



inspiring excellence

Secretary-General
United Nations
New York, NY 10017
USA

6 December 2010

Dear Mr Secretary-General,

This is our second Communication of Progress (COP) for Alto. This is in line with our commitment to annually report on our company's progress in implementing the ten principles of the United Nations Global Compact.

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 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 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.

Please find attached a copy of the Alto Living Excellence Report 2010 which will also be linked to our website www.alto.co.nz.

Yours sincerely,

Raphael Geminder
Chairman

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Living Excellence
for people in business with nature



Living Excellence
Report 2010



• Brisbane

• Sydney

• Melbourne

Auckland
Hamilton

• Hastings
• Palmerston North
• Wellington

• Christchurch



Introduction

This is Alto's second Living Excellence report to look at corporate responsibility within our business. It covers the period from July 2009 to June 2010 and considers the areas of People, Business and Nature.

Alto is a leading rigid plastic packaging provider in New Zealand and Australia. The company employs over 900 people and specialises in extrusion and thermoforming, blow moulding and injection moulding. We make products for a range of industries including food and beverage, agriculture and horticulture, home care, technical, industrial, personal care and health care.

Alto has eleven sites in New Zealand and in November 2009 purchased four sites in Australia.

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.

Alto's Living Excellence Programme

In May 2009 we were proud to launch Alto's Living Excellence Programme which has now also been introduced at our Australian sites. The programme defines our corporate responsibility approach which aims to grow our business responsibly, preserve nature by minimising the environmental footprint of our products, services and activities and support people including the Alto team and the communities in which we operate. The programme encourages our company and employees to think about and make decisions that benefit our communities, our business and the environment, both at work and at home.

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 operation.
- 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

- Focus on the Alto Team:**
- Workplace safety and awareness
 - Cultural diversity
 - Equal opportunity
 - Communication
 - Employee causes
 - Workplace satisfaction

- Focus on the Alto Community:**
- Cause related marketing initiatives
 - Corporate donations and partnerships
 - Stakeholder engagement programmes
 - Site community investment programmes



Living Excellence in Business

Focus on Governance:

- Transparent sustainability reporting
- Ethical audits and customer requests
- Competition law training and communication
- United Nations Global Compact

Focus on Partners:

- Total customer involvement
- Operational excellence
- Quality standards
- HACCP standards
- Design and innovation
- Communication
- Supplier 'common goal' alignment
- Stakeholder engagement programmes



Living Excellence with Nature

Focus on Impacts:

- Environmental management systems
- Energy efficiency programmes
- Stakeholder engagement programmes
- Communication

Focus on Leadership:

- Product life cycles
- Green design principles
- Renewable materials
- Carbon reduction
- Industry involvement



Living Excellence for People

F10 Highlights Include:

- * Atto achieves tertiary level in its Accident Compensation Corporation Workplace Safety Management Practices Audit
- * Employee Health and Wellbeing Week launched in NZ
- * First Aid Training is put into practice





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. 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.

Safety Management System

In order to control risk, each Alto site is required to maintain an integrated plant 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.

In F10 the average Safety Management System score across all Alto New Zealand sites was 97% with six New Zealand sites receiving 100%. This was an excellent result and shows the commitment of sites to maintain their Safety Management Systems.

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

Workplace Safety Management Practices

In June 2010, Alto New Zealand gained tertiary level accreditation under the Accident Compensation Corporation (ACC) Workplace Safety Management Practices Programme. This means that we demonstrate an active, consultative commitment to all areas of health and safety management in the workplace and a focus on continuous improvement. The programme recognises employers who build safer workplaces. In exchange for putting in place systems and processes that promote injury prevention, the programme rewards employers with discounts on their standard ACC Workplace Cover levies. For this programme Alto was audited externally by ACC accredited auditors.

Lost Time Injuries

The Lost Time Injury (LTI) frequency is a key indicator of our sites' safety performance. In New Zealand, eight of our sites were 500+ days LTI free in F10 and a further two were 300+ days LTI free.

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.

We also measure our LTI frequency rate (LTIFR). This is the number of LTIs per 1,000,000 man hours worked. In NZ the LTIFR has reduced from 12 in F08 to 3.1 in F10.

Fiscal Year	Actual LTIFR	Target
F10	3.1	<7
F09	4.6	<10
F08	12.0	No target was in place

Safety Awareness Programme

Alto's Safety Awareness Programme is a training process designed 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. As part of the Safety Awareness Programme, safety improvement projects are undertaken at all Alto sites. These projects involve the identification and rectification of a safety hazard at the site. Examples of these projects are:

- Blowmoulding Palmerston North – guarding was put on a moving conveyor where it was identified that clothing could get caught in the conveyor. The site also improved seals on the grinder receiving bin so that the dust extraction system in this area was not overloaded. This reduced dust on the floor and walls reducing a possible spill hazard.
- Toolroom, Hamilton – a new extraction system was fitted to remove coolant vapour from the Blanchard grinding process.
- Food Packaging, Hamilton – the trap door lock mechanism was repaired and rope and toggle attached to assist with opening and closing and improve safety.



Employee Wellbeing Service

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 for employees with personal or work related issues. The programme is confidential, non-judgmental and independent.

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 in conjunction with our line managers. 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.

Last year Alto launched an Equal Employment Opportunity Awareness Campaign. This involved training of all staff in the areas of legal compliance, policy breaches and how to seek advice 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. This is reinforced through our commitment to the United Nations 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 Workshops

Employee training and development is managed at a site level by direct managers. Training is given relative to the position of the employee. Head office manages a Corporate Compliance Programme covering training across safety, equal employment opportunities, competition law and lean manufacturing initiatives.

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 in their own time. It will enable the provision of training for SAP, EEO, safety, product knowledge, computer software programmes, sales and induction.



First Aid Training

All of our sites have a number of trained First Aiders. Rachel Murray at our Christchurch site realised the importance of this training on a recent trip to Queenstown. Rachel says ...

"When I was first asked three years ago if I would like to become a First Aider, I had my doubts. I wondered if I was capable of saving someone's life one day. I soon realised it would come in handy if I needed it elsewhere. As it happens it did come in handy outside of work. While returning from my weekend away in Queenstown I witnessed a man drive off a cliff. I pulled over and jumped down to help. I noticed he wasn't breathing so I pulled him out of the car and performed CPR. As soon as he started breathing again I put him in the recovery position & waited for emergency services. If I wasn't a First Aider I wouldn't have known what to do and he probably wouldn't be here right now. I am now a proud First Aider. You should be too."

Literacy Training

In November 2009, Alto New Zealand was granted \$175,000 in funding from the Workplace Literacy Fund managed by the Tertiary Education Commission. Literacy in the workplace is very important and Alto is now implementing a training programme to progress literacy development within the workplace. This programme will enable staff to be more active within group discussions, toolbox talks and assist with a better understanding of all general forms/paperwork that is required on a daily basis for their role. The programme will include training New Zealand Quality, Safety and Environment Managers in the National Certificate in Adult Education and Training (level 4). This will allow these managers to be able to assess and understand where each staff member is on the literacy growth chart and to assist in getting all staff up to the same level.



How Safe Are We

Alto sites in New Zealand are taking part in How Safe Are We training offered by PaMPITO (Plastics and Material processing Industry Training Organisation). Trainers undertake an analysis of staff at the site to assess how people are progressing. Staff can then work towards obtaining a National Certificate in Safety.

Safety Awareness Week

Safety Awareness Week was held at Alto New Zealand sites from September 7-11 and was held to coincide with New Zealand's Safety Begins at Home Week Campaign promoted by the ACC. Posters were displayed at sites and toolbox talks were held to discuss key issues about safety at home and in the workplace. A competition was held with an overall prize of a \$250 Farmers voucher. Prize packs were also provided by the ACC which included smoke detectors, first aid kits, non-slip mats and safety stickers for glass doors.

Our Mulgrave site also actively participated in Worksafe Week through posters, information sessions, seminar attendance, onsite 'spot the hazard' competitions, worksite and PPE checks, fruit deliveries for all staff and staff give-aways.

Health, Safety and Environment Forums

Twice a year our Quality, Safety and Environment staff in New Zealand meet for a Health, Safety and Environment Forum. In these forums, matters relating to health, safety and the environment are discussed, initiatives are developed and reported, and speakers are invited to increase awareness on a wide range of matters. The F10 forums were held in Hamilton and Auckland.

Engagement

Employee engagement is important yet challenging as our team is spread across 15 sites in Australia and New Zealand. Additionally, the majority of our people are hands-on within the manufacturing process and do not have daily access to intranet and email, making effective and frequent communication challenging.

We are continuously working to improve communication and engagement effectiveness for the whole business with the following actions performing key roles in maintaining critical communications.

Employee Satisfaction

In April 2010, Alto New Zealand undertook its first annual Living Excellence employee survey. This allowed staff to have their say on workplace satisfaction, the Living Excellence Programme and community involvement. Survey responses are used to direct our corporate support of community and charity organisations and fine-tune workplace leadership, communication, performance recognition, ethics and safety in the workplace.

As a result of this survey, a decision was made to hold quarterly business updates at all sites to improve communication across the whole company.

In late 2009 Food Packaging staff at Albany, Hamilton and Hastings took part in an independent workplace survey. As a result of the survey, staff at Hamilton Food Packaging were invited to take part in a series of workshops on upskilling and developing which began in May 2010. This involves weekly sessions over a four month period which covers developing net worth, understanding organisations, communication and budgeting at home.

Individual Performance

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 are encouraged to take full advantage of this opportunity to establish and measure indicators of employee performance and development.

Alto Fishing Competition

Our Alto New Zealand Fishing Competition took place in March 2010 and has been an annual event since 2006. This competition is designed to gather both staff and suppliers for a fun event. The competition was sponsored by Alto's Hamilton Food Packaging site. Prizes were given for best fish and best dressed with the all-women team, Cougarluscious Catfish, winning the best dressed. The competition raised \$1,500 which was donated to the Ronald McDonald House in Auckland.



Labour Relations

Alto is committed to the principles of fair and equitable labour relations.

The right to freedom of association and collective bargaining is 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 blue collar workforce is covered by a collective agreement and in Australia 78 percent is covered.

Contractual agreements meet or exceed statutory minimums in relation to termination and redundancy processes.

Employee Wellbeing



Love Your Heart and Eat Healthy

Employee Health and Wellbeing Week was held from November 9-13 at all Alto sites in New Zealand. During this week employees enjoyed fruit supplied to their lunchrooms for a healthy snack. Toolbox talks also took place focusing on heart health. The key message was that two out of every five deaths in New Zealand are the result of heart problems so it is important to love your heart and eat healthy. Throughout this week posters and pamphlets were also distributed to inform employees about heart health. A competition was held where employees completed a questionnaire and went into the draw to win prizes of 'Pick the Tick' products, subscriptions to New Zealand's Healthy Food Guide and Healthy Food recipe books.

Following on from the Employee Health and Wellbeing Week, Alto Henderson considered the positive actions it could take to support staff at the site. The site now provides fruit on a weekly basis for all employees.

Heartbeat Challenge

The three Alto Auckland sites (Henderson, Albany and Takanini) are taking part in the Heartbeat Challenge Programme run by the Auckland Regional Public Health Service. This is a free workplace health and wellbeing programme which focuses on cardiovascular and diabetes risk factors. The aim is to build a workplace environment that supports wellbeing. The sites are currently working to complete five actions in the four key focus areas – nutrition, physical activity, smoking and work-life balance.

Employee Health

The majority of Alto sites undertake annual testing of sight and hearing for manufacturing staff. A number of sites also provide annual flu vaccinations for staff.



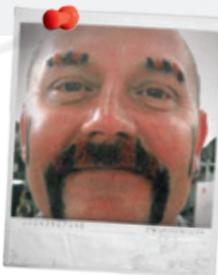
Community Involvement

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, fund raising and participating in community events. We continue to look for new ways to contribute.

Following are a few examples of the ways that our company participated in our communities over the last year.

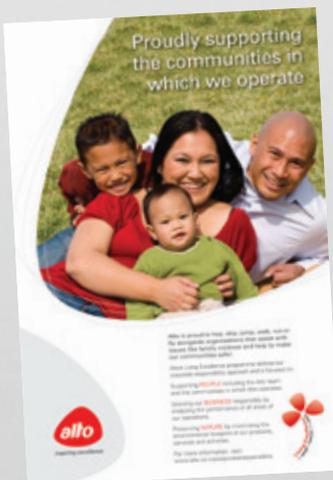
November 2009

Staff from across NZ were part of Alto's Movember Team. At the start of Movember (during the month of November) participants register with a clean shaven face. The Movember participants have the remainder of the month to grow and groom their Mo, raising money along the way to benefit men's health.



Family Violence

Alto has long supported the NZ Police Managers' Guild Trust Family Violence Awareness publication which supports the community in reducing family violence and improving safety. This year Alto ran a full page advertisement on the back page of this publication.



Alto Christchurch

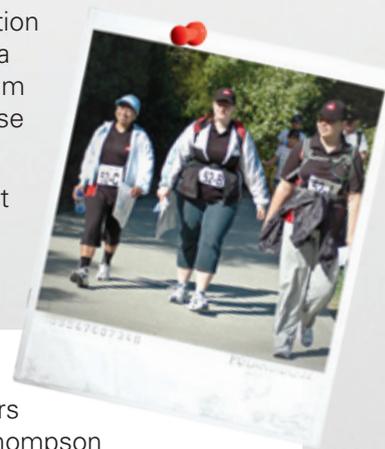
Our Christchurch site sponsored a number of different charities over the year including donations and sponsorship of the following: Daffodil Day 2009, the Angels for Children Charitable Trust, Epilepsy NZ 2010 Ten Pin Bowling Party, Heart Children and the Canterbury West Coast Air Rescue.

Other Donations

Alto Wacol collects aluminium cans for the local State Emergency Service (SES) for them to sell to raise money. Likewise, ring pulls from the cans are collected for Freedom Wheels, which supplies modified pushbikes for kids with disabilities.

Alto Albany undertook collection of printer cartridges for Oteha Valley School who on sell them to a recycling company to raise funds for the school.

Alto also supported the Coast Guard and the Lions Club World Festival of Magic in New Zealand.



Eco Challenge

In April 2010 the ALTOmeters (Farina Midwood, Yolanda Thompson and Angela Pulesea) took part in the Eco City Challenge with sponsorship from Alto Henderson. This is a 4 hour urban navigation challenge exploring the extensive track network joining the parks and other green spaces of Waitakere City. Contestants walk, run or catch the bus to a number of checkpoints in order and receive points. The ALTOmeters were in the corporate section and came fifth out of seven teams with 500 points and only 5 seconds to spare before the 4 hours was up.

Living Excellence in Business

F10 Highlights Include:

- * Modified Atmosphere Packaging (MAP) launched in NZ
- * New Zoono technology used in foam trays

* Yogurt containers use in - mould label technology

* New vision barcoding launched in Australia



Living Excellence
for people in business with water

Made from 100% recycled paper.





Alto is committed to growing our 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 our organisation'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 our focus on the longevity and success of our business. We are a privately owned company with 11 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. It covers safety, environment and customer delivery performance in addition to financial indicators.

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 also has confidential disclosure/whistle blowing policies and a hotline in place.

Obligations and Compliance

Competition Law Training

As part of our on-going competition law training programme, employees with responsibilities relevant to the Commerce Act 1996 (NZ) and Trade Practices Act (Aust) 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 the financial year F10 for anti-competitive behaviour, anti-trust or monopoly practices or for non-compliance regarding the provision and use of products and services.

United Nations Global Compact



Alto Packaging Ltd is a signatory to the United Nations Global Compact, a voluntary international corporate citizenship initiative that brings companies together with UN agencies, labour and civil society groups to support universal principles on human rights, labour, the environment and anti-corruption. 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.

In June 2010 we submitted our first communication on progress report to the UNGC. We 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.

Packaging Product Stewardship



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's parent company is a member of the voluntary scheme. It requires scheme 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 will submit 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

Plastics New Zealand

Alto again provided information for the Plastics NZ mass balance survey which collates information on production, consumption and recovery rates of plastics.

Alto also became a signatory to NZ Degradable Plastics Guide, a guide to issues surrounding degradable plastics.



Partners

At Alto we are committed to working with our customers and suppliers to produce innovative and sustainable packaging choices.

Superior Quality Products

Our aim is to deliver superior quality products and services to support the remarkable and enduring success of our customers. We achieve this through having a culture of total customer involvement, innovative thinking and design flair, industry leading expertise and operational excellence and efficiency.

To review our Quality Policy go to www.alto.co.nz/qualitypolicy.

Innovation and Design

We have a creative design team that makes it their focus to deliver innovative packaging to our clients.



MAP

Our Albany site has successfully developed and launched a new foam (top seal) barrier tray to be used in Modified Atmosphere Packaging (MAP) applications. This product exists in other parts of the world but is the first to be manufactured in New Zealand. The final product is a deep top seal foam barrier tray with the strength of a rigid polypropylene tray. The foam tray is specifically designed for a unique customer application where enhanced pack presentation of meat products is critical. The manufacturing process presented a number of challenges and fine tuning of prototypes during in-house and customer trials. The trays were first seen in Progressive supermarkets in early October 2009.





Zoono Technology

Alto's foam trays are now being produced with Zoono technology. Zoono technology claims to be a revolutionary antibacterial technology that can improve the shelf life of products like meat (from a bacterial perspective). This can deliver numerous benefits for retailers, food manufacturers and consumers alike, allowing longer display time, improved food safety, greater supply chain time and higher quality.



Fresh 'n Fruity Tubs

Our Hamilton site worked with Fonterra Brands to develop a new tamper evident in-mould label yoghurt container for Fresh 'n Fruity. The new containers are now made entirely of polypropylene (previously the lid was PVC and the tub was printed on polypropylene) and no longer require foil seals.



The changes have resulted in improved graphics and branding. The use of single resin makes the pack easier to recycle resulting in less waste to landfill. The change to the design of the tub and lid also increases home reusability of the pack.



Containers for Yoplait

National Foods NZ followed its Australian counterparts by launching a new in-mould label tub for Yoplait made by Alto. The tub has changed from a polystyrene tub and PVC lid to a single resin polypropylene pack. The pack has improved decoration and branding, is easier to recycle or reuse in the home and results in less waste to landfill.



Operational Excellence

At Alto we have a manufacturing team that is always looking at ways to improve performance.



Vision Systems

Our Mulgrave site has worked closely with its customers to provide a unique identifier on all tubs and lids in order to identify each individual SKU. New 'vision' systems have also been installed which read each identifier to detect incorrect colour, forming issues and incorrect on-pack labelling for each SKU. The vision systems will ultimately read pallet labels as well. These systems increase labour efficiencies and also improve quality.



State of the Art Packing Systems

A new dedicated manufacturing room for Ski yoghurt containers is currently being commissioned at our Mulgrave site. This includes state of the art packing systems that place products into boxes. While this has been done previously at Mulgrave, the speed of this new equipment is a first. We have also gone to great lengths to improve the presentation of the room in line with Good Manufacturing Practice (GMP) requirements. The end result is a better quality product to our customer at an improved efficiency.

Inline Bar Coding

A major customer at Alto Bankstown requires bar codes to be displayed both on cartons and pallets. In the past, a dedicated system printed the required labels offline. However, Alto has worked with its IT provider to use our current business management software to print the labels inline resulting in labour efficiencies and reducing the risk of error.

Living Excellence with Nature



F10 Highlights Include:

- * Atto Albany upgrades and replaces its lighting system
- * NZ sites achieve an average environmental management system score of 98%
- * Atto implements a variety of energy saving initiatives





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 impact 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.

Environmental Management

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

F10 saw an excellent improvement in EMS scores with 87% of our sites in New Zealand achieving an EMS score greater than 95%.

The average EMS scores for Alto NZ are:

Year	F08	F09	F10
EMS score	91%	94%	98%

In November 2009 our Alto Hastings site achieved ISO 14001:2004 certification from Telarc. Congratulations to the Hastings team on this achievement.

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.

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 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 as well as the positive actions 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.

Starting in July 2009 we commenced holding environmental awareness weeks across all our sites in New Zealand on key environmental issues and initiatives. In F10, three awareness weeks were held covering the areas of energy, stormwater and waste reduction. 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.

Our Australian sites also actively communicate resource efficiency messages on site plasma screens and notice boards.



Environmental Footprint

Figure 1: Environmental Footprint F10

	Unit	Total Alto
Electricity	GJ	230,297
LPG	GJ	1,873
Natural Gas	GJ	535
Diesel	GJ	70
Fleet Fuel	GJ	3,308
Total Energy Use	GJ	236,084*
Total Metered Water Consumption	KL	67,453*
Total Solid Waste to Landfill	t	929

Figure 1 shows our overall environmental footprint for F10.

Figures 2 and 3 show that the acquisition of our four Australian sites has substantially increased our electricity emissions (scope 2), therefore increasing our total emissions in F10 compared to previous years. It is important to note that Australian electricity emission factors are much higher than those for New Zealand as coal is the dominant electricity generation method in Australia compared to hydroelectricity in New Zealand (which is less greenhouse gas intensive).

However, year on year comparisons provided in figures 2 and 3 show that Alto New Zealand's emissions declined from F07 to F09. Emissions increased in F10 due to an increase in production at the majority of sites after the financial crisis.

Solid waste to landfill and water consumption also increased between F09 and F10 due to the addition of our four new Australian sites and increased production at the majority of New Zealand sites after the financial crisis.

Figure 2: Greenhouse Gas Emissions for F10

	tCO ₂ -e					
	F07 (Alto NZ)	F08 (Alto NZ)	F09 (Alto NZ)	F10 (Alto NZ)	F10 (Alto Aust)	F10 (Alto total)
Scope 1 Direct	686	335	426	296	76	372
Scope 2 Indirect – Purchased Electricity	20,662	9,976	6,932	8,613	20,296	28,910
Scope 3 Indirect – Waste	888	1,202	625	733	262	994
Purchased Offsets	0	0	0	n/a	-19	-19
Total Emissions	22,236	11,513	7,983	9,642	20,615	30,257*

* These amounts have been subject to independent reasonable assurance by Ernst & Young in accordance with the Australian Auditing and Assurance Standard ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. See www.alto.co.nz for the Independent Reasonable Assurance Report as well as Alto's definitions.

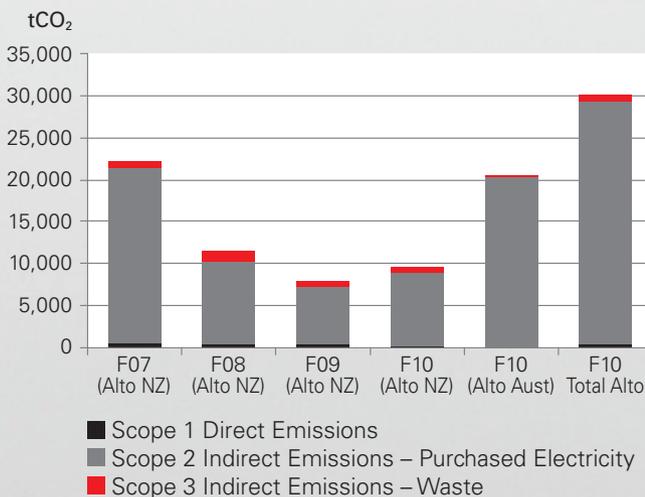


Climate Change

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 F20.

As the majority of our greenhouse gas emissions are due to our stationary electricity consumption we have developed an Energy Efficiency and Reduction Programme. We have also developed procedures for the leasing/purchasing of vehicles and looked at waste management at our sites.

Figure 3: Greenhouse Gas Emissions Profile by Year



Energy Efficiency and Reduction

Electricity consumption is the biggest cause 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 to December 2008, energy audits were undertaken at all of our New Zealand sites. In F10 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 compressor leaks
- Changes to compressor configuration
- Turning off machinery and lights when not in use

Projects of note that occurred at our sites in F10 include:

- Albany lighting – In January 2010 all light fittings at the Alto Albany site were replaced and automatic on/off switches were installed in appropriate areas. This work was 50% funded by an Electricity Commission grant. The new fittings are more economical and have led to a 61% saving in electricity consumption at the site. The change from metal halide to compact fluorescents has led to an improved quality of lighting on the shop floor with lighting being brighter and whiter, thus creating a nicer work environment.
- Lighting audits were undertaken at the Hamilton site (Industrial Products and Processes and Food Packaging) and the Christchurch site and opportunities for improvement identified.
- Compressor audits – Audits of the compressed air systems at our sites were undertaken in early 2010 with funding from the Electricity Commission. The purpose of these audits was to identify and implement cost-effective measures to increase the electricity efficiency of the compressed air systems. The audits led to the development of an action plan for each site. Progress with the action plan and electricity savings achieved are reported to the Electricity Commission on a quarterly basis and will be further reported in the Living Excellence Report in F11.
- New machinery - Our Alto Christchurch site replaced two older hydraulic injection moulders in 2010 and energy usage was an important factor in considering a new machine. The new technology and fully electric machine that has been purchased has led to a significant reduction in energy usage.
- An example of the energy savings at our sites is shown by the results at Alto Henderson which reported an average reduction in energy usage from 3.3kWh/kg to 2.8kWh/kg over the F10 period. They attribute this improvement to increased staff awareness from toolbox talks and continuous improvement using the 20 keys overall Equipment Efficiency Programme.





Domestic Distribution

Alto's freight contract with Toll Tranzlink in New Zealand ensures a significant portion of our 262,000 tonnes of freight is transported via rail instead of road. Alto worked with Toll Tranzlink to develop this transport model which delivers a number of environmental benefits for our company. By having this strategic relationship with Toll Tranzlink the carbon emissions for the freight they transport nationally for Alto are reduced by 43%, which equals 986 tonnes per year or 3.77kg CO₂e per tonne of freight moved. This calculation is based on the use of a mixture of road and rail transport instead of purely road transport, the amount of freight that Toll Tranzlink moves for Alto and figures from the NZ Climate Change Office. Toll Tranzlink now also uses this model with other customers.

Alto Vehicles

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.



The carbon emission reductions from this change in vehicle purchasing and leasing since 2007 for New Zealand are shown below:

Date	CO ₂ emissions g/km	Fuel economy l/100km	% of fleet using alternative fuels
1 January 2008	241	10.1	16%
1 January 2009	233	10.0	35%
1 January 2010	225	9.0	60%

Waste Reduction

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 scrap. We also focus on separating waste generated at our sites so we can divert it from landfill.

Alto Henderson: Our Henderson site reported an average reduction in waste to landfill from 2.92 tonnes per month to 2.36 tonnes per month. They also had an average reduction of waste to scrap of 11%. They attribute this improvement to increased staff awareness and an extra focus on waste. The site tracks waste by department, machine and product type to determine the root cause of waste increases and solutions to reduce waste. The site also has a staff member responsible for checking every waste bin to make sure products are recycled wherever possible.

Waste in Design: In March 2010 our design office reviewed the waste from their department and developed a new recycling programme. An important part of this was ensuring recycling bins were available for paper and plastic waste from sample checking. The new recycling programme was well received and waste to landfill from the department dropped significantly.



We also aim to make packaging that can be recycled.

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.

We continue to work with our customers and recyclers to overcome this challenge.

Life Cycle Assessment and Design

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.



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Alto uses
**National Carbon
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Carbon Neutral paper
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