

Manufacturing and Logistics

As a leading, long-term local manufacturer, with operations in Australia, New Zealand and Fiji, we are a major employer and contributor in the communities where we operate.

Our customers benefit from manufacturing and supply that are environmentally and socially responsible and offers speed-to-market, inventory flexibility, high quality standards and rapid customer response.

During the year, the Company invested in product development for the Sorbent brand to improve its strength, thickness and softness, look and feel, and value. For the Company's manufacturing operations, implementation of the Sorbent brand quality improvements was a major focus at both Australia's Box Hill site and New Zealand's Kawerau site.

Numerous trials were conducted across paper machines and converting assets to systematically improve key characteristics of the products.

A cross-functional team of marketing, research and development and operations worked closely together to ensure consumer insights were precisely applied and any development hurdles rapidly overcome through each step of the manufacturing process.

Leveraging our relationship with Essity, we developed and designed new embossing in conjunction with its global Research and Development centre in France.

Following rollout of the product, quality management system changes were made to embed the new standards.

Preparations are underway for the installation of new converting equipment in Kawerau in 2019 which will improve product quality, manufacturing efficiency and increase our new product capability.



Our customers benefit from our environmentally and socially responsible supply chain that offers speed-to-market, inventory flexibility, high quality standards and rapid customer response.

Logistics – improved order accuracy and fulfilment speed

Across our four New Zealand Distribution Centres, pick-to-voice technology was rolled out to enable direct-to-store delivery capability for key retail customers and in our business-to-business segment, for direct-to-distributor delivery.

This technology is already installed in the Company's Australian Distribution Centres which has experienced health and safety benefits in addition to improved order accuracy and fulfilment speed. Pick-to-voice allows orders to be selected and verified hands-free without distraction.

Safety accreditation was successfully renewed during the year at all Distribution Centres.

Operation Excellence making us more agile, leaner, stronger

Our disciplined approach to accelerating operational excellence in our manufacturing is making us more agile, leaner and stronger. Focusing on the entire value chain, we are optimizing our processes, reducing waste, and improving our machine and resource efficiency, which in turn improves quality, and reduces our costs.

This year, we built upon the benefits of the Operations Excellence program with improvement teams having success at our manufacturing sites at Kawerau and Te Rapa in New Zealand and Box Hill and Springvale in Australia.

Through the program in 2018, we reduced waste at Box Hill, achieved process improvements on Kawerau's paper machines, and decreased downtime on Springvale's tampon packaging line and Te Rapa's diaper line.

We invested further in capital improvements to our assets in 2018 which included upgrading the process water filtration system and cranes as well as replacing transformers at Box Hill. At Kawerau, control systems on the main paper machine were upgraded and building improvements were made here and at the Fiji factories.

Lean Six Sigma

During the year, a team of emerging leaders across the Box Hill and Springvale sites successfully completed Lean Six Sigma training. Lean Six Sigma combines lean and six sigma methods to eliminate and reduce waste caused by transportation, inventory, motion, waiting, overproduction and over-processing, and minimise defects in manufacturing products.

Lean Six Sigma uses a set of carefully designed tools and techniques to help improve processes that can reduce defects and waste and deliver what is most important to customers.

Through a range of continuous improvement projects, the team achieved significant energy savings, quality improvements, waste reductions, and process improvements. A second round of training has already kicked off with a group of new trainees set to start the program for 2019.



Safety

While we did not see significant improvement in our lag safety indicators this year, considerable effort went into the further development of our internal audit process. This supports our AS4801 safety certification which was retained at all sites.

We continued our focus on high risk hazards, making greater progress in assessments and control actions across all sites.

The Springvale Personal Care site used operator-led teams to specifically find solutions to local manual handling challenges in their areas. These generated ideas, solved problems, and increased engagement through the process.

Continued focus on cost reductions

With ongoing cost pressures on manufacturing inputs, utilities and pulp in particular, our sites have worked to reduce costs where possible. Targeted initiatives have seen sites safely reduce overheads, and maintenance and labour costs, while water and energy saving projects have helped to improve efficiency and decrease waste.



Springvale 40th Anniversary

This year, the Springvale site celebrated its 40th anniversary of manufacturing. The site proudly produces Libra feminine care products including tampons, pads and liners, and TENA incontinence pads and liners. The occasion was marked with a celebration that brought together current and former employees for site tours, presentations of 40 years of manufacturing milestones, and new initiatives.



Site Profiles

BOX HILL, VICTORIA, AUSTRALIA

Company's largest manufacturing facility with two paper machines for a total annual production capacity of approximately 61,000 tonnes and eight converting machines with an annual capacity of 63,000 tonnes. Produces toilet paper, kitchen towel, folded napkins and facial tissues for the Sorbent, Purex, Handee, Tork and Deeko brands.

SPRINGVALE, VICTORIA, AUSTRALIA

Manufactures Feminine Care and Incontinence Care products under Libra and TENA brands. The only Australian manufacturer of feminine hygiene products. Annual capacity to produce up to 1.2 billion pieces across pads, liners, and tampons.

KAWERAU, NEW ZEALAND

Company's second largest manufacturing site. Produces toilet paper and both rolled and folded towel products under the Sorbent, Purex, Handee and Tork brands. Annual capacity of approximately 59,000 tonnes on two paper machines and about 62,000 tonnes on eight converting machines.

TE RAPA, NEW ZEALAND

Manufactures Baby Care products under Treasures, Giggles and Drypers brands sold in Australia, New Zealand and across the Pacific. Te Rapa site has capacity to produce more than 150 million diapers (nappies) annually.

NAKASI, FIJI

Consumer Tissue and Professional Hygiene products converted and sold under Orchid and Viti brand across the Pacific region.

LOGISTICS

Distribution Centres in Australia (Sydney, Brisbane, Melbourne, Adelaide and Perth), New Zealand (Auckland, Christchurch, Tauranga and Palmerston North) and Fiji (Labasa and Nadi).