

FUTURE
[SHAPE THE]

DAIRY FORUM 2018

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PARTNER SESSION



[SECURE]

THE FUTURE WITH
SUSTAINABILITY STRATEGIES
AVAILABLE TODAY

DAIRY FORUM 2018

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Thank You to Our PREMIER PARTNER



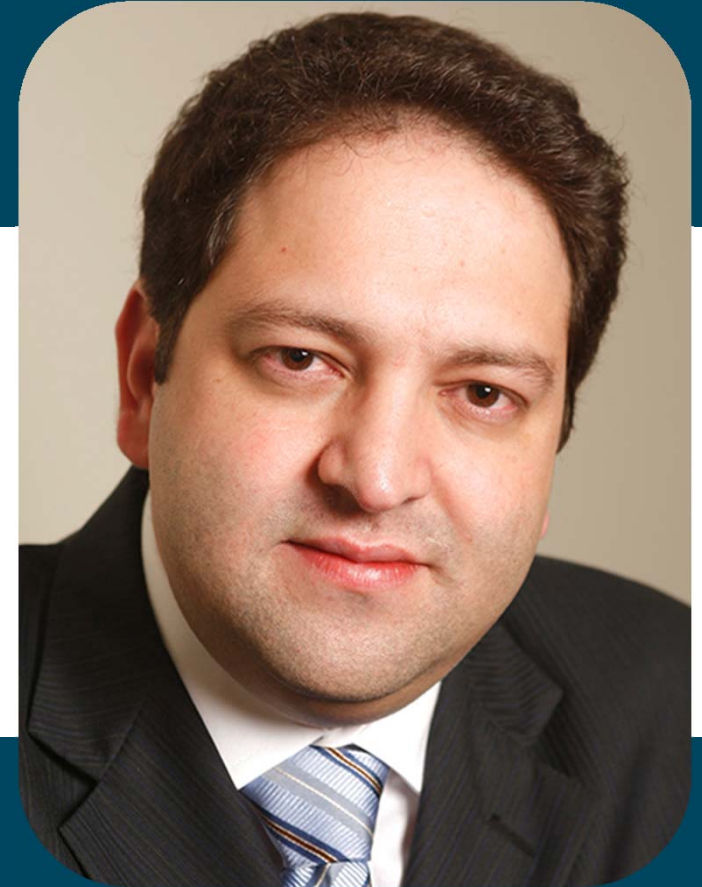
Scott Byrne

Environmental Specialist
Tetra Pak



Pedro Goncalves

Vice President, Marketing
Tetra Pak



[Embrace] the future with smart sustainability strategies

IDFA Dairy Forum 2018





Tetra Pak: Full system supplier

World Leader in Liquid Food Processing and Packaging Solutions



Processing Equipment
Engineering



Packaging,
Filling Equipment,
Distribution Solutions



Services and
Consultancy



Tetra Pak Globally

Present in more than 175 countries across 5 continents

185 billion packs sold in 2016

9,000 filling machines in operation in 2014

42 packaging material plants

11 R&D Centers

Net Sales: 10.9 billion Euros

23,600 employees

9 key trends for Food, Nutrition and Health

ME



EASY LIVING

A longing for simplification & convenience.



HEALTHY BALANCE

Mental & physical well-being, and status among peers.



CHOSEN INDIVIDUALISM

The power to make your own choices and the feeling of uniqueness.

ME AND SOCIETY



ME, US & OUR PLANET

Increasing eco-sensitivity, looking for a greener daily life.



LOCAL POWER

A desire for the local, close and personal in contrast to mass globalization.



TRADE UP TRADE DOWN

Different social classes share the same brands across all segments, and it is socially accepted.

ME AND BRANDS



EXPERIENCE CHASING

Consuming with all the senses, seeking to be surprised, engaged and amused.



HONESTLY SPEAKING

The role of trust has intensified. Desire for honest and safe consumerism.



REAL CONNECTION

Appreciate friendly brand interaction. Seeking opinions & recommendations.



We continue to drive environmental excellence

OBJECTIVES

GOALS



Develop sustainable products



Renewable packaging goals:
100% FSC™-certified paperboard,
A 100% renewable package



Increase recycling



2020 recycling goal:
40% global recycling rate



Reduce environmental footprint across the value chain

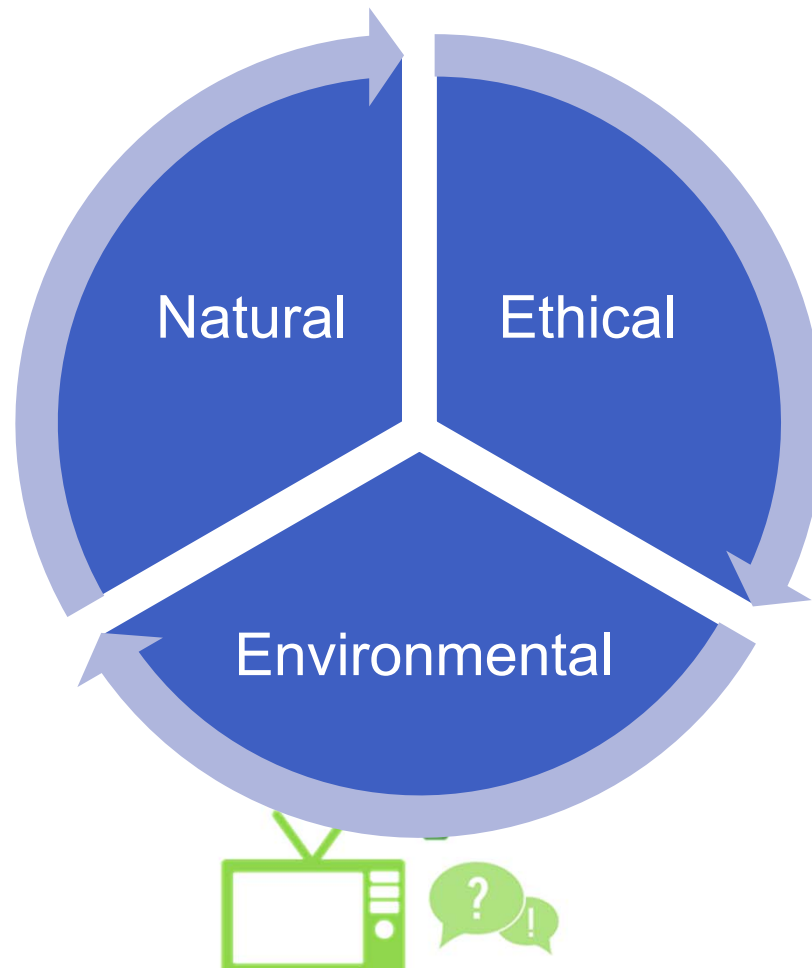


2020 climate goal:
Cap climate impact across value chain at 2010 levels



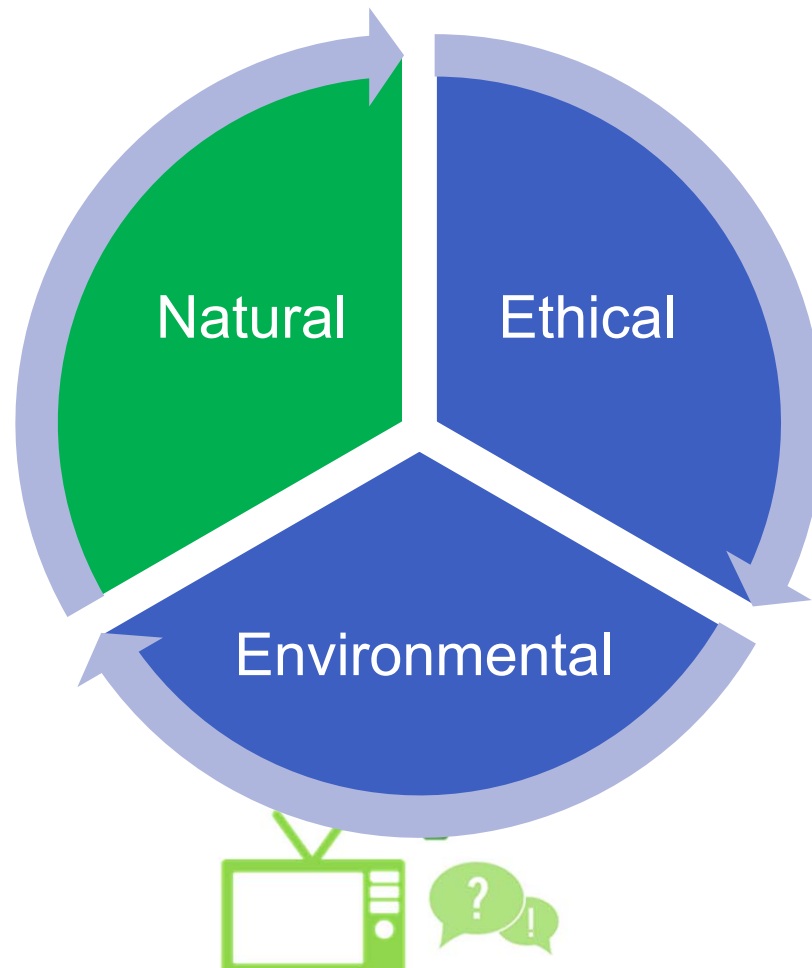


New consumption drivers | sustainability





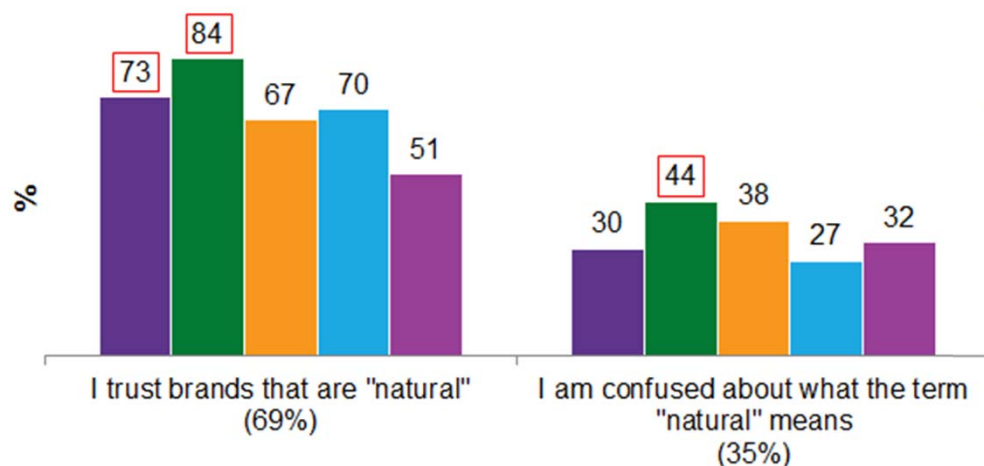
New consumption drivers | sustainability





For younger generations, natural means trustworthy ... but natural isn't well defined

NATURAL CONSUMERS' ATTITUDES ABOUT TRUST AND KNOWLEDGE, BY AGE, APRIL 2017



(among Natural Consumers) ■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54* ■ 55+

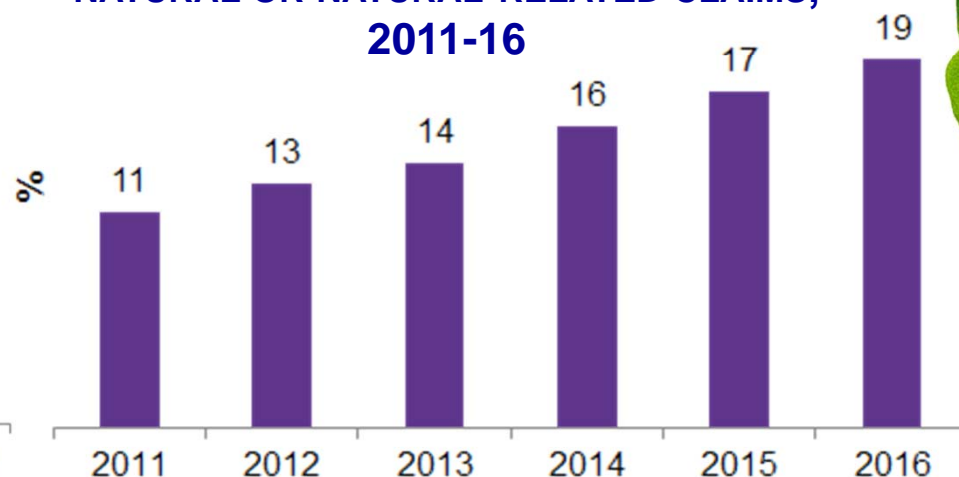
"How much do you agree or disagree with the following statements?" [Any Agree]

Base: 723 internet users aged 18+ who are Natural Consumers

*small sample, <100

Source: Lightspeed/Mintel

SHARE OF NEW PRODUCT LAUNCHES WITH NATURAL OR NATURAL-RELATED CLAIMS, 2011-16



Note: Natural claims include: no additives/preservatives, botanical/herbal, organic, GMO-Free, all natural product, wholegrain, aromatherapy.

Source: Mintel GNPD

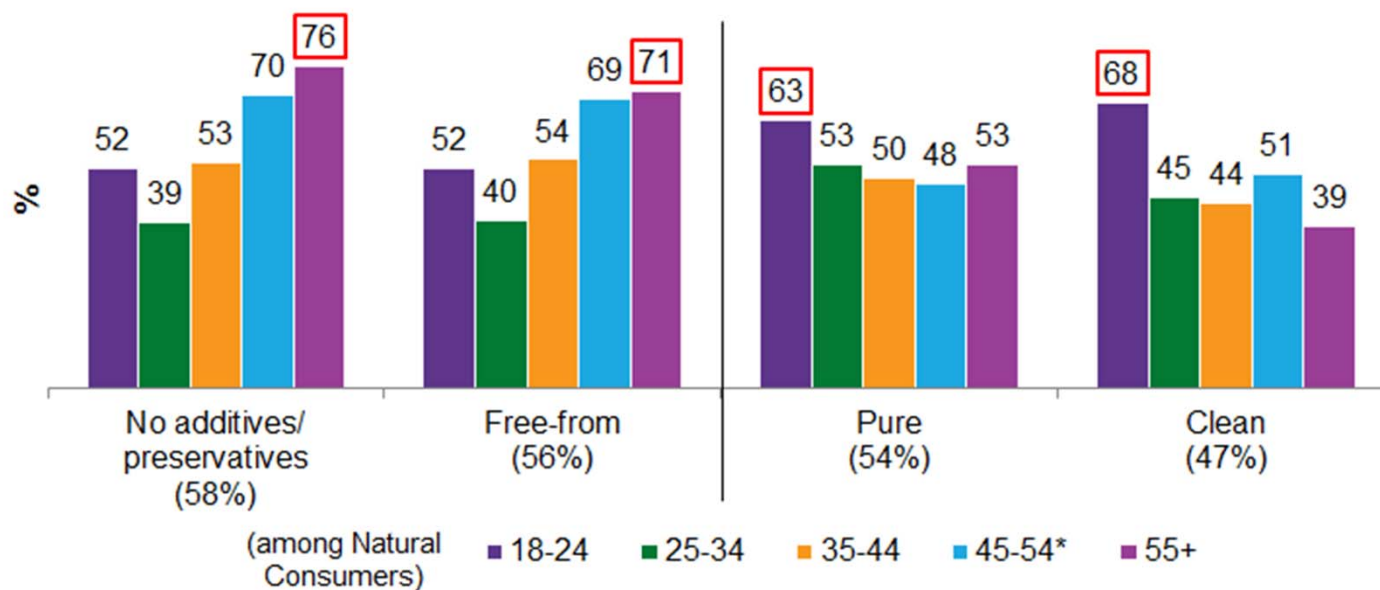
Note: Calculated as an average of adults aged 18+

Source: NCHS, NATIONAL HEALTH INTERVIEW SURVEY, 2015, FAMILY CORE COMPONENT/MINTEL



“Natural” has a different meaning for different generations

Industry has the opportunity to join the conversation



“Which of the following describes what ‘natural’ means to you? Please select all that apply.”

Base: 723 internet users aged 18+ who are Natural Consumers

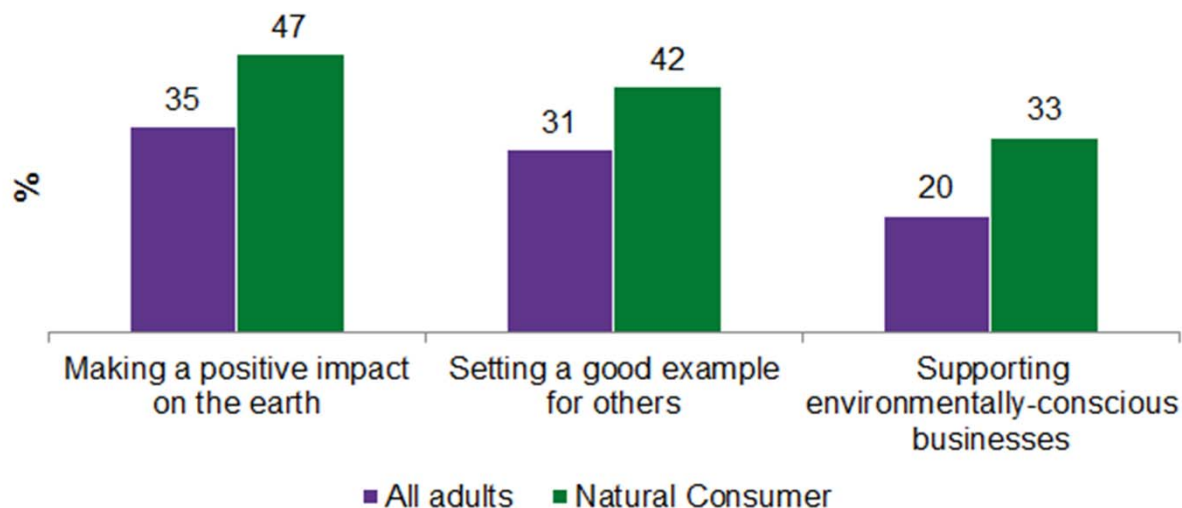
*small sample, <100

Source: Lightspeed/Mintel



Environmental-friendliness matters to Natural Consumers

NATURAL LIFESTYLE MOTIVATORS – SELECT ITEMS, BY ALL AND NATURAL CONSUMERS, APRIL 2017



While Natural Consumers are primarily motivated to live a natural lifestyle to improve their health and to feel better, they are also concerned with the environmental implications of their lifestyle choices.



"What motivates you, or would motivate you, to live a more 'natural' lifestyle? Please select all that apply."

Base: 2,000 internet users aged 18+ / 723 internet users aged 18+ who are Natural Consumers

Source: Lightspeed/Mintel



Consumers increasingly support brands that are reflective of their values

So, let's tell our story!



green

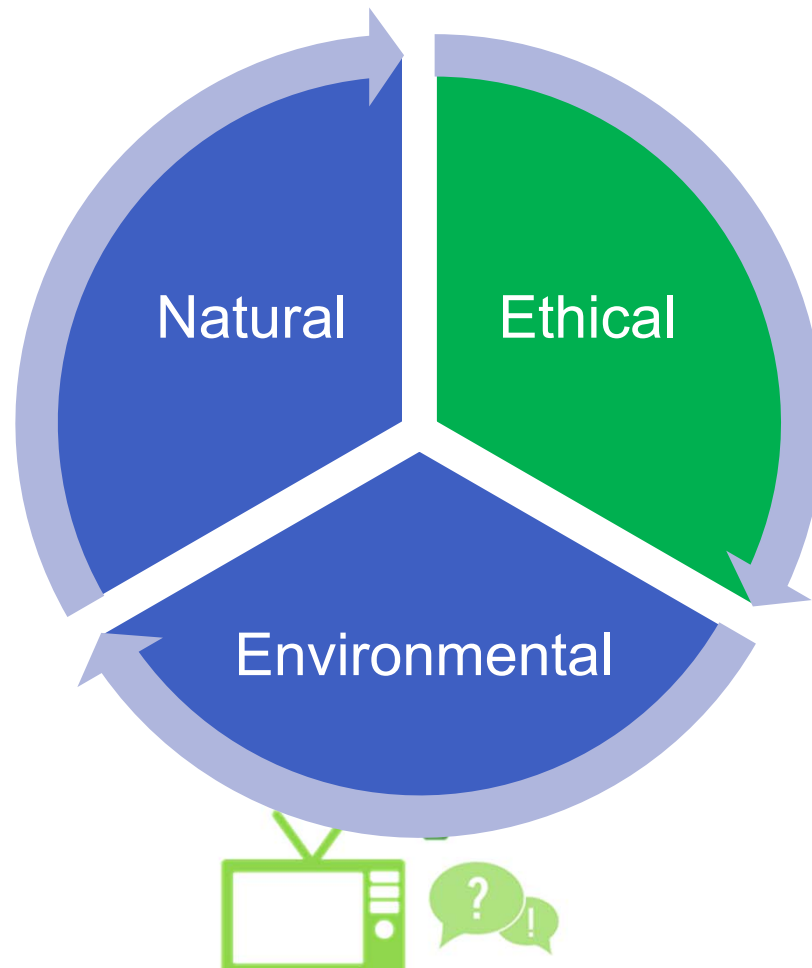
- ✓ 58%
Say that their loyalty to food and beverage products is impacted by that brand's engagement with environmental causes*
- ✓ 55%
Will pay extra for products and services from companies committed to positive social and environmental impact**
- ✓ 52%
Made at least one purchase in the past six months from one or more socially responsible companies**

* RDI for Carton Council US December 2015

** Nielsen Global Survey of Corporate Social Responsibility, Q1 2014



New consumption drivers | sustainability





Consumers care,
but sacrifice is a
long-shot—but they
expect companies
to do it

Millennials value
corporate initiatives
and support their
communities

Millennials are
particularly
interested in
companies that
have pledged to
support social
causes



Ethical brands

Consumers don't need to spend time or money being ethical when the Ethical brand can do it on their behalf.

69%

of consumers say they support a charity/non-profit because it makes them feel like a better person

[Attitudes toward Charities and Non-profits - US, October 2016](#)

57%

of consumers say they prefer to use the services of companies that give something back to society

[Green, Ethical and Socially Responsible Finance - UK, November 2015](#)

43%

say that companies that partner with charities/nonprofits are making a positive impact on people's lives

[Attitudes toward Charities and Non-profits - US, October 2016](#)

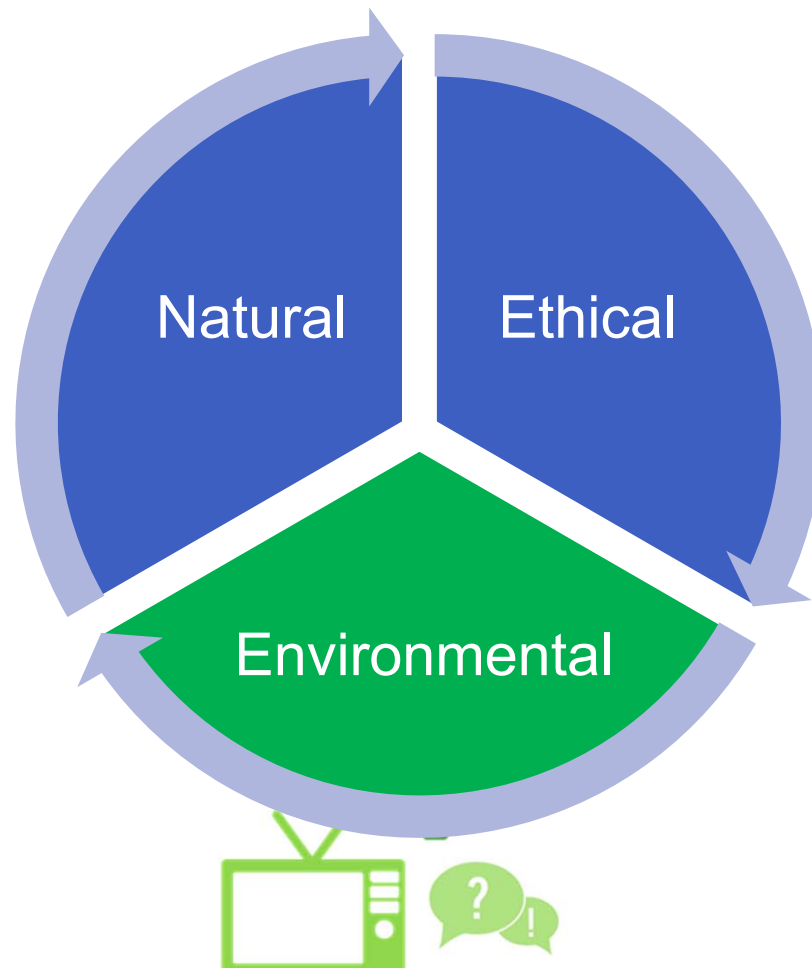
16%

of Millennial women look for cruelty free products when purchasing beauty products

[The Millennial Beauty Consumer - US, February 2017](#)

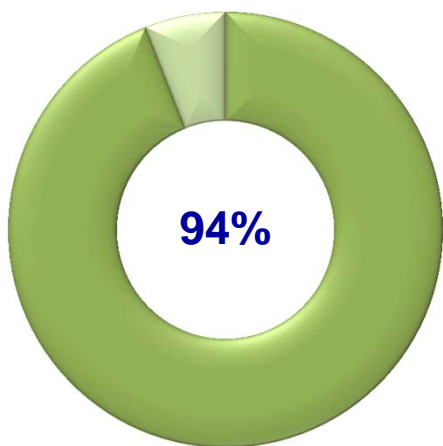


New consumption drivers | sustainability

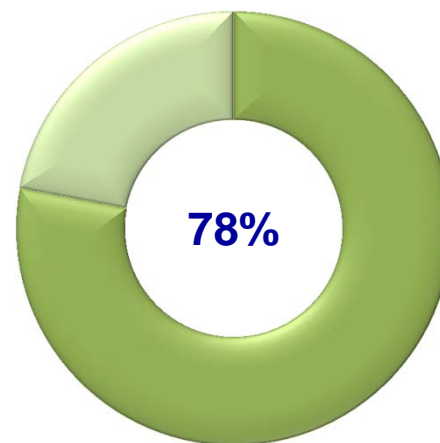




Consumers want to recycle



of consumers
report they want
to recycle



of consumers value
recycling, and report
“recyclable” or “recycled”
are their most favored
green terms

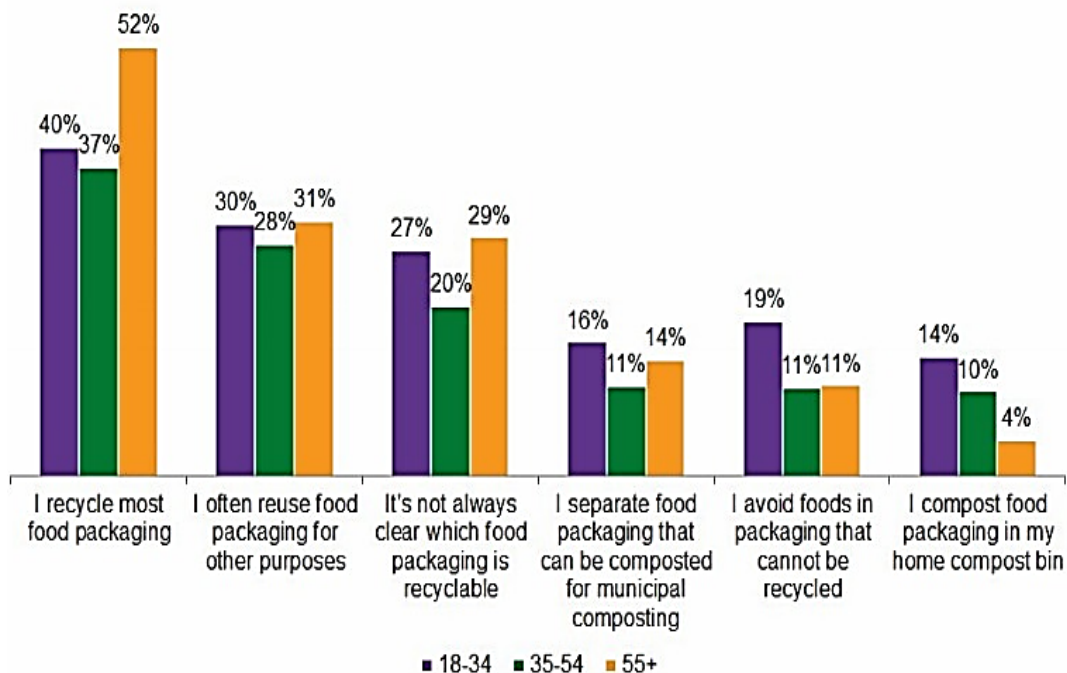
Source: therecyclingpartnership.com, 2016



Younger consumers less likely to recycle food packaging & more confused about which packaging is recyclable



Which, if any, of the following statements regarding food packaging do you agree with?





“Green” matters to retailers, making environmentally sound products a competitive advantage



Sustainability Playbook
(October 2016)

Priorities



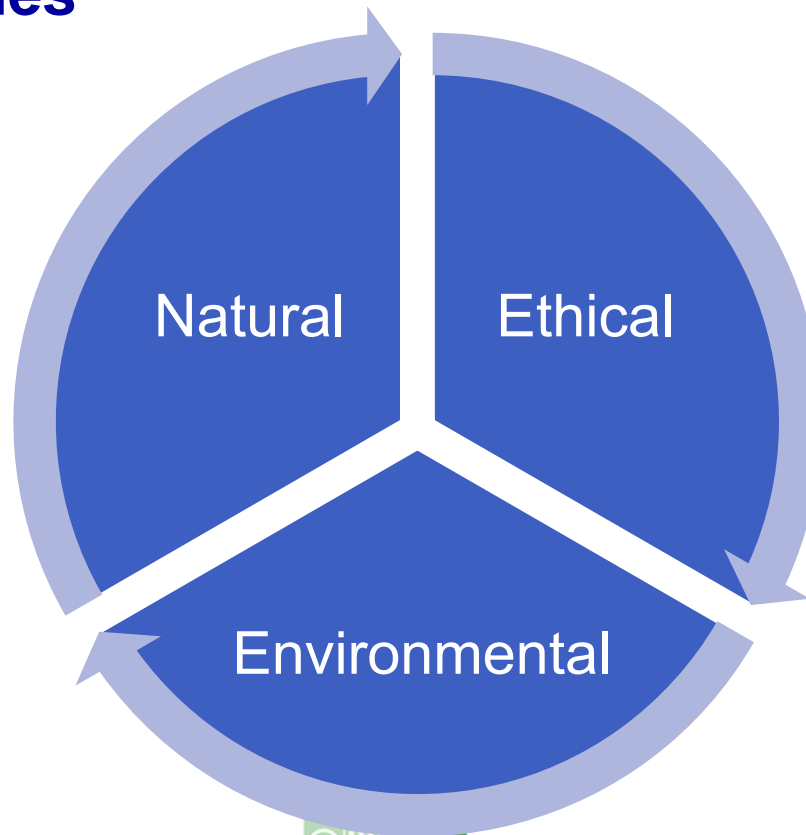
- ▶ 70% have purchased an environmentally friendly product, even if it costs more
- ▶ 66% have avoided a particular product or brand for environmental reasons





Opportunities

- Strong trend
- Space to tell your story
- Less ingredients the better



- Consumers are willing to pay to outsource peace of mind

- Already a consumer expectation





Sustainability helps protect the environment

However, it is also a critical business driver



Environmental
Performance

Sustainable growth

Value creator



Turning green into gold



Savings in environment fees / taxes

- ✓ Lightweight
- ✓ Low recycling fee (Canada)
- ✓ Exempt of CRV /bottle bills (USA)

= lower financial costs, risk management

Savings in operational aspects

- ✓ Lowering water and energy consumption
- ✓ Limiting waste

= lower operational cost

Savings in logistics and distribution

- ✓ Pallet efficiency
- ✓ Ambient distribution

= lower distribution costs

Additional sales, premium pricing, marketing

- ✓ Environmentally friendly
- ✓ Environmental innovations

= revenue generation, higher brand equity

Consumer preference

- ✓ Environmental reputation
- ✓ Strong network with Key Opinion Leaders

= risk management, higher brand equity

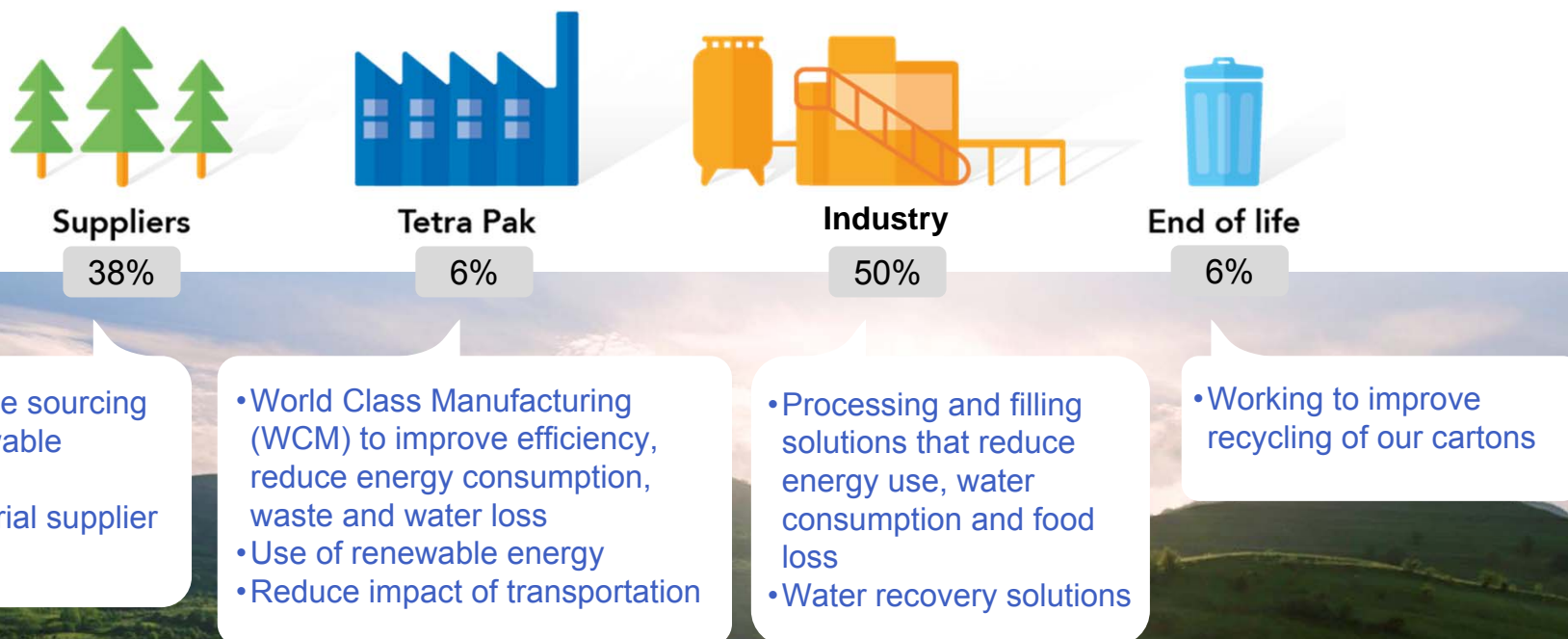
**smart
sustainability
strategies**

Industry





Minimizing environmental impact across the value chain





Environmental footprint is closely linked to cost

ENVIRONMENT

DRIVERS

- Brand reputation
- Retailer demands
- Legal requirements



- Energy efficiency
- Carbon footprint
- Water efficiency
- Effluents (COD)

**Energy
Water
Waste**

- Product cost
- Utility cost







DRIVERS

- Production efficiency
- Operational cost
- Total cost of ownership

ECONOMY



Environmental matrix

	 ENERGY	 WATER	 ELECTRICITY	 WASTE
Prevention	PHE, THE and One Step VTIS: Aseptic Hibernation Vacuum skid Aldose, Alfast and TPHSM	Rotary spray ball Flow control in CIP Eco cooling and Eco Vacuum	Alex: HD and cooling control Vacuum skid Separator: Air Tight High performance pumps	Filling accuracy New balance tank Pigging system Separator: DRS
Recovery	Regeneration PHE and THE VTIS: Aseptic hibernation	Filtration systems: cow and white water and CIP Pumps and Homo: cooling water WFS*: water filtration skid	VTIS: Aseptic Hibernation	Filtration systems: white water Aquarius: MBR Membrane
Control Management	Utilities control management Environmental model Automation Master Plan **	Utilities control management Environmental model Automation Master Plan **	Utilities control management Environmental model Automation Master Plan **	Utilities control management Environmental model Automation Master Plan **
Consultancy	Environmental Assessment Expert services* TCO consultancy	Environmental Assessment Expert services* TCO consultancy	Environmental Assessment Expert services* TCO consultancy	Environmental Assessment Expert services* TCO consultancy
KPI	Kcal or mJ / liter of product	Liters of water/ Liter of product	kW or mJ/liter of product	L of final product /raw material



Prevent media usage

Savings in CIP using SaniMidjet devices in tank cleaning

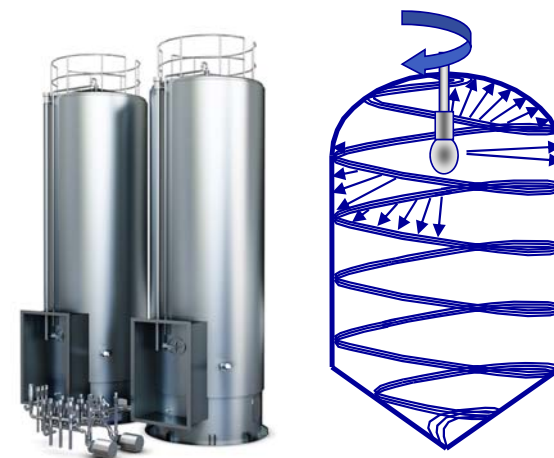
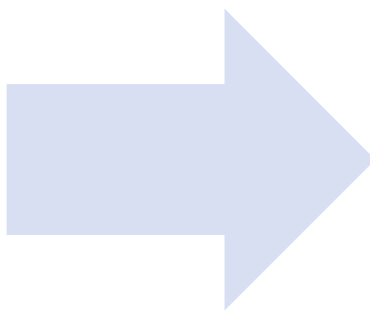


Water and Chemicals

- Up to 30% lower flow rate
- Up to 20% less chemicals

Energy and CIP TIME

- Up to 20% reduction



Water economy: 240,000 gal/year
Availability increase: 40 hours/year

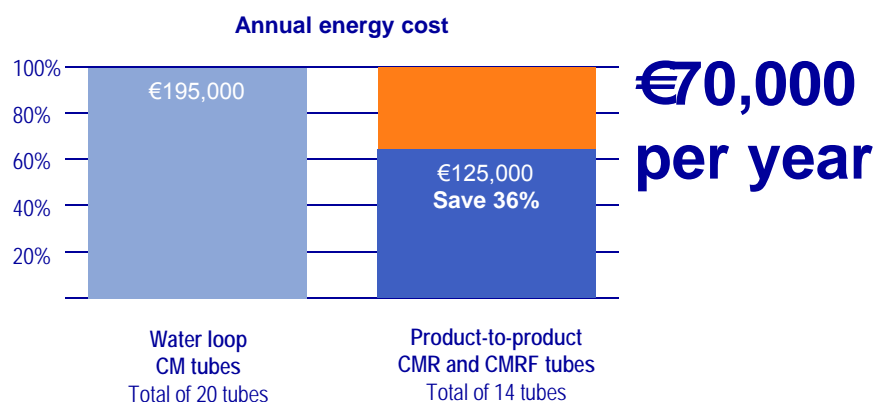
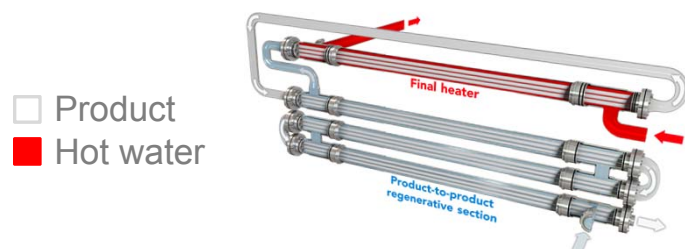
CIP Flow: 110 gpm
CIP time reduction: 10-15min/CIP

**Comparing with static spray ball

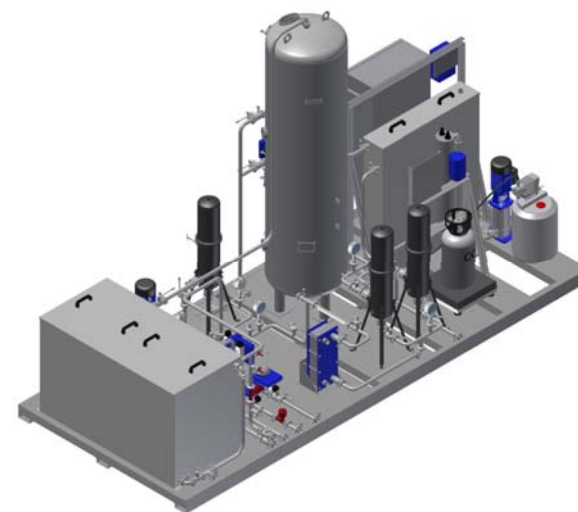


Recovering water & energy

Product-to-product regeneration



Water recovery filtration unit for packaging solutions



Total savings ~ 65m³/day

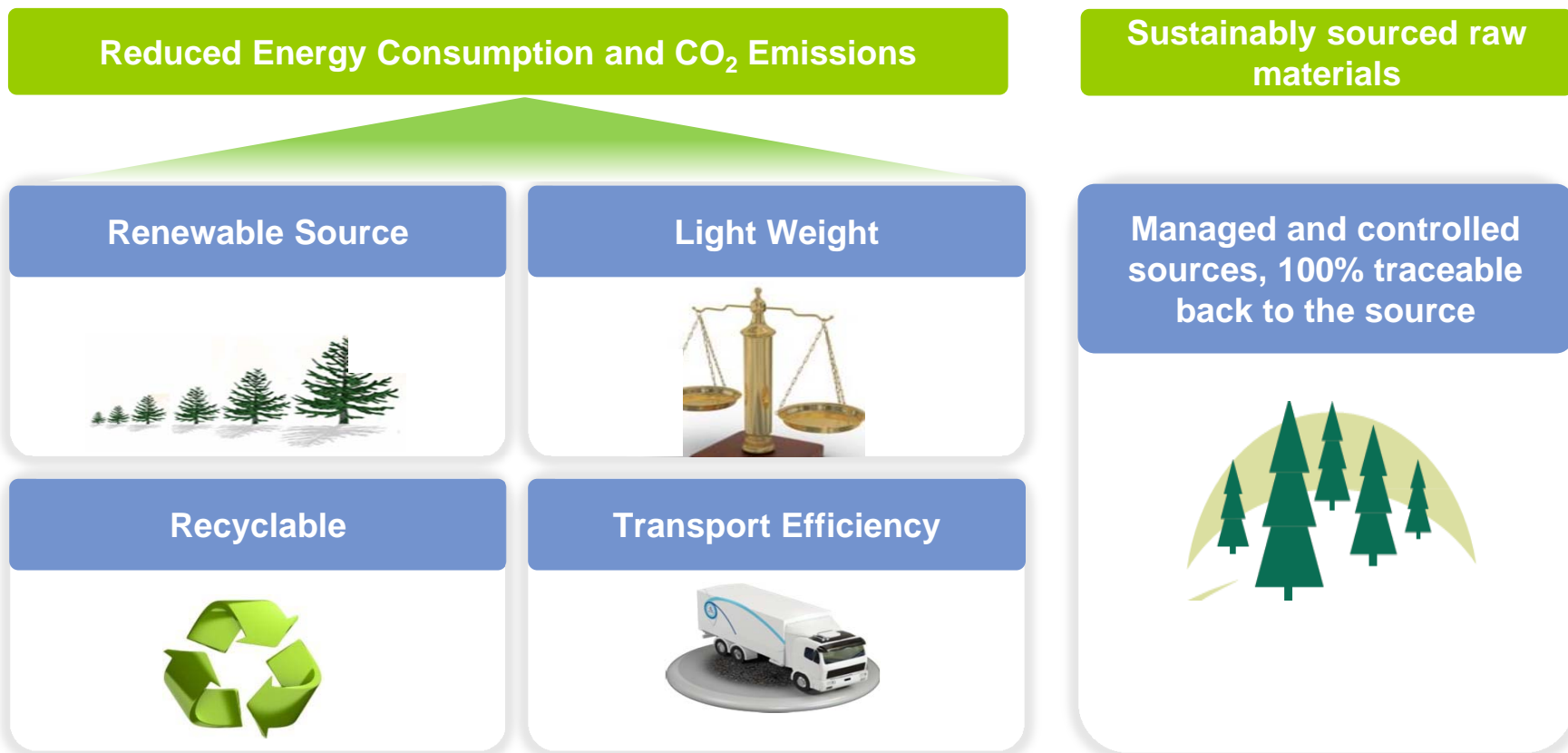
**smart
sustainability
strategies**

Consumer





Holistic view on environmental demands





Utilizing an internationally recognized certification

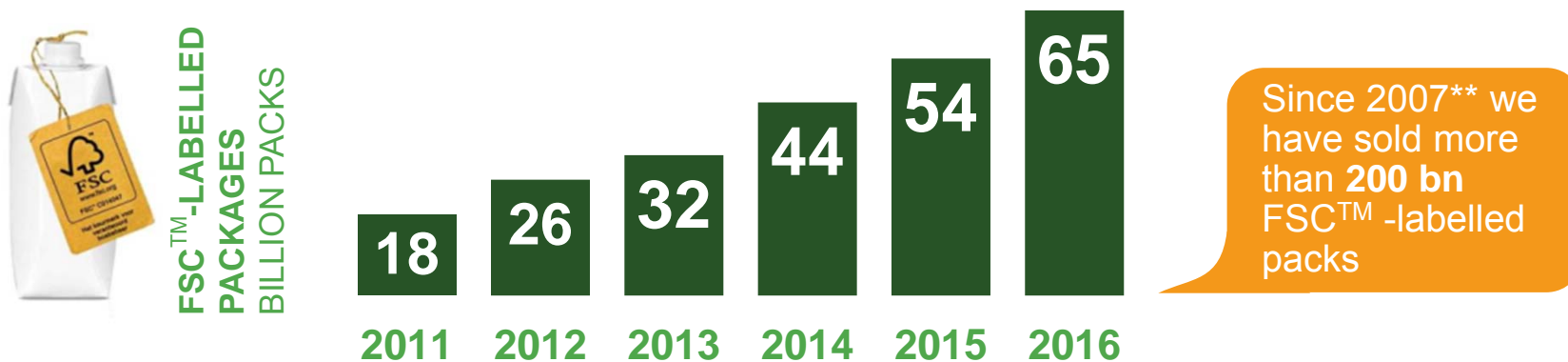
Forest Stewardship Council - A certification with a competitive edge





Seeing continued growth and value creation

Our FSC™ progress



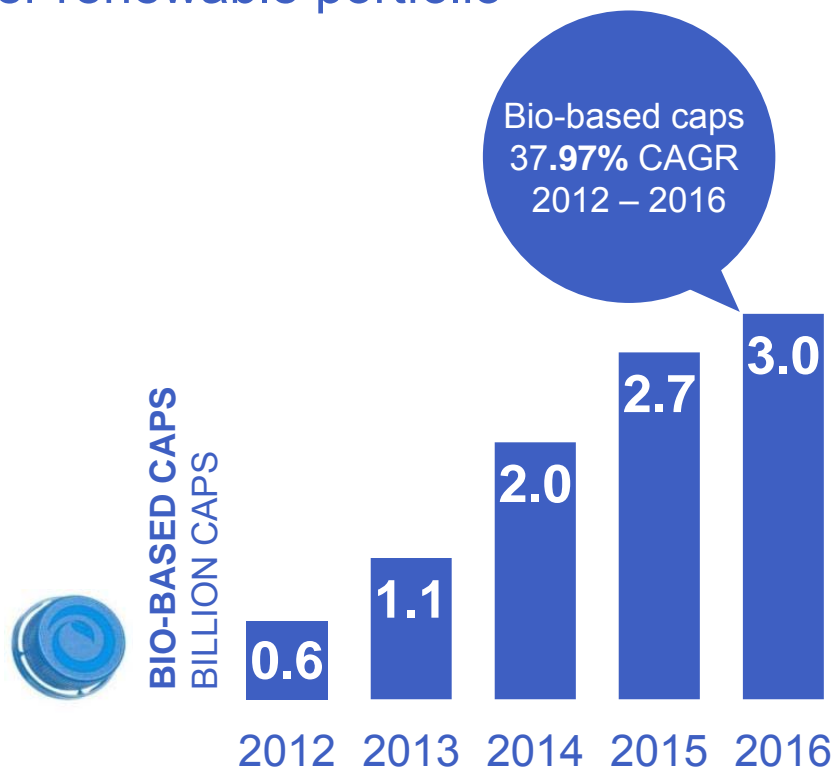
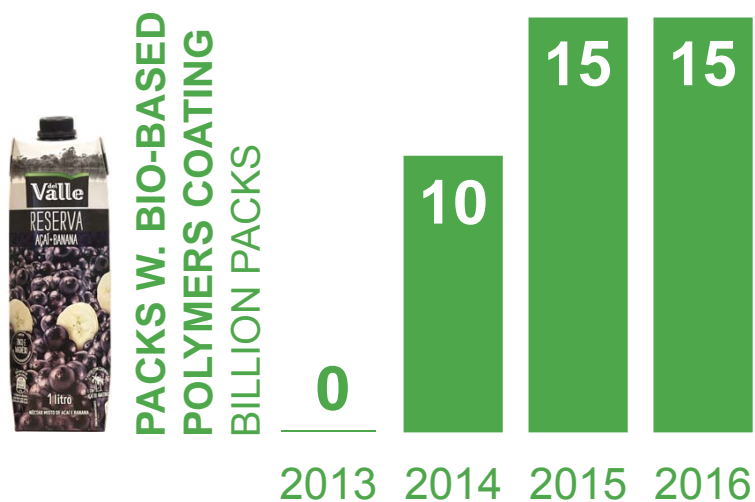
*CoC certified: Chain of Custody, both Converting Factories and Market Companies that sell the products need to be certified

** 2007 was the first year we sold FSC™ labelled packs



Use of bio-based polymers rises further

Supporting our drive for a stronger renewable portfolio





On-pack messages: your opportunity to connect with consumers and reinforce brand value

52% Check product packaging to ensure sustainable impact

1



Driving action – the package is the first place consumers look to see if a package is recyclable

2



Ensuring awareness that package material is sustainably sourced

3



Driving understanding of the package's environmental profile

Proven cases

Consumer





GMO-free to become a “must-be”?



Hochland Smoked Gouda Cheese: made with Polish milk, and free from GMO

Cheese brands and retailers are increasingly promoting their use of GMO-free feed in dairy. Among European cheese users, between half and two-thirds would be put off eating cheese if they knew it contained genetically modified organisms. GMO-free claims are a quality differentiator between non-organic cheese brands.

In the 12 months to November 2017, 25% of cheeses launched in Austria claimed to be free from GMO, 15% in Germany and 8% in the US.

Base: Internet users who have eaten cheese in the last three months (France: 1,916; Germany: 1,916; Italy 1,938; Spain 1,931; Poland 1,973)

Source: Lightspeed/Mintel



Caring for animals

Companies are starting to use “seals” and third-party certification to guarantee better animal welfare to consumers. Recent initiatives go far beyond animal feed - e.g., grass fed - and free roaming.

In the US, for example, Organic Valley, has put fitness trackers on their cows. In Germany, De Öko Melkburen are giving dairy cows three months off to take care of their calves. The offspring are allowed to frolic in a "kindergarten."

Animal welfare is likely to weigh more in consumers' decision process. Already, 52% of UK consumers claim that a yogurt with a guarantee of high animal welfare would be worth paying more for.



"From cows that have been organically fed and allowed to roam free"

Mintel



Fully renewable pack

Bio-based package targeting consumers who want sustainable products



Tetra Rex® Bio-based
Bio-based Cap OSO 34

Launched July 2017 in Italy, Lattebusche was the first regional brand to adopt the Tetra Rex® Bio-Based packaging and all the paperboard used comes from FSC-certified and controlled sources.

This aligned with the emerging natural and bio trend and reinforced the brand's value proposition of high-quality and environmentally sustainable products.



Recycled wear



63%

of consumers agree
that ethical issues are
becoming more
important

[The Ethical Consumer](#)
[- US, July 2015](#)

December 2016

US-based Patagonia has launched a new
line of recycled clothing made of 100%
reused wool and polyester.



Common ground:

Package's environmental profile is a strong part of their products and brands





The first truly 'Organic Milk' in Vietnam

No hormones, No antibiotics, No insecticides



TBA 1000 S,
Light Cap 24

Launched April 2017 in Vietnam, Vinamilk was the first organic milk in Vietnam that achieved the European standard and the first cow farm that was certified by Control Union as Organic.

With rising concerns about the quality of local milk production, certification to European standards gave consumers an assurances about the quality of the product.



I Dough, I Dough



32%

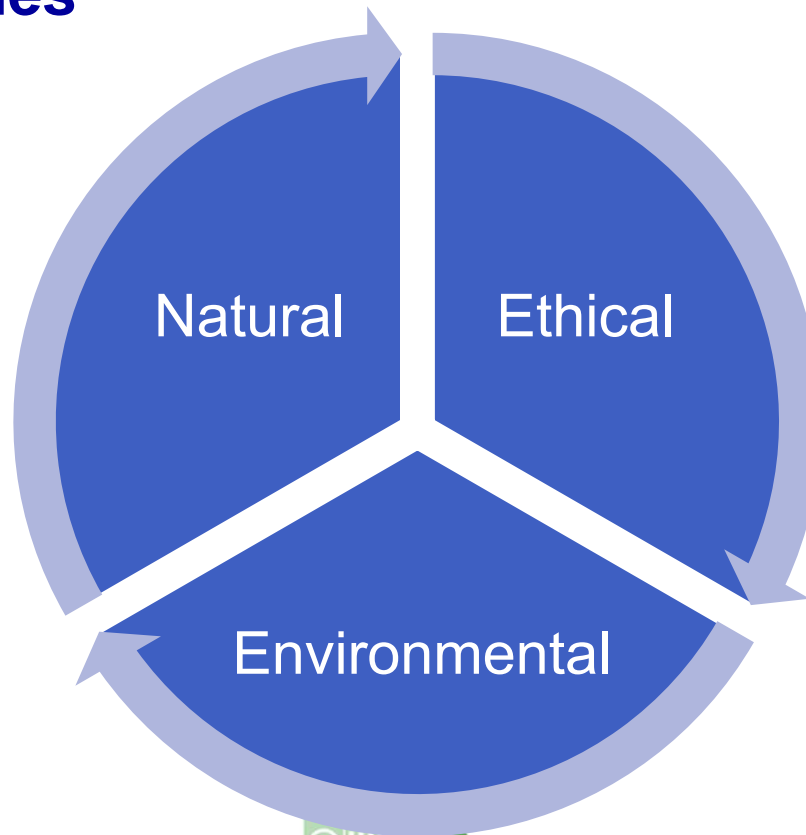
of internet users in Brazil
say they prefer to buy from
brands that are involved
with social causes
[Marketing to Millennials -
Brazil, January 2017](#)

**In Rio de Janeiro and São Paulo, Ben & Jerry's
new campaign will be donating funds to
support LGBT individuals while encouraging
debate about Carnival and gender.**



Opportunities

- Strong trend
- Space to tell your story
- Less ingredients the better



- Consumers are willing to pay to outsource peace of mind

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