

# Corporate presentation 2009/2010



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**Welcome to Tetra Pak!** This brochure brings you the latest news about quality, product development, our care for the environment and much more.

During the past year we have put the spotlight firmly on quality. The financial crisis and the economic downturn have brought about a growing interest in both quality and productivity. The cost of non-performance is a crucial issue for all Tetra Pak customers, so it is vital for us to put it at the top of our agenda.

In 2009 we began a quality programme. Now, we will focus on what's important for our customers and adapt to meet – and exceed – their expectations.

Developing new products is another key way in which we serve our customers well. By introducing a new product development process, the company intends to double the quality performance of new products and solutions. At the same time, we will halve the time to market. Our focus on cost-driven innovation led to about 20 new products in 2009.

Care for the environment is an integral part of Tetra Pak's business proposition. In our operations, we work hard to cut emissions, use renewable energy and find ways to reduce our impact. In developing and manufacturing products, we focus on using renewable raw materials and recycling. For our customers, we provide services to reduce waste, energy consumption and the use of raw materials.

I hope you will enjoy reading about what we are doing.



Dennis Jönsson, CEO

# TETRA PAK IN TWO MINUTES



NUMBER OF EMPLOYEES 2010

21,672

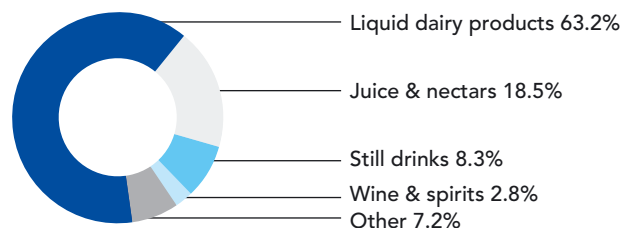
NET SALES 2009

8,955

MILLION EUROS

PRODUCTS SOLD IN TETRA PAK PACKAGES IN 2009

OF 70,674 MILLION LITRES OF PRODUCTS



## VISION

We commit to making food safe and available, everywhere

## CORE VALUES

### CUSTOMER FOCUS & LONG-TERM VIEW

We ensure we add value and inspire our customers because we recognise that they come to us by choice. We dare to lead with a focus beyond tomorrow and take opportunities to learn and grow.

### QUALITY & INNOVATION

We do not compromise on quality. We relentlessly drive for better, fit-for-purpose solutions and breakthrough innovations.

### FREEDOM & RESPONSIBILITY

We have the freedom to take initiative and act decisively in the best interests of Tetra Pak and our customers. We take responsibility for our actions and contribute to the communities in which we operate.

### PARTNERSHIP & FUN

We respect and rely on one another and all our stakeholders for exceptional results. We enjoy working together and celebrating our achievements.

## PRODUCTS

At Tetra Pak we are specialists in complete solutions for the processing, packaging and distribution of food products. Our solutions are specifically designed to be as economical with resources as possible. Dairy products, juices and nectars, ice cream, cheese, dry foods, fruits, vegetables and pet food are examples of products that can be processed or packaged in Tetra Pak processing and packaging lines. We focus on keeping the consumption of all raw materials and energy to a minimum during both the manufacturing process and distribution. The processing solutions are also designed to treat the products gently.

Our products are divided into several categories:

- Packages
- Processing equipment
- Filling machines
- Distribution equipment
- Service products

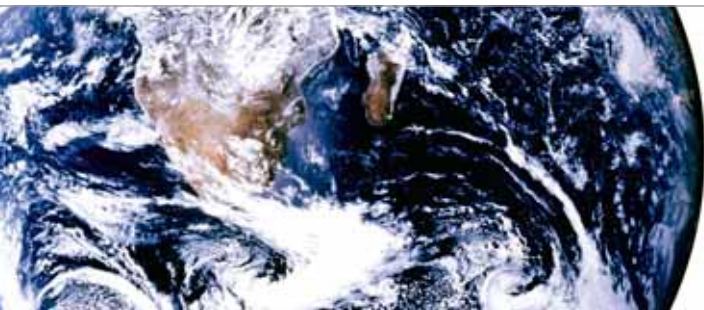
## R&D

Our customers need faster, better and cheaper developments to reduce their operational costs and to increase performance in order to remain competitive. We invest in technology and new products in response to customer, consumer and market dynamics.

### OUR STRATEGIC PRIORITIES

Faster, better, cheaper is our approach to delivering on the three strategic priorities:

- Focus on, and grow the core
- Emphasise cost-driven innovation
- Drive operational performance



## ENVIRONMENT AND CSR

Our Corporate Social Responsibility cornerstones are:

### FOOD FOR DEVELOPMENT

For more than 45 years, we have helped customers, governments, international and community-based organisations to provide milk to children around the world.

On 30 September 2009, World School Milk Day, we announced our support for two additional school milk programmes – in Ecuador and Morocco – as well as the expansion of existing programmes in Romania, Thailand, Mexico and Iran.

Through the Food for Development Office (FfDO) we work in close partnership with governments, development agencies, non-governmental organisations (NGO), local dairies and farmers to deliver almost six billion packages of milk to 45 million children in schools in over 50 countries around the world. School feeding programmes can have a considerable impact on the local community and economy. Not only do they improve the health and learning capabilities of children, they often act as a catalyst for agricultural and economic development.

In 2009, following the decentralisation of the school milk feeding programme in Iran, Tetra Pak strengthened its relationship with the School Feeding Committee and now partners with the UN's World Food Programme on a number of school educational activities in Tehran and across the country.

School milk programmes play a vital

part in our business strategy and our commitment to dairy customers around the world to make food safe and available everywhere. We expect to see a further expansion of these programmes in the coming years.

### GLOBAL COMPACT

We are a member of UN Global compact, which brings together companies, UN agencies, labour and civil society to support ten principles in the areas of human rights, labour, the environment and anti-corruption. We also cooperate with NGOs like WWF on forestry and climate change issues.

### ENVIRONMENTAL SUSTAINABILITY

We are committed to running our business in an environmentally sound and sustainable way. We set goals for continuous improvement in our development, sourcing, manufacturing, and transportation activities. As part of that commitment, we take a long-term and life cycle view, continually improving environmental performance, communicating openly with our stakeholders and reporting regularly on our performance.



## MARKETS & CUSTOMERS

Tetra Pak operates with 21,672 employees in over 170 countries around the globe. Our customers come from different parts of the food industry, such as the dairy, cheese, ice cream, beverage and prepared food sectors.

### FILLING MACHINES INSTALLED – JANUARY 2010



GREATER CHINA	1,390
SOUTH EUROPE	1,229
CENTRAL & SOUTH AMERICA	1,162
GREATER MIDDLE EAST	1,035
CENTRAL EUROPE	825
EAST EUROPE & CENTRAL ASIA	742
NORTHEAST ASIA & OCEANIA	686
SOUTH & SOUTHEAST ASIA	656
NORTH AMERICA	540
NORTH EUROPE	490
SUB-SAHARAN AFRICA	291
SUPPLY CHAIN OPERATION	1
NOT ASSIGNED	1
<b>TOTAL</b>	<b>9,048</b>

## OUR BRAND

It is our goal to create a well-known and respected brand name – Tetra Pak – and to improve the image / perception of our carton packages as being the most preferred and environmentally sound ones, thus, achieving sustainable profitable growth.

We take an active role in shaping a better future, building on our four Brand Pillars – Food Safety, Customer, Environment and Well-Being.

Our motto, PROTECTS WHAT'S GOOD, reflects the philosophy upon which we conduct our business. It provides a consistent worldwide positioning of Tetra Pak across the value chain supporting our Vision, Mission and Core Values.

# PEOPLE

## Quality dashboard to improve performance

In good times customers focus on building capacity in fast growing markets. However, the crisis in 2008 and 2009 has re-emphasised the need to optimise productivity and quality. The cost of non-performance is one of the most important issues to handle for any customer, making it equally important for Tetra Pak to put quality on the daily agenda.

To do this, Tetra Pak has developed a Quality Dashboard focusing on metrics from a customer perspective. "We are driving to improve issue resolution performance, focusing on problem collection and prioritisation, then rapid solution development and implementation. We are also looking at mechanisms to improve how we build on lessons learned, so that as we solve problems we learn deeply from the experience, grow and be an increasingly dependable partner. Other important initiatives address spare parts quality and changing the way we set quality targets for new development projects", says Phil Maguire, Vice President Quality Programme.

### **BECOMING UNDISPUTED LEADER**

He is responsible for the cross-company initiative to raise quality and customer satisfaction in every cluster. The goal

is to become the undisputed quality leader of the industry. "Our current performance varies. We are making steady progress on the start-up quality of new equipment and driving down defects, but need to accelerate. With a large set of customer needs, we are working to prioritise efforts. This requires a cohesive company-wide effort and an integrated strategy. Quality needs to be part of our DNA. It needs to permeate everything we do. It needs all of us to play our part".

### **CONSISTENCY IN FOCUS**

This cohesive effort from the entire organisation now means that operational groups, process owners and platform teams are adopting the quality dashboard to ensure consistency and a uniform approach. The Quality Dashboard is all about the customer. Hence, much of the work is being done in close cooperation with customers in many different markets.

"What will really matter is how we shall collaborate across organisations within Tetra Pak in order to make a difference for our customers. We can measure different activities internally, we can measure suppliers' quality, but the ultimate test is always from a customer perspective", concludes Phil Maguire.

**"QUALITY NEEDS TO BE PART OF OUR DNA. IT NEEDS TO PERMEATE EVERYTHING WE DO. IT NEEDS ALL OF US TO PLAY OUR PART."**





Carol Zimmerer



## Excellence Awards for outstanding performance

Every year, Tetra Pak acknowledges teams or individuals who have made a real difference to the business and to customers. The Excellence Awards recognise people who contribute with excellent performance reflecting the company strategy, core values and brand.

In 2009, Carol Zimmerer and Bozena Malmgren were two of the co-workers receiving the award. Carol Zimmerer, Supply Chain Integration Director in Rayong, Thailand, was recognised with the Leadership Excellence Award for living the core values and representing everything about performance, thereby allowing many others in her team to step up to the plate. Bozena Malmgren, Technologist in Tetra Pak Dairy & Beverage Systems in Lund, Sweden, was awarded the Customer Excellence Award for helping customers to introduce new successful products by generously sharing her unique competence and taking pride in understanding the customer's real problem.



Bozena Malmgren



## Global initiative to benefit customers

In 2009 all Tetra Pak employees participated in LiVE Tetra Pak, an internal engagement programme tailored to increase the understanding of Tetra Pak's challenges and how the company's core values, brand promise and strategic direction help Tetra Pak to achieve its vision. Held in more than 80 locations in 53 countries and more than 20 languages, LiVE Tetra Pak takes a multi-channel approach where videos, interviews, Q&A sessions and other interactive activities fill four hours of

intense training and interaction.

LiVE Tetra Pak gave each and every employee the opportunity to better understand how he or she can contribute towards customer satisfaction and the company's future growth.

"Every day, employees' actions influence stakeholders' perception of what Tetra Pak stands for. This initiative helps us speak with one voice and appear with one face in the market", says Dennis Jönsson, President and CEO of Tetra Pak.

# 2009/2010 IN BRIEF

## PROGRESS ON OUR CLIMATE GOAL

As a partner to the WWF Climate Savers programme we actively work on our commitment to achieving our five-year carbon reduction goals. Our goal is to reduce carbon emissions 10 per cent between 2005 and 2010 in absolute terms. We are in a good position to meet the challenging climate goal by 2010 if we continue to deliver improvement as

done to date. Our 2009 energy use was a similar level as in 2002, despite a 33 per cent increase in packaging production over the same period. Mitigating climate change is a global responsibility and our commitment to drive the business in an environmentally sound way is an integral part of our company culture.



## TETRA GEMINA ASEPTIC GIVES SADY PRIDONIA A SUCCESSFUL "FACE LIFT"

Sady Pridonia, a leading company in fruit production and packaging in Russia chose the innovative Tetra Gemina Aseptic to re-launch its leading juice brand. Tetra Gemina Aseptic allowed them to differentiate their product on shelf. "Along with its original shape, it has good functionality – it pours really well until the last drop. The smaller cross-section of the package also allows us to utilise retail space much more optimally", says Irina Samokhina, Marketing Director, Sady Pridonia.



## TETRA TEBEL CASOMATIC

Our customers require solutions, not just components, so we build efficiency, productivity and sustainability into all of our processing steps, enabling cheese manufacturers all over the world to get the most out of their plant. Our solution for semi-hard cheese – the Tetra Tebel Casomatic SC 7 module – is in line with this vision. Originally developed in the mid-1970s, Tetra Tebel Casomatic has been setting the standard in industrial

cheese-making ever since. One driving force in the development of the new version was to achieve even greater efficiency through longer production runs. Another was to achieve better cheese and whey quality, with high accuracy in terms of moisture content, weight and form. The result is a solution that enables our customers to deliver quality with efficiency – a truly sustainable business proposition.

## GLOBAL LAUNCH OF TETRA BRIK EDGE

On 29 June 2009, we announced the global launch of Tetra Brik Edge, the packaging solution for chilled liquid dairy products designed for consumers of all ages. The Tetra Brik Edge package is easy to use – whether you are young or old – so much so that it is endorsed by the Swedish Rheumatism Association, which also chose it as their 'Package of the Year'. The 34 mm diameter SimplyTwist screw cap is designed to be easy to open, pour and reseal for everyone. As well as adding to the package's visual appeal, the sloping top panel provides optimal pouring and its angulation makes it extremely easy for the hand to grasp the cap. Tetra Brik Edge is an excellent vehicle for branding. The sloping top also provides extra space for additional messages.



## 2009/2010 IN BRIEF



## NEW SCHOOL MILK PROGRAMMES

On 30 September 2009, World School Milk Day, we announced our support of two additional school milk programmes – in Ecuador and Morocco – as well as the expansion of existing programmes in Romania, Thailand, Mexico and Iran. Through the Food for Development Office (FfDO) we work in close partnership with governments, development agencies, NGOs, local dairies and farmers to deliver almost six billion packages of milk to 45 million children in schools in over 50 countries around the world. School feeding programmes can have a considerable impact on the local community and economy. Not only do they improve the health and learning capabilities of children, they often act as a catalyst for agricultural and economic development.



## INAUGURATION OF HOHHOT PLANT IN CHINA

On 8 July 2009, we inaugurated our packaging material plant in Hohhot, Northern China, which operates completely on power from renewable resources – often referred to as “green electricity”. The new plant in Hohhot is one of our most advanced manufacturing facilities for aseptic carton packages worldwide. It marks a significant milestone in our increasing presence in China with a total capacity of approximately 50 billion packs a year in the four Chinese plants. The Hohhot facility is the first manufacturing plant in Inner Mongolia, and among the first in China, to exclusively use green electricity. The plant consumes an estimated 20 million kWh of green power annually, which corresponds to an estimated saving of 16,000 tonnes of CO<sub>2</sub> a year. The green electricity supplied to Tetra Pak comes primarily from wind power.



## LAUNCH OF TETRA CENTRI AIRTIGHT ECO

The world's first hermetic direct driven dairy separator – Tetra Centri AirTight Eco – cuts energy consumption up to 35 per cent compared to conventional paring disc separators. This new generation separator is a further development in our proven range of separators using a number of breakthrough innovations to deliver higher operational efficiency and lower environmental impact than ever before.

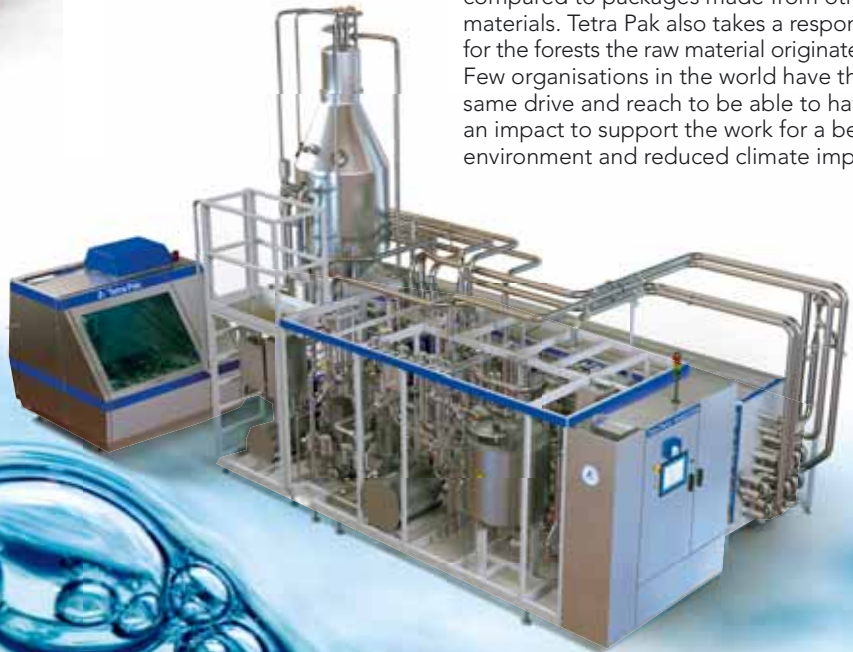


## CLIMATE AWARD

Tetra Pak received the 2010 Klimatpris (Climate Award) from the Swedish Forest Industry Federation. The award was delivered by H.R.H. Prince Carl Philip, to Finn Rausing at a ceremony in Stockholm on April 20, 2010.

A summary of the reason behind the award reads as follows:

"It is well-known that packages from Tetra Pak have revolutionised the distribution of food around the globe. It is not as well-known that Tetra Pak's innovations create packages with lower environmental and climate impact compared to packages made from other materials. Tetra Pak also takes a responsibility for the forests the raw material originates from. Few organisations in the world have the same drive and reach to be able to have an impact to support the work for a better environment and reduced climate impact."



## NEW GENERATION OF TETRA THERM ASEPTIC DRINK COMBINES ECONOMY WITH ECOLOGY

The next generation of Tetra Therm Aseptic Drink pasteurizers enables beverage producers to cut water consumption by up to 80 per cent, energy by up to 30 per cent and product losses also by up to 30 per cent, compared to other solutions on the market. This gives higher operational efficiency while lowering environmental impact.

The new pasteurizers – which are suitable for juices and nectars, still drinks, tea

drinks and enhanced water, including new "wellness" drinks with high value-added sensitive ingredients – include a range of other advanced automation features. For example, they automatically identify deviations in process parameters, enabling immediate operator action to maintain optimised operation. And they provide automatic notification of every maintenance requirement – helping all but eliminate costly, unplanned

production stops. The new pasteurizer is also compatible with the Tetra PlantMaster control system, which enables additional intelligence applications such as full traceability, unit history, batch control and review of all previous actions. These are important aspects that cut the risk of human error, contribute to food safety and enable exceptional performance.

# PRODUCTS

## One step to success

The main consumer benefits of the new Tetra Top with One Step Opening can be summarised in three words; convenience, convenience and convenience. It is quick to open and easy to reseal, making it the perfect packaging choice for on-the-go products and for home consumption of chilled dairy and juice products. The One Step Opening provides superior functionality as it is easy to pour and drink from and has a tamper ring that shows if the package has been opened. The seal is tight also when the package is stored flat, an important attribute for products such as cream where only a part of the contents is used at a time.

From a customer perspective, the sturdy package reduces distribution costs. The internal capping unit in the filling equipment requires less floor space and cuts the cost of conversion. But the main benefit is of course a

package that stands out on the shelf, having all the marketing and production benefits of the Tetra Top range. In Mexico, leading dairy producer Alpura has converted its production from traditional gable top packages into Tetra Top with the new One Step Opening.

"Personally, I am in love with the package. The new brand image really stands out at the points of sale. I am totally sure we have made the right decision to fully replace our gable top system with the new Tetra Top One Step Opening system, because we are offering the best quality milk in the best modern convenience package at the same price", says Felipe Rios Castelazo, Marketing Director at Alpura, pointing out a 23 per cent sales increase in the first six months after the launch.



## New unit for high-viscosity foods

The well-known Tetra Therm Aseptic Visco range for continuous UHT food processing has a new member. The addition of a high-pressure unit enables continuous, efficient, high-capacity UHT treatment even for high-viscosity soups and sauces, tomato pastes, custard desserts, fruit preparations, vegetable purees and baby food products. A good example of our Tetra Vicenso production solutions for prepared food, the new Tetra Therm Aseptic Visco unit reduces product losses by up to 50 per cent compared to conventional equipment.



# Quality upgrades as part of growth strategy



By updating and expanding the installed capacity, leading dairy D.P.O. in Thailand can follow its ambitious growth strategy. Tetra Pak has assisted with equipment and automation solutions.

In 2008, D.P.O., Tetra Pak's first and largest UHT milk customer in Thailand, decided to upgrade the equipment in its three main dairies in order to fulfil its expansion strategy. This provided an excellent opportunity for Tetra Pak to offer the customer the Tetra Pak A3/CompactFlex iLine, being the most advanced technological solution available on the market for portion packs.

D.P.O. (Dairy Farming Promotion Organisation) is a state owned enterprise which became the first Tetra Pak Thailand customer in 1972. It currently has four UHT factories located in different regions of Thailand which produce UHT milk under its iconic brand, "Thai-Danish". White and flavoured UHT milk have been D.P.O.'s growth engine since it started business 37 years ago.

## CONVERSION PROJECT TO ENSURE EXPANSION

In late 2007, much of the equipment in use was old and the utilisation capacity was reaching its limits. D.P.O.'s growth strategy demanded an upgrade and expansion of the installed capacity at three of its UHT milk plants: at Muaklek, Pranburi and Khonkaen.

The project led, among other things, to the deployment at D.P.O. of a Tetra Pak A3/CompactFlex iLine for Tetra Brik Aseptic 200 B and Tetra Brik Aseptic 250 B packages in August 2009.

"The Tetra Pak A3/CompactFlex iLine turned out to be the perfect product

for this D.P.O. dairy. The customer needed equipment with high capacity and flexibility, yet a compact solution. Working closely with one of our value business partners such as D.P.O., giving them the opportunity to interact with the solutions of the future, is of great importance for us", says Thitipol Artsanchorn, Commercial Manager at Tetra Pak Thailand.

## INCREASED LINE AUTOMATION

The main reason behind the choice was the better value proposition for D.P.O. of the Tetra Pak A3/CompactFlex iLine in terms of cost, more advanced technology and higher capacity, as well as low energy and utility consumption of the equipment.

"The increased line automation and the better user friendliness of the equipment have also contributed to our decision to go for the Tetra Pak A3/CompactFlex iLine solution, as well as the fact that Tetra Pak, as an integrated supplier, is able to manage the whole project from layout to installation and start-up", says Mr. Suwarat Hongyantarachai, Assistant Director of Factory Operations at D.P.O.

In parallel with the deployment of the Tetra Pak A3/CompactFlex iLine, D.P.O. also replaced outdated equipment with three Tetra Pak A3/Flex filling machines at the Khonkaen plant. Thereby increasing capacity by 27 per cent and saving 28 per cent with reduced operational costs.



## Tetra Alfast achieves spot-on precision



Tetra Alfast performs automatic direct in-line standardisation of milk and cream with accurate control of fat, protein, solids non-fat and total solids. It is designed for efficient, flexible processing of formulated dairy products and cheese milk. Combined with the new SpotOn software for instant in-line ingredient compensation, Tetra Alfast offers unparalleled repeatability and precision to give uniform product quality and improved production economy over the long term.

# PRODUCTS

## Hygiene is the foundation of food safety

Consumers all over the world are increasingly concerned about health and food safety. Food alarms have made people pay more attention to what they eat and drink, where it comes from and how it is produced. Every threat to consumer health is a threat to the food processing business. How does Tetra Pak meet this challenge?



“Food safety means being in control at all times, so it is an integrated part of our production concepts and the way we think about food processing and packaging. Ultimately, it is about making it possible for our customers to be in total control of their production”, says Stefan Åkesson, Manager, Food Safety & Equipment Safety at Tetra Pak Processing Systems.

Food safety begins on the drawing board, and the foundation is hygiene. This means assuring that everything that will ever come in contact with food – from components right down to connections, welds etc. – is of

approved material. It also means assuring that service media (e.g. water, steam and air) supplies are designed with proper hygienic zoning barriers, and that the automation level enables tracking throughout the production process.

Tetra Pak employs hygienic risk assessment of machines and process lines during the development and engineering phases. This method analyses and evaluates hazards in order to be able to reduce or eliminate hygienic risks, such as microbiological causes, chemical causes and foreign materials from machinery or other sources.

### LEVERAGING THE BENEFITS

Managing food safety issues comes down to knowledge about food technology and about food processing. To secure Tetra Pak's food safety focus, a core team with three clear areas of responsibility has been set up:

- to monitor new regulatory requirements related to food safety
- to identify issues of significance to Tetra Pak's customers
- to inform about and coordinate food safety activities

To make it easier for our engineers to comply with increasingly stringent standards, Tetra Pak participates in international standardisation work. We have developed the Tetra Pak Corporate Standard, a tool to coordinate and implement international hygiene standards.

“Continuous development projects give us both deeper and broader knowledge about food safety issues, ranging all the way from food processing, through filling and packaging. This is unrivalled in the food industry. We offer our customers unequalled knowledge, our experience and our solutions, which enables them to protect their business”, concludes Stefan Åkesson.

# PARTNERSHIP

## Better claims handling increases customer satisfaction

Tetra Pak Germany has made substantial cuts in the time needed for handling customer claims. The method will now be rolled out globally, to increase customer satisfaction.

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Every customer expects a swift handling of a claim, whether it is a broken car engine or a bad apple. The food packaging industry is no exception. Although technically advanced and continuously maintained, almost any packaging line will sooner or later have a technical issue leading to the customer posting a claim.

At Tetra Pak in Germany, a new way of handling these claims have cut lead times for settlements substantially. By moving the internal decision making to the front end, Tetra Pak has become more agile and customer oriented.

“Before, we spent unnecessary time evaluating what part of Tetra Pak was responsible for the claim. But the customers are not interested in our internal structure. They want a swift and decisive handling of their claims

and that is where we are today”, says Rodolfo Simon, Issue Resolution Director at Tetra Pak.

Although a rather small initiative, this claims project shows Tetra Paks commitment to turn every stone to find more customer friendly processes and solutions. The initiative will now be rolled out globally, and each market will have the necessary competence

**“The customers are not interested in our internal structure. They want a swift and decisive handling of their claims and that is where we are today.”**

to judge the problems and come back to the customer with compensation within days. By routinely accepting claims below € 5,000, more than 95 per cent of the claims can be settled instantly. This has taken a massive workload off the organisation, but more importantly increased customer satisfaction.

“If you have a BMW and the wiper breaks you expect the local dealer to

replace it without calling Germany. This initiative follows the same example. The decisions must be made quickly and close to the customer. We can then discuss internally who is responsible”, says Rodolfo Simon.

But handling the claim is one thing – finding the source of the problem is the real issue. Cross functional teams at cluster level will make weekly reviews of the claims, to find patterns and identify possible issues.

“We also have a large number of trained system specialists who report issues back to the central functions. In that way we make sure problems are identified. In the short run, we have to settle the claim. But more importantly, we have to identify the issue and solve it right away”, says Rodolfo Simon.

# PARTNERSHIP

## Smooth start-up in Turkey

When Aslanoba Foods decided to jump into the tough Turkish JNSD market, the Start-up Solution from Tetra Pak proved a valuable tool for a smooth start to operations.

Well-known for its Erikli brand of mineral water, Aslanoba Foods has been a key player on the Turkish bottled water market since the mid-sixties. With fruit juice consumption levels increasing rapidly in the country, the company's owner, Hasan Aslanoba, decided to enter the JNSD market with their own brand of juices and nectars.

He chose to work with Tetra Pak in order to secure the success of the new venture. Besides choosing the Tetra Gemina Aseptic 1000 Square package as his main differentiator, he also wanted to create an exemplary green field project which would deliver a production base with competitive operational cost levels and top quality.

### QUALITY AS A TOP PRIORITY

The Key Account team in Tetra Pak Turkey decided to offer a tailored Start-up Solution to the customer as the best way to address customer needs. The first thing to ensure was that the factory staff had the competence required to operate and maintain the equipment. Given their im-

portant role, operators were trained and certified by Tetra Pak instructors to make sure they knew how to operate the machines in the safest and most efficient way.

With a brand promise of premium, healthy and natural options for consumers, product quality was a top priority for Aslanoba Foods. Tetra Pak Quality Assurance Management specialists therefore reviewed the entire customer operation and recommended the appropriate quality routines and procedures based on Tetra Pak best practices.

"Ensuring excellent product quality right from the start is paramount. With Start-up Quality as part of Tetra Pak's Start-up Solution, we got guidance from the specialists right from the start", says Aydin Kontik, Technical Director of Aslanoba Foods.

### GOOD UNDERSTANDING OF OPERATIONS

Aslanoba Foods also made use of another Tetra Pak service product – Quality Performance Analysis. Using this, a customer gets a clear picture of where they stand in terms of product quality and the improvements needed. Last but not least, Quality Assurance Training was conducted which covered the quality of the packed product through all phases of

the process from raw material to the finished package.

Starting an operation from scratch, Aslanoba Foods wanted to make sure they had a smart way of handling their parts inventory as well. Therefore Parts Control Basic was implemented, which included installation of a web-based parts inventory management system and recommendations on spare parts min / max levels for the customer's equipment.

With Performance Analysis as the last component, Aslanoba Foods was able to establish Key Performance Indicators for their plant performance that would be monitored and analysed continuously. Measuring performance on a regular basis would enable the customer to get a good understanding of the operation and the optimisation action required.

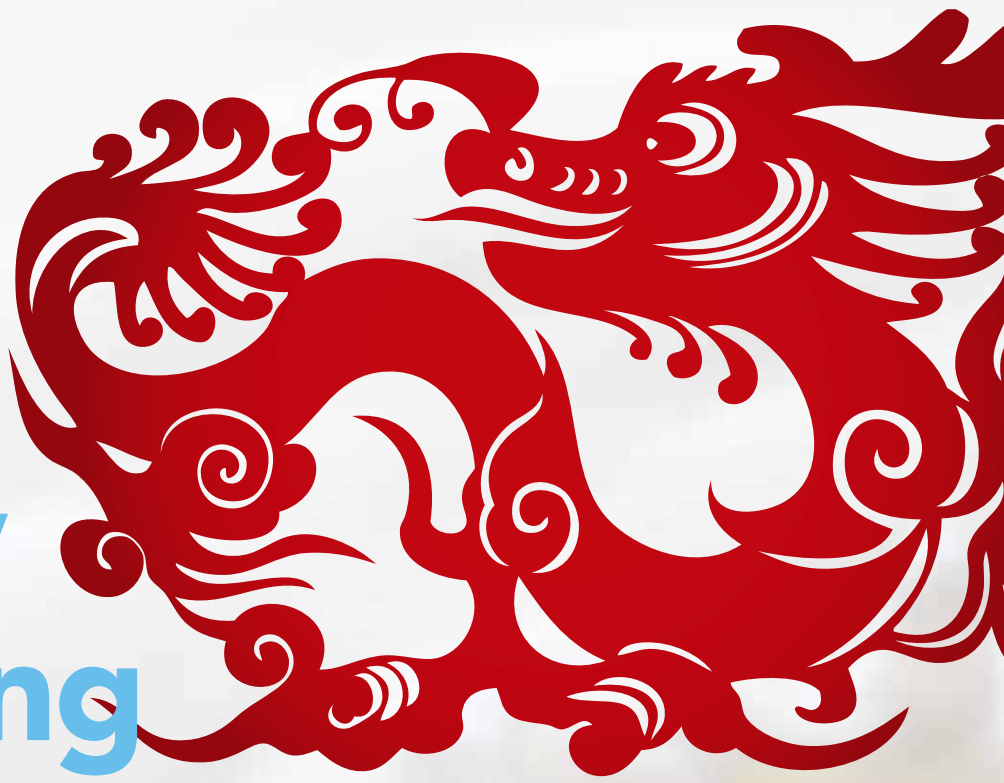
### POSITIVE CONSUMER RESPONSE

All the endeavours in the quality area paid off – Aslanoba Foods delivered on its promise of premium quality products which was validated by the very positive consumer response.

"We invested in a big factory, needed to set up processes, train staff, it was a huge task, this being a new area of business for our group. However, with the Start-up Solution we had an exceptional market entry – good quality levels, smoothly running operations and competent and motivated staff to make all that possible", says Hasan Aslanoba.

With premium quality products packed in a modern and functional package, and backed up by a reliable operation, Aslanoba Foods has every right to be optimistic about the future.





# Quality a burning issue in China

The Chinese market is becoming one of the most technically advanced in the world. Customers expect high-end solutions with a focus on quality after the melamine scandal in 2008.

Tetra Pak essentially created the aseptic packaging market in the world's most populous country with the sale of its first filling line to China in 1979. Thirty years on, Tetra Pak China has managed to keep its leading position in the face of ever-growing competition.

A trend as the Chinese market matures is that customers – most of whom are local – are becoming more sophisticated and more demanding.

"We have to raise our standards and our performance because the competition is doing so. When you are in the position we have been in for a long time, we look at things in a different way. What the customer is telling us is that we have to look at it from their angle as well", says Hudson Lees, Managing Director of Tetra Pak China.

Quality is the main concern in the country after the scandal in 2008, where milk tainted with melamine caused a major health scare as a result of a number of infant fatalities and hospitalised many more. The scandal dealt a massive blow to Chinese consumers' trust in milk and other dairy products.

"The positive side, if there is one, is that the events educated the consumer and the government on the importance of food safety. It sped up the regulation of the supply chain, from farm to production and packaging. And today,

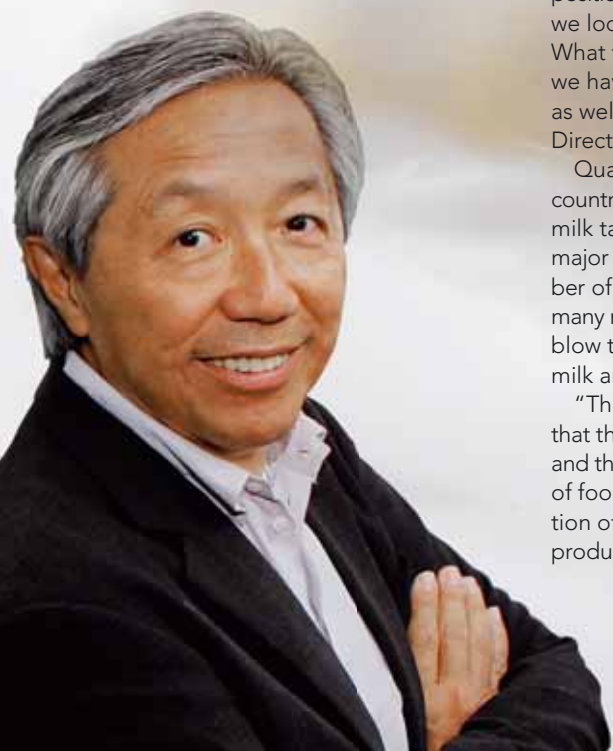
the industry recognises the importance of working with a reputable supplier that is conscious of quality and safety – like Tetra Pak", says Hudson Lee.

The company employs nearly 1,600 people at nine locations around the country and has an installed base of over 1,250 filling machines. Every customer relationship includes questions on quality and sustainability.

## 利乐

### DID YOU KNOW...?

The name Tetra Pak is translated into two Chinese characters as "li le". Literally, "li" can mean benefit, interest, wellness or profit, while "le" means "happiness". At the same time, the combination of the two words has another meaning which comes from Buddhism, and it means: being good to the surrounding people, helping them and bringing good to society.



# INNOVATION

## Integration improves performance and traceability

By developing common automation software for processing and packaging, Tetra Pak will alter the way a plant is run. It is like having a single remote control at home.

The development programme for integrating packaging solutions into the well-known automation platform, Tetra PlantMaster, is Tetra Pak's solution for meeting the increasing need from customers for integrated processing and packaging solutions. Tetra PlantMaster is an automation platform based on international standards for production.

"The demands for food safety traceability, production planning and performance for entire plants drive the development. In addition, fierce competition in the food-processing

industry is speeding up the need to reduce costs", says Anders Andrén, Product Manager.

The development programme was launched in the second half of 2008 and the first prototype will be available by the end of 2010.


"We have often sold and delivered modules and lines from Processing and Packaging separately. The goal of this programme is to extend our current offerings and develop a fully integrated solution with a common software platform. Customers will be able to enjoy simplified operations and decision-

making. They will only need a single control room where all processing and packaging activities can be managed and monitored. It is like having a single remote control for your TV, DVD recorder and stereo at home", says Programme Manager Jarmo Vastapuu, who is managing the development of the integrated platform.

### TO COVER THE ENTIRE PLAN

Integration means a number of things, such as making old and new equipment work together, including third-party machinery, in the customer's





total operations. Integration also involves the information flow.

“Integration between processing and packaging lies not in any particular hardware, but in the way we can enable our customer to run a plant. The different features we are looking at in the development programme have exactly that scope: How can we make sure that all our business offerings to our customer’s best serve the total operations of their plants?” asks Jarmo Vastapuu.

All this becomes a reality, extending functionalities such as Quality Assurance,

traceability and performance analysis to cover the entire plant. Integrated customer solutions require cooperation, and the development programme is a cross Tetra Pak joint venture between Development & Engineering, Processing Systems and Technical Service.

#### **CONSOLIDATES AUTOMATION PRODUCTS**

The result in the years to come will become part of Tetra PlantMaster branded automation platform. The development programme will consoli-

date and align the current automation products, Tetra PlantMaster, PLMS (Packaging Line Monitoring System) Centre and WebMon from Technical Service.

“We need to align our various competencies while we build capabilities locally and centrally. There is really some hard work to do to allocate our resources in the right places. There might also be boundaries to overcome when activities that have lived their separate lives for a long time have to integrate. Yet the end result in this case will surely benefit many customers all over the world”, says Anders Andrén.

# INNOVATION

## New process will halve time and double quality

By cutting lead times and increasing quality performance, Tetra Pak aims to speed up the creation of new products. The foundation is a totally revamped innovation process, focusing on cross-functionality.

Mike Nelson and his team have an ambitious target. By introducing a new process for the way Tetra Pak develops its products, the Product Creation Re-design (PCR) team has set out to double the quality performance of new products and solutions, while at the same time halving the time to market.

“We are taking action to close the gap between customer expectations on quality and the quality we are delivering. Our customers also compare our lead times with those of other industries and do not understand why it should take so long to develop a new packaging solution”, says Mike Nelson, Director for Product Creation.

### CORE TEAM TAKES CONTROL

The task is to fully redesign the innovation process, by increasing cross-functionality and setting common goals at project start. It sounds obvious, but it is in fact more or less a revolution. In the new process, a core team of specialists from every function is assembled.

“Previously there was not full alignment on goals, leading to basic delays that were unnecessary. By having supply chain, sales, marketing and technical service involved from day one we are able to put all their requirements on the table and come up with the best possible solution for our customers which has more value than what our competitors have to offer”, says Mike Nelson.

Product Platform Manager Christina Chester, who is involved in two PCR pilot projects, confirms there are apparent benefits.

“The core team has taken over what was one single project manager’s role

in the past. This means we all have a good grasp of the project and there is an efficient exchange of ideas in one forum where all the competencies are represented”, says Christina Chester.

### SIGNIFICANT CUT IN TIME

Just to show the complexity and in-depth analysis of the new process, it has taken two years to design the new content and process elements. In 2010, the project reaches its tipping point where 50 per cent of the innovation projects will run according to PCR. Pilot studies show that the time to market can be cut significantly.

“We now have the process to deliver innovation to our customers in much less time than before. Now is the time to focus and gain experience in managing project delivery in world class times without compromising quality – and for this we all have a part to play”, says Mike Nelson.

## Tetra Gemina wins Excellence Award

Every year, Tetra Pak internally awards a number of individuals and teams that have made an outstanding contribution. In 2009, the Innovation Excellence Awards was given to the team behind the new Tetra Gemina Aseptic package. The citation reads: “This innovation is built on our strategic intent of cost driven innovation. It has primarily enhanced an existing technology into a clever application. The market acceptance is already proven and it has good commercial value. We are now building a package family that fits our strategy of differentiation at an affordable cost. The Tetra Gemina Aseptic package is the world’s first roll-fed gable top package with full aseptic performance for juice and milk. It combines the convenience, safety and nutritional benefits of aseptic packaging with exceptional functionality and a great image of freshness.”



# SUSTAINABILITY

## Long-term approach to the environment

The recession in 2008 and 2009 surprised many experts by not following the usual development of a financial downturn. Also on the environmental side, the crisis showed new features.

Usually, a recession means instant cuts in sustainability investments, in favour of hard economic decisions. This time, however, environmental spending and interest continued. One reason is that many governments used investments in sustainable projects as a means to meet the increasing unemployment. But the environment is also becoming an evident part of the everyday business life.

"The environment is an integrated part of Tetra Pak's business proposition and that is something we have in common with many other global companies in other industries. The last two years, we have seen a rapid increase in customer demands for life cycle analyses and various retailer balanced scorecard metrics putting requirements on our package and processing offerings. Today, we work closely with our customers to meet these increasing demands and expectations", says Claes Du Rietz, Vice President Environment.

### A THREE LEG APPROACH

He describes Tetra Pak's environmental commitment as a three leg approach. On the operations side, Tetra Pak works hard to cut emissions, use renewable energy resources and launch initiatives to reduce the environmental footprint of the own offices and factories. On the product side, the focus lies on continue improving the environmental performance, renewable raw materials and

recycling. And on the customer support side, Tetra Pak provides services to customers in order to reduce waste, energy and water consumption, food loss etc. All in all, the environment is present in every corner of the company and contributes to the overall competitiveness.

"We take a broad and long-term approach to the environment, where we focus on doing things right. By taking a lifecycle view and make decisions that are sustainable; for business and for the environment. It's about driving environmental performance in the right direction, persistently. Also, we increasingly have to work with a 10 year perspective to be sure that the decisions we make today are aligned with how the world will work in a decade", says Claes Du Rietz.

2010 marks the end of Tetra Pak's ambitious global climate target, where CO<sub>2</sub> emissions will be cut by 10 per cent from 2005 to 2010 in absolute terms as the business continues to grow. Tetra Pak is confident that the target will be reached in 2010, mainly thanks to energy efficiency measures in the converting plants and by investments in green energy.

### WATER IN FOCUS

So, if climate change was the big question of the 00's, what will be the main issue in the new decade? Claes Du Rietz replies instantly: "Water, more specifically the access to water. This will be of main concern especially in many important growing markets and Tetra Pak's contribution will be to be able to supply processing and packaging solutions that take a sustainable approach to water consumption."



**"We have to work with a 10–15 year perspective to be sure that the decisions we make today are aligned with how the world will work in a decade."**

For the last years, Tetra Pak has utilised insights and experiences from all over the world to more effectively assist customers in reducing their environmental footprint. These projects are often about reducing the consumption of water, electricity and chemicals, but can also involve waste management or processing elements. This is a service area that will grow rapidly in size and importance over the coming years.

"Our founder Ruben Rausing stated that a package should save more than it costs. We see this not only in monetary terms, but also from the environmental perspective. If we can work closely with our customers to help improve production performance, this will be beneficial in terms of cost, quality and environment", says Claes Du Rietz.



# SUSTAINABILITY



## Large increase in FSC-certified packages

Tetra Pak's ultimate goal for its paperboard supply is that all the wood fibre used in Tetra Pak packaging should come from responsibly managed forests certified to the highest standard, FSC™. Following a humble start in selected markets, more than 2 billion FSC-certified and labelled Tetra Pak packages reached the market in 2009 and a significant growth is estimated in 2010.

The Forest Stewardship Council (FSC) is an international organisation that brings stakeholders together to find solutions which promote responsible stewardship of the world's forests. The FSC system independently guarantees a chain of custody from forest to store, by securing the traceability all the way from raw material source to a filled package. The FSC certification enables Tetra Pak to use the FSC label on its packages and is a guarantee that all wood fibre used to produce the paperboard comes from FSC-certified well-managed forests and other controlled sources.

"FSC is the gold standard of forest certification, the best there is. By following FSC guidelines we can make sure that the paperboard in our packages meets the high sustainability standards that we and our customers expect. We know a sustainable approach to business is of critical value to retailers, brand owners and consumers, and FSC certification is an accreditation of the consistent work we've undertaken to secure responsible sourcing and demonstrates our commitment to manufacturing to the highest level of environmental performance", says Claes Du Rietz, Vice President Environment.



## Tetra Pak supports green plastic

In November 2009, Tetra Pak reached an agreement with the largest Brazilian petrochemical company, Braskem SA, to purchase limited volumes of high-density polyethylene (HDPE) derived entirely from a renewable feedstock. The agreement represents the first move towards using green polyethylene in the carton packaging industry.

Braskem expects the world's first commercial-scale green polyethylene plant, located in the south of Brazil, to come on stream late 2010 and is targeting first deliveries to Tetra Pak early in 2011. The new facility will use ethanol derived from sugar cane to produce ethylene, which will then be converted into polyethylene, the world's most commonly used plastic. It is estimated that the process will result in an overall reduction in greenhouse gas emissions when compared with the traditional process for manufacturing polyethylene.

**TETRA PAK INTERNATIONAL S.A.**

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