

Tetra Pak

Responsible Sourcing of Liquid Packaging Board Procedure

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1. This document supports

[Tetra Pak Environmental Policy](#)

2. Introduction

For the manufacturing of carton packaging, we purchase solely a specialty paperboard product called Liquid Packaging Board (LPB). LPB accounts for over 97% of our global purchase of wood and wood-based materials (others include wooden pallets, machine crates and office papers).

LPB is one of the highest-demanding specifications in papermaking, as it needs to deliver very high stiffness while being lightweight, have excellent printability, and be safe for food-contact applications. Food safety legislation does not currently allow for the use of recycled fibre in the LPB used in our carton packaging. Only a few paperboard producers can match those demands, and we strive to maintain long-term business relations with all producers that can meet our performance criteria, including criteria relating to sustainability performance.

The paperboard content of Tetra Pak cartons is on average 70%. By using wood fibre as our primary raw material, we minimise the need for use of materials based on fossil carbon. The design and production of carton packaging by Tetra Pak aims to maximise the utilisation of renewable materials as part of our 2030 strategy.

The interrelated crises of climate change and nature loss are the greatest environmental concerns of our times and have significant impacts on human rights. Forests play a huge role in storing terrestrial carbon as well as in providing key ecosystem services essential to

humanity. Forests also harbour most of earth's terrestrial biodiversity¹. Preventing the further loss or degradation of forests has a significant role to play in mitigation and adaptation to climate change and halting and reversing nature loss.

Sourcing wood fibre from responsibly managed forests is our way of doing business. It is our way to ensure biodiversity, ecosystem functions and high conservation values (see definition in Section 6) are maintained, and that human rights are respected.

Responsible sourcing is one of the strategic objectives for Tetra Pak, reflected in our Procurement Policy. All LPB suppliers are required to comply with our [Business Code of Business Conduct for Suppliers](#) (the "Supplier Code"). The Supplier Code builds on the UN Global Compact framework and defines our requirements in the areas of human rights, labour standards, occupational health and safety, environmental management, and business ethics. The Supplier Code is part of every LPB supplier's contract. More stringent and specific requirements are in place for our packaging raw materials since we buy these in substantial amounts each year and their sourcing could present significant risks for people and the planet if not managed responsibly.

3. Applicability

This document details responsible sourcing requirements for LPB suppliers beyond those requirements detailed in our Supplier Code.

Tetra Pak requires every supplier of LPB to comply with this procedure, which is attached to every contract signed by both parties. We seek to identify partners and suppliers that are aligned with our commitment to responsible sourcing of LPB. In the case of non-compliance with the requirements of the Procedure, Tetra Pak will work with the supplier to develop and implement an appropriate corrective action plan. Tetra Pak reserves the right to terminate the agreement if the Supplier continues to fail to comply with the requirements.

This Procedure is reviewed as necessary to ensure it continues to be aligned with best practice.

4. Policy

N/A

5. Procedure

Tetra Pak commits to net zero emissions in our own operations by 2030, and to achieve net zero GHG emissions for the entire value chain by 2050. Our [targets are approved by SBTi](#). Furthermore, we commit to no deforestation, and to respecting human rights throughout our value chain, including the rights of workers, indigenous peoples, and local communities and in line with the UN Guiding Principles on Business and Human Rights and as outlined in our [Environmental Policy](#) and [Good Governance Framework](#).

¹ FAO. 2022. The State of the World's Forests 2022. Forest pathways for green recovery and building inclusive, resilient, and sustainable economies. Rome, FAO. <https://doi.org/10.4060/cb9360en>

We have set out the following specific commitments in relation to our sourcing of LPB:

- Wood fibre in the LPB shall not originate from areas where there has been deforestation after 31 December 2020².
- All the wood fibre in our LPB shall come from forests independently certified with a credible third-party certification³ as managed in accordance with the principles of sustainable forest management.
- We shall continue to deliver all carton packaging as certified with a credible third-party certification⁴ and labelled accordingly.
- We shall ensure full traceability of the wood fibre contained in the LPB⁵

5.1. Sustainable Forest Management

For Tetra Pak, the key areas of attention for sustainable forest management are:

- Economic viability including the maintenance of a sustained yield of timber and non-timber products and services.
- Social responsibility including respect for human rights including the rights of workers, indigenous peoples, and local communities. This includes adherence to the principles of Free, Prior and Informed Consent when activities affect indigenous and local communities.
- Environmental sustainability including no deforestation, maintaining the ecological functions of the forests, maintaining High Conservation Values (HCV) and conserving biodiversity.

5.2. Certification

Tetra Pak supports certification of responsible forest management to ensure environmental benefits and social justice, while sustaining viable economic production. Voluntary Sustainability Standards are market-based tools designed to address the most pressing social and environmental challenges of our time. They give people and organisations the power to make an impact; [the ISEAL Alliance](#) sets out credibility principles that define the core values of credible and effective sustainability systems.

The only system for responsible forest management that is ISEAL code-compliant is the [Forest Stewardship Council](#), founded in 1994. We are committed to Forest Stewardship Council™ (FSC™) certification and we believe it is the best available forum for addressing sustainable forest management across the value chain. We are therefore committed to engage in and support the FSC system as an active member.

To facilitate communication to our stakeholders, including our customers and consumers, we have chosen to promote the FSC label. It is our goal to offer on-pack labelling for our carton packaging to all our customers over time, and to actively promote responsible management of

² The deforestation cut-off date 31 Dec 2020 has been updated to match the updated FSC Remedy and Restoration framework, as well as EU regulation on deforestation-free products.

^{3,4} We define credible certification schemes as those that are members of ISEAL and compliant with [ISEAL Code of Good Practice](#). See below section on Certification.

⁵ Defined as at a minimum traceable to the level of primary processor (e.g., to a LPB mill), but preferably to the forest management unit, in line with coming regulatory requirements.

the world's forests. Together with our LPB suppliers we can deliver all our carton packaging as FSC certified and labelled.

5.3. Minimum requirements for LPB wood fibre sourcing

We have set minimum requirements that we require our suppliers to comply with. LPB delivered to Tetra Pak shall not include the following unacceptable sources (adapted from [Controlled Wood Standard of FSC](#)):

- Illegally harvested wood. This includes all wood that has not been harvested in compliance with applicable legislation in the country of harvest⁶.
- Wood harvested in violation of traditional and human rights. This includes wood harvested from areas where activities that affect indigenous and local communities have been conducted without securing Free, Prior and Informed Consent (FPIC).
- Wood harvested from areas where there has been deforestation after 31 Dec 2020.
- Wood harvested from areas in which high conservation values are threatened by management activities.
- Wood from forests in which genetically modified trees are planted.

5.4. Implementation of our requirements

To ensure compliance with the Supplier Code, we have put in place a Responsible Sourcing programme, applicable to all procurement categories. The programme includes the risk mapping of our supplier base, sustainability evaluations using the EcoVadis platform, SMETA on-site or virtual audits conducted by Sedex accredited audit firms, and corrective actions to drive continuous improvement.

Besides our Supplier Code, we require our LPB suppliers:

- To be FSC Chain of Custody (CoC) certified.
- To deliver to Tetra Pak all LPB as at least FSC certified or FSC Controlled Wood (CW) and to include corresponding claims in invoices.
- To provide full traceability for the LPB delivered to us, at the minimum to the level of paper mill, but preferably to the level of forest management unit. Suppliers are required to inform us about changes in their supply chain.

We take several actions to secure that material delivered to suppliers meets our requirements, including:

- FSC CoC certification of our factories producing carton packaging, ensuring traceability from the moment LPB is delivered by our suppliers until the moment we deliver carton packaging to our customers.
- Verification of FSC certification status of our suppliers and the products supplied to us.
- An annual supplier reporting process, where all our suppliers are requested to report information on the paper mill, tree species, certification status and country and area of origin of the wood fibre used in the LPB delivered to Tetra Pak. The suppliers are also asked to declare compliance with applicable legislation.
- Tetra Pak timber legality due diligence system, through which we collect information to document the legal origins of the LPB wood fibre supply, assess the timber legality risks, and take mitigating action where required.

⁶ Where national laws conflict with international human rights standards or other international conventions we seek ways to honour the principles of the latter within the boundaries of the law. We expect the same of our suppliers and business partners.

- Risk assessments embedded in Group Risk management tools, which are part of our corporate governance, including risk mitigation procedures.
- Tetra Pak's supply chain intelligence programme, in which we explore technologies like remote sensing and supply chain traceability and work to identify opportunities to expand our certified volumes.

Tetra Pak will ensure that all employees associated with LPB purchasing are aware of the procedure and its commitments, and that they are given appropriate training to allow its full implementation. Records of our LPB purchasing are kept for a minimum of 5 years.

5.5. Stakeholder dialogue and public reporting

Tetra Pak works with relevant stakeholders to continuously improve this procedure. Our progress in implementing the goals outlined in this procedure is published in our annual sustainability report, which is publicly available. Consultation with affected stakeholders – those at risk of negative impacts – is a critical element in stakeholder dialogue. Tetra Pak seeks to strengthen engagement with affected stakeholders across the value chain.

Tetra Pak actively participates in the following voluntary stakeholder initiatives connected to responsible forest management and certification:

- [Forest Stewardship Council International](#) through active membership participation, which has included a representation in the Board of Directors between 2006 and 2012.
- [CDP](#) full disclosure of our forest risk commodity value chain since 2016, by which we transparently report on forest-related risks and opportunities, as well as our forest and ecosystem restoration commitments.
- [The Consumer Goods Forum](#) has committed to support the New York Declaration on Forests which sets the bold macro goal of cutting natural forest loss globally by half by 2020 and striving to end it by 2030. Tetra Pak is a member of the Consumer Goods Forum.

6. Definitions

Deforestation: Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation. [Source: [Accountability Framework Initiative](#)]

Free, Prior and Informed Consent (FPIC): A collective human right of indigenous peoples and local communities to give and withhold their consent prior to the commencement of any activity that may affect their rights, land, resources, territories, livelihoods, and food security. It is a right exercised through representatives of their own choosing and in a manner consistent with their own customs, values, and norms. [Source: [Accountability Framework Initiative](#)]

High conservation value (HCV): An HCV is a biological, ecological, social, or cultural value of outstanding significance or critical importance. The six HCVs are defined as follows:

HCV 1 - Species diversity: Concentrations of biological diversity including endemic species, and rare, threatened, or endangered species (RTE), that are significant at global, regional, or national levels.

HCV 2 - Landscape-level ecosystems and ecosystem mosaics and IFL: large landscape-level ecosystems, ecosystem mosaics and Intact Forest Landscapes (IFL) that are significant

at global, regional, or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 3 - Ecosystems and habitats: Rare, threatened, or endangered (RTE) ecosystems, habitats or refugia.

HCV 4 - Ecosystem services: Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5 - Community needs: Sites and resources fundamental for satisfying the necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples.

HCV 6 - Cultural values: Sites, resources, habitats, and landscapes of global or national cultural, archaeological, or historical significance, and/or of critical cultural, ecological, economic, or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

[Source: [The HCV Network](#)]

7. Supporting documents

N/A

8. Governance

Each Operating Unit, Corporate Function, Market Area/Company and its Head or Managing Director is fully responsible for implementation and enforcement of this procedure in their respective organisation(s).

The main responsibility for implementation of this procedure lies with the Director of Procurement Paperboard, FSM Base Materials.

All employees must comply with this procedure. Assurance activities such as control self-assessments, process reviews, audits etc. may be conducted to measure compliance with this and any other procedure to manage the related risk.

Any deviations must be approved by the procedure owner, following the Exception Process and reported in the Exception & Explain Item tool.

To raise a concern regarding a violation and an actual or alleged illegal or dishonest activity, see [Whistle Blowing](#).