



 Tetra Laval

2020
2021

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THEME: FOOD SECURITY

“Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.”

Source: FAO (The Food and Agriculture Organization)

In a world faced with a growing population, resource challenges and climate change, food security is essential to us all. According to the FAO (The Food and Agriculture Organization), “food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.” Consequently, food security includes both safe food and food availability.

The role of packaging in promoting food security

In this year’s Tetra Laval report, we have chosen to look into the vital role of good packaging as an important theme – to help secure food availability and safety to people all around the world. In fact, there are a number of examples how our industry groups contribute to food security and safety.

Tetra Pak’s core capability is packaging and processing food safely. Our technologies, processes and expertise have created a complete system that makes it possible to deliver food safely right across the value chain; from food

origins, into our customers’ factories, through processing and packaging to distribution, on to the shelf and into the hands of the consumers.

Sidel has developed complete packaging solutions that fulfil customer needs for delivering safe beverage, food and home and personal care products. For instance, Sidel has developed the Predis™ aseptic technology, and with its FDA approved dry preform sterilisation system ensures the highest level of hygiene and food safety for its customers’ products.

DeLaval, being the world leader in milking equipment, develops solutions for dairy farmers, which enable them to optimise their operations and milk yields – to promote food availability. DeLaval’s VMS™ V300 robotic milking systems, high-quality milk filters and digital sensor solutions are just a few examples of how the company addresses food safety by ensuring chemicals and bacteria don’t end up in milk.

You can read about these and many other examples in following sections of the report.



Equally interesting is the interview with **Arlene Mitchell, Executive Director of the Global Child Nutrition Foundation**, and her views on the global challenges related to food availability and food safety, how the pandemic has affected our global food system and how packaging can help secure safe and nutritious food for almost 10 billion people by 2050. We hope you enjoy reading the report.

READ MORE ON NEXT PAGE



Arlene Mitchell is Executive Director at the Global Child Nutrition Foundation, where she recently led a comprehensive Global Survey of School Meal Programmes (available at www.gcnf.org). A thought leader in the area of child nutrition, education and agriculture, she has previously worked for the Bill & Melinda Gates Foundation and the UN World Food Programme.



Expert insight on food availability, food safety and the packaging industry

Securing the availability of safe and nutritious food for almost 10 billion people by 2050 is a major challenge that will require over 50 per cent more food.

Arlene Mitchell, a well-respected thought leader in the area of child nutrition, education and agriculture, gives her thoughts on the role of the packaging industry in meeting these challenges now and in the future.

What are the main global challenges related to food availability and food safety today?

I think the biggest food availability challenge is getting food where it needs to be, when it needs to be there and to the people who need it most. This involves overcoming issues related to seasonality, quality, safety, diversity and shelf life, which all affect access to safe and nutritious food. Our global food system works reasonably well where populations are wealthy, but often fails to serve vulnerable and poorer populations.

The system is interdependent at a global level and requires all elements to work together – from farming research and fertiliser inputs, to harvesting, processing, packaging and transportation. If any of the elements break down, the entire system can fail, which can affect quality, safety and supply to the consumer. This makes the global food system sensitive to social crises or environmental crises, like drought and water deficiency, often with disproportional impact on the most vulnerable and the poor.

What impact has the COVID-19 pandemic had around the world?

The COVID-19 pandemic has highlighted just how vulnerable our global food system is. Illness in the workforce can affect food production and transportation, and closed borders have restricted the movement of food. School closures during the pandemic also prevented school feeding programmes from providing at least one nutritious meal per day for school children. The pandemic has affected many parts of the food chain and I think we've only seen the tip of the iceberg in terms of its long-term mental, physical and societal impacts.

What role has good packaging played in school feeding programmes during pandemic?

When schools closed, governments and implementing partners had to quickly alter how they reached children. Systems were changed to enable children and vulnerable families to pick up 'take home rations' from schools, food banks and community centres, and door-to-door delivery systems were also used. The need for social distancing completely changed the concept of quantity as instead of serving a plate with food on it, take home rations included a variety of fresh and packaged foods. Packaging became more important than ever to deliver safe food to consumers and children, which involved a different approach in the food supply chain.

How does packaging help to ensure food availability?

Packaging is fundamental for the availability of safe and nutritious food as it reduces the potential for food to become contaminated between processing and reaching the consumer. It also reduces spoilage and food waste by extending the shelf life of seasonal produce before the consumer can safely eat it. Then there are the 'invisible' benefits of packaging that we only notice when they don't work, for example if a package breaks or doesn't stack efficiently. Well-designed and right-sized packaging enables efficient and safe transport and storage.



What role can packaging play in demonstrating food safety for consumers through greater trust?

This issue of trust is particularly sensitive around food. Whether consumers accept a new food item on the market or a known product in different packaging will depend on if it is trusted. People are experiencing heightened anxiety around the world right now due to the pandemic and political turmoil, which increases distrust. So it's incredibly important for consumers to have access to certain brands and packaging they know and trust to provide the food they need.

One third of all food is lost or wasted somewhere along the food supply chain. What role can packaging play in helping to reduce food waste?

Packaging can play a major role in reducing food waste by extending the shelf life of food and avoiding contamination. In low-income countries, inadequate processing and packaging solutions result in significant food waste through post-harvest losses in production and transport. Packaging can significantly reduce this waste, particularly if we develop solutions specifically for low-income countries.

What do you think are the key learnings around food security from the pandemic?

The pandemic has graphically demonstrated the need for better nutrition globally to make us stronger in the face of health threats. It has highlighted the need to develop resilient back-up solutions in our food systems that can be quickly implemented in the event of crises. We additionally need to develop systems that are both more local and closer to the consumer, as well as more resilient systems for transporting food over long distances with longer shelf-life packaging. Finally, we need to build public trust as well as consumer understanding of food systems, safety, quality and nutrition.

How can regulators and consumers be made more interested in food safety?

Educating consumers to demand quality and safety will drive regulators. But as regulators are consumers themselves, we need to engage them on a personal level. I always recommend we start with children: Do you want your own children to have safe food? If so, then what can we do to ensure that for everyone?



Do you see a potential conflict of interest between securing food safety and availability and the climate goals?

Securing food safety and availability while also protecting the environment and achieving climate goals presents challenges, but is not impossible. We have all the knowledge and tools needed to work towards both at the same time, and it is critically important that we do so. The real question is whether we can muster the will and invest the necessary resources.

What expectations do you have on packaging from a climate perspective?

We are seeing a very positive trend of what I would call climate-friendly packaging. This is packaging that is made using renewable resources and which is biodegradable and/or recyclable. We are also seeing a trend in consumer awareness and demand for more climate-smart packaging. That said, we have a long way to go in this space, and must step up our efforts to move towards 100 per cent climate-friendly packaging.

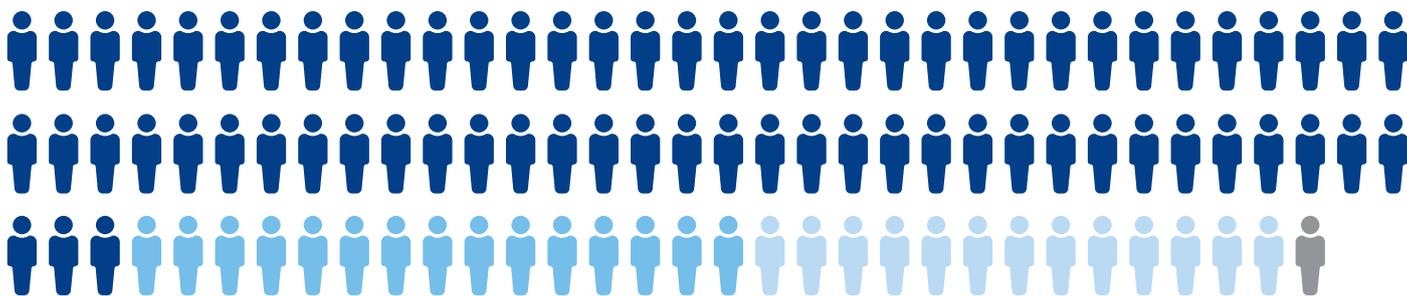
How can packaging help secure safe and nutritious food for almost 10 billion people by 2050?

I think it goes back to how we improve the vulnerabilities in the food system and ensuring we have back-up systems when we encounter crises. This will become increasingly essential in the face of climate change, which will put our global food system under greater pressure in the coming decades. We must also work to ensure that consumers understand what healthy and nutritious foods are, to combat the growing issues of obesity and undernutrition.

The main issue is not the lack of food – it's more about getting food to where it's needed when it's needed. Here, packaging clearly plays a crucial role in securing safe and nutritious food for the global population by providing efficient, transportable and safe packaging solutions. I believe the role of packaging in the global food system will only increase in importance in the future as we work to ensure everyone has access to the safe and nutritious food they need to survive and thrive.

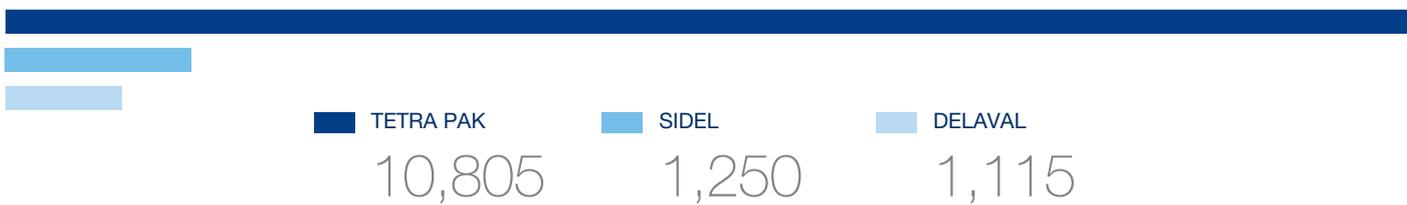
The Tetra Laval Group consists of three industry groups, Tetra Pak, Sidel and DeLaval, all focused on technologies and services for the efficient production, processing, packaging and distribution of food. The head of each industry group has operational management responsibility for the respective industry group and reports directly to the Tetra Laval Group Board. The Group Board is responsible for the overall strategy of the Group and for controlling and supervising all of its business operations. The Chairman ensures the implementation of the Group Board decisions and the implementation of strategy and policy for the Group.

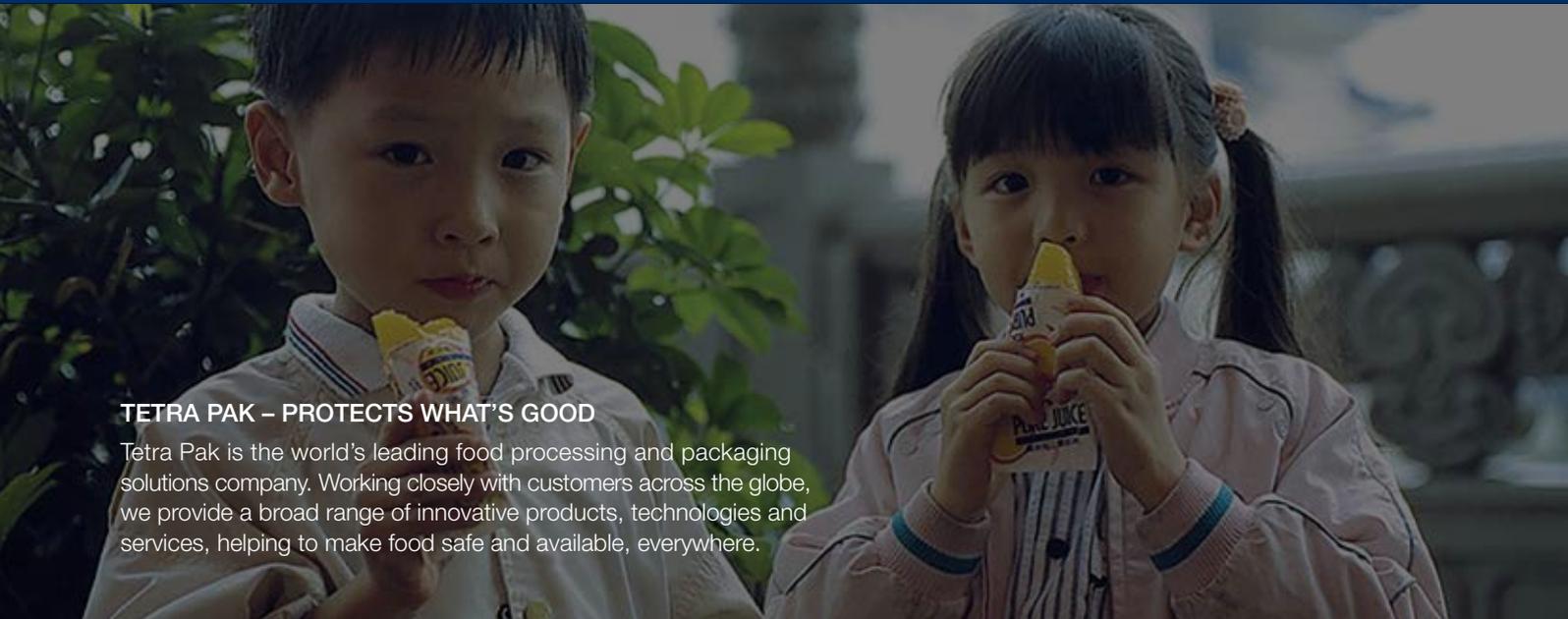
NUMBER OF EMPLOYEES, DECEMBER 2020



NET SALES 2020, MILLION EURO

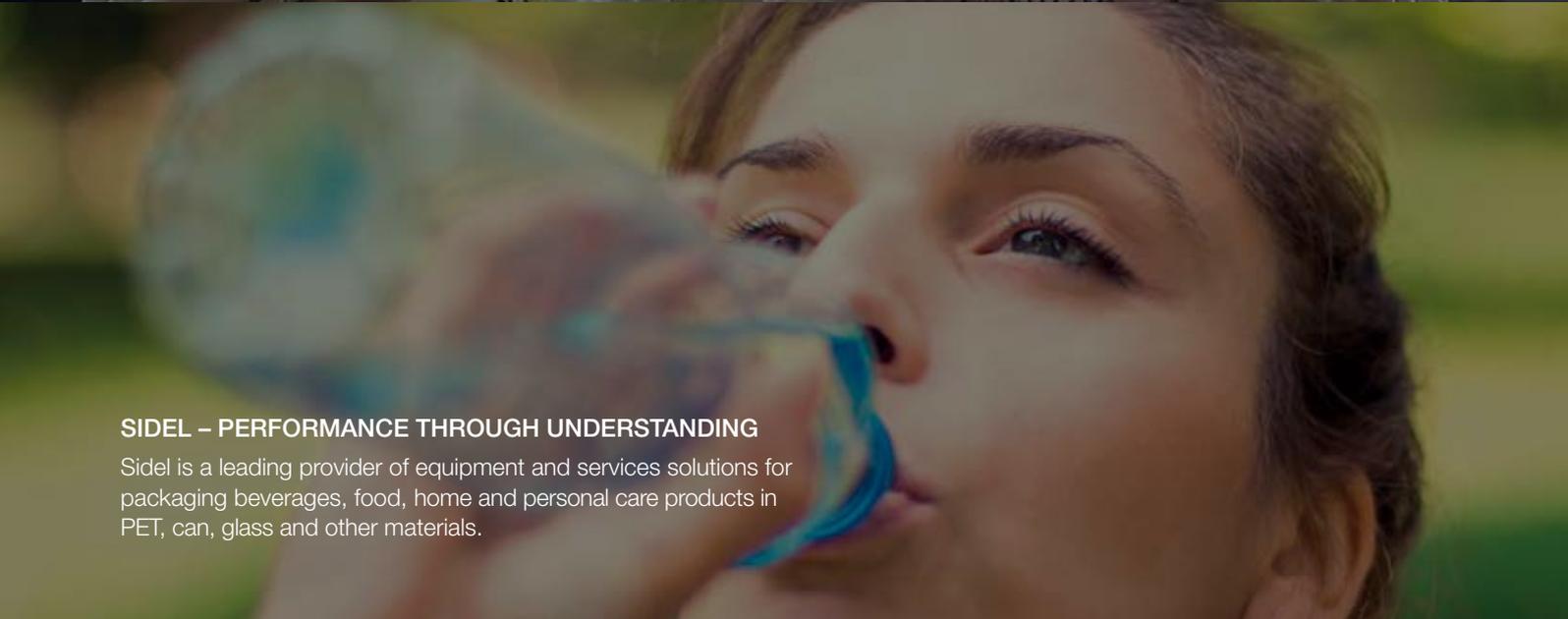
TETRA LAVAL GROUP 13,145





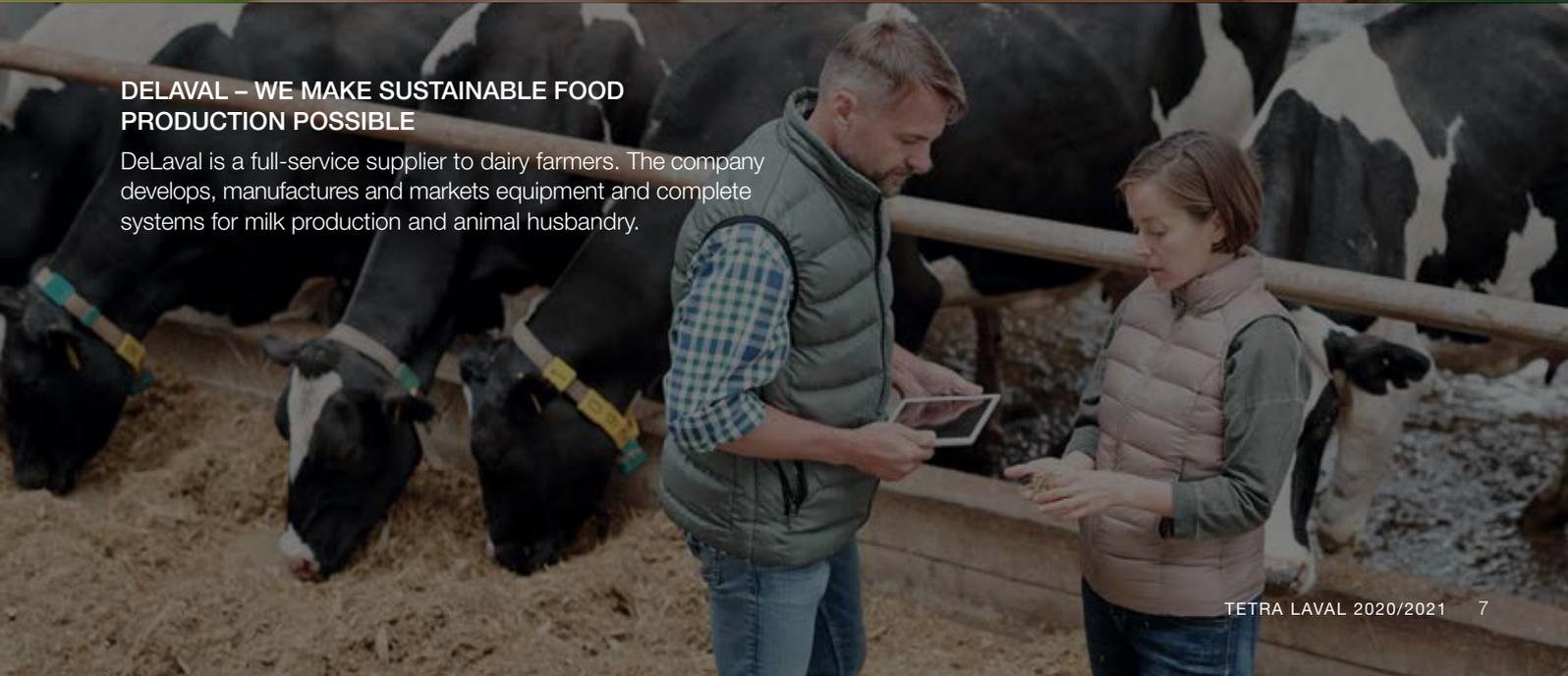
TETRA PAK – PROTECTS WHAT'S GOOD

Tetra Pak is the world's leading food processing and packaging solutions company. Working closely with customers across the globe, we provide a broad range of innovative products, technologies and services, helping to make food safe and available, everywhere.



SIDEL – PERFORMANCE THROUGH UNDERSTANDING

Sidel is a leading provider of equipment and services solutions for packaging beverages, food, home and personal care products in PET, can, glass and other materials.



DELAVAL – WE MAKE SUSTAINABLE FOOD PRODUCTION POSSIBLE

DeLaval is a full-service supplier to dairy farmers. The company develops, manufactures and markets equipment and complete systems for milk production and animal husbandry.

Excellent performance during an unprecedented year

We are pleased to report that all three industry groups exceeded expectations given the specific conditions they operated under. The Group's net sales amounted to €13.1 billion, which is a nominal decrease of 6.0 per cent compared with 2019. The strengthening of the Euro, especially versus the Brazilian Real and the Mexican Peso, had a significant impact. At comparable exchange rates, sales decreased by 2.7 per cent. However, the operating profit increased by 2.7 per cent, mainly due to lower operating costs. The Group generated a strong cash flow, thanks to a strong operating profit and lower working capital. On behalf of the Board I want to express our gratitude to our dedicated employees for the outstanding performance and their commitment during an unprecedented year.

The COVID-19 pandemic effect

Despite the disruptions brought about by the pandemic we managed to support customers in various ways to minimise disruption in their operations. We swiftly adapted our ways of working by expanding remote digital services to our customers, including virtual solutions for activities such as product trials and equipment installation. We leaped several years forward in utilising digital tools and remote working. Our supply chains proved to be robust and capable of adapting to large swings in volume as well as a changing product mix. During the year, we gained market share as customers increasingly turned to us for reliable deliveries.

During the crisis, we have taken extraordinary measures to protect our employees by encourage and facilitate for them to be working from home and in adapting workplaces to ensure safe working environments. Efficiencies and new ways of working driven by the response to COVID-19 are expected to be maintained after the pandemic.

The theme of this year's Annual Report – food security – covers both food safety and food availability. The pandemic has highlighted the vital role this and therefore our products play in any society and it has long been our mission, and we will continue to innovate to fulfil this.

Geographical development

All geographical markets were impacted by lockdowns, while China stood out in terms of the earliest and strongest recovery. Long lockdowns caused significant declines in markets like India and South East Asia. In Europe, the lockdown during the spring triggered a surge in demand for Tetra Pak's products, but for the full year demand remained on the same level as last year. The Americas delivered a slight growth in sales. During the whole year, the Middle East struggled with political instability, declining purchasing power as well as taxes that hampered consumption, in addition to the pandemic.

Tetra Pak – Higher operating profit and cash flow

Total net sales amounted to €10.9 billion, which is an overall decline of 1.9 per cent excluding currency effects compared with 2019. At the same time, we managed to increase our market share and improve our cash flow compared with last year, driven by strong operating profit and a further reduction in working capital. We achieved great results in terms of productivity, delivering a reduction in operating costs for the first time in many years.

Packaging Solutions sales decreased 1.4 per cent, with number of packs declining by 3.7 per cent, ending the year with 184 billion packs. This was largely driven by changes in consumption patterns during the pandemic, with an overall decrease in demand across our core categories, even as we saw a reduction in 'on-the-go' consumption offset by an increased demand for 'in-home' packaging.

Processing Solutions net sales declined 4.5 per cent due to customers postponing investment decisions as well as delayed installations caused by lockdowns.

The Services business recorded net sales growth of 1.6 per cent, which was a great achievement by the team, considering the effect of restrictions on the movement of people. Our services played an important role in ensuring customers could maintain their operations during the pandemic.

We continued to lead the sustainability transformation within the industry, achieving

many new milestones. We sold more than one billion Tetra Rex® plant-based packages globally – the world's first carton package made entirely from renewable materials. We continued our focus on mitigating climate change – not only with our low-carbon packaging solutions – but also through our commitment to achieve net zero greenhouse gas (GHG) emissions in our own operations by 2030. During the year, we launched a comprehensive sustainability campaign – 'Go nature. Go carton' – which signifies our ambition to create the world's most sustainable food package. We will continue to make significant investments in R&D, particularly focused on sustainable packaging that is fully renewable, fully recyclable and carbon neutral.

During 2021, we expect Tetra Pak to grow both capital sales and services.

DeLaval – Record sales and profitability

Sales excluding currency effects grew 4.0 per cent compared to 2019, making 2020 an extraordinary year. The underlying demand for our products increased during the pandemic. Automatic milking has become even more relevant today given the difficulties of having personnel on farms. At the same time, farmers continue to produce milk as always and our aftermarket products experienced double digit growth. The cost reductions from 2019 transformation programme were in full effect in 2020.

We experienced strong growth in every region of the world. In China and South East Asia in particular, a record number of large farm contracts were signed. This was driven by increased self-sufficiency policies introduced in Asia, and in China in particular. The need for domestic food production was already an issue due to the international trade disputes but has become even more apparent due to the pandemic. The success of the VMS™310 continues with the addition of new innovations such as DeLaval RePro™, an in-line measurement tool to increase reproduction.

With the important acquisition of milkrite | InterPuls, we are establishing a separate global channel to the aftermarket with its own assortment. The company has for many years, very successfully served dairy farmers with a very attractive offering of products and services.

The subsidy programmes that remain in place in the EU, the US and Asia ensure a stable market in 2021. The subsidies in combination with our innovative product portfolio mean that we anticipate a fourth year of consecutive growth.

Sidel – Extraordinary challenges addressed with speed and determination

The effects of the COVID-19 pandemic have been severe, both for Sidel and its customers. To overcome these challenges our organisation has shown great commitment and agility.

Sales fell by 12 per cent at comparable exchange rates. Despite order intake being down by about 20 per cent on capital goods and sales of services decreasing by about 10 per cent, Sidel managed to achieve net sales of almost €1.3 billion. Region Americas as well as product group Food, Home and Personal Care delivered good growth. Through our 'Fit for Business' programme, we managed to substantially reduce costs and thereby achieve a small operating profit. Another achievement was to achieve a positive cash flow.

During the year, we made significant progress in digitalisation, sustainability and in aseptic technology. Moreover, we launched our own packaging design agency, Gentlebrand, to meet our customers' branding design needs.

We have developed a number of sustainable packaging solutions. X-Lite™ is an extremely light-weight 500 ml PET bottle that is compatible with tethered caps. We have developed it with 100 per cent recycled PET (rPET), with reduced cost and impact for the environment. In addition, we are building a smaller-scale real life PET recycling line, to serve as a service laboratory to support customers to transition to recycled PET packaging.

Given the low order backlog, we expect that 2021 will be another challenging year. We do not believe that the market will recover until 2022.

Growth, sustainability and innovation – remains our focus for 2021

Several of our customers are struggling with subdued growth and profitability due to changing consumer behaviour, combined with the effects of the pandemic. Our commitment is



“Our commitment is to support our customers to introduce more innovative products at competitive prices – to ultimately generate growth for them.”

to support our customers to introduce more innovative products at competitive cost – to ultimately generate growth for them. Indeed, innovation is the foundation for our long-term success in our industries. Through our expertise, we also contribute to improving our customers' operational efficiency. Finally, the Group's initiatives within sustainability, be it the increased recycling of packaging material, light-weighting of PET bottles for reduced plastic consumption or more efficient milk production for lower CO₂ emissions, will help our customers to outperform their competition.

We forecast that sales development will be slightly positive while operating profit will decline somewhat after a very good 2020.

We expect that the world have to live with the impact from the pandemic during 2021 and at best see an improved demand towards the end of the year. Hence, we will continue to prioritise the health and well-being of our employees while continuing to serve our customers with as little disruption as possible.

Lars Renström

TETRA LAVAL GROUP BOARD



01. Lars Renström

Chairman of the Board since 10 June 2016.

Lars Renström joined the Board as non-executive director in 2013. Lars Renström was President and CEO of the Alfa Laval Group 2004 – 2016. He has previously held positions as President and CEO of Seco Tools, President and head of Atlas Copco's Rock Drilling Tools division and head of Ericsson's Telecom Cables Division. He is currently also Chairman of the Board of Assa Abloy AB.

02. Paul Conway

A non-executive director since 2014.

Paul Conway OBE. Former Vice Chairman of Cargill Inc and Chairman of Carval Investors Llc.

Vice Chairman of the US-China Business Council and board member of the US-India business council. In his 36 year Cargill career, Paul worked mainly in Food & Agriculture supply chain businesses in East & West Europe, Asia and the USA. He had Executive supervision of Asia-Pacific as well as Strategy & Capital allocation and approval. Paul has been a frequent external speaker on Food Security & Sustainability issues worldwide.

03. Nigel Higgins

A non-executive director since 1st August 2016.

Nigel Higgins is Chairman of Barclays plc. Prior to that he was Deputy Chairman of Rothschild & Co having been Managing Partner and Chairman of the Executive Committee since 2010. He worked at Rothschild upon graduating from Oxford University in 1982. He was a member of the Advisory Board for the Commercial Directorate of the UK's National Health Service from 2002 – 2007. He is a member of the Trilateral Commission. He is Chairman of Sadler's Wells, the world's No. 1 venue dedicated to international dance.

04. Ola Källenius

A non-executive director since 1st June 2016.

Ola Källenius has been Chairman of the Board of Management of Daimler AG since 22 May 2019. He is also Chairman of the Board of Management of Mercedes-Benz AG and Chairman of the Supervisory Board of Daimler Truck AG. He has been a Member of the Board of Management of Daimler AG since 1 January 2015. In his prior position he was leading Group Research & Mercedes-Benz Cars Development and until 1 January 2017 Marketing & Sales. Before his assignment in Marketing & Sales, he was the CEO of the performance and sports car division Mercedes-AMG GmbH for three years after having led Mercedes-Benz U.S. International, Inc., the Mercedes-Benz production plant in Alabama in 2009. From 2005 – 2009, Ola Källenius was the Managing Director of Mercedes-Benz High Performance Engines Ltd. in Brixworth, UK - Daimler's Formula 1 powertrain operation. He assumed this position after his role as Executive Director of Operations for McLaren Automotive Ltd. and after holding several Management positions within the Procurement and Controlling organisation of Mercedes-Benz Cars.

05. Jorma Ollila

A non-executive director since January 2013.

Jorma Ollila is Chairman of Alma Media Corporation since 2019. He was Chairman of Outokumpu 2013 – 2018, Chairman of the Board of Directors of Royal Dutch Shell plc 2006 – 2015, Chairman of Nokia 2006 – 2012, Chairman and CEO, Chairman of the Board of Directors and Group Executive Board of Nokia Corporation 1999 – 2006, President and CEO, Chairman of the Group Executive Board of Nokia Corporation 1992 – 1999. He is Advisory Partner of Perella Weinberg Partners as of 2014. He is Chairman of Milton as of 2015 as well as Chairman of the Board of Xinova LLC since 2016. Board member of TBG AG since 2016.

06. Dr. Bernd Pischetsrieder

A non-executive director since 1999.

Bernd Pischetsrieder was Chairman of the Supervisory Board of Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München 2013 – 2019. Dr. Bernd Pischetsrieder has been Chairman of the Board of Management of Volkswagen AG from 2002 to 2006. He has been Chairman of the Board of Directors of Scania AB, Sweden from 2002 to 2007. Dr. Pischetsrieder is a member of the Supervisory Board of Daimler AG since April 2014. Dr. Pischetsrieder retired from the Tetra Laval Group Board in December 2020.

07. Finn Rausing

A non-executive director of the Tetra Pak Group Board from 1985 to 1989 and of the Tetra Laval Group Board from 1995.

Finn Rausing, who is the chairman of the Audit Committee of the Tetra Laval Group Board, is also a board member of Alfa Laval AB, DeLaval Holding AB, EQT AB, Excillum AB and SwedeShip Marine AB. Mr. Rausing is also chairman of the Stockholm Institute of Transition Economics (SITE).

08. Jörn Rausing

A non-executive director of the Tetra Laval Group Board since 1991. He was an alternate director of the Tetra Pak Group Board 1985 – 1991.

Jörn Rausing is also a board member of Alfa Laval AB, DeLaval Holding AB and of Ocado PLC. He is the Tetra Laval Group's head of Mergers and Acquisitions. He is also the chairman of the Remuneration Committee of the Tetra Laval Group Board.

09. Kirsten Rausing

An alternate director since 1985 and a non-executive director since 1991.

Kirsten Rausing is a Member of the Jockey Club and a Director of the British Bloodstock Agency. She is the Chairman of the International Thoroughbred Breeders' Federation, a world-wide organisation with some 40 members states. In addition, Ms. Rausing is the Hon. President of the European Federation of Thoroughbred Breeders' Associations (Paris), as well as a past Chairman of the Thoroughbred Breeders Association of Great Britain. She was a Trustee of the newly formed Racing Foundation (UK) from 2012 to 2017; this Foundation handles the proceeds of the British Government's sale of the Totalisator Board.

PROTECTS WHAT'S GOOD

Tetra Pak is the world leader in food processing and packaging solutions. For more than 65 years, we have worked with customers around the globe to help make food safe and available, everywhere.

We continuously innovate to deliver on our promise – PROTECTS WHAT'S GOOD™ – to our customers, consumers, partners and people all over the world. To us, our commitment is to protect food, people and the planet.

OUR APPROACH

Our commitment means protecting food, through our processing, packaging and service activities. It means protecting people both inside and outside our organisation, as well as protecting the future of our planet, our customers and our company.

We work together with our customers to provide food and beverage processing and packaging solutions that reach all corners of the world. We're passionate about delivering food of the highest quality and safety to people, wherever and whenever it's needed.

LONG HISTORY OF WORKING WITH SUSTAINABILITY

Tetra Pak was founded by Dr. Ruben Rausing on the idea that 'a package should save more than it costs'. Armed with this mindset today, our ambition is that our commitments, solutions and partnerships help protect our planet by leaving a positive impact on our climate and resources.

We are committed to reduce the environmental footprint of our products and services, and consistently pursue and initiate collective actions that will help create a sustainable tomorrow without compromising food safety or quality.

PRODUCTS & SOLUTIONS

Our customers come from across the food industry, providing consumers with a broad range of dairy products and dairy alternatives, beverages, prepared foods, cheeses, ice creams, wines, spirits and powdered products.

Tetra Pak is uniquely equipped to provide solutions that meet our customers' entire needs. We provide solutions for processing, packaging and distributing a wide range of food products. We are experts in minimising raw material and energy consumption during manufacturing and distribution – to maximise operational and environmental performance.

Our portfolio is broad, and includes:

- Carton packages
- Processing equipment
- Packaging equipment
- Distribution equipment
- Automation solutions
- Services

NET SALES 2020

€10.8

BILLION

SALES IN

>160

COUNTRIES

NUMBER OF EMPLOYEES
DECEMBER 2020

25,309

CUSTOMER INNOVATION CENTRES

6

TECHNICAL TRAINING CENTRES

8

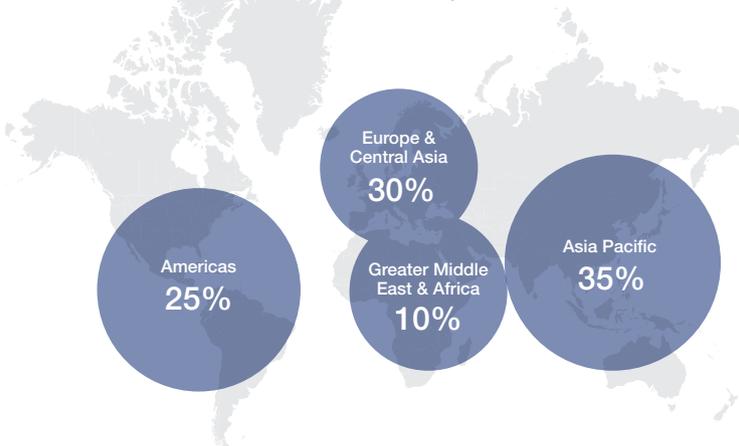
RESEARCH AND DEVELOPMENT CENTRES

6

PRODUCTION PLANTS

53*

TETRA PAK NET SALES BY GEOGRAPHY, 2020



TETRA PAK PACKAGING MATERIAL NET SALES PER CATEGORY, 2020

Liquid Dairy Products 65%		Dairy alternatives 9%	
Juice & Nectar 12%		Food 5%	
Still Drinks 7%		Wine & Spirits 2%	

MARKET

In 2020, Tetra Pak sold products and services to customers in more than 160 countries, in a broad range of food and beverage categories:



DAIRY PRODUCTS

White Milk grew by 1.7 per cent in volume in 2020, driven by growth in Asia (e.g. China and India) and overall position as a nutritious staple food.

Cheese market has been growing, driven by trends such as transparency, convenience, and healthy choices. Baby & Toddlers Dairy drinks grew 4.6 per cent during the last years as parental concern for their children's health increased. Food Supplements Nutrition saw reduced demand for some products due to a reduction in out-of-home consumption, despite strong growth in previous years.



PLANT-BASED PRODUCTS

Plant-based beverages have grown during the last years, driven by the global focus on health and environment. Soymilk grew 0.3 per cent driven by China in the last few years, however a decline in 2020. There are significant opportunities for other plant-based beverages mainly in America and Europe.



SOLID AND VISCOUS FOOD

Growth in Food has increased over the last five years and has strong growth potential with increasing focus on health and sustainability.



JUICE, NECTARS AND FRUIT FLAVOURED STILL DRINKS

The decline of the ambient juice and nectar category has slowed down since 2017. Innovation around health and sustainability trends drove new product launches.



POWDER

Driven by infant formulas, with growth in the overall demand for ingredient powders.



ICE CREAM

Ice cream is growing as innovation keeps producers ahead of commoditisation. Consumers are looking for indulgence and convenience, while balancing health and ethical solutions.



WATER

Growth in water was driven both by plain and flavoured/functional water in countries such as USA, China, and France. Growth in other beverages is driven by Asia and Americas (mainly Japan, China, and USA).

TECHNOLOGY



Lisbon factory fully converted to manufacture paper straws

Tetra Pak's factory in Lisbon, Portugal, was converted from the manufacture of plastic straws to paper straws during 2020 and only produced FSC™ certified paper straws by January 2021. Our paper U-straws are made from FSC™ certified paper and are recyclable with the rest of the package. The transformation to paper straws is a significant step forwards in our sustainability journey, and ensures we will comply with the EU's single-use plastics directive by July 2021.



First non-aluminium foil packaging material starts commercial test

In October 2020, a customer began the verification of our first non-foil packaging material for aseptic use, including its commercial production and distribution. The new packaging material has a coated polyethylene terephthalate (PET) film instead of an aluminium barrier. This allows the packages to enter the chilled recycling stream after use to ensure higher levels of recycling. Moreover, the material contains no aluminium and will help reduce the carbon footprint of our Tetra Brik® Aseptic 200 Slim package.

HIGH-PERFORMANCE PACKAGING PRODUCTION SOLUTIONS

Sidel helps package beverages, food, home and personal care products in PET, can, glass and other materials. We are passionate about providing complete solutions that fulfil customer needs and boost the performance of their lines, products and businesses.

With over 40,000 machines installed in more than 190 countries, we have nearly 170 years of proven experience, with a strong focus on providing our business partners with state-of-the-art equipment, services and innovations that they need to reach their goals.

OUR STRATEGY

Our strategy is customer driven through partnership, a complete and innovative portfolio and performance orientation. Our aim is always to deliver the performance our customers need to reach their goals. To do that, we must first understand each challenge they face as a producer.

We are known in the market as a knowledgeable partner for our customers – offering the best service to them, which also includes support to improve our customers’ sustainability performance. We do this through our innovation capabilities and our long-standing packaging expertise.

We offer complete and innovative packaging solutions with equipment that is easy to service, has an increased focus on digitalisation and lowers our customers’ Total Cost of Ownership. Our end-to-end packaging contributes to a better environment and our complete solutions minimise water, energy and material consumption.

Our concept ‘Performance through Understanding’ is also part of our strategy. With our expertise,

knowledge and understanding of our customers, we can optimise their products and help them develop their business and competitiveness. Our customers rely on strong performance to meet their full range of needs while never compromising on food safety and security.

OUR PRODUCT SOLUTIONS

Sidel serves brand owners, manufacturers and co-packers, active across beverage businesses as well as in the food, home and personal care (FHPC) industries. We are a leading provider of blowing, filling, labelling, material-handling, end-of-line and engineering solutions for multiple applications. We deliver equipment and services within primary, secondary and tertiary packaging, and we also offer processing equipment, supplied by Tetra Pak, as well as automated warehousing solutions with our partner Elettric80, enabling customers to work end-to-end with one partner.

OUR CUSTOMERS

We support both non-alcoholic beverage producers (water, carbonated soft drinks, liquid dairy products, juices, nectars, isotonic, soft drinks and teas) and alcoholic beverage producers (beer, wine and spirits), as well as FHPC producers across food, home and personal care markets.

NET SALES 2020

€1.3

BILLION

SALES IN

>90

COUNTRIES

NUMBER OF EMPLOYEES
DECEMBER 2020

5,266

TECHNICAL TRAINING CENTRES

14

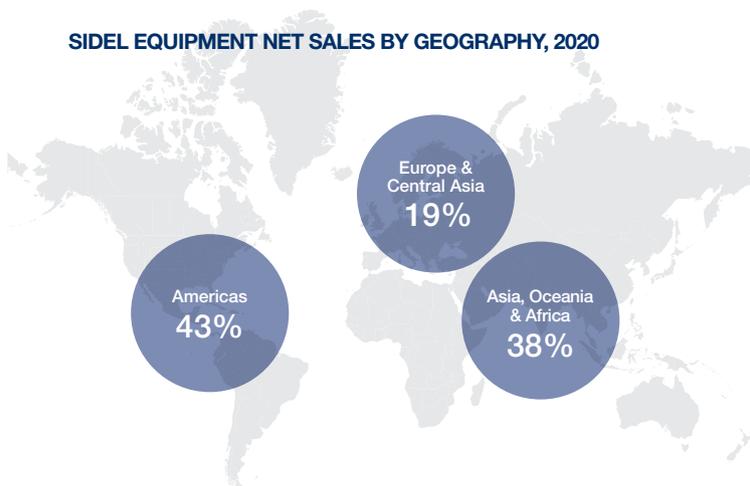
RESEARCH AND DEVELOPMENT
CENTRES

10

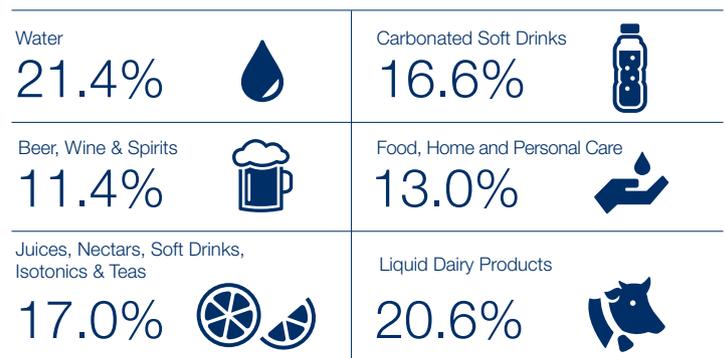
PRODUCTION PLANTS

17

SIDEL EQUIPMENT NET SALES BY GEOGRAPHY, 2020



SIDEL EQUIPMENT NET SALES BY MARKET SEGMENT, 2020



MARKET

In 2020, the Beverage, Food, Home and Personal Care industries continued to innovate through new thinking around in-home drinking, increased sustainability and health concerns. In 2020, beverage, foods, home and personal care market segments amounted to 3558 billion units of consumer-packaged goods sold. Global data analysts forecast that approximately 284 billion additional units will be sold by 2023 (2 per cent compound annual growth rate – CAGR – from 2019 to 2023), Source: GlobalData.



WATER

Overall demand is driven by increasing health trends and sugar taxes. Growth is expected from Asia, but also the USA with better-for-you alternatives to CSDs and juices, notably through flavoured waters. Water brands are investing in sustainability, which is driving packaging innovation. Kid's water, premium brands and home delivery are other growth drivers among others. In 2020, the total market was 349 billion units, with projection to increase to 423 billion units in 2023.



CSD – CARBONATED SOFT DRINKS

Despite growing health awareness, the industry is expected to experience growth in Africa, Asia, and Eastern Europe: Premiumisation, low-calorie variants and smaller optimised pack formats (more convenient for 'on-the-go' consumption) are driving product innovation. In 2020, 263 billion units were sold with a projection of 280 billion units in 2023.



BEER, W&S – WINE & SPIRITS

The industry was impacted by trade closures in 2020 and faced an increasing health-conscious trend, which required innovation through more moderate low- or no-alcohol products, new flavour options (notably local flavours in Asia) and broadened sustainability claims (beyond recyclable packaging). Hard/Spike seltzers are growing in popularity. In 2020, the total market was 409 billion units, with projection to increase to 438 billion units in 2023.



JUICE, NECTAR, SOFT DRINKS, ISOTONIC AND TEA

Following the 'good-for-your-health' trend, 100 per cent juices and cold-pressed juices are expected to grow faster than still drinks. Energy drinks represent the best performing beverage category, driven by Asia, which is also the market leader for iced/ready-to-drink tea. In 2020, the total market was 351 billion units, with projection to increase to 385 billion units in 2023.



LIQUID DAIRY PRODUCTS – LDP

The LDP market is highly dynamic, particularly in Asia. Significant growth is expected in drinking yogurt in China, as well as milk in India. Product innovation is driven by increased demand for plant-based drinks (i.e. almond milk, soy milk etc.), and attempts to appeal to consumers concerned about their health and the environment. Flavour diversification is a key growth driver. In 2020, the total market was 410 billion units, with projection to increase to 445 billion units in 2023.



FOOD, HOME AND PERSONAL CARE – FHPC

In this market, the increasing adoption of PET is driven by transparency, branding opportunities (design freedom) and cost efficiency. It also has 'green potential' to meet tightening regulations that will require producers to reduce their carbon footprint by integrating recycled material and light weighting their containers. In 2020, the total market was 1,776 billion units, with projection to increase to 1,871 billion units in 2023.

TECHNOLOGY

In 2020, Sidel received the prestigious World Food Innovation Awards in the Best Drink Packaging Design category. With its prize-winning design, AYA provides a comprehensive end-to-end alternative for still water, featuring 100 per cent recycled rPET primary packaging while optimising secondary and tertiary carton packaging.

AYA is based on a 220 ml water bottle featuring an innovative V-shape. The design promotes the circular economy by radically reducing the amount of materials required. The eco-friendly AYA marks the first bottle concept released by Sidel to the industry, which has been designed with an articulated shoulder featuring three stable positions for different stages, a Sidel patented shoulder solution named Swing™.

The AYA bottle's distinguished V-shape offers secondary and tertiary packaging alternatives that optimise compactness and the reduction of materials while increasing stability to benefit logistics. The bottle's space saving shape reduces secondary packaging to a minimum.

AYA is Sidel's innovative eco-friendly packaging design concept for still water. The result is not only more circularity and sustainable package, but also cost-effective while improving industrial production efficiency.



WE LIVE MILK

DeLaval is a market leader and trusted partner for thousands of farmers around the globe – providing integrated milking solutions that are designed to improve dairy farmer production, as well as animal welfare and their overall quality of life.

STRATEGY

At DeLaval, our vision to make sustainable food production possible is at the core of everything we do. We pride ourselves on our ability to provide dairy farmers around the world with innovative solutions to ensure a successful dairy farming business.

We have refined our approach to sustainability to ensure it covers everything we do – both within our company and how we benefit our customers. Our sustainability model focuses on three main perspectives – Environment, Food and Animal Welfare, and Social and Economic.

PRODUCTS AND SOLUTIONS

As a company built on innovation, we constantly work to find ways of helping our customers, dairy farmers, do more with less by providing world-leading milking equipment and solutions.

DeLaval offers highly efficient system solutions for milking as well as farm and herd management, animal traffic control, feeding, cooling and manure handling. DeLaval customers can also choose from a wide range of services and consumables, including liners and tubes, farm supplies and original parts to ensure milk quality and animal health.

By providing better conditions for animals, farmers can improve animal health and longevity while at

the same time maintain or improve farm profitability. A healthy animal provides more milk, at a better quality and for longer.

OUR CUSTOMERS

DeLaval's customers range from family farms to enterprise farms with thousands of cows. Regardless of size, we're there to help every step of the way.

Every time we help a farmer find a way to produce more milk from the same herd, we make food production more sustainable. This might involve introducing a new working method on the farm, a new parlour, improved hygiene, more data to make better decisions, and the promotion of healthier cows to increase their milking lifetime.



NET SALES 2020

€1.1

BILLION

SALES IN

>100

COUNTRIES

NUMBER OF EMPLOYEES
DECEMBER 2020

4,724

TECHNICAL TRAINING CENTRES

6

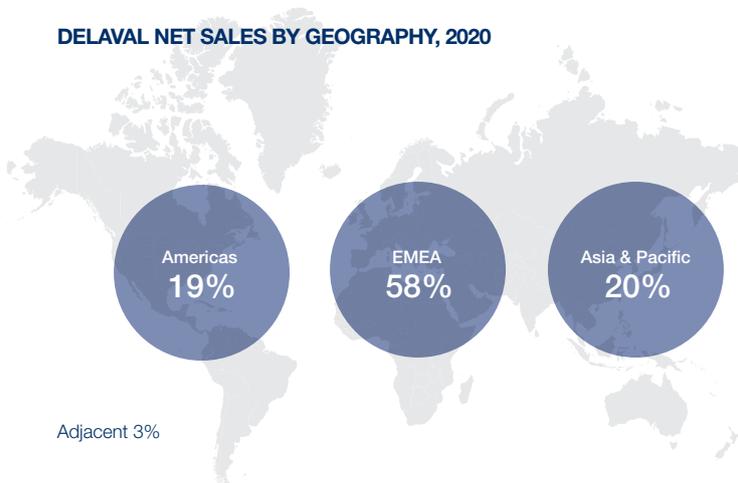
RESEARCH AND DEVELOPMENT
CENTRES

7

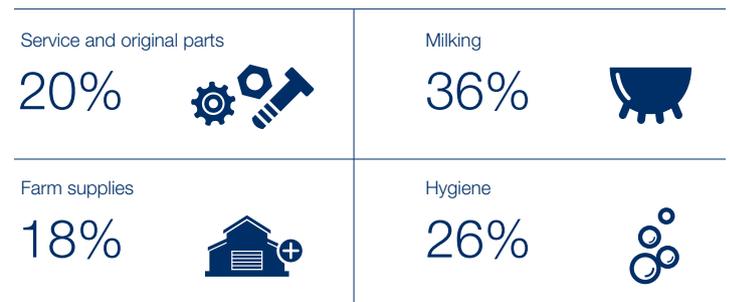
PRODUCTION PLANTS

14

DELAVAL NET SALES BY GEOGRAPHY, 2020



DELAVAL NET SALES BY PRODUCT SECTOR, 2020



MARKET

Demand for dairy products continues to grow as the world's population increases, with the United Nations forecasting a global population of almost 10 billion by 2050. Major global market trends for DeLaval include:



GROWING NEED FOR DAIRY

Population growth, increasing income and dietary changes will contribute to the global consumption of dairy products increasing by 1.8 per cent per year until 2025.



LARGER FARMS

The ongoing consolidation of milk production and the creation of larger farms drives more efficient production, automation and data management technologies.



CHALLENGES IN PRODUCTION

Milk production challenges include the need to continuously increase yields and changes in agricultural regulation – including the availability of subsidies and grants, and access to capital and resources.



MILK AND FEED PRICES

Imbalances between supply and demand lead to price volatility on milk and feed products, which effect farm profitability and investments.



FARMER CHALLENGES

Our customers across the globe face four main challenges: profitability, animal welfare, food safety and farm efficiency. Our strategy is created to help them meet those challenges. These challenges are often linked, for example improved animal welfare means happier cows, less medical cost and a higher milk yield, which results in improved profit for the customer.

TECHNOLOGY

Research and innovation are central to the continued ability of DeLaval to support its customers. With seven R&D centres around the globe, we work closely with a worldwide network of farmers, academics, dedicated research facilities, scientists, sales teams and authorised dealers.

DRIVING ANIMAL WELFARE THROUGH TECHNOLOGY AND INNOVATION

Animal welfare has always been an important component of our sustainability work, while being fundamental to the financial profitability of dairies. DeLaval is increasingly drawing on technology and innovation to promote animal welfare.

“DeLaval offers a range of products, sensors and data analysis tools that promote a safe and comfortable barn environment and closely monitor the health and welfare of individual cows,” explains Cecilia Bågenvik, VP Animal Intelligence and Animal Welfare Solutions. “Our offering allows a proactive approach to preventative cow health to promote productivity and the internationally recognised five freedoms of animal welfare.”

One example is sensors that measure different milk parameters to ensure quality and food safety, while verifying the well-being of individual cows. During 2020, DeLaval Herd Navigator 100, which is integrated into the DeLaval VMS™ V310 milking machine to monitor the reproductive health of cows, has been a commercial success by adding significant value to the farmer.



Tetra Laval world trends

– an overview

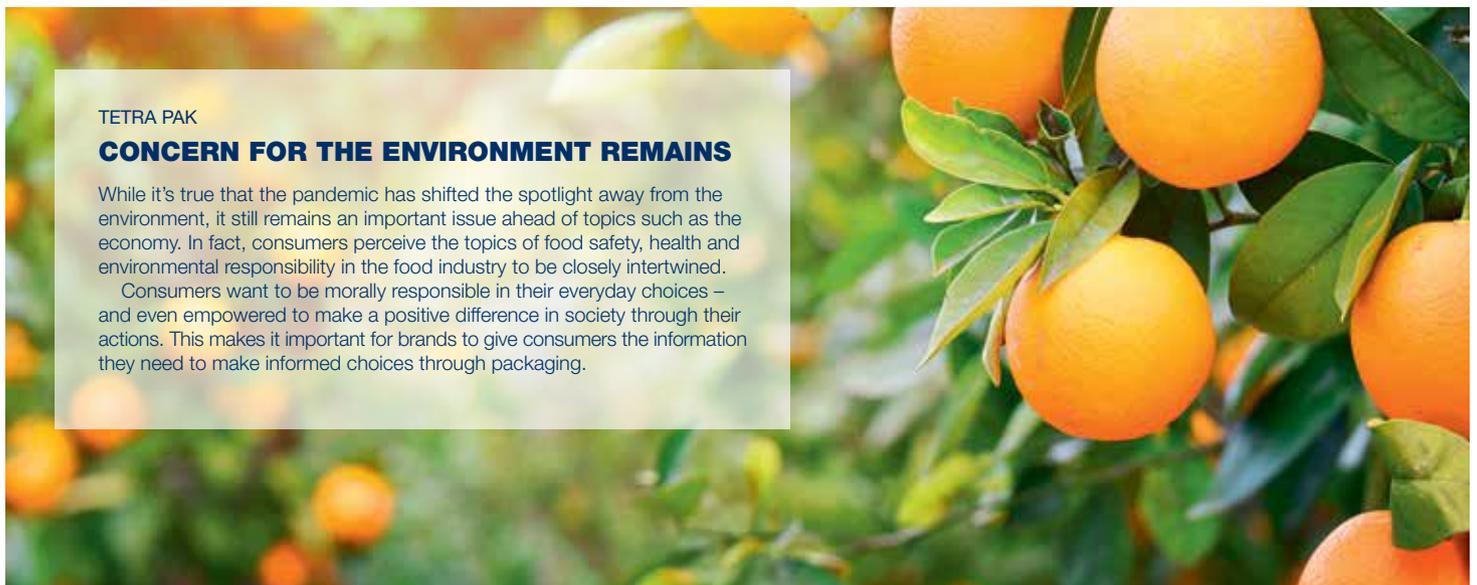


TETRA PAK

CHANGING CONSUMER LANDSCAPE IN A POST-COVID WORLD

The COVID-19 pandemic has dramatically transformed the way we live our lives and will have a lasting effect on consumer behaviour. Health, hygiene and food safety have all increased in importance for consumers around the world, with 68 per cent agreeing that food safety is a major concern for society.

Consumers now give greater consideration to hygiene and sanitation procedures in the processing, transporting and preparing of their food, with many believing that food safety should be the top priority for manufacturers. This has placed greater food safety and quality demands on the food and beverage industry, which must also cater to restrictions on household expenditure.



TETRA PAK

CONCERN FOR THE ENVIRONMENT REMAINS

While it's true that the pandemic has shifted the spotlight away from the environment, it still remains an important issue ahead of topics such as the economy. In fact, consumers perceive the topics of food safety, health and environmental responsibility in the food industry to be closely intertwined.

Consumers want to be morally responsible in their everyday choices – and even empowered to make a positive difference in society through their actions. This makes it important for brands to give consumers the information they need to make informed choices through packaging.



SIDEL

TARGETING A 30 PER CENT CO₂ REDUCTION BY 2030

An inventory of actions to reduce direct and indirect greenhouse gas emissions has been carried out at Sidel's sites around the world. Gas and fuel for heating account for most part of direct emissions. Sidel's sites continuously improve their energy efficiency, such as by improving insulation and installing more efficient equipment to reduce emissions. As well, several sites changed old facilities to less power-hungry models, and reduced electricity consumption, that represents indirect emissions.

Reducing Sidel's carbon footprint is part of an ongoing improvement process that is built on constant collaboration between sites and the prioritisation of investments based on cost-carbon calculations. This approach has helped Sidel identify actions for the next decade to target a 30 per cent CO₂ reduction by 2030.

SIDEL

INCREASING DEMAND FOR SAFE WATER

The COVID-19 crisis highlighted one of the primary functions of packaging – to protect the product. Facing the fears of tap water contamination, water bottles were among the most requested packaging in 2020, along with the significantly increased need for individual formats. Therefore, Sidel were there for water producers to provide them with equipment and services, both on site and remotely, to meet this increased demand.



DELAVAL

AUTOMATION IS KEY TO SUSTAINABLE FOOD PRODUCTION

DeLaval's engineers are collaborating with farmers around the world to create automated solutions that enable 'precision dairy farming'. This involves integrating advanced technologies into dairy farming practices in order to increase production efficiency, improve animal welfare and the quality of dairy products – and ultimately help make sustainable food production possible.

Automation also improves the quality of life for dairy farmers by reducing heavy labour and tedious tasks, from early mornings to late evenings. The farmers of the future will instead spend their time performing tasks such as analysing data and planning farm operations on their computers and mobile phones, and of course, have more time for their animals and families.

DELAVAL

BETTER DECISION MAKING THROUGH QUALITY DATA

Dairy farms of the future will have sensors embedded into every stage of their production process and on every piece of equipment. The Internet of Things (IoT) is what brings all this technology together and will make it possible to operate more efficiently and sustainably.

IoT-enabled systems provide farmers with an enormous amount of data that they can use to make optimal decisions. In this way, 'smart farms' can increase dairy production while becoming more sustainable by helping dairy farmers to do more with less.



A challenging year that validated our purpose and strategy

2020 was a truly unprecedented year, as COVID-19 affected business operations and communities worldwide. Despite the disruptions brought about by the pandemic, it strengthened our sense of purpose and role in society like never before – to help keep food safe, nutritious and available for people everywhere.

Throughout the crisis, we are unrelenting in our commitment towards our promise to protect what's good, focusing on two priorities: to protect people, including our own employees and those of our customers and stakeholders – as well as to protect food, by helping our customers maintain continuous food supplies.

The pandemic also validated our business model and strategy, and demonstrated how resilient our supply chain is – from packaging and equipment, to spare parts and services. We took extraordinary measures to ensure that our operations continued throughout 2020, providing uninterrupted supplies of packaging material and spare parts to our customers.

We quickly adapted to the pandemic by expanding remote support services to our customers and actively deploying digital technology to provide virtual solutions, including for activities such as product trials and equipment installations.

I am proud that we acted decisively on all the measures we took, to proactively support our customers who consider us to be a reliable supplier.

Business results 2020

Total net sales amounted to €10.8 billion, which is an overall decline of 1.9 per cent compared with 2019. At the same time, we managed to increase our market share and improve our cashflow compared with last year, driven by a strong operating profit and a significant reduction in receivables. We achieved great results on productivity, delivering a reduction in resource costs for the first time in many years. The Packaging Solutions business experienced a 1.4 per cent drop, with number of packages

declining by 3.7 per cent, ending the year with 184 billion packages delivered.

This was largely driven by changes in consumption patterns during the pandemic, with an overall decrease in demand across our core categories, even as we saw a reduction in 'on-the-go' consumption offset by an increased demand for 'in-home' packaging.

Processing Solutions net sales declined 4.5 per cent due to customers postponing investment decisions as well as delayed installations caused by lockdowns.

The Services business recorded net sales growth of 1.6 per cent, which was a great achievement by the team, considering the effect of lockdowns and restrictions on the movement of people. Our services played an important role in ensuring customers could maintain their operations during the pandemic.

From a geographical perspective, the Americas was the only cluster that saw a growth in sales – increasing by 1.3 per cent. Asia Pacific, Europe & Central Asia, and Greater Middle East and Africa declined by 3.7 per cent, 0.5 per cent and 3.3 per cent respectively.

Key developments

To strengthen our long-term competitiveness, strategic acquisitions included the eBeam technology development and manufacturing operations from a globally leading firm will further improve our ability to deliver sustainable and higher efficiency filling lines. Another acquisition was the asset management company Gaussian, which will enable us to boost efficiency and productivity for food and beverage producers through an informed 'data-driven' approach.

In 2020, we continued to drive more 'Industry firsts', including the Tetra Pak® Tubular Heat Exchanger equipment that became the first tubular heat exchanger to receive the EHEDG certification, meeting the leading food safety standards in Europe. We also launched a new, first-of-its-kind low-energy processing line for juice, nectar and still drinks that reduces

energy consumption by up to 67 per cent and water by up to 50 per cent. Additionally, it was an honour to receive the top awards for manufacturing excellence for our Lahore and Hohhot factories at the prestigious TPM awards.

Driving Sustainability

Sustainability has always been at the heart of our business strategy and our operations. During 2020, we continued to lead the sustainability transformation within the industry, achieving many new milestones. We sold more than one billion Tetra Rex® Plant-based packages globally – the world's first carton package made entirely from renewable materials. We have produced over 12 billion bio-based caps made from plant-based polymers, ever since their first industry launch in 2011, and have since then saved more than 300,000 tonnes of CO₂ emissions with the introduction of plant-based polymers. We ensured that all our packaging material factories are supplied with paperboard from 100 percent Forest Stewardship Council® certified and other controlled sources. This further strengthens our voluntary certification standards, which includes Bonsucro – the industry's first certification of fully traceable plant-based polymers.

We continued our focus on mitigating climate change – not only with our low-carbon packaging solutions – but also through our commitment to achieve net zero greenhouse gas emissions in our own operations by 2030. Last year, Tetra Pak became the only company in the carton packaging sector to be included in the Carbon Disclosure Project (CDP) leadership band five years in a row and to score an outstanding double 'A' for climate and forests.

During the year, we launched a comprehensive sustainability campaign – 'Go nature. Go carton.' – signifying our ambition to create the world's most sustainable food package. The campaign aims to showcasing the value that our packaging can bring to society. Additionally, for the first time ever, we estab-

lished an external sustainability advisory panel with six key opinion leaders from around the world, who will help shape our sustainability agenda.

Future growth and opportunities

We expect to grow all our three businesses in 2021 despite economic volatility, realising some key quality investments, which will translate into clear customer benefits and greater productivity. Our digitalisation journey will continue to be an enabler for our business – driving productivity and improving how we do business. We will continue to make significant investments in R&D, particularly focused on sustainable packaging that is fully renewable, fully recyclable and carbon neutral. As the pandemic continues, protecting our people will remain a key priority, with increased focus on mental well-being, besides safeguarding their physical health.

Looking forward, one of the main challenges that the industry will need to adapt to is the long-term changes to consumer behaviour, including more people working from home, and greater interest in local and healthy products. This will affect the demand for our products and services, although I am confident that our business has the depth to thrive even in these changing market conditions. In addition, I see significant growth opportunities in India and China; in growing categories such as plant-based, culinary, cheese and specialised nutrition products; in advanced Services solutions; and in food packaging with Tetra Recart®.

2020 highlighted the essential role food packaging plays in feeding the world – by helping to keep food safe, nutritious and available for people everywhere – in a responsible, sustainable way. Together with our customers, employees and partners, I look forward to continuing to help meet the needs of people and the planet in 2021.

Adolfo Orive



“2020 highlighted the essential role food packaging plays in feeding the world – by helping to keep food safe, nutritious and available for people everywhere – in a responsible, sustainable way.”

This is how we operate



PROCESSING SOLUTIONS & EQUIPMENT

Processing Solutions & Equipment completes our end-to-end solution for dairy, beverage, prepared food, ice cream, cheese and powder production. We design, produce and commission key components, packaging and processing lines, automation and entire plants. With 4,700 employees around the world, we bring customer value through leading food application expertise and commitment to quality, customer experience and sustainability.



Ola Elmqvist
Executive Vice President,
Processing Solutions &
Equipment

DEVELOPMENT & ENGINEERING

Leading the Development & Engineering function and Research & Development for the company, with overall responsibility for food safety and total packaging system performance. Tetra Pak continues to innovate to meet the needs of our customers and consumers globally. A team of roughly 1,500 specialists, engineers, scientists and project management professionals collaborate across Tetra Pak, and with an external ecosystem of partners, to innovate and manage the lifecycle of our product portfolio.



Laurence Mott
Executive Vice President,
Development & Engineering

AFTER-SALES SERVICES, PARTS AND MAINTENANCE

Tetra Pak Services provides expert and technical services to the liquid food industry providing customised solutions addressing our customers challenges. With our 6,300 highly skilled staff, we are a global team with true local presence helping customers maintain, operate and optimise all aspects of their production operations.



Roberto Franchitti
Executive Vice President,
Services & Quality

SUPPLY CHAIN OPERATIONS

Supply Chain Operations (SCO) sources, produces, and delivers packaging material and additional materials (e.g. straws and closures) to create Tetra Pak packages at our customers' sites. SCO is made up of 9,000 people, with 40 production plants in 30 countries. Together with our suppliers and partners, we ensure our packages meet customer and consumer expectations on quality, food safety, sustainability, and innovation.



Eric Baudier
Executive Vice President,
Supply Chain Operations

PACKAGING SOLUTIONS & COMMERCIAL OPERATIONS

Packaging Solutions & Commercial Operations creates business opportunities to support the growth of food and beverage industry. We provide competitive, innovative and sustainable packaging solutions, ensuring a best-in-class customer experience. We work to truly understand and anticipate our customer and consumer needs, helping to build resilient and responsible value chains, expanding access to safe, nutritious and affordable food.



Lars Holmquist
Executive Vice President,
Packaging Solutions &
Commercial Operations

FINANCE, SUPPLIER MANAGEMENT & BUSINESS TRANSFORMATION

Finance, Supplier Management & Business Transformation (FSB) includes the following functions: Finance, Tax, Supplier Management, Information Technology, Facility & Real Estate Management and the Business Transformation Office. FSB's over 2,500 employees drive value and ensure world-class business services, to deliver sustainable business performance within our control framework.



Bruce Burrows
Senior Vice President
Finance, Supplier
Management & Business
Transformation



CLUSTER AMERICAS

Driving the ambitions set forward by strategy 2030, we strive to support our 1,387 customers to innovate and differentiate themselves in the marketplace. Our team of over 4,000 employees are inspired to take action and protect what's good on a daily basis. The cluster has 26,272 processing units and 1,450 filling machines in operation, and sold 36.7 billion packages in the region for products such as milk, juice, soup and broth, water, nutritional shakes among others.



Tatiana Liceti
Cluster Vice President,
Americas

CLUSTER EUROPE & CENTRAL ASIA

Everything we do is focused on our Strategy 2030 to ensure a best-in-class customer experience. This includes ensuring the best quality, optimising customer operations, and innovating to support their growth – while retaining our commitment to food safety. Leading the sustainability transformation is both a considerable business opportunity and a challenge that we are addressing every day. We deliver more than 35 billion packs to the market, and almost 100 filling lines per year.



Charles Brand
Cluster Vice President,
Europe & Central Asia

CLUSTER GREATER MIDDLE EAST & AFRICA

In line with Strategy 2030, we are playing a proactive role in the growing food and beverage industry of the GME&A region, in collaboration with stakeholders to apply industry best practices. With a strong emphasis on optimum customer experience and digitalisation across our value chain, we are working towards achieving true value and manufacturing excellence, as well as realising region-specific visions. We deliver more than 20 billion packs to the market, and almost 50 filling lines per year.



Amar Zahid
Cluster Vice President,
Greater Middle East & Africa

CLUSTER ASIA PACIFIC

Oversees the operations of 7 markets with over 20 corporate offices and 8 converting plants across 24 countries and regions. Leading a strong team of around 5,300 employees to deliver values to a diverse profile of around 1,500 customers from global dairy giants to local players via ensuring the best quality and leading continuous innovation.



Steve Yin
Cluster Vice President,
Asia Pacific



Adolfo Orive
President & CEO



Ilkin Karakaya
Senior Vice President Legal
Affairs & General Counsel



Phil Read
Senior Vice President,
Human Resources



Nicholas Bloch
Senior Vice President,
Corporate Communications



Protecting food is at the heart of what we do



At Tetra Pak, our core capability is packaging and processing food safely. We invented aseptic technology on which Tetra Pak's success has been built. Today, our technologies, processes and expertise have created a complete system that makes it possible to deliver food safely right across the value chain: from food origins, into our customers' factories, through processing and packaging to distribution, on to the shelf and into the hands of consumers. It all comes together in a Tetra Pak package – which is built around our promise Protect What's Good.

Meeting the most stringent food safety standards globally

Food safety is at the very core of how we work and the processes and procedures that support us. We have a clear food safety policy which commits us to maintaining the highest standards of safety and achieving full product traceability through the entire food processing and packaging value chain. The policy is built around our core competencies, with dedicated and specialised food safety specialists embedded in all aspects of our business.

Starting with our packaging material, we follow a global specification that complies with the standards set by the European Union, the U.S. Food and Drug Administration, and the Chinese National Standards. Furthermore, our expertise in chemicals, microbiology and

sterilisation technology allows us to contribute to food safety standards that reach beyond current legislation. Our collaboration with world-leading experts, coupled with our reputation in the industry, allows us to work hand-in-hand with regulatory authorities. Together, we help shape new norms for food processing and packaging.

Under our policy, all Tetra Pak products and services are designed to ensure compliance with regulations and the intent of the Codex Alimentarius or Food Code. Codex Alimentarius is a specific collection of internationally recognised standards, codes of practice, guidelines, and other recommendations relating to foods, food production, and food safety, maintained by the World Health Organisation.

“We do not compromise on food safety.

Period,” says Laurence Mott, Executive Vice President of Development and Engineering. “It's a promise we make on every package. Not only is it a promise we make today, it's also a part of our vision and our mission to protect what's good and make food safe and available everywhere.”

Continuously improving the performance of our products & knowledge

As we improve the performance of our products, we also need to continuously improve our food safety focus and capability. Product performance and food safety requires continuous attention. This is particularly true for our packaging material and materials used in food contact. Tetra Pak works diligently to understand what materials are permissible to use in our products through such practice as food migration assessments and shelf-life modelling.

The current pandemic risks to undermine public confidence in food safety. At Tetra Pak we have always been, and remain, committed and dedicated to making food safe and available, everywhere.

“We do not compromise on food safety. Period.”

Quality analysis reduces defect rate

When a Spanish dairy found product defects during routine sampling, they asked Tetra Pak to conduct a quality analysis to identify production issues and recommend how the system could be improved.

Identifying improvement opportunities

Last year, a customer's UHT milk factory in Spain was experiencing issues with quality and consumer claims. Tetra Pak planned a quality analysis together with the customer, giving them the opportunity to fully understand their processes and pain points.

The analysis compared the customer's processes with industry best practice in terms of production and cleaning in the filling area. A Tetra Pak Food Processing Specialist worked closely with the customer as part of an Integrated Service Contract to find potential issues and identify improvement opportunities.

Solutions for efficiency, quality and safety bring defects down to zero

Several wrong practices and issues related to incorrect maintenance were identified and Tetra Pak worked with the customer to improve their processes. Together with the customer, Tetra Pak implemented a variety of solutions to improve efficiency, quality and ultimately, food safety. These included installing new software and conducting an analysis to further improve customer processes.

By working together with the customer, Tetra Pak helped reduce the number of defects at the UHT milk factory from over three per million in August 2020, to zero in January 2021.



Deep expertise helps customer protect food safety

When a customer in Finland discovered elevated levels of microorganisms in their fermented dairy alternative products, Tetra Pak quickly responded to solve the issue.

Rapid remote support during the COVID-19 pandemic

When Tetra Pak was called on to assist the customer at the start of the COVID-19 pandemic in 2020, they initially provided remote support to gain a deeper understanding of the issue due to the travel restrictions in place in Finland. Local Tetra Pak experts, including a Food Protection Specialist, engaged with the customer to analyse product quality data,

which revealed that the issue was gradually worsening and might even affect food safety if not remedied.

In response, the Tetra Pak team quickly worked to contain the situation until the root cause was identified. This involved implementing provisional operational routines, frequent cleaning efficiency verification and tighter quality control routines to ensure the desired final product quality.

Microbiological troubleshooting and consultation

Tetra Pak's Food Protection Specialist led a systematic microbiological troubleshooting exercise to identify the cause of the issue in the customer's operations. This process highlighted several improvement opportunities in different parts of the customer's plant. The changes included optimising hygienic design in the production technology, improving maintenance in the pre-processing area, and the introduction of best operational and cleaning practices.

After the changes were agreed with the customer and implemented, quality measurements of the product showed no microbiological issues after a few weeks. This was also confirmed during a follow up six months later, when the customer clearly expressed their increased confidence in the safety and quality of their final product.





Tetra Pak recognised as a climate and forest stewardship leader

The global environmental non-profit Carbon Disclosure Project (CDP) has included Tetra Pak on its prestigious 'A List' for both tackling climate change and forest stewardship. Tetra Pak is the only company in the carton packaging industry to be included in the CDP leadership band for five years in a row, and to score an outstanding double 'A' for climate and forests in 2020. Only the top 1 per cent of companies achieved a 'double A' out of 5,800+ companies that were scored based on data submitted through CDP's 2020 questionnaire. The result reflects Tetra Pak's long-term leading commitment to climate and forest stewardship.



New factory in China

Following an unprecedented increase in demand for the DreamCap™26 closure, a new closures factory is being built at the Tetra Pak site in Hohhot, China. The new production facility will be built-for-purpose adjacent to the existing Hohhot converting factory, with the goal to commence production in the first half of 2021. The closures factory will be fully integrated and automated, and will incorporate best practice solutions from Tetra Pak's operations in Seville. At full capacity, the new factory is expected to produce 10 billion closures per year, effectively securing supply and supporting growth in the Chinese market.



First plant-based package in Serbia

NeXt, a Coca-Cola HBC (Hellenic Bottling Company) brand and one of Serbia's leading juice companies, launched Tetra Gemina® Aseptic Leaf Bio-based package with a bio-based cap for its entire one litre range of premium natural juices. Made from 82 per cent renewable materials and with a 19 per cent lower carbon footprint, the package supports the customer's sustainability agenda and reinforces its sustainability profile in the Serbian market. The entire NeXt portfolio also has a new visual identity, enabling consumers to easily recognise plant-based packaging. The product was well received in the market and will be followed by more plant-based packages.

Tetra Rex® shows large market growth potential for sustainable solutions

The Tetra Rex® Bio-based package has been launched by Drena, a small dairy producer in Kosovo. The package is made entirely from plant-based FSC® certified paperboard while its cap, neck and coating are made from plastics derived from sugarcane. With the bio-based package, Drena demonstrates that even smaller companies can be sustainability pioneers. For Tetra Pak, Tetra Rex® shows large market growth potential for sustainable solutions, which are available to all types of customers all around the world.





Processed cheese in Tetra Fino® Aseptic package

Obour Land for Food Industries is the processed cheese leader in Egypt with around 38 per cent of market share. In recent years, the customer has expanded its product range and in October launched the world's first processed cheese in Tetra Fino® Aseptic package. Together with the customer, Tetra Pak developed a package solution that would be both affordable and convenient to more Egyptian consumers. The package has been well received in the market and is easy to open, does not require refrigeration and can be affordably priced.

Packaging recycling coalition celebrates its first anniversary

The Packaging Recycling Organisation Vietnam (PRO Vietnam) is an industry coalition co-founded in 2019 by Tetra Pak and other leading food and beverage manufacturers to address post-consumer packaging issues. In 2020, it held a ceremony to commemorate its accomplishments after one year of operation, and to present its future objectives. The event was attended by over 200 guests including local politicians and partners, and PRO Vietnam set out its strategic objectives to encourage people to sort used packages, establish recycling processes and build capacity.



Record growth for Tetra Recart® in Americas

Tetra Recart® is the packaging solution that offers a more sustainable alternative to canned foods. Our continuous strategy of adding new players and copackers to expand the categories of Tetra Recart® has enabled us to capture consumer demand for greater food safety and convenient cooking ingredients during the COVID-19 pandemic. During the year, the number of Tetra Recart packages grew by 46 per cent to 248 million packages, which is record annual growth since the system was launched in 2013. We saw particularly strong growth in Latin America, with 71 per cent growth in Argentina and 95 per cent growth in Chile.



Tetra Pak acquires eBeam development and manufacturing operations

The acquisition from Comet AG, a leading Swiss technology firm, will further boost Tetra Pak's ability to deliver sustainable and higher efficiency filling lines for customers. eBeam sterilisation technology works by focusing a controlled beam of electrons on the surface of a packaging material to kill micro-organisms as it runs through the filling machine. This improves production capacity by over 60 per cent, enabling up to 40,000 portion packs per hour on a filling line. It also makes water recycling easier, reduces energy consumption by up to a third, and helps avoid food waste.





Protects what's good

At Tetra Pak, our approach to sustainability is shaped by our brand promise: PROTECTS WHAT'S GOOD™. We bring this promise to life by protecting food, people and our planet.



We are committed to lead the sustainability transformation through solutions and partnerships that leave a positive impact on the world's climate and resources. Our actions to protect the environment are more important than ever, for our planet, for our customers and for ourselves.

We are committed to reducing the environmental footprint of our products and services, and consistently pursuing and initiating collective actions that will help create a sustainable tomorrow without compromising food safety or quality.

Food packaging – part of the solution

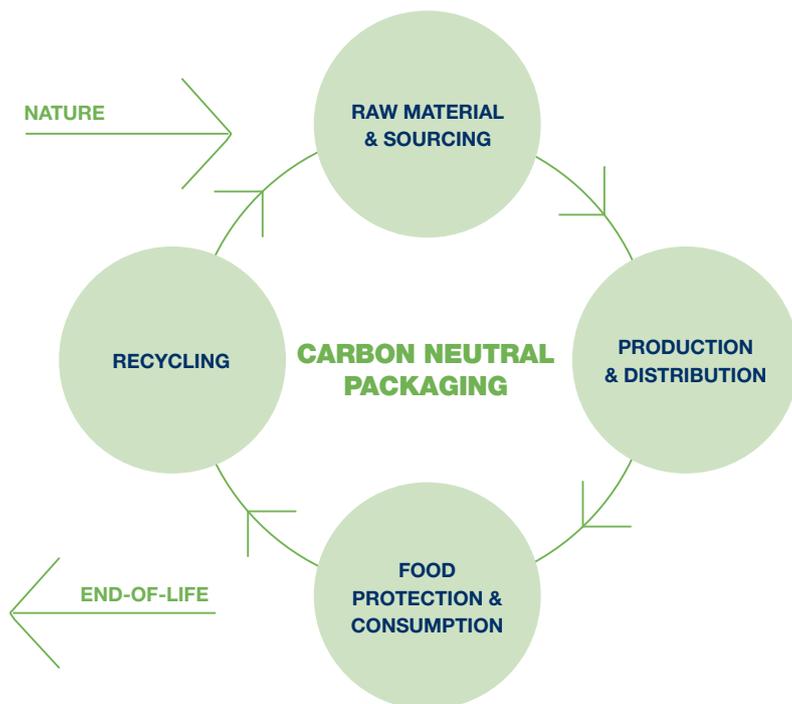
Packaging plays a critical role in the global food system, helping to keep food safe, nutritious and available for people all around the world. But packaging can also cause problems for the planet, from the depletion of finite resources to increasing carbon emissions and waste.

Although our carton packages have always used mostly plant-based materials and comparative studies find them to have a lower carbon footprint than alternatives*, they also contain thin layers of plastic and aluminium. We're actively working to reduce and remove

these materials and increase the paper-based content in our carton packages – to develop the world's most sustainable food package.

Go nature. Go carton.

Our journey to deliver the world's most sustainable food package is summed up by our new campaign – Go nature. Go carton. Our aim is to create cartons made solely from renewable or recycled materials, that are responsibly sourced, are fully recyclable and carbon-neutral, to optimise sustainability at every stage of the lifecycle.



To develop the world's most sustainable food package, we follow a circular model

Raw material & sourcing Paper-based carton packages made from fully renewable or recycled materials that are sourced responsibly.

Production & distribution Carbon-neutral production with minimal environmental impact.

Food protection & consumption Packaging that makes food safe and available backed by solutions that ensure traceability and reduce food waste.

Recycling Fully recyclable packaging with supporting collection, sorting and recycling infrastructure everywhere to keep materials in use.

End-of-life Minimising the use of plastics and using materials with a reduced impact on nature.

* Life Cycle Assessment of Tetra Pak® carton packages and alternative packaging systems for beverages and liquid food on the European market. Von Falkenstein, E., Wellenreuther, F. & Detzel, A. LCA studies comparing beverage cartons and alternative packaging: can overall conclusions be drawn?. Int J Life Cycle Assess 15, 938–945 (2010).

Leading the sustainability transformation

Our Strategy 2030 aims to ensure that Tetra Pak leads the sustainability transformation in the industry over the next decade.

We are working to support the sustainable future of our planet and the long-term success of our customers, as well as the success of our own business. These ambitions are embodied in two of our Strategy 2030 goals – to lead with low-carbon circular economy solutions and to enhance sustainability across the value chain.

Our commitment to sustainability

At Tetra Pak, we have worked for years to reduce the environmental impact and increase the renewability of our packages. Now we are accelerating our efforts as we pursue our ambition to deliver the world's most sustainable food package – that is fully made from renewable or recycled materials, is fully recyclable and carbon-neutral. Our sustainability work is also becoming increasingly holistic by incorporating important topics such as protecting biodiversity and establishing water stewardship.

For our packaging, this means continuing to build a more sustainable portfolio of recyclable, renewable and low-carbon solutions, including anti-littering openings for our packages – from paper straws, where work is advancing at pace, to tethered caps and other innovative solutions.

Partnering for a low-carbon society

We are contributing to a low-carbon economy by striving to minimise impact across our entire value chain, starting by optimising our own operations and, through our solutions and services, those of our customers. Partnerships are essential to realise this ambition, promote responsible sourcing, recycling and circularity.

Our climate targets involve achieving net zero GHG emissions by 2030, with the same ambition for the entire value chain by 2050.



External advisory panel to guide our sustainability initiatives

In 2020, Tetra Pak formed an External Sustainability Advisory Panel, comprising of six renowned experts from across the world, bringing together specialised knowledge on different aspects of sustainability.

One of the primary objectives of the panel is to provide external counsel, insight and advice to the company on how we can design and execute initiatives that drive sustainability throughout our business and the wider industry.

In addition, the panel members will engage in various sustainability and communication initiatives spearheaded by the company.

Our external sustainability advisors

Trewin Restorick

Environmental campaigner and Founder of Hubbub UK

Rachel Kyte

CEO Sustainable Energy for All

Johan Rockström

Director of PIK Climate, Stockholm Resilience Centre

Changhua Wu

CEO Future Innovation Centre, Founder & CEO of TECONET

Malini Mehra

CEO Globe International

Daniel Esty

Professor of Environmental Law and Policy, School of Forestry & Environmental Studies, Yale Law School



Extraordinary challenges met with agility

2020 was unlike any other year and very challenging for Sidel. The effects of the COVID-19 pandemic have been severe, both for Sidel and our customers. To overcome these challenges our organisation has shown great commitment and agility – I would like to express my gratitude to all employees for outstanding achievements. We have focused on supporting our customers, and keeping our business running while prioritising the safety of our workforce.

Many important achievements

We made a number of important achievements during the year. Our customer survey highlighted that our ability to meet the needs of our customers contributed to a sharp increase in customer satisfaction. We managed to support customers in various ways to minimise disruption to their operations, including offering more remote digital services, and I believe they truly see us as an essential partner. Other positive results from the year included advances in digitalisation, sustainability and further developments in aseptic technology. Sidel also formed a strategic alliance with Elettric80 to provide comprehensive services ranging from production to warehouse, distribution centre and logistics management. During the pandemic, customers have been even more focused on logistics, with automated warehousing offering an attractive solution to both reduce costs and respond to increasing e-commerce needs. Moreover, we launched our own packaging design agency, Gentlebrand, to meet our customers' branding design needs. With an innovative approach, Gentlebrand really understands what it takes to design a good bottle – fulfilling every aspect of branding, production efficiency and sustainability. The agency was awarded the 2020 Bronze A'Design award.

Successful cost reduction initiatives

2020 was also a very challenging year from a financial perspective. Despite order intake being down by about 20 per cent on capital goods and services decreasing by about 10 per cent, Sidel managed to achieve net sales of almost

€1.3 billion, compared to around €1.4 billion in 2019. Through our 'Fit for Business' programme, we managed to substantially reduce costs and thereby achieve a small operating profit. This was thanks to the hard work of our colleagues who implemented both short- and long-term cost cutting measures to alleviate the effects of the pandemic. We also achieved an important reduction in receivables, which contributed to a positive cashflow for the year.

Changing consumer trends due to the pandemic

New consumer market trends emerged during the pandemic. For example, consumer preference for water shifted from single-serve on-the-go packaging towards larger, family-sized water containers – reflecting lifestyle changes. Another example was a declining beer market, mainly due to beverage sales at sporting events and concerts no longer being a source of revenue for many customers. Despite this development, Sidel had a strong increase in alcoholic beverage sales last year, while sales from non-alcoholic beverage customers declined. This was partly driven by the introduction of hard seltzers and low or no-alcohol beer to the market by brewers and other alcohol producers, addressing customer

consciousness about health and wellness. Another trend caused by the pandemic was the increasing demand for hand sanitising gels and related products, which increased sales of FHPC (Food Home Personal Care) equipment.

Continuing our sustainability progress

Besides the portfolio of eco-friendly solutions for our customers and the commitment in our own operations to reduce environmental impact, we have developed a number of sustainable packaging solutions. X-LITE™ Still is an extremely light-weight 500ml PET bottle that is compatible with tethered caps. We have developed it with 100 per cent recycled PET (rPET), with reduced cost and impact for the environment. Another is AYA, an eco-friendly end-to-end packaging concept, which was awarded 'Best Drink Packaging Design' at the World Food Innovation Awards 2020. In addition, we are building a smaller-scale real-life PET recycling line, to serve as a service laboratory to support customers to transition to recycled PET packaging.

Strong commitment to food security

The theme of this year's report is Food Security, covering both food safety and food availability. In terms of food safety, the Sidel Aseptic

“In terms of food safety, the Sidel Aseptic Combi Predis™ stands out and is a very good example of how PET can contribute to protect our customers' high-quality products”.

Combi Predis™ stands out and is a very good example of how PET can contribute to protect our customers' high-quality products. We were first in the industry to receive U.S. Food and Drug Administration (FDA) approval for our blow fill seal filler with aseptic technology for low acid products. Our sustainable packaging solutions for water is part of our commitment to make water available to consumers all over the world. Our end-to-end PET solutions for water encompass not only primary, but also secondary and tertiary packaging.

Ready to take on challenges in 2021

With a low order backlog from the end of 2020, we believe that 2021 will be another challenging year for our business and we do not expect the market to recover until 2022. With this in mind, we will focus on continuing to support our customers, further improving our cost structure, and continuing to develop new innovations that will help our customers to become even more competitive while lowering their Total Cost of Ownership.

The essence of our vision is innovation by looking at all dimensions of packaging, which is part of our DNA, built on our long history and expertise as industry pioneers. We shape the future of the packaging industry by providing customers with high-performance solutions for product protection, desirability, availability and sustainability. This is our purpose and passion, and will guide us in our journey ahead. With this in mind I look forward to an exciting 2021 for Sidel.

Monica Gimre



“We will focus on continuing to support our customers, further improving our cost structure, and continuing to develop new innovations that will help our customers to become even more competitive while lowering their Total Cost of Ownership”.

This is how we operate

PRODUCT SUPPLY & SOURCING

Product Supply promotes Health, Safety and Environment while producing and delivering equipment, providing Technical Support and training, and leading continuous improvement methodologies. Sourcing manages the purchasing activities of the organisation, ensuring continuity in meeting our customers' needs, despite any obstacles.



Andrea Forzenigo
Executive Vice President of Product Supply & Sourcing

SERVICES

Services are dedicated to the long-term performance and sustainability of our customers' productions. Our team continually innovates, working alongside customers, to give the highest quality of care possible. Examples include our Evo-ON® cloud-connected system for performance and energy monitoring, Sidel Services Online for e-commerce, our range of recycled PET and tethered cap services, and our green end-to-end packaging solutions.



François Lejard
Executive Vice President of Services

FINANCE, BUSINESS TRANSFORMATION & IT

Finance, Business Transformation & IT is responsible for finance, controlling, business transformation, and information technology. This unit partners across the business to help plan and execute our areas of focus, setting the stage for lasting success, not just in our Group, but for our customers and across markets.



Juergen Voss
Executive Vice President of Finance, Business Transformation & IT

STRATEGY, SUSTAINABILITY, COMMUNICATIONS & PORTFOLIO

At the center of this unit are our customers, and our commitment to providing the best partnership, performance and solutions to meet current and future needs. Our sustainability focus helps both Sidel and our customers help our planet, and we communicate through understanding our customer's voice.



Ko Hoepman
Executive Vice President for Strategy, Sustainability, Communications & Portfolio



Monica Gimre
President & CEO



Christer Carling
Executive Vice President of Legal Affairs



Deepak Kumar
Executive Vice President of Human Resources

CLUSTER AMERICAS

In the Americas, customer satisfaction is the top priority in all we do. Our eight offices are strategically located to maximise customer proximity. Supported by over 700 experts in the region, we provide solutions at every step of our customer's journey, from conceptualisation of their packaging to industrialisation and beyond. Through equipment and service innovations, we prepare our customers for the future while maintaining and improving their assets.



Frédéric Saily
Executive Vice President of Customer Management Americas

CLUSTER EUROPE & CENTRAL ASIA

Across the region's 12 sites, everything we do is focused on customer satisfaction and making every equipment and service we deliver a success for our customers. We bring value along our customer's journey from project definition through production, ensuring performance over time. We play a proactive role in the sustainability transition and in digital solutions that optimise our customers' production anytime, anywhere.



Marina de Barros
Executive Vice President of Customer Management for Europe & Central Asia

CLUSTER ASIA, OCEANIA AND AFRICA (AOA)

AOA is a large, highly diversified market comprised of 125 countries, including most of the world's developing countries. Based in 14 sites across the region, we are dedicated to delivering the highest level of customer satisfaction throughout the customer's journey with Sidel, as well as throughout the entire production lifecycle. By delivering high performing, innovative and sustainable solutions and services, we are committed to meeting our customers' needs.



Clive Smith
Executive Vice President of Customer Management for Asia, Oceania and Africa (AOA)





Food security

– from beginning to end



Food security means ensuring people always have access to safe and nutritious food – even during a global pandemic. In the packaging industry, it is our mission to provide safe packaging solutions and to contribute to making goods available for everyone by providing high production efficiency. At Sidel, we take both these tasks very seriously.

The highest food safety standards

Under no circumstances, do we – or our customers – want unsafe food or beverages delivered to the market. With more than 40 years of experience in PET packaging, Sidel is recognised around the globe for its optimally designed equipment that provides the highest food safety standards and allows brand owners to increase their production capacity, and therefore, product availability. Furthermore, Sidel's Aseptic Combi Predis™ was the world's first aseptic PET filling equipment with dry preform sterilisation to get approved by the U.S. Food and Drug Administration in 2017.

Sidel's solutions expand food availability

Food security has become a topic of high importance when it comes to beverage consumption, whatever the beverage type. Owing to the inadequate clean water infrastructure in some countries, the bottled water industry in particular has a huge responsibility to make

clean water available to each customer regardless of location. As a trendsetter, Sidel has introduced flexible, safe and simple solutions that also expand product availability. This is particularly true for growing market segments such as juices, isotonic drinks and teas, as well as liquid dairy products (LDP). For instance, Sidel's Versatile Aseptic Combi Predis™ was designed for LDP, still and carbonated soft drinks.

Customer support generates high production efficiency

Another way to ensure food availability is to support the beverage industry to maintain a high level of production efficiency. At Sidel, customer proximity and proactive assistance are key priorities. Even if it was challenging to support our customers' production needs during COVID-19 restrictions, we managed it successfully. By leveraging advanced digital solutions, our experts at Sidel facilitated remote installation and services to allow the beverage

industry to enlarge their capabilities and provide the market with the required volumes. Remote support has become key for business continuity, avoiding long-lasting production stoppage that would limit product availability.

Future with PET – safe and recyclable

Finally, food safety for beverages would not be achievable or even imaginable without appropriate packaging materials. Therefore, Sidel has been an advocate for PET, as the only plastic suitable for direct food contact and for closed-loop bottle-to-bottle recycling. PET is a great resource with many advantages: safe, shapable, transparent or opaque, and re-sealable with great neck and cap tightness. With outstanding mechanical and barrier properties, it can ensure optimal transportation, storage and distribution. 100 per cent recyclable and offering huge light-weighting opportunities, PET also has a low environmental footprint compared to alternative non-plastic materials.

ITC ensures food safety in India with Sidel's complete aseptic PET line

ITC, one of India's leading private sector companies, has introduced a brand-new range of UHT milk-based drinks with fruit pieces and expanded its juice portfolio by trusting Sidel's proven expertise in aseptic packaging and PET design. Featuring the first dry preform sterilisation in India, the new line ensures the highest level of hygiene and food safety, together with ease of operations and maintenance while offering outstanding flexibility to switch easily from one product to another.

ITC Limited has a diversified portfolio in the food and beverage, packaging, agriculture and hospitality sectors since 1910.

With the consumer shift in preference to nutritional drinks in small formats, ITC decided to launch a new milk-based drink Sunfeast Wonderz Milk and added a portfolio of premium not-from-concentrate juices to its existing B Natural brand. To make this happen, they cooperated with Sidel to ensure absolute food safety for production, based on their trust in Sidel's proven expertise in aseptic PET packaging. They also enhanced their brand

experience by having three new PET bottles designed by Sidel packaging experts.

As ITC was unfamiliar with aseptic PET production, Sidel provided comprehensive advice – from bottle designs to helping decide which recipes to launch on the market and which PET barrier material to choose.

The complete line includes Tetra Pak Processing System technologies, Aseptic Combi Predis™, a RollQuattro labeller, a sleeve, shrink-wrapping, a PallKombi palletiser, pallet stretch wrapping systems, and EIT®.



Sidel and Niche Cocoa team up to supply safe and nutritious milk to millions of school children in Ghana

Niche Cocoa Industry Ltd., Ghana's largest fully integrated cocoa processor, signed a deal with Sidel to support Ghana's School Feeding Programme. Through the partnership, 5.6 million pupils will be provided with ready-to-drink chocolate milk, which is a healthy, nutritional alternative for students.

Niche Cocoa Industry Ltd., founded in 2011, is based in Tema, Ghana, and manufactures high quality, semi-finished cocoa products for export. Thanks to a loan from the Dutch entrepreneurial development bank FMO in the autumn 2019, Niche Cocoa was able to purchase equipment from Sidel, which will allow them to produce and bottle shelf-stable, fortified chocolate milk in PET for Ghanaian school children.

"Beverage production was a previously uncharted territory for us, therefore we decided to partner with Sidel because of our shared passion for uncompromising food and beverage quality," says Edmund A. Poku, Managing Director at Niche Cocoa. "We are planning to serve approximately 5.6 million children across

261 districts in a total of 9,350 primary and secondary schools for 100 school days per year. With this programme, we want to provide a healthy, nutritional alternative to our people," continues Poku.

Besides nutrition, food safety assurance is of utmost importance. Ultimately, Niche Cocoa opted for a safe and simple low-speed aseptic PET complete packaging line, which integrates Tetra Pak Processing Systems technologies and the Sidel Aseptic Combi systems Predis™ and Capdis™ with dry preform and cap sterilisation. With 180 installations worldwide, Sidel's Aseptic Combi Predis is a well-proven solution that received U.S. FDA validation back in 2017.





Successful investment in Sidel's aseptic PET technology by Spanish dairy

In cooperation with Sidel, Spanish dairy company Andía Lácteos de Cantabria S.L. has modernised its plant in Renedo de Piélagos with the most state-of-the-art aseptic PET bottling technology for ultra-high-temperature (UHT) milk. On its Sidel Aseptic Combi Predis™ extended shelf-life milk (ESL), UHT milk and milkshakes are bottled in three formats, giving Andía Lácteos the possibility to broaden its offering of dairy products. The production line runs at 9,000 bottles per hour with 97 per cent efficiency. The investment has proven to be highly successful. Sales have increased and the dairy company has decided to continue cooperation with Sidel.



Sidel's design expertise helps to gain market share for edible oil producer

One of India's major edible oil producers, B.L. Agro Industries Ltd., has used PET packaging to differentiate their brands since 1999. After the successful installation of three Sidel PET lines between 2014 and 2019, for 200 ml to 5 L formats, the company's continued trust in PET and Sidel has led to growing market share in a dynamic region, which has earned the leading Indian player multiple packaging awards. "We are very pleased with Sidel's work," says Ashish Khandelwal, Executive Director at B.L. Agro. "Our PET bottles set themselves apart on the shelves and enable an innovative and enjoyable consumer experience around our high-quality and healthy oil."

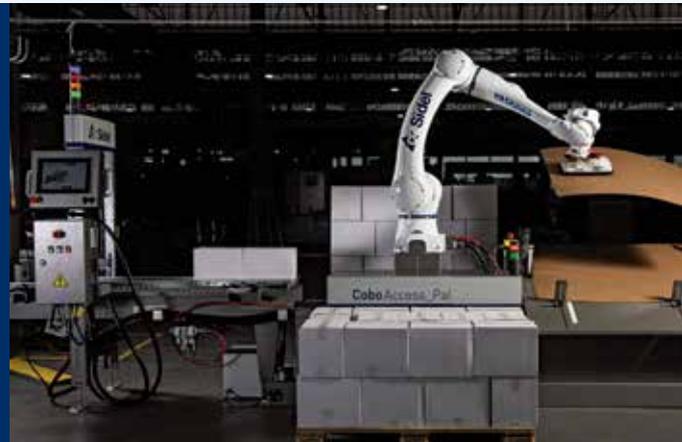
Super Combi Compact offers more efficient line solution for still water

In response to increasing demand for packaged water, driven by rising health consciousness among consumers worldwide, Sidel has developed a new compact line solution for still water producers. Two years after introducing the Sidel Super Combi to the industry for compact-line solutions, Sidel has launched a next-generation Super Combi Compact solution, with up to 30 per cent lower footprint and 30 per cent faster performance. Similar to its predecessor, the new equipment also integrates five process steps – preform feeding, blowing, labelling, filling and capping, and cap feeding – into an all-in-one, smart system.



New CoboAccess™_Pal palletiser increases payload and reach

Sidel has launched a new version of its cobotic palletiser, addressing the need to reduce the End-of-Line production cost in low-speed production lines. The new M version of Sidel's CoboAccess™_Pal features a wider reach and the highest payload on the market in its category. The CoboAccess™_Pal M version featuring a Yaskawa HC20 is able to enhance capacity for a case payload of up to 14 kg with a very significant reach of 1,700 mm – thus addressing the two most sought-after factors for palletising within the Food, Home and Personal Care segments.



Australian sparkling winemaker opts for Sidel's End-of-Line solution

Domaine Chandon Australia (DCA) chose Sidel's expertise and complete End-of-Line solution to improve the efficiency of bottling operations for its sparkling wine. The fully automated Cermex WB46 Wrap-Around case packer – including a partition inserter module and coupled with the automated PalAccess® palletiser – provides an end-to-end solution with greater automation at every step of the process. Furthermore, the solution provides extremely smooth bottle handling, regardless of the bottle's design or applied label type. Sidel's solution has enabled DCA to be even more competitive and accommodate the growing local demand for premium wine.



Conveying and accumulation solution improves soft drinks' production

Installed for the very first time in its largest size at Orangina Suntory France's plant in Meyzieu, Sidel's conveying and accumulation solution Gebo AQFlex® has increased the uptime of their PET packaging line for soft drinks. The solution provides a high level of flexibility to address a much-diversified production of nine bottle formats with different shapes, ranging from 0.2 L to 1 L. In addition, Gebo AQFlex is easy to use as it offers simple, automatic changeovers with just a few clicks on the Human Machine Interface (HMI). As of today, the solution runs at a high-efficiency level of 99.5 per cent, and Sidel has received additional orders of the equipment for more of the customer's production sites in France and Japan.



Argentinian customer invests in new hot-fill line to double capacity

Cervecería y Maltería Quilmes, the largest drinks company in Argentina with beer, carbonated soft drinks and bottled water in its offering, has invested in a new complete hot-fill production line from Sidel to double its production capacity as well as reducing energy consumption. The complete high-speed bottling solution produces the isotonic beverage brand Gatorade in PET containers, in compliance with PepsiCo's quality standards. "Both our existing PET container lines were at the top end of their capacity, so we needed a bigger line to increase our market share in Argentina," says Juan José Ferrer, Plant Manager at Quilmes. "The second objective was to have a more modern line with lower energy consumption and better efficiency."



US customer expands organic milk offering to PET

Aurora Organic Dairy installed an Aseptic Combi Predis™ from Sidel in their second milk plant in Columbia, Missouri.

FDA-approved and part of a complete line, which also features Tetra Pak Processing Systems technology, this bottling solution helped the customer expand its organic milk offerings to include PET containers. Bottling low-acid, shelf-stable organic milk in PET with Sidel's Aseptic Combi Predis has increased marketing opportunities while leveraging a cost-effective and flexible production process. PET also enables an attractive and premium packaging that reaches consumers in new channels.



A Sustainable Sidel

At Sidel, we believe that sustainable practices and good business go hand in hand. By including sustainability in everything we do, we can play an active role in protecting our environment, and ultimately our future.



A far-reaching sustainable approach

We work with sustainability throughout our business and are committed to minimising our footprint while maximising our positive impact throughout our value chain. Realising this ambition depends on ensuring sustainable success in our direct emissions, energy consumption at our own sites and in our sourcing activities.

Management systems for constant improvement

We set high standards at all our sites around the globe to meet – and even exceed – our customers' needs and expectations. Our ISO 14001 environmental management system and ISO 45001 Health and Safety manage-

ment system certifications cover 12 of our industrial sites and another three sites will be certified in 2021. So all together, 66 per cent of our sites were certified in 2020, and we are aiming to have about 75 per cent of all sites certified by the end of 2021.

Towards sustainable packaging and equipment

Our packaging solutions are based on a huge amount of innovation, and we are committed to help our customers to minimise their environmental footprint.

PET is the most collected and recycled plastic material, and can be seen as a resource, not a waste. Recycling requires a lot less energy and reduces carbon emissions than

processing virgin materials. Today, bottles made from 100 per cent recycled PET are already available. Besides its unique properties such as food safety, design and convenience, PET is the only plastic packaging material that can be recycled bottle to bottle, which significantly reduces environmental impact. In essence it means that we can reduce the carbon footprint, recycle the packages and reuse them.

A recent innovative product example is the new X-LITE™ Still bottle design, which is the lightest ever PET bottle design. Sidel's engineers have managed to integrate the StarLITE™ Still base solution into a new bottle design. With a weight of 6.5 grams for a 500 ml bottle compared with a regular PET bottle of 12 grams, it can save 1,485 tonnes of PET per year while generating energy savings of up to 335,000 kWh/year. This is the most cost-effective and sustainable PET packaging solution available on the market. Another example is 3D printing, or Additive Manufacturing, where we can create 3-dimensional customised parts from a CAD or digital model, while optimising energy efficiency.

Close collaboration throughout the value chain

Becoming more sustainable requires close collaboration with partners, such as Fast Moving Consumer Goods companies and industry associations on how to raise end-user awareness about PET packaging, and to develop designs with lower environmental footprint and increased recycled content. Sidel also supports customers to achieve their carbon and water reduction goals with a service offering that includes options and upgrades, line improvements, packaging redesign and process optimisation programmes.

ISO 14001/ ISO 45001



Target of 75% of all sites are ISO 14001 and ISO 45001 certified

Our ISO 14001 environmental management system and ISO 45001 Health and Safety management system certifications will cover an increasing number of sites in 2021.

X-LITE™



6x

less greenhouse gas emissions in
30 years

60% lighter

50% lower blower energy needs

170% faster production

AYA, Eco-concept

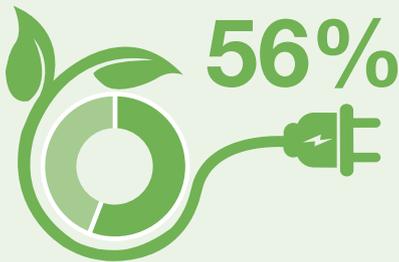


100%

circular

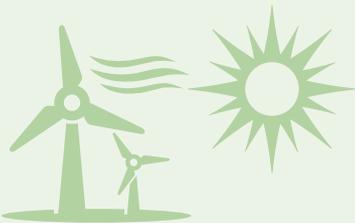
The water packaging concept won the World Food Innovation Award in 2020:

- Lightweight 5 grams, 220 ml
- 100% rPET
- Secondary packaging reduced to a minimum, engineered within the Sidel 'end-to-end' approach



Green electricity

56% of electricity consumed by Sidel sites is sourced from certified renewable sources in collaboration with Tetra Pak.



30%

rPET

content in packaging development

All new PET packaging projects at Sidel are qualified to support a minimum of 30% recycled PET.

60,000

tonnes reduction

Eco Options & Upgrades

In 2020, Sidel eco solutions for ovens in their customers' plants contributed to a reduction of over 60,000 tonnes in greenhouse gas emissions.

These solutions can help players in the PET packaging industry to reduce their blow-moulding machine electricity consumption by up to 30%.

30%

reduction in electricity consumption

Record sales despite pandemic uncertainty

2020 was a year that was remarkable for everyone around the globe. For DeLaval, it was a year of new ways of working and new challenges from the COVID-19 pandemic, but also a year of exceptional growth and extraordinary commitment from our employees under difficult circumstances.

We were impacted very early by the pandemic at DeLaval as our factory in Tianjin, China, was forced to close early in 2020. By the time we re-opened, we had found ways of providing safe working conditions for everyone during the pandemic. The Chinese authorities even used us as a role-model for others in China. The lessons learned from this experience were then used in our factories, distribution centres and offices as the virus spread around the world.

We were able to adapt quickly to the changing situation due to those early lessons but also due to the extraordinary efforts made by our staff. They were able to ensure a swift and safe transition to new ways of working while avoiding disruption to our operations. This smooth transition is one of the reasons we believe 2020 was our most successful financial year yet.

Increased growth and market share

The underlying demand for our products increased during the pandemic. Automatic milking has become even more relevant today given the difficulties of having personnel on farms. At the same time, farmers continue to produce milk as always and our aftermarket products experienced double digit growth in 2020. Net sales were 1.6 per cent higher than in 2019, making 2020 an unprecedented record year.

The effects of the 2019 transformation programme also benefitted us in 2020. The cost reductions from the programme were fully in effect in 2020 with for example a much leaner supply chain.

We experienced strong growth in every region of the world in both capital goods and aftermarket products. In China and South East Asia in particular, a record number of large farm contracts were signed. At the same time, our overall market presence helped us to continue to sell to all kinds of farms.

We also saw particularly strong sales among our range of rotaries for large farms. This was driven by self-sufficiency policies introduced in Asia, and in China in particular. The need for increased domestic food production was already an issue due to trade disputes but has become even more apparent due to the pandemic.

The success of the DeLaval VMS™ V310 continues with the addition of new innovations such as DeLaval RePro™ now integrated into a third of all our VMS™ V300s. Another innovation in recent years that was particularly well received during 2020 is the DeLaval Evanza™ milking cluster.

Innovation

Our engineers also adapted quickly to their 'new normal' of working from home. They have managed to continue at the same pace when it comes to research and development. Our focus on innovation remains and the examples above illustrate this.

Market trends

The major trends that we saw in 2019 remain despite the changes in place due to COVID-19. We have previously identified food safety, animal welfare, farm profitability and work efficiency as the four major challenges for our customers. The need for work efficiency and food safety were particularly evident in 2020 due to the pandemic. Even internally, we have had to adapt to maintain work efficiency under new conditions.

Food security

The pandemic has also highlighted another critical aspect of our business: food security. Both food safety and food availability are crucial for any functioning society and this became particularly clear in 2020. While the political

focus was preventing the spread of COVID-19, we know things would have been very different without the safe and secure supply of food.

Since everyone working in the food chain is essential for a functioning society, we needed to ensure that our factories remained open while protecting our staff and their well-being.

Food safety is another important aspect of food security that has always been a priority area for us and our customers. We are happy to have several solutions in place that improve food safety on farms, such as our teat-spray solutions and digital sensor solutions that ensure clean milking lines.

Quality

Our customers today have a very positive perception of the DeLaval brand in terms of the quality of the products and services we offer. Internally, we want to work more on ensuring high quality. This will not only help maintain our reputation but will also help us save time and improve productivity internally with less time spent on fixing issues that may arise.

Sustainability

Almost a decade has passed since we set our vision 'make sustainable food production possible'. We were one of a small number of companies that put sustainability into the heart of our vision at that point. Today, we see that it has given us a head-start over many competitors and helped us to provide solutions that can ensure the long-term sustainability of dairy farms. We will continue to invest in new technologies that lead to better animal welfare and higher productivity on farms. Dairy products are a food stuff with very high nutritional value, and are a great source of high-quality protein that is needed to feed the growing global population.

“Farmers continue to produce milk as always and our aftermarket products experienced double digit growth in 2020. Net sales were 1.6 per cent higher than in 2019, making 2020 an unprecedented record year.”

Internally, we are now stepping up our efforts on environmental sustainability. In 2020, we measured the entire carbon footprint of our supply chain operations. This has given us much needed data that will help us reduce our own emissions in line with the UN Paris Agreement on Climate Change.

Outlook 2021

We expected a certain degree of uncertainty in the market in 2020 mainly due to changing subsidy programmes such as Europe's Common Agricultural Policy and the effects of Brexit as well as similar subsidy programmes in the US and Asia. What we have seen is that these programmes have largely remained the same, which is good news for farmers as it creates greater certainty in the market.

We believe that this will create a more stable market in 2021 for DeLaval even if there is still uncertainty due to the pandemic. We go into 2021 with cautious optimism and will be satisfied if we maintain our level of success in 2020.

“We go into 2021 with cautious optimism and will be satisfied if we maintain our level of success in 2020”.



After 18 years as CEO of DeLaval and 35 years within the Tetra Laval Group, I will leave my position on April 1, 2021. This is a timely moment for me to thank you, our customers, employees, dealers and partners, for our fantastic relationships over the past decades. I depart our company secure in the knowledge that our future is in safe hands. I am very pleased that the Tetra Laval Group Board has appointed Paul Löfgren as my successor. Paul is well respected by his colleagues, and well placed to support them and our custom-

ers in the years ahead. I am looking at my time in DeLaval with gratitude and pride. I will continue to look out for news about DeLaval's innovations and customer successes (old habits are hard to lose). With that, I thank the Board for their continued commitment, engagement and support and I thank my colleagues and wish DeLaval a very successful future.

Joakim Rosengren

New DeLaval CEO appointed

The Tetra Laval Group Board has appointed Paul Löfgren, President & CEO of DeLaval, effective April 1, 2021. The appointment follows the decision by Joakim Rosengren to step down from his position after 18 years as President & CEO and 35 years with the Tetra Laval Group.

Paul Löfgren, presently Executive Vice President Cluster Europe Middle East & Africa, joined DeLaval in 2012 and was appointed to his current position in 2016.

Löfgren, who is 51 years old, holds a Master's degree in Mechanical Engineering from Chalmers University of Technology, Sweden.



This is how we operate

DIGITAL SERVICES

The Digital Services Unit leads DeLaval's transition to offer more digital services to bring unique value to dairy farmers, dealers, partners and its own organisation. These new services will support customers in making better use of their equipment as well as farm and cow data, to run more sustainable and profitable dairy operations. They will support dealers and DeLaval to improve customer support and internal efficiency.



Jonas Hällman
Acting Executive Vice
President Digital Services

PRODUCT MANAGEMENT & DEVELOPMENT

The Product Management & Development Unit has the responsibility to develop innovative and leading-edge solutions for dairy farmers around the world. The focus is on milking equipment, feeding and effluent handling, as well as various solutions for improved animal welfare and animal health, including smart solutions and technology (e.g., artificial intelligence) for cow monitoring and milk analysis.



Magnus Berg
Executive Vice President
Product Management &
Development

SUPPLY CHAIN

The Supply Chain organisation focuses on creating efficiency and end customer benefits. The Supply Chain should combine our global ways of working with regional closeness, and data should be transparent across the entire supply chain. We will continue to optimise and redesign our global footprint – for both sustainability and transport cost reasons.



John-Erik Hermanson
Executive Vice President
Supply Chain



Joakim Rosengren
President & CEO
until April 1, 2021



Paul Löfgren
President & CEO as of
April 1, 2021



Christian Poggensee
Chief Financial Officer

CLUSTER AMERICAS

Cluster Americas aims to deliver a total customer experience by working as a team with its dealers – independent and owned. Innovative solutions to address farmers' challenges of animal welfare, food safety, farm profitability and work efficiency are key. Specific focus areas include, growth-oriented herds, excellent channel management, optimise milk production cost and being easy to do business with.



Fernando Cuccioli
Executive Vice President
Cluster Americas

CLUSTER EMEA

Cluster EMEA continues to focus on supporting customers with innovative solutions to help drive the development of more sustainable dairy farms. Special attention is given to customers seeking productivity gains by using new technology and automation to analyse data for improved farm efficiency. Services to help customers get the most out of their equipment, such as In-Service All-Inclusive™, are also important.



Jonas Hällman
Executive Vice President
Cluster EMEA as of
April 1, 2021

CLUSTER ASIA PACIFIC

Cluster Asia-Pacific covers a large geography with dairy farms ranging from small backyard farms, pasture-based systems, to very large farms with financial investors. This places different demands on the product assortment, channels and service capabilities. The main contributor to excellent customer service is outstanding products, top-most service presence, efficient channels, and high-level automation capabilities.



Johan Ledel
Executive Vice President
Cluster Asia Pacific



Lars Johansson
Senior Vice President Corporate
Communications & Sustainability



Johan Swahn
Senior Vice President
Legal Affairs



Valerie Binner
Senior Vice President
Human Resources



Food security

– the DeLaval perspective

Stephan Lais, Vice President Central Europe at DeLaval, talks about DeLaval's and the dairy industry's role in promoting food security in the world.



Please explain DeLaval's approach to food security?

At DeLaval, our dairy solutions and experts around the world enable farmers to optimise their operations and milk yields, which promotes food availability. We also have a proactive beyond-compliance approach to food safety in order to ensure chemicals and bacteria don't end up in milk.

Could you provide some examples of how DeLaval promotes food safety?

Our digital sensor solutions verify that all piping in milking lines are clean and enable farmers to easily detect and remove milk deposits that can enable bacteria growth. DeLaval has produced very high-quality milk filters for around 50 years to ensure that nothing contaminates the milk. Another example is our DeLaval VMS™ V300 robotic milking system, which is equipped with the unique PureFlow™ solution that cleans teats purely with warm water and compressed air.

How do you verify milk safety and quality?

In Germany for example, all our new installations are assessed by a third-party to verify they are operating correctly and ensure food safety. We also have a certification process for our dealers' technicians to ensure quality (VDMA certification).

How does the dairy industry promote nutrition around the world?

Milk is one of the most important food stuffs, and is of huge nutritional importance to people all around the world – particularly for the growth and development of children. DeLaval, together with Tetra Pak, is involved in the Tetra Laval Food for Development programme, which establishes dairy hubs to educate local farmers in emerging markets to help them increase their milk yields, cooperate and find markets for their products.

Does DeLaval help farmers avoid food waste?

Besides helping farmers to produce effectively, our milking systems also help them ensure milk quality, which can significantly reduce food waste.

How will DeLaval continue to promote food security in the future?

We will continue to lead the industry by continuously developing new and improved solutions, and working with our partners and farmers to promote food safety, increase milk yields and reduce waste. By being at the forefront of the industry, I strongly believe we will ensure the dairy industry in general is well positioned to continue to promote food security for people all around the world.

Supporting high-quality cheese production in France

High-quality milk is essential for cheese production and DeLaval is the market leader in France for serving dairy farmers that deliver milk to cheese makers.

Unpasteurized milk is used to produce a huge variety of cheeses, with over 1,000 distinct types of cheese made in France alone. Cheese made from unpasteurized or raw milk is at a higher risk of being contaminated by bacteria that can pose food safety issues. This places greater demands on milking processes and overall milk quality management to promote high milk quality.

Market leading supplier for cheese producers

In France, DeLaval is the nationwide market leader in supplying dairy producers that produce high quality milk for cheese production. It develops close relationships with dairy producers for cheese production and has a comprehensive dealer network.

"Our 'InService™ All-Inclusive' concept provides farmers with everything they need

to ensure high quality – from the preventative servicing of equipment to the delivery of consumables," says Vincent Smagghe, Vice President Market Development and Sales Support at DeLaval EMEA. "DeLaval is unique in that we are the only company that designs, manufactures and delivers all the equipment, services and consumables farmers need through a customised and fully integrated multi-year contract."



Ensuring food availability during the COVID-19 pandemic

DeLaval has had a key role in ensuring food availability during the pandemic by maintaining business continuity, and securing its supply chains and deliveries to farmers to allow them to continue their dairy operations. We look at the experiences of two countries – Poland and China.

Securing business continuity in Poland

With four factories employing over 400 employees, Poland is an essential country for DeLaval to maintain production and ensure employee well-being. Procedures during the pandemic included separating different shifts, enhancing cleaning procedures, social distancing and mask wearing.

“We avoided COVID-19 outbreaks and closures at our factories in 2020, with only 17 cases in total identified among our entire workforce,” says Katarzynska Dzusajew, Factory

Manager at DeLaval's detergent factory in Wrocław. “This has maintained production and deliveries to our customers – in fact our factory set an output record in 2020 despite the pandemic.”

Maintaining supply chains in China

The entire food industry in China was disrupted by COVID-19 in early 2020, but the situation was quickly brought under control. DeLaval worked actively to minimise disruption to its supply chain and customer deliveries.

“We created procedures to deal with the pandemic together with support from DeLaval Group Management,” explains June Wang, Vice President Supply Chain Asia-Pacific. “We shared good practice internally, and asked our suppliers early on in the pandemic to prioritise us due to our importance in supplying the dairy industry.”

“I am proud that we have enabled our customers and farmers to continue their business during the pandemic, which contributed to food availability in society,” says Wang.



Boosting production and milk quality for French cheese production

Florent Duclos is a dairy farmer that is part of a family-run agricultural civil society (ACS) that annually produces 1.4 million litres of milk with 135 Montbéliarde cows in the Auvergne-Rhône-Alpes region in south-eastern France. The ACS delivers milk for cheeses such as ‘Tomme de Savoie’, ‘Raclette de Savoie’ and ‘Emmental de Savoie’.

“Milk quality is essential to our business and was a driving factor for choosing DeLaval equipment, including three DeLaval VMS™ V300 milking systems,” explains Duclos. “Since switching to DeLaval equipment in early 2020, we have increased production as well as further decreased our cell count, which is fundamental to milk quality. The V300 is an important part of this by providing automated milking and ensuring clean and dry teats.”





Calf hygiene box improves animal welfare

The new automatic hygiene box is designed for optimal calf hygiene and animal welfare – to give calves the best possible start in life, while reducing manual labour. It allows for a more natural drinking position for the calves and provides a programmable comprehensive clean up to four times per day. The hygiene box from DeLaval is an add-on for the DeLaval calf feeder CF500S and DeLaval calf feeder CF1000S. “The hygiene box is a smart and easy to use tool for farmers, helping them to focus on hygiene measures and keeping calves healthy,” says Ludo Bols, Feeding Systems Solution Manager EMEA.

Sustainable packaging solution reduces CO₂ emissions

We have implemented a more sustainable corrugated board packaging solution at our European distribution centre in Gallin, Germany. The solution reduced our CO₂ footprint by 17 tonnes during 2020 and will decrease emissions throughout our supply chain. When fully implemented, the corrugated board packaging solution will save over 32 tonnes of material per year, equivalent to over 25 tonnes CO₂ or 133 one-way flights from Stockholm to Hamburg. Going forward, the same solution will be trialled and potentially implemented at our factories in Wroclaw, Poland and Tumba, Sweden.

Investing in the future of dairy farming

Hamra Farm, DeLaval’s own innovation, testing, and exhibition centre, will be upgraded and expanded with the number of dairy cows more than doubling to 550 by 2022. The state-of-the-art upgrade will have a high focus on animal welfare and will demonstrate some of DeLaval’s most innovative solutions, such as four DeLaval VMS™ V300 robotic milking systems. “This gives us more opportunities to test and develop new solutions,” says Magnus Berg, Executive Vice President Product Management & Development. The project is expected to begin in the spring 2021 and should be completed in the second half of 2022.



Virtual farm tours and conferences during COVID-19

We normally organise customer farm visits to showcase our products and solutions. As this was not possible during the COVID-19 pandemic, we hosted several virtual farm tours and digital conferences from around the globe during the year. For example, dairy farmers were able to visit the farms of DeLaval customers via YouTube. We also used a virtual reality system that allows customers and employees to view our products without visiting a farm or a trade show. Digital conferences included one for French farmers on cow longevity and reducing heat stress without decreasing milk production.



One of Japan's largest dairy farms goes automatic

The Biggreen Masuhiro dairy near Wakkanai city in northern Japan, only began operations in May 2020 but is already one of the largest automated dairy farms in Asia. The farm currently has eight DeLaval VMS™ V300 to milk its herd of 360 dairy cows. The V300 systems significantly minimise the labour required for milking, which ensures employees can focus on reproduction management and expanding the farm. With its 710 heifers, the production is expected to grow significantly in the coming years. The automated solutions are part of their plan to contribute to sustainable dairy production and revitalise the area.



New product releases

During 2020, new products with specific sustainability benefits included:

- The DeLaval Herd Navigator 100 is an integral part of the DeLaval VMS™ V310, the first milking system that automatically confirms heat and pregnancy during the milking process.
- DeLaval VMS™ V300 – our flagship milking robot was enhanced with an improved teat-spray function.



Helping the dairy industry become more sustainable

As a provider of products and services to dairy farmers all around the world, DeLaval is in a position to help the dairy industry work towards a sustainable future.

This means providing products and solutions that improve working conditions for farmers and ensuring that animals are well taken care of, while at the same time reducing the environmental impact on every farm and ensuring its long-term success. Our approach to sustainability has three main perspectives – Environment, Food and Animal Welfare, and Social and Economic.

Environment

We are committed to reducing our greenhouse gas emissions in line with the Paris Climate Agreement, which calls for climate neutrality by 2050 in order to prevent global temperatures rising above 1.5°C. We have a long history of developing products and solutions that reduce the environmental impact of every litre of milk produced and improving efficiency and milk yield on farms.

Food and Animal Welfare

Food safety is critical for all parts of the dairy value chain. We work with food safety through stringent compliance controls but also by promoting animal welfare. A healthy animal provides more milk, at a better quality and for more years.

Social and Economic

We respect and advance human rights and create long-term economic growth without negatively impacting social or environmental sustainability. Our Corporate Governance framework and Code of Business Conduct guides us in this work. Through innovation we provide solutions to dairy farmers to make their lives easier and their farms more profitable whilst lowering their environmental impact.



Supply Chain CO₂ footprint

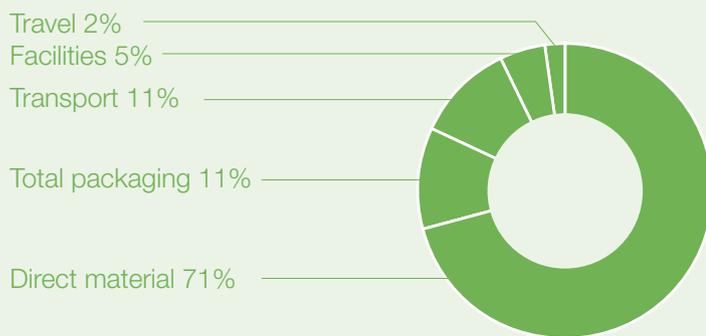
In the first half of 2020, the CO₂ emissions for DeLaval’s worldwide operations were calculated as part of a master thesis by students from the KTH Royal Institute of Technology in Stockholm. They created a calculation model that we can use to measure our footprint in the coming years, and can be used to assess how our footprint might change by simulating scenarios. “We now have a clearer picture of where to focus our improvements when it comes to contributing to our global emission targets,” says Lars Johansson, Senior Vice President, Corporate Communications & Sustainability.



The carbon footprint of our operations

DeLaval's entire carbon footprint of its supply chain operations, including direct and indirect emissions, were measured during 2020. This has provided data to help reduce our internal emissions in line with the Paris Climate Agreement from 2021 and beyond.

Distribution of CO₂ emissions per area



Total emissions
234,381 tonnes CO₂e

In 2020, our supply chain's estimated emissions was 234,381 tonnes CO₂e. The emissions calculations were made based on the Greenhouse Gas Protocol (GHG) Standards and include Scope 1, 2 and 3 emissions. Direct materials such as metals, plastics and chemicals account for the bulk of our emissions.

United Nations Sustainable Development Goals

where DeLaval can have an impact



Sustainability 2020

WASTE



VOCs (Volatile Organic Compounds)
10%



22 tonnes CO₂e avoided at our Gallin distribution centre in Germany by reducing packaging waste.



We have **eliminated the use of plastic bubble bags** in transportation.

WATER



Separating rainwater from wastewater at our Drogen chemicals plant in Belgium will create a more efficient purification process.

ENERGY



All our European operations will **only source renewable energy** from wind and water from 2021.



Our factories and distribution centres are gradually **switching to efficient LED lighting**.



We have begun **switching to solar lights** in outside storage areas at several plants including Wroclaw, Poland and Tianjin, China.

Tetra Laval International

Tetra Laval International (TLI) is the financial support and control function for the Board. This includes responsibility for areas such as corporate governance, Group financing and treasury, financial planning and reporting, M&A, tax, internal audit, insurance, leasing and holdings administration. TLI manages the internal control aspects of these responsibilities by means of policies applicable throughout the Group. These policies are reviewed on a regular basis and further enhancements were implemented in 2020.

TLI manages Group financing, foreign exchange and interest rate risks of the Group within a mandate approved by the Board. This continues to be important in the context of continued major market volatility impacting the global economy.





TETRA LAVAL INTERNATIONAL MANAGEMENT 2020

- 01. Martyn Zedgitt – President
- 02. Robert Swan – Holdings
- 03. Robert Norris – Group Financial Planning and Reporting
- 04. Jörn Rausing – Mergers and Acquisitions
- 05. Antoine Jomini – Finance
- 06. Mark Masek – Audit
- 07. Tuomo Rautiainen – Tax
- 08. Maurizio Proietti – Operations



TETRA LAVAL GROUP SUPPORT FUNCTIONS

- 01. Jörgen Haglind – Public Affairs & Group Communications
- 02. Phil Read – Group Human Resources

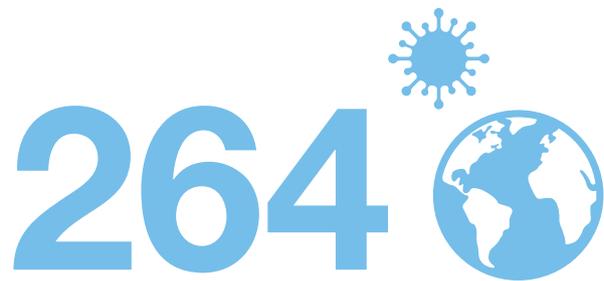
These functions are responsible for their respective area throughout the Tetra Laval Group.

New ways to reach children with nutrition during the pandemic

The COVID-19 pandemic has caused the largest disruption to education systems in history affecting nearly 1.6* billion children globally (UN – United Nations). Many children couldn't attend school due to forced shutdowns, including 368 million children from 169 countries who usually depend on food they receive at school. To be able to continue with school feeding programmes, Tetra Pak and their partners intensified their collaboration and developed alternative food distribution solutions for school children around the world. According to the World Food Programme, 71 countries around the world implemented alternative food distribution solutions for school children due to the closures.



According to the UN, 94 per cent of the world's student population has been affected by pandemic response measures throughout 2020. More than 264** million school children did not have access to regular school feeding and nutrition services during the pandemic in 2020 (WFP – World Food Programme). This left the most vulnerable children in a precarious situation – especially in countries that suffer extreme poverty and have infrastructure challenges.



MILLION SCHOOL CHILDREN DID NOT HAVE ACCESS TO



**REGULAR
SCHOOL FEEDING
AND NUTRITION
SERVICES**

DURING THE PANDEMIC IN 2020

SOURCE: WORLD FOOD PROGRAMME (WFP)

* Policy Brief Report: Education during COVID-19 and beyond, United Nations, 2020

** Global Monitoring of School Meals during COVID-19: <https://cdn.wfp.org/2020/school-feeding-map/>, World Food Programme

71

COUNTRIES
IMPLEMENTED



ALTERNATIVE FOOD DISTRIBUTION SOLUTIONS



FOR CHILDREN DUE TO THE SCHOOL CLOSURES

SOURCE: WORLD FOOD PROGRAMME (WFP)



Great teamwork brings innovative solutions

Through great teamwork, innovative solutions were rapidly developed around the world so that school feeding programmes could continue to distribute food safely to children. Tetra Pak supported customers and worked with local governments to implement alternative distribution solutions, such as parents collecting milk directly from schools or arranging delivery to students' homes.

In China, to enable online orders without face-to-face handover, milk was delivered to storage cabinets that parents unlock using a password shared by mobile. In Japan, take-away meals were offered at discount prices.

The Peruvian Air Force transported more than 18 tonnes of food to remote schools in the Amazonas, including UHT milk. In India, states provided UHT milk and ingredients for the Mid-Day Meal Scheme to be sent to children's homes instead of being cooked in school kitchens.

Strengthening partner collaboration and sharing best practices

"During the pandemic, we have learned invaluable lessons including the need for increased investments in health, education, and local agriculture development," says Rafael Fábrega, Food for Development Director at Tetra Laval. "We continue to actively work in collaboration

with customers and key stakeholders, both locally and globally, to share innovative solutions and best practices in school feeding programmes around the world."

Despite the challenges caused by the pandemic, school feeding programmes also ensured the entire dairy value chain continued to function. This has been extremely important for many rural communities around the world, as dairy production plays a key role in supporting the livelihoods of small-holder farming communities.

The Tetra Laval Group donated €10 million to pandemic relief

As a response to the COVID-19 pandemic, the Tetra Laval Group decided in 2020 to donate €10 million to various voluntary organisations supporting the health care systems in countries where the Group operates. This initiative was taken to mitigate the effects of the COVID-19 pandemic. While maintaining important measures to ensure the health and safety of its employees, the Tetra Laval Group, with its three industry groups, is fully committed to play its part in ensuring uninterrupted food supplies during these difficult times.

Tetra Pak and Tetra Laval Food for Development help to set up the first Dairy Hubs in Albania

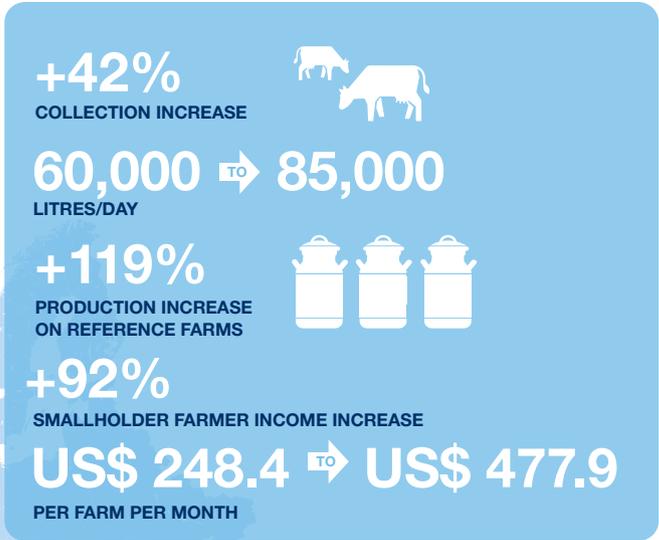
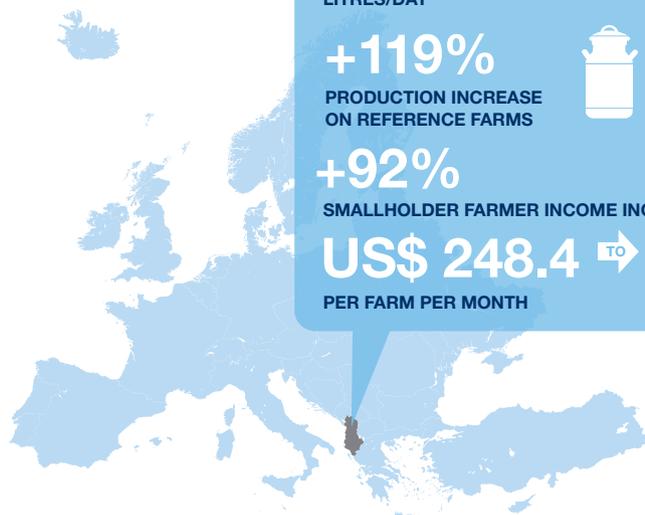
Albania is keen to develop its agricultural sector having low milk production yields per cow and only about half of the milk produced in the country is formally processed. To support this development, Tetra Pak and Tetra Laval Food for Development have launched a three-year technical assistance project with dairy processors Agroal & Global Services, Sh.p.k. (AGS) and Lufra, Sh.p.k. (Lufra) to establish the first Dairy Hubs in Albania. Since loose milk is still being consumed in the market, the project aims to improve milk quality and food safety by linking farmers to a formal dairy value chain. After 16 months, the supply of milk to Lufra has increased by almost 42 per cent, from 60,000 to 85,000 litres per day. Smallholder farmer monthly income has also increased by 92 per cent, from US\$248.4 to US\$477.9 per farm.

According to the International Farm Comparison Network (IFCN), milk in Albania is mainly produced by smallholder farmers and the average dairy farm has 1.7 cows. Annual yields are low with an average of 3 tonnes per cow, which is less than a third of what an average Swedish cow produces. The United Nations Food and Agriculture Organization (FAO) estimates that 45 per cent of local milk consumed is unprocessed, and is often sold as loose milk directly to households. Food safety is an issue as the milk is not safely processed and packaged, spoils quickly and exposes consumers to health risks.

So far, the results are promising. AGS and Lufra have invested in new cooling centres for the collection of milk and have hired extension staff and veterinarians to support the farmers. The supply of milk to the processors is increasing and milk quality is improving. After 16 months, the supply of milk to Lufra has increased by 41.6 per cent, from 60,000 to 85,000 litres per day. In the reference farms supplying AGS, milk production has increased by 119 per cent, from an average of 24.9 to 54.5 litres per farm per day after 7 months of training. Smallholder farmer monthly income has also increased by 92 per cent, from US\$248.4 to US\$477.9 per farm.

3,000 smallholder dairy farmers to be enrolled

The initiative is focused on developing a formal milk collection infrastructure and providing technical assistance to smallholder dairy farmers. By setting up the first dairy hub, more than 3,000 smallholder dairy farmers will be enrolled, with the objective of helping smallholder farmers to increase their income and lift them out of poverty. Through the Tetra Laval Food for Development team's dairy farm specialists, technical assistance is provided to train extension officers (staff of the dairy processors), farmers and school milk stakeholders. All of the milk produced is purchased by dairy processors, which provides a secure income for the farmers and an opportunity to grow and develop their business.

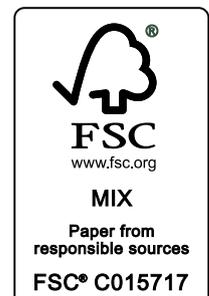


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