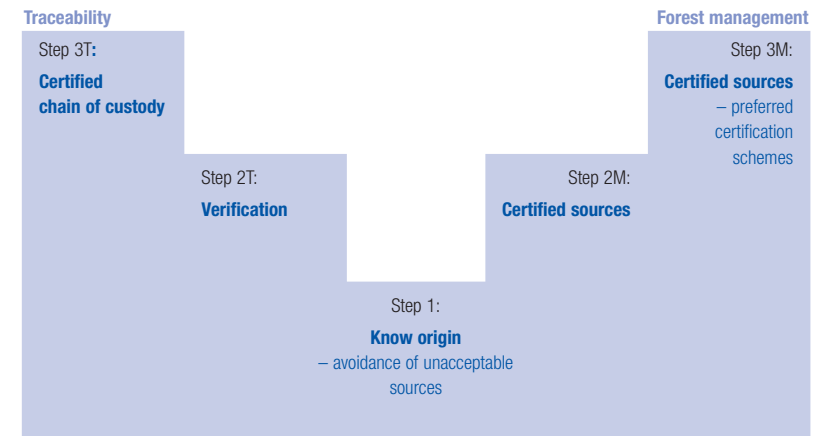
Our greatest environmental attribute lies in the renewability of the main raw material in our packaging.

Tetra Pak does not purchase any raw material directly from forests, nor does it own its wood supply. Instead, the Company purchases finished paperboard from a range of specialised suppliers around the world. Therefore, to achieve our ultimate goal we work with our paperboard suppliers focusing on two key aspects:

- **Traceability:** our suppliers must have reliable systems in place to trace wood fibre back to the forest of origin. All unacceptable sources must be avoided. Ultimately, those systems should be independently certified.
- **Forest management:** our suppliers need to ensure that the forests supplying the wood fibre are well managed and ultimately are independently certified as managed in accordance with the principles of sustainable forest management.

Tetra Pak is committed to implementing this policy through its own internal stepwise program. This monitors all suppliers annually, and increasingly rewards them for making continual progress towards our ultimate goal. Our paperboard suppliers are required to complete a Supplier Evaluation Forestry Profile Questionnaire. This is designed to ensure that these suppliers make progress towards increased traceability and certification of wood sources. We have identified our preferred certification scheme, Forest Stewardship Council.

Double staircase model



Step 1: Known origin and avoidance of unacceptable sources

- Establishment of a verifiable system for tracing, monitoring and reporting the origin of all wood fibre.
- Exclusion of illegal or unacceptable sources.

Step 2T: Verification

- Audits carried out by supplier to verify Step 1.
- Involvement of third-party inspectors.

Step 3T: Certified wood fibre tracing system

- Chain of custody certification for all wood fibre sources.

Step 2M: Certified sources

- Certification of fibre against one of the following schemes:
 - FSC (Forest Stewardship Council)
 - PEFC (Program for the Endorsement of Forest Certification Standards)
 - CSA (Canada's National Standard for Sustainable Forest Management)

Step 3M: Certified sources – preferred schemes

- Certification of fibre against a Tetra Pak preferred scheme – currently FSC only.

Progress to date

In order to assess our progress, in 2005 Tetra Pak hired a forestry consultancy (ProForest) to verify the 2004 declarations made by our suppliers, and to assess risks related to the sourcing of wood-based raw materials.

Although this audit highlighted a gap in previous certification estimates, it demonstrates that 41% of the fibre in our paperboard comes from independently certified sources, with 22% from FSC certified sources.

All the mills from which our board is sourced have Chain of Custody Certificates in place to ensure traceability, thus demonstrating that all of our paperboard comes from known, legal sources.

Since 2003, Tetra Pak UK has had an FSC Chain of Custody Certificate in place to verify our paperboard traceability from on-site raw material delivery to customer-site packaging material delivery.

We encourage a relationship with our suppliers which is based on **accountability**, and assess their environmental performance on an annual basis



The impact of our operations

Our key focus lies in minimising energy consumption, emissions and waste.

Since 2001, our manufacturing operations have been ISO 14001 accredited. Within this, our key priorities lie with waste minimisation and energy efficiency.

In order to meet these objectives, we operate a World Class Manufacturing (WCM) initiative. WCM is a process of continual improvement, following clearly defined methodologies to reduce losses and maximise efficiencies. These losses are identified and owned by a Pillar Organisation – teams of people in charge of organising and reducing losses within their set remit. These reductions help to increase operational efficiency and achieve the Key Performance Indicator targets of the Company.

Alongside this, we operate a successful program to minimise our impact on climate change.

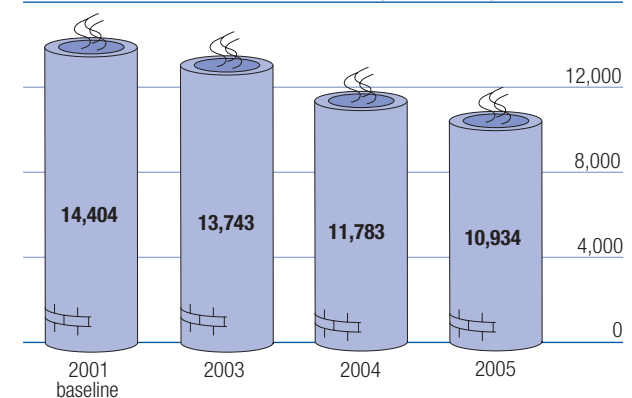
In 2004, with the help of the Edinburgh Centre for Carbon Management (ECCM), we developed and implemented a computer based monitoring system which measures our direct and indirect greenhouse gas emissions. Emissions are tracked and converted into a carbon dioxide equivalent (CO₂e) in accordance with the Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development and the World Resources Institute.

Since then, our emissions have been measured on a monthly basis and high impact areas have been targeted to make the most significant savings. As electricity consumption accounts for 71% of our GHG emissions, energy efficiency measures have resulted in the most positive progress.

For 2005, we set ourselves an ambitious target to reduce our total greenhouse gas (GHG) emissions by 15% per 1,000 standard packs produced, compared to 2001.

We cut our emissions from 14,385 tonnes CO₂e in 2001 to 10,933 tonnes in 2005, reductions of 3,471 tonnes in absolute terms and around 1.53 kg per 1,000 standard packs produced. This represents a 24% cut in absolute terms and 23% per 1,000 standard packs produced. (Please note that 2001 figures presented here have altered slightly from those reported

Total carbon emissions 2001–2005 (tonnes CO₂e)



in our 2004 Sustainability Update. As we increasingly refine our carbon measurement tool we are able to include further detail, thus slightly altering the resulting data.)

Whilst every effort is made to minimise impacts, it is inevitable that there will still be emissions from industrial operations such as ours. Since 2003, we have voluntarily offset 100% of our unavoidable emissions, making Tetra Pak UK a carbon neutral company. In 2005, this was via a community-based agro-forestry project in Uganda. Tetra Pak has supported this project since 2003, and the decision was taken to extend our support because of the strong social and economic benefits that result from the project itself locally.

As the significance of carbon management grows, we feel that a carbon neutral standard would be a positive development. Thus, we are pleased to have been invited to join The CarbonNeutral Company Technical Advisory Group in the development of a carbon neutral protocol.

Measuring carbon emissions on a monthly basis gives us the **capability** to identify areas for improvement



Climate change impact (greenhouse gas emissions)

	2001			2005		
	Emissions (tCO ₂ e)	Percentage of total	Emissions per 1,000 standard packs produced*	Emissions (tCO ₂ e)	Percentage of total	Emissions per 1,000 standard packs produced*
Scope 1						
Natural gas consumption	1,594.58	11.07	0.74	943.67	8.63	0.44
LPG consumption	188.72	1.31	0.09	142.63	1.30	0.07
Business travel						
– company-owned cars	526.58	3.66	0.24	374.18	3.42	0.18
Fugitive emissions	0.00	0.00	0.00	–	0.00	–
Sub total	2,309.88	16.04	1.07	1,460.48	13.36	0.69
Scope 2						
Electricity consumption	10,073.74	69.94	4.67	7,767.23	71.04	3.66
Sub total	10,073.74	69.94	4.67	7,767.23	71.04	3.66
Scope 3						
Freight	1,897.42	13.17	0.88	1,635.08	14.95	0.77
Waste disposal	123.37	0.86	0.06	70.96	0.65	0.03
Sub total	2,020.79	14.03	0.94	1,706.04	15.60	0.80
Total	14,404.42	100.00	6.68	10,933.75	100.00	5.15

* KgCO₂e per 1,000 standard packs produced
 Summary by WBCSD/WRI GHG Protocol Scopes

Tetra Wide

Innovation not only means increased functionality and consumer appeal, but also the maximisation of resource and production efficiency. One such development has been the roll-out of Tetra Wide into the UK market.

Tetra Wide is a packaging material with a new inner coating that is stronger and more robust than in the previous material. This means that the inner coating is thinner and requires up to 30% less polyethylene to produce.

As a result, Tetra Wide will mean a reduction of Tetra Pak's global consumption of polymers by 50,000 tonnes per year, which equates to about 2,500 shipping containers annually. From a UK perspective, this can equate to a reduction of 665 tonnes per year. Not only does this reduce the use of non-renewable resources, but it also has a direct and positive impact on the environment in terms of shipping, distribution and energy usage.

By switching polymer grades, Tetra Wide has been shown to reduce energy consumption by 17% (less gross energy use) and, by using less polymer, the proportion of renewable paperboard used in the package has increased by 3.5%.

Use of raw materials

Tetra Pak continues to drive innovation and material efficiency through its Design for Environment program. For any given pack size, the use of Tetra Wide material has resulted in up to a 30% reduction in the polyethylene liner.

Different pack formats and sizes can however have an impact on the volume and proportion of materials used per standard pack area. Larger pack sizes tend to require slightly thicker layers of material to maintain pack integrity, yet give the benefit of a decreased proportion of packaging material to contents than smaller pack formats.

Thus, increased production of larger pack formats can increase overall raw material usage for a site, despite material efficiency gains across the portfolio, as has been the case for Wrexham in 2005.

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
2004	11,086	5.5	576	0.28
2005	12,341	5.8	459	0.22

Significant increases in our production of 2 litre aseptic packs have contributed to an overall 1.7% increase in polyethylene use per 1,000 standard packs produced against 2001 levels. However, as fewer extruders are used in the production of this pack format, and material efficiency gains have been achieved via WCM, polyethylene waste has been reduced by over 22.3% per 1,000 standard packs produced against 2001 levels.

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
2004	41,474	20.4
2005	44,367	20.9

In 2005, 83% of our solid process waste was recycled, an increase of over 45% since 2001. 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, giving Tetra Pak a total recovery rate of 95%.

Paperboard consumption increased by 2.5% per 1,000 standard packs produced against 2004 levels. This was due to an increased production of 2 litre aseptic pack formats.

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	0.0298
2004	56,352	0.0277
2005	65,438	0.0308

Since 2003, our pallet supplier has committed to using only wood from FSC-certified forests. Although our pallets are mostly one-way, approximately 15% are refurbished and re-used.

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
2004	2,274	1.12
2005	2,437	1.15

As with polyethylene, increased production of 2 litre aseptic packages has resulted in an overall 6.5% increase in aluminium use per 1,000 standard packs produced against 2001 levels.

All waste aluminium continues to be recycled.

Combined inks used – solvent and waterbased

	Kg	Kg used per 1,000 standard packs
2000	522,211	0.23
2001	536,330	0.25
2002	468,111	0.23
2003	403,360	0.19
2004	379,867	0.19
2005	384,442	0.18

WCM activities have helped decrease combined ink usage by 28.0% per 1,000 standard packs produced on 2001 levels. Since 2003, the use of solvent based inks has been phased out.

Combined ink waste – solvent and waterbased

	Kg	Kg used 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
2004	400,510	0.20
2005	323,520	0.15

Significant savings of 37.5% in combined inks wastage are again attributable to WCM driving machine and print-order efficiency, thus reducing the need for machine wash-downs.

Used ink bucket waste

	Total kg	Kg used per 1,000 standard packs
2000	29,040	0.013
2001	26,020	0.012
2002	25,740	0.013
2003	24,320	0.011
2004	18,160	0.009
2005	10,800	0.005

The introduction of ink bucket liners has reduced ink bucket waste by an impressive 58.3% on 2001 levels.

Energy (electricity, gas and LPG)

	Kwh used	Kwh used per 1,000 standard packs
2000	30,185,270	13.515
2001	32,063,736	14.876
2002	31,291,339	15.244
2003	28,876,451	13.331
2004	24,074,826	11.847
2005	23,230,305	10.950

In 2005, we achieved a 26.4% reduction in our combined energy usage per 1,000 standard packs produced against 2001 levels. These savings were achieved through machine replacement and energy efficiency programs.

A new WCM Environment Pillar will enable us to sharpen our focus on improving our environmental performance.

To continue progress in this area, Tetra Pak UK will be establishing a new WCM Environment Pillar. Reductions in energy consumption will remain as a top priority, with aims to reduce energy consumption by 10% per 1,000 standard packs produced by 2010 compared to 2005.

Although our steps to install a source of on-site renewable energy encountered a number of barriers, we remain committed to exploring how we might purchase renewable energy in the future.

Water

	m ³ used	m ³ used per 1,000 standard packs
2000	15,863	0.007
2001	19,311	0.009
2002	19,800	0.010
2003	23,484	0.011
2004	16,783	0.008
2005	17,063	0.008

In 2005, water consumption was reduced by 11.1% per 1,000 standard packs produced against 2001 levels. There were no significant spills from our site and no improvement notices were served.

Customers, retailers and consumers

Our customers tell us that we are out-performing our competitors environmentally, but there is still room for improvement.

Customers

Tetra Pak is a customer-focussed business, with an organisational structure to match. Additionally, to ensure that we understand and meet our customers' needs, we conduct an annual customer satisfaction survey. It covers a number of areas, including:

- Customer service
- Marketing support activities
- Pre-order to billing activities
- Lead time
- Operational efficiency
- Technical support
- Innovation
- System-wide value for money
- Environment
- Strategic alignment

It also gives us a top-line comparison of how we are performing against a competitor chosen by the customer.

2005 was another positive year for Tetra Pak environmentally, consistently out-performing our competitors in the top-of-mind environmental scores. Overall, we achieved 3.31 out of 5 against an average 2.25 out of 5 for our competitors.

We scored particularly well in these areas, but we have identified two main areas for improvement:

- Increasing the availability of post consumer carton collection.
- Improving communication on environmental market developments, our environmental activities and supplying clear messages to convey the benefits of our packaging systems.

To address this in 2006 and beyond, we will continue to extend the coverage of post consumer carton collection and will be developing a number of communication mechanisms suggested by a round-table of key customer-facing employees.

We are committed to increasing the **availability** of information and post consumer carton collection



Post consumer recycling

In 2003, Tetra Pak and its carton industry partners made substantial investments in the UK's first dedicated carton re-processing facility. It was opened officially on July 1 2004 by the UK Environment Minister, Mr Elliot Morley, announcing the industry commitment to post consumer carton recycling and collection across the nation.

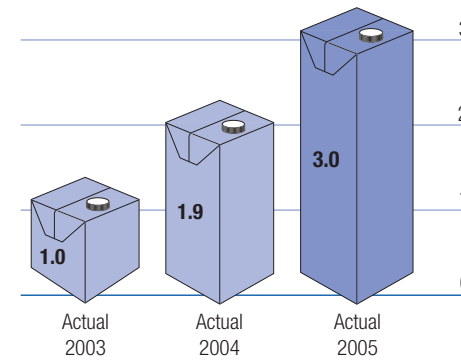
Since then, we have made significant progress. Despite rising energy prices increasing the vulnerability of the paper industry and halting Smith Anderson's carton recycling services, we are trialling carton re-processing with more mills across the UK and already over 44 district areas are collecting cartons, enabling the industry to reach a 3% recycling rate.

In addition to this, we have created a website dedicated to informing consumers, local authorities, schools and other important stakeholders about carton recycling and how they can recycle their cartons. This can be seen at www.tetrapakrecycling.co.uk

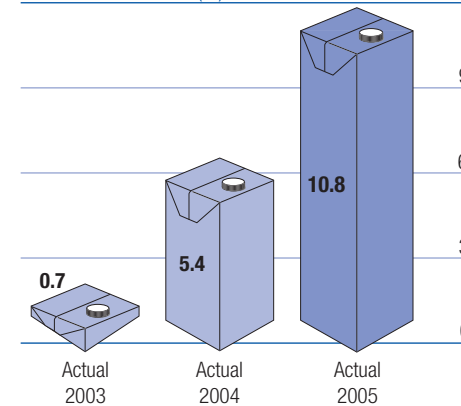
We have ambitious targets ahead of us, and, whilst we realise the need to improve recycling rates, the importance of collection availability becomes paramount. As a result, we are aiming for a 5% recycling rate with coverage of over 160 district areas by the end of 2006.

This will be a significant challenge, but one we are committed to achieving. Not only will we guarantee that all cartons collected in the UK market will be recycled, but 2006 also marks the appointment of our new National Recycling Officer, who will have a £300,000 National Recycling Fund, to support post consumer carton collection.

Post consumer carton recycling rate (%)



Coverage – local authorities with carton collection (%)



Our employees

We want people to feel proud of working for Tetra Pak and seek regular feedback on our performance as an employer.

Health and safety

The health and safety of our employees is a top priority, particularly within our factory operations in Wrexham.

We have a dedicated Safety Pillar within our WCM operations. It is supported by a program to help us identify reasons and possible solutions for any accidents that occur within the factory. This computer-based system is called SHEMAS (Safety Health and Environment Management Administration System) and in this, all details of accidents, near misses and unsafe working conditions are logged; including who is involved, the cause, the location and number of working days lost.

As standard, all manufacturing personnel receive Health and Safety training on an annual basis and all new employees receive induction training when they join the Company.

All production employees receive annual health screenings, the results of which are confidential.

As a result of our activities, significant progress was made with a 62% reduction in the number of near misses and a 5% reduction in the total number of accidents on 2004 at 69 and 19 respectively.

The total number of accidents resulting in days lost however, increased from 2 to 4, thus raising our Lost Time Injury Rate from 1.0 in 2004 to 1.9 in 2005.

We have identified the reasons for these injuries and have implemented improved operational procedures and training to ensure that these do not occur again. Our target is to reach zero accidents and, through our WCM Safety Pillar, we will continue to drive towards this.

Employee satisfaction

We conduct an Employee Satisfaction Survey on an annual basis. Through this we can understand all aspects of how our employees feel about working for Tetra Pak, whilst identifying areas in which performance may be improved.

To address such areas, a team of representatives is recruited from across the Company to recommend improvement plans. This feedback is followed up by the management team and rolled out across the Company subject to management approval.

2004 raised concerns over realistic targeting, career advancement and performance management. To address these we:

- Implemented mechanisms and tools to develop more realistic targeting.
- Improved communications on career opportunities within the organisation.
- Provided further training for managers to utilise our People, Planning and Development process. (Further detail on this can be found on page 15.)

These steps have helped to improve our overall employee satisfaction score to 3.8 out of 5, up from 3.7 in 2004. In addition to this, we have improved the average motivational score – the reasons why people choose to continue working for Tetra Pak – from 3.4 in 2004 to 3.7 out of 5 in 2005.

Despite this progress, concerns still remain over career advancement and performance management, with the addition of work-life balance and salary.

Our target is to reach zero accidents and, through our WCM Safety Pillar, we will continue to drive towards this.

However, we continue to pay above average salaries against other local industries.

We will continually strive to create the best possible working environment for our employees and try to address all areas of concern.

Regular dialogue and investment in personal development encourages a sense of **achievability**, which is positive for all of us



Training and development

In a competitive, dynamic market, personal development and training is essential in order for our employees and business to grow.

To address this we have a People, Planning and Development process in place to identify our training and development needs. This clarifies the competence requirements of each position, how the individual matches up to these and future career aspirations. From this, a training plan may be developed.

This process has been incorporated into our e-HR (electronic HR) system since 2004, and provides a more efficient and transparent approach to managing the people development requirements of the business. It also provides an invaluable forum for further feedback between employees and managers alike.

In addition to this, we operate a WCM Education and Training Pillar. The aim of the Pillar is to create a Learning Organisation.

Wellbeing

At Tetra Pak, we appreciate the importance of our employees' wellbeing. Not only do we strive to promote wellbeing at work, but we hope to support employees towards their own health goals.

To this end, we continued our Health Promise Campaign of 2004 and ran a number of health awareness programs throughout 2005. Detailed information on a number of health issues was provided, monthly meetings were held to identify absence trends and a dedicated information portal was built on our intranet site to provide fact-sheets, newsletters, healthy eating advice and details of lunchtime walks.

In 2006, we hope to expand this further by targeting health issues outside of the workplace.

Staff turnover

Our staff turnover rate decreased again in 2005 with 11% against 12% the year before. This figure continues to decline as the impacts of our 2003 organisational restructuring dissipate.

Diversity

As our environment is becoming more competitive, our strength will be in the competence and diversity of our people. We believe that well managed, non-homogenous teams provide a broader source of ideas and points of view, and thus should be encouraged to prosper.

As our environment is becoming more competitive, our strength will be in the competence and diversity of our people.

To support this, 2004 marked the launch of our UK SWiM (Sustaining Women in Management) chapter. Open to both men and women, it is a global informal network within Tetra Pak. It supports a mission to encourage the professional development of women through networking and the sharing of best practice.

In 2005 an array of inspirational speakers and debates were hosted on site, yet uptake has been limited, with just under 14% of employees signing up for membership. Review sessions revealed some hesitancy towards a primary focus on gender, with a desire to increase the scope of the network itself.

Thus, in 2006 a broader network will be formed. Not only will gender diversity be promoted, but all types of diversity such as age, ethnicity etc.

This too has been reflected in our new Tetra Pak UK Diversity Ambition, created in November 2005.

This is to maintain a working environment with equality of opportunity for everyone, by:

- Engaging everyone in the diversity debate.
- Monitoring and communicating our diversity profiles.
- Raising awareness of the value of diversity.
- Identifying areas for improvement.

Going forward, we will integrate the network's activities into the organisation as a whole.

Out of a total 273 employees in 2005, 14% were women, down from 18% in 2004. This was due to redundancy processes which began in 2004 taking effect in 2005, primarily within our office-based operations which have the greatest proportion of females. This in turn affected the proportion of women with staff reporting directly to them. This was down by 4 against 2004. The percentage of women working in our manufacturing operations however, has increased by almost 60%, a positive move towards overcoming position stereotypes. As in 2004, 95% of our workforce was made up of British nationals.

The proportion of permanent employees however, increased to 100%, up by 5% against 2004. Out of these, only 1% of all employees worked on a part-time basis, fractionally down against 2004.

Staff consultation

Tetra Pak consults its employees through the Joint Consultative Committee (JCC), which consists of elected representatives from different departments across the business.

During the period of re-organisation in 2004, employees were consulted upon the new organisational structure, redeployment, selection procedure and the redundancy package that would be made available through the JCC.

Throughout 2005, the major focus of the JCC was to support the business through the remaining transition process. The number of JCC meetings was increased to address and communicate issues arising from this, with the involvement of departmental teams to finalise the transition plans for their areas.

In 2006, we will be conducting new election processes to select our new JCC representatives from each department to cover off discussions on future and existing pension agreements.

Community

We support a number of activities, ranging from charitable donations to offering work experience opportunities.

Charities

The Company is committed to supporting its employees' involvement in fundraising, and matches funds raised by its staff for charitable purposes according to set guidelines. In 2005, we held three main charity events:

- Children in Need Appeal.
- Race for Life, the UK's biggest women-only fundraising event: in which almost 40% of our female staff participated to help fund the life-saving work of Cancer Research UK – the world's leading independent organisation dedicated to cancer research.
- Local hospices Hope House and Nightingale House: which we have continued to support in 2005 by raffling off all our supplier gifts received before Christmas according to our policy.

We continued our participation in the Macmillan Coffee Morning.

Commitment to fun

Engaging not only our employees, but their families as well, is essential in developing a close relationship between the business and the people that drive it forward.

One of Tetra Pak's Core Values is a commitment to fun. Enshrining this, on 17 September 2005 we invited all employees and their families to join us on a Family Fun Day. This was held at our Wrexham site, with an array of activities being provided, from inflatable volleyball, golf putting and face painting, to educational factory tours, environmental exhibitions, treasure hunts and much more. Prizes were given to the winners of our environmental treasure hunt and carton craft competition.

Developing experience

Practical experience is a fundamental ingredient of the learning process. To help students gain this experience, Tetra Pak accepts a select number of Year 10 students from the local community every year to work on a placement basis within the Company.

Since 2005, this has been supported with a formal induction process, including factory tours, computer training and presentations on the Company and its activities. By shadowing staff, the students are not only able to gain insight into the different roles within the organisation, but they are able to pick up key skills relating to those roles.

To demonstrate their learning, all students are expected to prepare a project on one of three remits:

- The environmental benefits of cartons.
- The benefits of aseptic packaging.
- The link between products packed in Tetra Pak cartons and nutritional content.

They are also required to give explanations of the various functions they have shadowed and are given practical training in how to prepare for an interview and write a CV.

Engaging not only our employees, but their families as well, is essential in developing a close relationship between the business and the people that drive it forward.

As students are encouraged to keep a work placement diary and they are visited by their work experience co-ordinators while on site. Their experience of working in Tetra Pak is taken back to the classroom. Here, experiences are shared and feedback is given to Tetra Pak about the content and value of the placement.

So far feedback has been positive and we hope to develop this further in the future.

We put emphasis on communicating the importance of **sustainability** to employees and their families



Tetra Pak UK

Bedwell Road
Cross Lanes
Wrexham
LL13 0UT
UK

Telephone: 0870 442 6000
Telefax: 0870 442 6001
email: enquiries.uk@tetrapak.com
www.tetrapak.com/uk

This update is printed on paper made from recycled beverage cartons

Designed, edited and produced by Fishburn Hedges

Photography by Emmerich Webb
Printed by the Beacon Press using their pureprint environment print technology. No film processing chemicals were used and 90% of the cleaning solvent was recycled. The printing inks are made using vegetable based oils. The printer is registered to the environmental management system ISO14001 and EMAS the Eco Management and Audit Scheme. Over 85% of any waste associated with this update will be recycled. The Beacon Press is a CarbonNeutral company. pureprint is a millenium product.

Thank you to our employees and their children for modelling in this year's Sustainability Update

Graham Bilcliffe: Design
Sue Ferriday: Technical Service
Richard Graham: Commercial Operations
Claire Sweeney: Human Resources
Thomas Roberts
Katherine Roberts
Francesca Waugh
Henry Waugh
Florence Waugh