



inspiring excellence

Secretary-General  
United Nations  
New York, NY 10017  
USA

16<sup>th</sup> June 2010

Dear Mr Secretary-General,

This is our first Communication on Progress (COP) for Alto. We recognise that a key requirement for participation in the Global Compact is the annual submission of a COP that describes our company's efforts in implementing the ten principles.

I am pleased to confirm that Alto continues to support the ten principles of the United Nations Global Compact in respect to human rights, labour rights, the environment and anti-corruption. 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 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.

We support public accountability and transparency, and therefore commit to report on progress every year according to the Global Compact COP policy.

Attached please find a copy of our 2009 Alto Sustainability Report, which will also be linked to our website [www.alto.co.nz](http://www.alto.co.nz).

Sincerely yours,

Raphael Geminder  
Chairman



Sustainability Report  
Living Excellence 2009



## Scope Statement

This report is Alto Packaging Limited's (Alto) first annual Communication on Progress (COP) to the United Nations Global Compact (UNGC) on our corporate responsibility performance for the year ended June 2009. Alto became a signatory to the UNGC in June 2008. The UNGC is made up of ten principles relating to human rights, labour rights, the environment and anti-corruption.

In this report we express our intent to continue to support and advance the principles of the UNGC within our sphere of influence. We commit to making the UNGC and its principles part of the strategy, culture and day-to-day operations of our company.

Alto has eleven sites in New Zealand and four in Australia. This report covers performance of the New Zealand Alto sites from July 2008 to June 2009 unless otherwise stated. The Australian sites became part of Alto in November 2009.

This report reviews key issues relating to our business and stakeholder community and looks at the areas of People, Business and Nature. The UNGC Principles fit into these areas in the following way:



## PEOPLE

The first two principles of the UNGC, which are derived from the Universal Declaration of Human Rights, are:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Business should make sure that they are not complicit in human rights abuses.

The labour principles are derived from the ILO Declaration on Fundamental Principles and Rights at Work (1998):

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour; and
- Principle 6: The elimination of discrimination in respect of employment and occupation.

## NATURE

The UNGC's environment principles are derived from the Rio Declaration on Environment and Development. These three principles are:

- Principle 7: Business should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

## BUSINESS

The UNGC anti-corruption principle is derived from the United Nations Convention against Corruption.

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

This is an initial report for our owners, employees, customers, consumers, suppliers and other external stakeholders to show our progress in these areas.

# Introduction

Alto is one of New Zealand's leading rigid plastic packaging companies with eleven sites in New Zealand and four in Australia. This report covers the Alto sites in New Zealand. Collectively, these plants employ over 1,100 people and specialise in extrusion and thermoforming, blow moulding and injection moulding.

Our company aspires to be the most exciting plastics business in Australasia, renowned for exceptional innovation that transforms our customers' business. Sustainability is a key part of this innovation.

In May 2009 we were proud to launch Alto's Living Excellence programme which defines our company's approach to corporate responsibility. We define corporate responsibility as an obligation for a business to be responsible for the impacts of its activities on customers, suppliers, employees, communities and the environment. Often the word sustainability is used in the place of corporate responsibility.

## How does the Alto Living Excellence programme work?

To operate sustainably we need to focus on key areas.



**Living Excellence  
for People**



Our Living Excellence programme focuses on the following key principles:

- Supporting **people** including the Alto team and the communities in which Alto operates.
- Growing our **business** responsibly by analysing the performance of all areas of our operations.
- Preserving **nature** by minimising the environmental footprint of our products, services and activities.

The Living Excellence programme embraces the following values:

- Customer focus – seeing things from the customer’s perspective, through their eyes.
- Striving for excellence – we stretch for the best.
- An attitude of openness – we’re in this together.
- Demonstrating enthusiasm – let’s shine.



Living Excellence for **PEOPLE**



# The Alto Team

---



## Health and Safety

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 all of Alto's teams. We work together to create and maintain safe workplaces and safe working environments.

Our Health and Safety Policy can be viewed at [www.alto.co.nz/healthandsafetypolicy](http://www.alto.co.nz/healthandsafetypolicy)

### Health and Safety Management

In order to control risk, each Alto site is required to maintain a comprehensive and integrated Safety Management System which is audited annually, based on the Health and Safety Management Act 2001. 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 reinforce safety performance as a critical responsibility.

Alto is accredited to a secondary level under the Accident Compensation Corporation (ACC) Workplace Safety Management Practices programme. This means that we demonstrate consolidation of good safety management practices at our sites. For this programme we are audited externally by ACC accredited auditors.

We are committed to eliminating incidents that result in injury or occupational illness through processes of training, monitoring and corrective actions.

### Health and Safety Performance

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 reduced our Lost Time Injury Frequency Rate from 12 in F08 to 4.6 in F09.

We continue to improve our safety data collection processes including a move to electronic employee sign-on systems at all our sites. We continue to drive improved reporting through safety education, training and audit processes. Starting in July 2009 we commenced holding safety awareness weeks across all our sites on key safety related issues and initiatives. Sites also hold toolbox talks which include health and safety subjects.

### Employee Wellbeing Service

Through EAP Works we provide an Employee Assistance Programme to give our staff and immediate family members access to counselling and support services. EAP Works counsellors are all professionally qualified psychologists or social workers who provide services throughout 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. The programme is confidential, non-judgemental and independent.



## The Alto Team (cont.)

### Equal Opportunity and Diversity

Alto believes that all employees should be treated with respect and fairness. 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.

The provision of fair and equitable workplaces is a legal and moral obligation. Our human resources team is responsible for protecting employment rights. No prosecutions relating to equal opportunity have been recorded against Alto for the period covered by this report.

Our company has an Equal Employment Opportunity (EEO) Policy which can be viewed at [www.alto.co.nz/eeopolicy](http://www.alto.co.nz/eeopolicy)

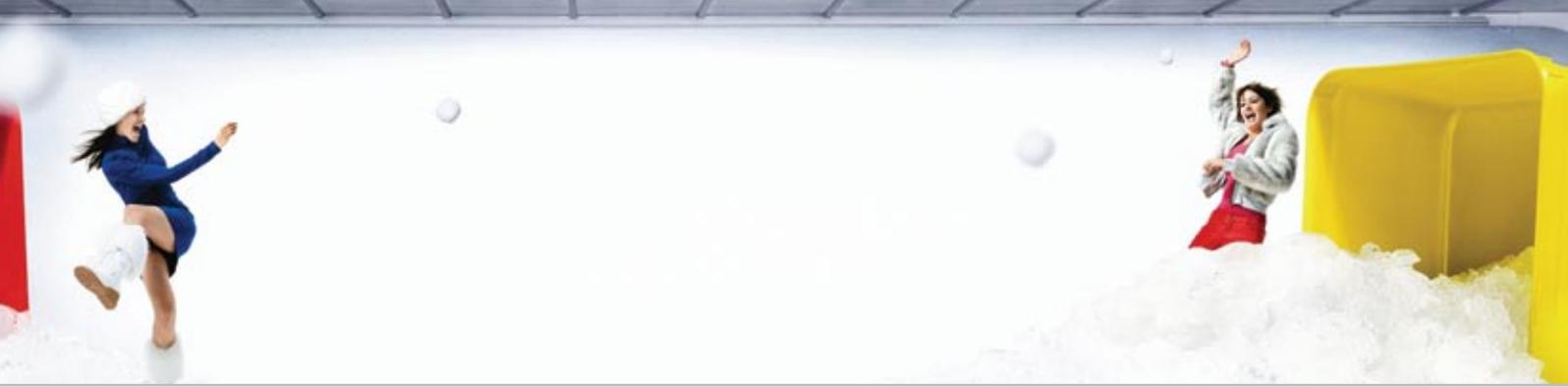
Between November 2008 and March 2009, Alto launched an Equal Employment Opportunity awareness campaign. This involved training of all staff in the areas of legal compliance and policy breaches and advises our people on taking action and seeking action about issues relating to equal opportunity. The programme continues to be run at a site level on an annual basis.

### Human Rights

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 National Global Compact outlined in the Business section of this report.

Alto's EEO Policy states that discrimination, harassment, victimisation and bullying will not be tolerated within our company. Our Code of Conduct requires the fair and equitable treatment of all employees, contractors and customers, and establishes the responsibilities of all employees in this regard.





## Employee Training and Engagement    Labour Relations

### Employee Training

Employee training and development is managed at a site level by direct managers. Training is provided relative to the position of the employee. Head office manages a Corporate Compliance Programme covering training across safety, equal employment opportunities and lean manufacturing initiatives. On-going professional development training is tailored to individual and team dynamics.

To better streamline and manage generic training for similar roles across multiple sites and divisions, a new online learning programme is being developed to address employee development. The employee on-line induction and learning programme will enable all employees to participate in cost effective, company-specific training. It will enable the provision of training for SAP, EEO, safety, product knowledge, computer software programmes, sales and induction.

### Safety Awareness Programme

Alto's Safety Awareness Programme is a training process designed and run to ensure that each employee learns a consistent message on safety and our responsibilities for maintaining safe workplaces. The programme continues to run across the sites every year.

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

Through our individual and collective employment agreements we support the Employment Relations Act 2000. This gives employees the freedom to choose whether or not to form a union or be a member for collective employment interests. No person may influence an individual because they are or are not part of a union. Sixty-five percent of our permanent workforce is covered by collective agreements.

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

# The Alto Community

## Community Involvement

Community involvement is an area that Alto is developing through its Living Excellence programme. We are already actively participating in our local communities through corporate donations, sponsorship, fundraising and participation in community events. We continue to look for new ways to contribute.

Here are a few examples of the ways that our company participated in our communities during F09.

### November 2008

During the month of November Alto sites participated in Movember, growing their 'Mo' to raise money to benefit men's health. Alto sites raised \$1,084 during this month, which the company then matched.



### Victorian Bushfire Appeal 2009

Alto employees made generous donations to the Victorian Bushfire Appeal after devastating fires in the Australian state of Victoria in February 2009. Donations made were matched by the company to a total of \$5,926.20, which was donated to the Victorian Bushfire Appeal. The Red Cross raised more than AUD\$375 million, which has been allocated to survivors to help rebuild their lives in the wake of the fires.

### Alto Christchurch

Our Christchurch site has been extremely active in community events with 40 staff taking part in the 4th annual City to Surf Run in March 2009.

Our Christchurch site also made donations to a range of charities including Child Hope, the Cancer Society Daffodil Day, the Christchurch Special Children's Christmas Party and Surf Life Saving New Zealand.

### Other Donations

Donations made by other Alto sites included those to the Warkworth/Wellsford hospice, Hamilton Lions Club "World Festival of Magic" community project, Kidney Society and Surf Life Saving New Zealand.





Living Excellence in **BUSINESS**



Alto is committed to growing its business responsibly and maintains a strong focus on corporate governance and relationships with its customers and suppliers.

## Corporate Governance

Corporate governance, compliance, risk management and ethical conduct are essential features of Alto's commitment to sustainability. We are committed to fulfilling our legal and ethical obligations as well as measuring our sustainability impacts and reporting on our sustainability performance.

At Alto, we have governance processes in place to support the longevity and success of our business. We are a privately owned company with 11 sites in New Zealand supported by head office and sales functions. General Managers meet quarterly to address economic, environmental and social performance. A balanced scorecard, which covers these areas, is issued weekly and circulated amongst General Managers and Site Managers.

As a subsidiary of Pact Group, Alto is ultimately governed by our senior management team, which consists of our Chairman and Director, CEO, CFO and General Counsel. In addition to this, 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.

Within our company we have a confidential disclosure/whistle blowing policy and hotline.

## Partners

At Alto we are committed to working with our customers and suppliers to produce innovative and sustainable packaging choices. Our aim is to deliver superior quality products and services to support the remarkable and enduring success of our customers. We achieve this through a culture of total customer involvement, innovative thinking and design flair, expertise and operational excellence and efficiency.

Our Quality Policy can be viewed at [www.alto.co.nz/qualitypolicy](http://www.alto.co.nz/qualitypolicy)

We have a creative design team that makes it their focus to deliver remarkable packaging to our clients and a manufacturing team that is always looking at ways to improve performance.

## Alto's New Square Drum!

A great example of innovation at Alto is a 100 litre HDPE square drum specifically designed for Dow AgroSciences. This is the first and only drum of its kind, giving Alto a competitive advantage in the New Zealand market. The 100 litre drum is UN approved and can be manufactured with different coloured top and bottom rings. This new design increases freight efficiency in comparison to a round drum. Another key feature is that the drum is reuseable without contamination when incorporating a micromatic fitting. This square drum has been introduced to the agricultural market and is an exciting progression in the industry.

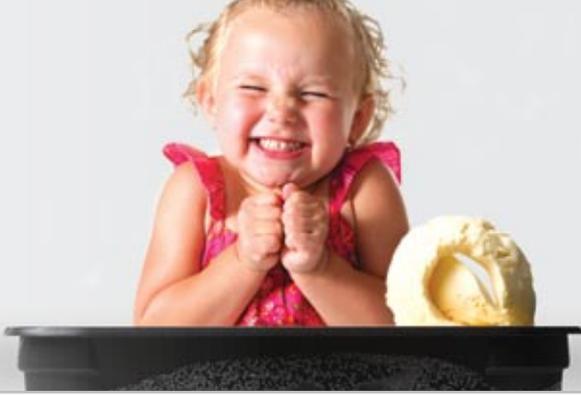


## Obligations and Compliance

### Commerce Act Compliance Training

As part of our on-going competition law training programme, employees with responsibilities relevant to the Commerce Act 1996 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.

Legal governance is also key to the ethical business practices of Alto. We are pleased to disclose that no legal actions took place in F09 for anti-competitive behaviour, anti-trust or monopoly practices.



### United Nations Global Compact



Alto is a signatory to the United Nations Global Compact (UNGC), a voluntary international corporate citizenship initiative that brings companies together with UN agencies, labour and civil society groups to support universal human rights, labour, environment and anti-corruption principles. Through the power of collective action, the UNGC seeks to promote responsible corporate citizenship so business can effectively meet the challenges of social and environmental sustainability. More information on the UNGC can be found at [www.unglobalcompact.org](http://www.unglobalcompact.org)

### New Zealand Packaging Accord



Alto is a member of the New Zealand Packaging Accord, a voluntary initiative to cut down on wasteful packaging. Signatories are voluntarily committing to doing what they can to reduce packaging in our waste stream.

As a signatory to the Packaging Accord, Alto has committed to save resources through the design and manufacture of packaging, as well as recovering and reusing materials wherever possible.

The NZ Packaging Accord is in its final year. Alto supports the New Zealand Packaging Council in the development of a new packaging product stewardship scheme which will look at the whole-of-life environmental impacts of packaging within the areas that our company can influence.





Living Excellence with **NATURE**



Alto is 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 impacts 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](http://www.alto.co.nz/environmentalpolicy)

## Environmental Management

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

Each year Alto sets 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.

Our industrial site at Hamilton is certified to ISO14001:2004, obtaining this certification from Telarc in October 2008. We congratulate our team on this achievement.

## Communication and Training

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 employees 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 the positive actions sites are taking to improve their environmental performance.

Results of audits and information on our progress towards 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.

In July 2009 we commenced environmental awareness weeks across all our sites on key environmental issues and initiatives.

---

## Climate Change

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. New Zealand is at risk of climate change impacts and has a big role to play in the global action to mitigate these risks. As such, there is much political debate around climate change policy. The regulatory uncertainty around emissions trading schemes and voluntary action makes it difficult for business to develop robust carbon strategies, however, Alto has committed to reducing Scope 1 and 2 greenhouse gas emissions by 20% below F08 levels by 2020.

To meet this commitment we have developed an Energy Efficiency and Reduction programme, developed procedures for the leasing/purchasing of vehicles and reviewed waste management at our sites.

### Energy Efficiency and Reduction Programme

Electricity consumption is the biggest source of greenhouse gas emissions at Alto. For this reason we have focused on the development of an Energy Efficiency and Reduction programme across the company.

Between March and December 2008, energy audits were undertaken at all of our sites. Compressor walk-through audits were also undertaken and were funded by the Electricity Commission. In January 2009, a new cross-company Compressor Maintenance and Service Agreement was signed instead of sites having their own individual service agreements. This allowed a consistent maintenance programme for compressors to be developed and more in-depth

analysis of how air is supplied to the plant and machinery.

The above audits led to a variety of actions being undertaken, especially in the following areas:

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

Actions being undertaken as a result of these audits are ongoing.

### Packaging End of Life and Recycling

Alto is committed to minimising waste generation and using raw materials responsibly. Within our plants we run our machinery efficiently to reduce the amount of waste.

At Alto we focus on the collection, re-use and recycling of packaging to divert waste from landfill and re-use existing resources.

Packaging can have any one of the following end of life scenarios:

- Re-used in homes and businesses;
- Reconditioned for re-use within industry;
- Collected for recycling;
- Converted into forms of energy;
- Composted;
- Disposed of to landfill; and
- Irresponsibly discarded as litter.



## Life Cycle Assessment and Design

The majority of packaging manufactured by Alto is technically recyclable as we use materials that can be reprocessed into other products using existing technologies. However, used packaging cannot be recycled unless collection and sorting processes and infrastructure are in place to deliver it to recyclers.

### Case Study

Our site at Takanini (in-house bottling plant at Fonterra's milk site) has undertaken a number of actions to improve energy efficiency and reduce waste. These include:

- Improving processes to allow product to be reground where required eg: less oil leaks around machines and curtains to ensure product does not fall on the ground.
- Less starting and stopping of machines to reduce waste and improve energy efficiency.
- Fine tuning of the conveyor system that supplies the Fonterra milk site with bottles so that speed is improved and the Fonterra milk plant can run faster. This creates improved efficiencies.
- Machines running more reliably as more long-term fixes are put in place.
- New blow moulding machine so that lines run more consistently and efficiently.

### Green Cars

Environmental factors are important 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.

### Life Cycle Assessment

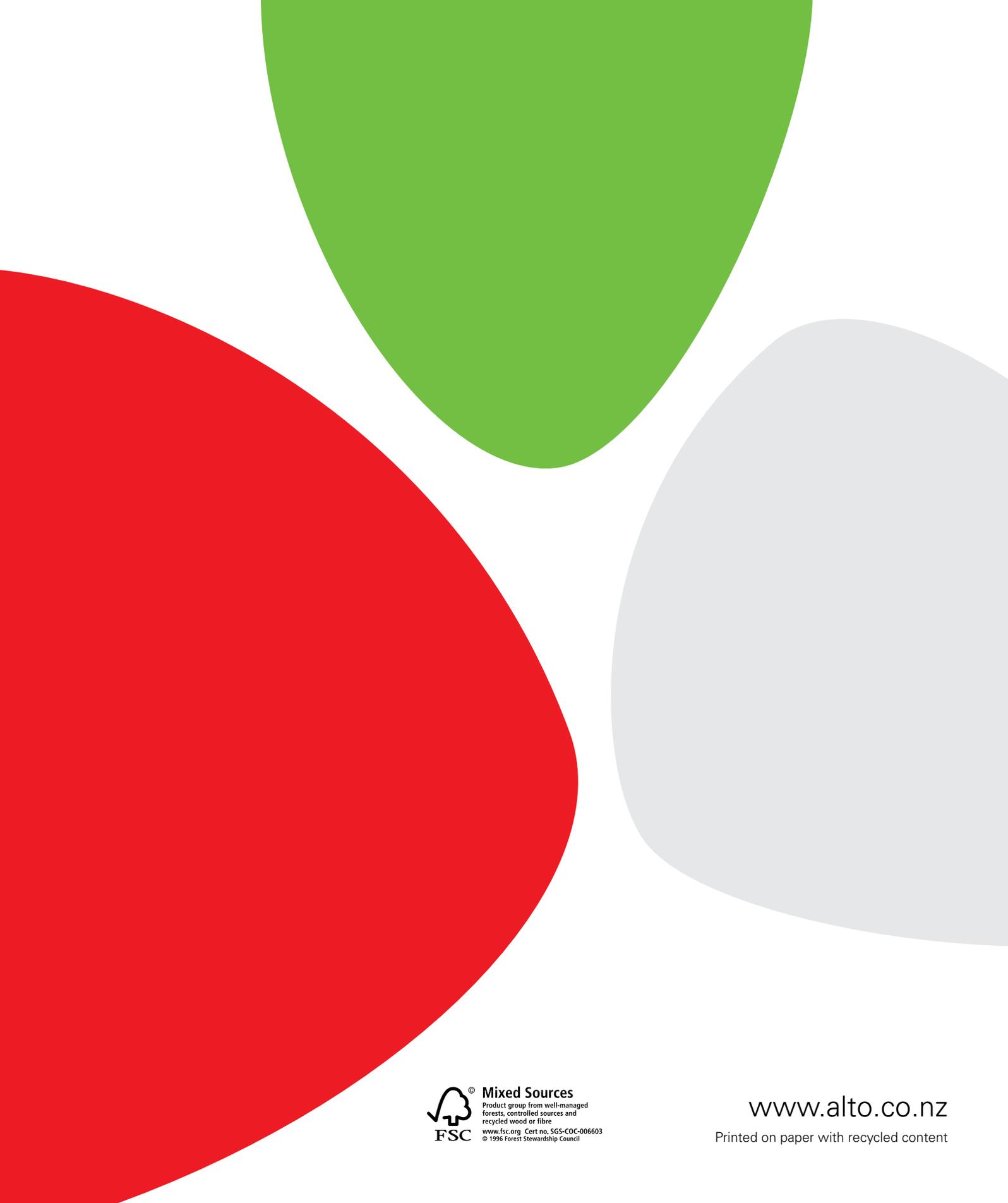
Life Cycle Assessment (LCA) is an internationally recognised approach to assessing the environmental impact of products and services across all phases of their life cycle. Environmental impacts can include greenhouse gas emissions, energy and water consumption, waste generation and smog generation. Alto has utilised the services of sustainable packaging consultancy, SustainaPac, to perform 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 has 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.

### Design for the Environment

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.

.....  
For more information on Alto's Living Excellence programme, visit [www.alto.co.nz](http://www.alto.co.nz)  
.....



[www.alto.co.nz](http://www.alto.co.nz)

Printed on paper with recycled content