Amcor Flexibles – Sustainability and our Enviroaction Program

AMCOR LTD. – Corporate
Nicola Davey (Group Environmental Manager)

AMCOR FLEXIBLES HEALTHCARE
Doreen Shiers – Director HSE, Americas
We believe in responsible packaging.

We passionately and relentlessly apply art and science to enhance the products people use in everyday life — today and tomorrow.
2009 Amcor’s approach to Sustainability

It’s not just about the Environment!

Our 5-domain Sustainability framework represents our holistic approach to sustainability and is directly derived from our Belief Statement and our Core Values.
2009 Amcor’s approach to Sustainability

**Environment**
- Climate change and resource scarcity
- Need to evolve our business model
- A catalyst to create new areas of competitive advantage.

**Community**
- The local communities are central to our success.
- Effective partnerships that benefit the wider community are a fundamental foundation.

**Workplace**
- Our 30,000+ co-workers are the key to our success
- Deliver innovative solutions for customers
- Create value for shareholders.
- A workplace that is safe and can attract, motivate and retain the best people

**Marketplace**
- Developing and maintaining strong partnerships
- Creating innovative and responsible products
- Building sustainable supply chains with suppliers and customers

**Economy**
- Good governance and sensible risk taking
- Transparent investor relations
- Essential requirements in the way we conduct business and create value for our shareholders.
A bit of history:
Amcor Ltd. – 130 years. Originally an Australian Paper Company now a Global Packaging Company

1940 Australia’s 1st curbside recycler
1999 National Packaging Covenant Australia
2000 1st NPC action plan and annual report
2001 & 2002 DJSI member
2003 1st Sustainability Report
2004 – 2006 - Status Quo

2007 New Sustainability Framework Developed

2008 Enviroaction launched
2008 & 2009 DJSI member
2007 Rebranding of Amcor Project
  • Sustainability Workstream

Spring 2007 Sustainability Framework was presented
  • Approval of Amcor Board and Global Executive Team
  • BG Sustainability Champions appointed
  • Global Sustainability Steering Group formed

Fall 2007 Steering Group agrees targets and actions

Spring 2008 Amcor Board and GET approves targets and actions

Earth Day 2008 Enviroaction Launched.
We use our enterprise wide approach to risk management and our understanding of stakeholders’ expectations to identify our sustainability challenges and opportunities.

Current Sustainability Challenges (mapped on right)

1. Managing through the Global Financial Crisis
2. Climate change
3. Changing consumer tastes
4. Environmental impact of operations
5. Occupational health and safety
6. Talent management
7. Community support for our operations
8. Growth opportunities
Setting Group Targets

Global Sustainability Steering Group
- Corporate - GGM Risk and Sustainability / Group Sustainability Manager / Group Environmental Manager
- BGs - Sustainability Champions
- Technical experts

- GHG Protocol
- UN-IPCC recommendations
- Regulatory trends
- Benchmarking
- Customers/Consumer trends

enviroaction
## Our global EnviroAction targets

<table>
<thead>
<tr>
<th>Impact category</th>
<th>Our targets*</th>
<th>By when</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse gas emissions**</td>
<td>10% reduction 60% reduction</td>
<td>FY2010/11</td>
<td>FY2005/06</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FY2029/30</td>
<td></td>
</tr>
<tr>
<td>Waste to landfill</td>
<td>30% reduction Zero waste to Landfill</td>
<td>FY2010/11</td>
<td>FY2005/06</td>
</tr>
<tr>
<td>Town water use (Australia only)</td>
<td>45% reduction</td>
<td>FY2010/11</td>
<td>FY2005/06</td>
</tr>
<tr>
<td>Water use (all regions)</td>
<td>Active water management plans</td>
<td>FY2010/11</td>
<td></td>
</tr>
</tbody>
</table>

**GHG emissions include Scopes 1, 2 and 3.

---

**Baseline Year**

**Short-term**

**Long term**
Setting Group Targets
GHG - Focus on Carbon Footprint

- Measured as tCO2-eq per net sales\(^1\) - Intensity Target
- Comprises total of Scope 1, Scope 2, & Scope 3 emissions\(^2,3\)

\(^1\) Net sales is representative of production activity and is easily verifiable by independent parties. See Appendix

\(^2\) As defined in the Greenhouse Gas Protocol.

\(^3\) Scope 1 Direct GHG’ arising from source owned or controlled by Amcor (e.g. boilers, manufacturing, transport in company-owned vehicles) Scope 2: Indirect emissions from the generation of purchased electricity. Scope 3 Indirect emissions are the consequence of the activities of Amcor (e.g. production of purchased materials, transportation by independent vehicles, business travel)
1. The Greenhouse Gas Protocol Initiative is a multi-stakeholder partnership of businesses, non-governmental organizations (NGOs), governments, and others convened by the World Resources Institute (WRI), a U.S.-based environmental NGO, and the World Business Council for Sustainable Development (WBCSD), a Geneva-based coalition of 170 international companies. Launched in 1998, the Initiative’s mission is to develop internationally accepted greenhouse gas (GHG) accounting and reporting standards for business and to promote their broad adoption.

2. GHG Intensity Targets were set inline with recommendations by the GHG protocol. The advantage of Intensity targets over Absolute targets is that they are independent of organic growth or decline and don’t need to have baselines recalculated after company acquisitions or divestments.

3. Emission reduction targets were made to be broadly inline with the Intergovernmental Panel in Climate Change (IPCC) findings for CO2e cuts required to keep global temperatures within the lower two categories of CO2 stabilisation scenarios. These equate to global mean temperature increases of 2.0-2.8°C and are commonly sited as long-term targets by government and NGO groups. Further information can be found in the Working Group III to the Fourth Assessment Report of the IPCC www.IPCC.ch
Tools - Environment Reporting Database

Database maintained by Corporate BG Sustainability Champion coordinates and oversees

Each site has a registered user to input data

GGM Risk and Sustainability and Sustainability Analyst at Corporate supports and reports
Amcor submits information to a wide range of sustainability agencies:

- Dow Jones Sustainability Index (DJSI)
- Carbon Disclosure Project (CDP)
- CDP Supply Chain Leadership Collaboration
- Carbon Reporting
- SEDEX
- FTSE4Good

Participate in various regional emissions reporting frameworks **BG and Site Level**

We also produce our annual Amcor Sustainability Report using the Global Reporting Initiative (GRI) guidelines

**Sustainability Report (www.amcor.com/sr09)**
Each Amcor business has a broad sustainability strategy that is aligned with and supporting Amcor’s global sustainability strategy but is appropriate for their business and customers.
Sustainability Within the Amcor Businesses

What are we aiming to achieve?
- Living the Amcor Belief Statement.
- Recognition as a leading global sustainable company.
- Embedding sustainability into our everyday thinking and standard business practices.

Who does what?
- Strategy, framework, KPIs & reporting:
  - Corporate – GGM Risk and Sustainability, Sustainability Analyst
- Implementation: BG Sustainability Champions
  - Working towards targets: All Amcor co-workers

How – processes & tools
- External agencies & guidelines
- ERM process
- Stakeholder Engagement
- Measure, report, monitor & adjust
- Sustainability Challenges & Opportunities
- Amcor Sustainability strategy, objectives & KPIs
- EnviroChart software collects environmental data

KPIs
- Inclusion in global sustainability indices
- Achieving B+ GRI reporting standard
- Specific KPIs for each of 5 domains
- EnviroAction Targets

When
- Environmental targets – FY 2010/11
- Other KPIs are annual and ongoing
AMCOR FLEXIBLES HEALTHCARE

Doreen Shiers – Director HSE, Americas Healthcare
THE ENVIROACTION MESSAGE

- Spring 2008  Board approves actions and targets
- Spring 2008  Sustainability Champions identified and EnviroAction communication begins
- April 2008   Sustainability Champions discuss targets and EnviroAction with the BG Executive Teams
- May 2008     Ken McKenzie communicated the sustainability initiative to the workforce
- July 2008    EnviroAction discussed with Operational team (facility General Managers)
- August 2008  General Managers discuss targets and EnviroAction with their plant Management Teams

EnviroAction Begins!
Healthcare Sustainability Resources

Sustainability Champion

Corporate Sustainability Network

Regional Coordinator Americas
Ashland
Cambe
Cidra
Madison
Mt Holly
Mundelein
Stevens

Regional Coordinator Europe
Albertazzi
Gent
Leaderpack
Sligo
SPS
Tobefil
Tobepal Burgos
Tobepal Logrono
Winterbourne

Site Champions are the facility General Managers

Europe has a person in place dedicated to reducing energy usage at the European plants
STEP 1 – DATA ACCUMULATION

• EnviroChart Set-up
  - What multipliers to use?
  - Units of measurement

• Access and training for EnviroChart
  - Assigned administrators at each site
  - Webex training session completed

• Data gathering
  - Historical data
  - Information sources
  - Production numbers (volume vs weight)

• Charting trends
DATA TRACKED

• Absolute emissions – Scope 1, 2 & 3
• CO2 emission intensity
• Absolute waste to landfill
• Intensity waste to landfill
• Absolute water use
• Intensity water use
REFINING THE MESSAGE

- Benefits to Healthcare
  - Cost reduction
  - Environmental emission reduction
  - Improved efficiency of equipment

- Practical Implementation

- Barriers
  - High performance products with higher margins
    - Results in lower volume
    - Requires more specialized raw materials with higher carbon footprints
  - Customers are not motivated to change
  - Recycling opportunities decrease when fuel prices go down

DRIVES FOCUS TO SCOPE 1 & 2 IMPROVEMENTS and WASTE
• Immediate Challenges
  - Three years into improvement requirements before EnviroAction was announced
  - Multiple countries
  - Recession

• Resources and Organization

• Staying on the agenda

• Plant buy-on
SITE ENVIROACTION PLANS

• Each site was provided a template with 3 years of data to begin working on ways to reduce Scope 1 & 2 energy usage, waste and water.

• EnviroAction Plans include:
  - Site description
  - Description of operations
  - Climate
  - Community issues
  - Equipment type and usage (total)
  - Actions to reduce impact of each area during the 3 years
    ▪ None of the Americas plants are in water stressed areas, therefore detailed actions to address this resource were not required
  - Future actions to reduce Scope 1 & 2 and waste; estimated benefit
  - Costs to implement actions
LARGE PLANT vs SMALL PLANT

Large Plant

- **Advantages**
  - More capital
  - More diverse production operations
  - More populated locations with community resources
  - More internal resources

- **Disadvantages**
  - Communicating the message
  - Staying on target
  - Tracking results
  - Buy-in from workforce

Small Plant

- **Advantages**
  - Implementing change is easier
  - Communicating the message
  - Tracking changes
  - Closer relationship with the community
  - Opportunity to be creative

- **Disadvantages**
  - Less capital
  - Fewer opportunities for production changes
  - Isolated locations with fewer resources
  - Must be creative
LARGE PLANT ACTIONS – Scope 1 & 2

• Down gauging

• Upgrading production equipment

• Oxidizer opportunities
  - Replace
  - De-commission
  - Re-circulate
  - Usage management

• Compressed air improvements
  - Leak detection
  - Higher efficiency compressors
  - Higher efficiency pneumatic equipment
LARGE PLANT ACTIONS – Scope 1 & 2

- Lighting
- High efficiency motors
- Facility improvements
- HVAC unit replacement
- Utility energy use verification
LARGE PLANT ACTIONS - WASTE

• Production waste recycling
  - Available vendors for scrap
  - Quantity
  - Range of materials
  - Available storage

• Plant-wide KPI

• Kaizan events to eliminate waste
SMALL PLANT ACTIONS – SCOPE 1 & 2

- Lighting upgrades
- HVAC upgrades
- Compressed air improvements
  - Controlling leaks
  - Upgrade compressor efficiency
- Facility use consolidation
- Co-worker conservation
- Utility energy use verification
SMALL PLANT ACTIONS - WASTE

- Work directly with waste disposal contractors
- Utilize community and government resources
- Recycle non-production waste
IT’S NOT FAIR

• Improvements implemented prior to baseline year

• Volume of product sold vs volume of product run

• Capital investment

• Product variability

• Resources

• State assistance and grants
PITFALLS

#1 Targets not yet transferred into KPIs throughout entire organization

#2 Inconsistent communication throughout organization

#3 2008/09 Economic focus allowed to overshadow sustainability

#4 Struggle to integrate into the business
AMERICAS HEALTHCARE RESULTS

FISCAL 2009 compared to baseline FISCAL 2006
Greenhouse gas emissions – INTENSITY

Intensity units are tonnes CO₂e per K sqm production
* Production units are K sqm
Greenhouse gas emissions – ABSOLUTE

Emissions (tonnes CO2)

- FY06: Baseline
- FY07
- FY08
- FY09
- FY10
- FY11

Production *

* Production units are K sqm

Scope 1 + 2
Scope 3
Production

* Production units are K sqm
Waste to landfill - INTENSITY

- FY06 Baseline
- FY07
- FY08
- FY09
- FY10
- FY11

2011 target – 30%

* Units are tonnes per K sqm of production
Waste to landfill – ABSOLUTE ‘000 tonnes

Waste (tonnes)

Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY06</td>
<td>3000</td>
</tr>
<tr>
<td>FY07</td>
<td>2500</td>
</tr>
<tr>
<td>FY08</td>
<td>2000</td>
</tr>
<tr>
<td>FY09</td>
<td>1500</td>
</tr>
<tr>
<td>FY10</td>
<td>1000</td>
</tr>
<tr>
<td>FY11</td>
<td>500</td>
</tr>
</tbody>
</table>
Town water use - INTENSITY

- Water Intensity units are '000 litres per unit of production
- Production units are K sqm

2011 target – Not applicable
Town water use – ABSOLUTE ‘000 litres

* Production units are K sqm
## MOVING FORWARD – BG and Corporate

<table>
<thead>
<tr>
<th>Flexibles Americas - BG</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 3 GHG Emissions</strong></td>
<td><strong>Water</strong></td>
</tr>
<tr>
<td>Results indicate need to expand EnviroAction to Scope 3 emissions</td>
<td>• Understanding water usage at sites</td>
</tr>
<tr>
<td><strong>Immediate steps:</strong></td>
<td>• Develop additional site level water conservation plans</td>
</tr>
<tr>
<td>• Data collection</td>
<td>• Identify community water conservation actions</td>
</tr>
<tr>
<td>• Improve accuracy of conversion factors</td>
<td>• Verify utility usage readings</td>
</tr>
<tr>
<td>• Continued education of product development and site data administrators</td>
<td></td>
</tr>
<tr>
<td>• Survey suppliers</td>
<td></td>
</tr>
<tr>
<td><strong>Barriers</strong></td>
<td><strong>Integration of Alcan Packaging Businesses</strong></td>
</tr>
<tr>
<td>• EnviroChart does not accept Scope 3 data</td>
<td><strong>Global Sustainability Steering Committee aligned to new BG structure</strong></td>
</tr>
<tr>
<td>• Resources</td>
<td>• Development and approval of new EnviroAction targets</td>
</tr>
<tr>
<td>• Standardized methods</td>
<td>• Focus on supply chain</td>
</tr>
<tr>
<td></td>
<td>• FY 2010/2011 introduce Sustainability KPIs for senior management</td>
</tr>
</tbody>
</table>
2009 Enviroaction Achievements

**Our global EnviroAction targets**

<table>
<thead>
<tr>
<th>Impact category</th>
<th>Our targets*</th>
<th>By when</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse gas emissions**</td>
<td>10% reduction 60% reduction</td>
<td>FY2010/11</td>
<td>FY2005/06</td>
</tr>
<tr>
<td>Waste to landfill</td>
<td>30% reduction</td>
<td>FY2010/11</td>
<td>FY2005/06</td>
</tr>
<tr>
<td>Town water use (Australia only)</td>
<td>45% reduction</td>
<td>FY2010/11</td>
<td>FY2005/06</td>
</tr>
<tr>
<td>Water use (all regions)</td>
<td>Active water management plans</td>
<td>FY2010/11</td>
<td></td>
</tr>
</tbody>
</table>

*Units are percentage reduction per unit of production.

**GHG emissions include Scopes 1, 2 and 3.**

**Amcor’s 2009 Achievements**

- 39% reduction in global waste to landfill
- 26% reduction in Australian water use
- 2.6% reduction in global greenhouse gas emissions

Amcor's 2009 Achievements

• 39% reduction in global waste to landfill
• 26% reduction in Australian water use
• 2.6% reduction in global greenhouse gas emissions
THANK YOU!