



**Alto Packaging
2011 UNGC Communication on Progress**

July 2010 to June 2011

CEO Statement:

Secretary-General
United Nations
New York, NY 10017
USA



inspiring excellence

PO Box 6265
South Yarra
Victoria 3141
Australia

6th December 2011

Dear Mr Secretary-General,

I am pleased to confirm that Alto continues to support the ten principles of the Global Compact in respect to human rights, labour rights, the environment and anticorruption. We recognise that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts in implementing the ten principles.

With this communication, we express our intent to continue supporting and advancing these principles within our sphere of influence. We continue to commit to making the Global Compact and its principles part of our corporate responsibility programme – Alto Living Excellence. This programme focuses on growing our business responsibly, preserving nature and supporting people including the Alto Team and the communities in which we operate.

We continue to commit to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and undertake to make a clear statement – to our employees, partners, customers and to the public – of this commitment.

Sincerely yours,

Raphael Geminder
Chairman

1. Human Rights

Assessment, policy and goals

Alto's Living Excellence corporate responsibility programme has a focus on people and includes considering cultural diversity and equal opportunity.

Alto seeks to uphold universal human rights including accessibility, discrimination and labour rights, across all our sites in line with the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990. This is reinforced through our commitment to the United Nations Global Compact.

Alto believes that all employees should be treated with respect and fairness. The provision of fair and equitable workplaces is a legal and moral obligation.

Our company has an Equal Employment Opportunity (EEO) Policy which can be viewed at www.alto.co.nz/eeopolicy. This policy states that discrimination, harassment, victimisation and bullying will not be tolerated within our company. We also have a Code of Conduct which requires the fair and equitable treatment of all employees, contractors and customers, and establishes the responsibilities of all employees in this regard.

Implementation

Our Human Resources' team is responsible for protecting human rights in conjunction with our line managers.

Alto has an Equal Employment Opportunity Awareness Campaign which involves training all staff in the areas of legal compliance and policy breaches and advises our people on taking action and seeking action about issues relating to equal opportunity. The programme is run at a site level on an annual basis.

Suggestion boxes are available at all sites so that any issues can be raised confidentially and followed up by site managers as appropriate.

Measurement of outcomes

No prosecutions relating to equal opportunity have been recorded against Alto for the period covered by this report.

Any incident involving a human rights violation would be addressed by site management and our Human Resources team.

2. Labour

Assessment, policy and goals

Alto is committed to the principles of fair and equitable labour relations and has a range of diversity in our teams, sites and operations.

The rights to freedom of association and collective bargaining are upheld in all our Australian and New Zealand operations. No person may influence an individual because they are or are not part of a union. In New Zealand, approximately 65 percent of our permanent workforce is covered by a collective agreement and in Australia 78 per cent is covered.

Contractual agreements observe statutory minimums in relation to termination and redundancy, and often exceed such provisions.

We are committed to providing all employees and potential employees with fair access to employment-related opportunities. Decisions regarding recruitment, training, promotion, redundancies and retention of staff are based on merit.

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Suggestion boxes are available at all sites so that any issues can be raised confidentially and followed up by site managers as appropriate. We also undertake annual staff surveys where staff can have their say on workplace satisfaction. Survey responses are used to fine-tune workplace leadership, communication, performance recognition, ethics and safety in the workplace.

One of the focuses of Alto's Living Excellence corporate responsibility programme is on workplace safety and awareness. Alto is committed to operating in a safe and efficient manner to protect the welfare of all employees, contractors and visitors to our operations. We recognise that health and safety is a priority for all employees and requires a combined effort across the whole business. We work together to create a safety culture which maintains safe workplaces and safe working environments, and are committed to eliminating incidents that result in injury or occupational illness through processes of training, monitoring and corrective actions. Our Health and Safety Policy can be viewed at www.alto.co.nz/healthandsafetypolicy.

In order to control risk, each Alto site is required to maintain a comprehensive and integrated Safety Management System which is audited annually. This system must be accessible to all employees. It describes the site's safety objectives and the systems, processes and procedures used to achieve them. The audit results are an Executive Key Performance

Indicator which reinforces safety performance as a critical responsibility. Our Safety Management System requires all injuries to be reported as they occur. This includes injuries that result in time away from work or medical treatment. We continue to drive improved reporting through safety education (including toolbox talks), training and audit processes.

Each Alto site has a committee consisting of both management and employee representatives where safety is regularly discussed and reviewed.

Through PPC Worldwide and EAP Works, we provide an Employee Assistance Programme to give our staff and immediate family members access to counselling and support services. Counsellors are all professionally qualified psychologists or social workers who provide services throughout Australia and New Zealand. The programme provides a mechanism for practical assistance where personal or work related issues arise including relationship and family concerns, work life balance, depression, stress, crisis support and out-placement services and dealing with workplace change. The programme is confidential, non-judgmental and independent.

Twice a year, monthly employees participate in the performance review process. This is designed to allow our people to set goals, measure performance and provide feedback. Employees and their managers use this to establish and measure indicators of employee performance and development. These reviews also allow our people to raise any concerns and to discuss topics such as career aspirations and development needs.

Measurement of outcomes

A staff survey was undertaken in April and May 2011.

A Safety Awareness Week was held for New Zealand sites in August 2010 and in Australia in October 2010. This focused on electrical safety and forklift safety as well as safety at home. In April 2011 an Employee Health and Wellbeing Week was held for New Zealand sites. This discussed drugs, alcohol and smoking as well as promoting our Employee Assistance Programme. A Health & Well-being programme will be rolled out to Australia in 2012.

Over the year our Safety Management System was reviewed and sites were all audited using our new safety management tool. The purpose of the review was to continue pushing for improvements in health and safety across our business.

3. Environment

Assessment, policy and goals

Alto's corporate responsibility programme includes Living Excellence in Nature.

We are committed to promoting sound environmental management practices to ensure that our activities, products and services enhance both the environment and the communities in which we operate. We focus particularly on reducing waste, minimising the life cycle of our products, conserving energy and preventing pollution.

This is in line with our environmental policy which can be viewed at www.alto.co.nz/environmentalpolicy.

Implementation

Our sites operate under an environmental management system (EMS) based on the international standard ISO14001:2004 system. Every year sites are audited against the requirements of this system and the results are an Executive Key Performance Indicator.

Each year sites set objectives and targets to focus on reducing our environmental impact. These consider factors such as reducing energy and water consumption and lowering greenhouse gas emissions.

An important part of our Living Excellence Programme is ensuring that all members of the Alto team are committed to improving environmental performance. To assist our team we have implemented training on subjects relating to the environment such as environmental management systems, legal requirements, spills and stormwater management. We also ensure that information is shared across our company on progress at sites and also the positive actions that sites are taking to improve their environmental performance.

Results of audits and information on sites' progress on meeting key eco-efficiency targets are communicated to all staff through our quarterly environmental scorecard. We also have company-wide newsletters that share information on environmental actions being undertaken at sites. As a result of the Living Excellence employee survey this information will also be shared through our quarterly staff updates.

We hold environmental awareness weeks across all our sites in Australia and New Zealand on key environmental issues and initiatives. Awareness weeks generally involve staff taking part in toolbox talks which give information on how the topic affects them both at home and at work and actions they can take to improve their environment. Competitions are held and prizes are available.

Climate change is the biggest global challenge of the 21st century and is as much a socio-economic issue as it is an environmental issue. Australia and New Zealand are both at risk of climate change impacts and have a big role to play in the global action to mitigate these risks. Alto supports the introduction of a price on carbon. Whilst a price on carbon has been introduced in New Zealand, there is still much political debate around climate change policy in Australia and therefore regulatory uncertainty. Even so, Alto is still committed to reducing our Scope 1 and 2 greenhouse gas emissions by 20% below F08 levels by 2020.

As the majority of our greenhouse gas emissions are due to our stationary electricity consumption we have developed an Energy Efficiency and Reduction Programme.

Environmental factors are an important factor in the purchasing and leasing of company vehicles. Our vehicle policy states that vehicles which use alternative fuels to petrol and reduce carbon emissions are preferred, and we are actively migrating our older vehicles onto 'greener' alternatives at the expiry of their lease agreements.

Understanding our waste streams and using resources efficiently is very important at Alto. We are committed to minimising waste generation and using raw materials responsibly. Within our plants we run our machinery efficiently to reduce the amount of waste. We also focus on the collection, re-use and recycling of packaging to divert waste from landfill and re-use of existing resources.

Life Cycle Assessment (LCA) is an internationally recognised approach to assessing the environmental impact of products and services across all phases of their life cycle. Environmental impacts can include greenhouse gas emissions, energy and water consumption, waste generation and smog generation. Alto has utilised the services of sustainable packaging consultancy, SustainaPac to perform life cycle assessments (LCAs) on some of our key packaging products. LCAs help Alto's designers and customers to identify specific areas on which to focus to reduce the environmental impacts of a package. SustainaPac have licences for PIQET and SimaPro to do quick or complex assessments of the carbon footprints of packaging. These services can assist our customers to determine how best to reduce environmental impacts of packaging, measure progress on reducing impacts and identify green marketing opportunities.

Key Alto designers have undertaken sustainable packaging design training delivered by the Sustainable Packaging Alliance. They also have user access to PIQET, a quick, online tool which uses standard industry life cycle assessment data to compare the environmental impact of different packaging.

The New Zealand Packaging Accord ended in 2009 and Alto has been supportive of the New Zealand Packaging Council in development of a new Packaging Product Stewardship Scheme with the goal to reduce the whole-of-life environmental impacts of packaging in New Zealand. The scheme was launched on 20 April 2010 and is a voluntary agreement to meet the requirements of the Waste Minimisation Act 2010 New Zealand. Alto is a member of the voluntary scheme and reported on progress in October 2011. The scheme requires members to adopt the Code of Practice for Packaging Design, Education and Procurement which focuses on the following four principles:

- Packaging functionality
- Resource efficiency
- Use of low impact materials
- End-of-life options

The National Packaging Covenant was replaced by the Australian Packaging Covenant (APC) on 1 July 2010 with a renewed focus on the whole-of-life environmental impacts of packaging. Alto's parent company is a signatory to the new APC and submitted its 5-year action plan by the 31 March 2011 deadline. Alto will have its own specific actions including the signatory requirement of reviewing all current and new consumer packaging against the APC's Sustainable Packaging Guidelines. These guidelines focus on meeting the following 12 criteria in order to optimise consumer packaging to make efficient use of resources and reduce environmental impact without compromising product quality and safety. The 12 Criteria of the Sustainable Packaging Guidelines are:

- Minimise materials (source reduction)
- Use recycled materials

- Design for transport
- Maximise water and energy efficiency
- Minimise risks associated with toxic and hazardous materials
- Use renewable or recyclable materials
- Use materials from responsible suppliers
- Design for reuse
- Design for recovery
- Design for litter reduction
- Design for consumer accessibility
- Consumer Information

Measurement of outcomes

In F11 environmental management system audits continued to be undertaken at our sites with an average score of 98% (NZ) and 84% (Aus). We have three sites located as part of other businesses and these also began taking part in our environmental management system.

In December 2010 our Alto NZ Hamilton Food site achieved ISO 14001:2004 certification from Telarc.

In F11, three awareness weeks were held in New Zealand covering the areas of climate change, environmental management and conservation. Australia's topics for the same period were climate change, biodiversity and recycling.

Between March and December 2008, energy audits were undertaken at all of our New Zealand sites. In F11 the actions from these energy audits have continued to be implemented and the following areas continue to be a focus:

- Changing to more energy efficient light bulbs
- Timing of electricity use
- Use of timer switches
- Fixing of compressor leaks
- Changes to compressor configuration
- Focus on turning off machinery and lights when not in use.

Our Alto Albany site manufactures polystyrene trays. Important to our company is considering the recyclability of products that we make. While polystyrene trays, including meat trays, are recyclable, systems are not in place to allow this to occur in New Zealand. Poly Palace is a company based in Porirua who are developing a system to make home insulation from recycled waste polystyrene. The recycled material would be included in void forming pods to be used in concrete applications. They have been working to include supermarket foamed trays in their process. In F11 Alto Albany supported the work of Poly Palace with a \$5000 donation.

4. Anti-Corruption

Assessment, policy and goals

At Alto, we have governance processes in place to support our focus on the longevity and success of our business. We are a privately owned company with nine sites in New Zealand and four in Australia. General Managers meet quarterly to address economic, environment and social performance. A balanced scorecard is issued weekly and circulated amongst General Managers and Site Managers.

Legal governance is also key to the ethical business practices of Alto. As a member of the Pact Group, Alto is ultimately governed by the senior management team, which consists of our Chairman and Director, CEO, CFO and General Counsel. In addition to this senior management team, Pact Group also has an Advisory Board consisting of three independent (non-executive) advisors and convened by our Chairman and owners. This provides guidance to the company and meets quarterly.

Our company has a confidential disclosure/whistle blowing policy and hotline.

Implementation

As part of our on-going competition law training programme, employees with responsibilities relevant to the Commerce Act 1996 (NZ) and Competition & Consumer Act (Aus) are required to complete face to face and online Self Administered Legal Training (SALT™). New employees with relevant employment positions are required to complete SALT™ training within three months of commencing employment and all employees will be required to refresh their face to face training every two years or more frequently when there are major law changes.

Measurement of outcomes

In the financial year F11 no prosecutions took place for anti-competitive behaviour, anti-trust or monopoly practices or for non-compliance regarding the provision and use of products and services.