

LOSCAM LEADER

Your Pooling Solutions Partner

ISSUE 23



The Loscam
principles

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RD speak

Welcome to the latest issue of the Loscam Leader.

In this edition we highlight a recent collaborative process between our New Zealand and Australian operations that delivered a packaging solution for the customer across international borders.

While such arrangements have been talked about in theory for some time, it is pleasing to see them put into practice and delivering the efficiencies they always promised. This is a further example of how Loscam is committed to supporting customers in improving their operations through the design of effective solutions. It also highlights that Loscam does much more than offer pallets in a local market environment.

This issue also showcases how we are delivering a one-stop shop within the IBC rental space. We've invested in more IBCs for our pool so it's only appropriate that we also invest in auxiliary products, such as the liners for our new Loscam IBC 16. We're particularly pleased to say that these liners are being produced in Australia and so are supporting local manufacturing.

Finally, Loscam Australia has been working closely with our corporate office and other regions to assist in the development of the Loscam Principles, which are outlined in this issue.

Loscam is a mature business that enjoys the support of a large and diverse range of customers and staff - and we've got a formula that works well. But this process of revising and clarifying our Principles has been insightful and has allowed us to develop a clearer understanding of what it is that makes us who we are at Loscam. It is a focus on these values that will ensure a continued reliable product and service offering to our customers for many years to come.

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ON THE COVER:
The Loscam Principles



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Sticking to our principles

After an extensive process, Loscam rolls out its Principles



Loscam CEO Mark Daniel discussing the Principles at a recent conference

TO SUPPORT LOSCAM'S CONTINUED GROWTH AND DEVELOPMENT, THE BUSINESS HAS SOLIDIFIED THE KEY PRINCIPLES THAT UNDERPIN ITS DAY-TO-DAY OPERATIONS

During the past 12 months, Loscam has worked with a wide range of people within the business to identify what values or principles Loscam stands for – and what those principles should be in the future.

The development of the Loscam Principles has been an almost two-year process. The discussion that started this important and insightful journey took place at a conference with the SE Asian management team back in 2011.

Since then many months of detailed, rigorous and honest debate and planning have taken place throughout the business to encapsulate the Principles and values that truly represent and communicate what Loscam stands for.

"It was important in determining these values that they represented both where we came

from, where we are today, and where we need to be for the future," says Mark Daniel, Loscam CEO.

"This was not easy as everyone had a view – it would not be Loscam if they didn't! However, I believe that we have now reached a point where these Principles can be rolled out to everyone in the company."

The Principles are:

Loyalty – we are committed to achieving the best long-term outcomes for our customers, our people and our shareholders,

Trust – we rely on each person's strength of character, integrity and ability,

Teamwork – we work together with a shared vision and goals, learning from each other,

Communication – our communication is clear, specific and simple,

Solutions – we identify and provide good ideas that deliver results.

These Principles will be explained and rolled out across all areas of Loscam's business in coming months. This will be done via a series of comprehensive workshops in each country,

province and state. The workshops will clearly explain how these Principles represent what Loscam stands for day-to-day, and how they can be incorporated into the business.

In the future, individual performance reviews will also encompass and reflect how efficiently and effectively our people are putting the Principles into action on a daily basis.

"To ensure that our people live these Principles, the performance review process will also include reference to the Principles," says Mark.

"I hope that everyone is able to understand what the Principles mean and what is expected of them individually. Feedback will of course be a critical part of our business as we continue to grow."

"IT WAS IMPORTANT IN DETERMINING THESE VALUES THAT THEY REPRESENTED BOTH WHERE WE CAME FROM, WHERE WE ARE TODAY, AND WHERE WE NEED TO BE FOR THE FUTURE"



nudie – A national success story



*nudie CFO
Warren Douglas*

*Loscam's Jon and Natasha
with the team from nudie*

IN A DECADE, NUDIE HAS GROWN FROM A GOOD IDEA TO AN AUSTRALIA-WIDE FRESH JUICE BUSINESS

Each week more than three million pieces of fruit arrive at nudie's state-of-the-art fruit squeezing facility in South East Sydney. More than 75 per cent of that fruit comes from Australian orchards and farms.

The juices then leave nudie's factory to be distributed to over 5,000 stockists, ranging from Coles, Woolworths and Gloria Jeans to independent cafes and supermarkets.

nudie was born in 2003. The creators were passionate about blending fresh juices for their families and came up with the idea of producing juices that use 'nothing but fruit' – no preservatives, colourings, additives, concentrates or added sugar.

So in January 2003, nudie launched with a team of three people, one stockist and a small head office.

In the business's first week it used 256 pieces of fruit and sold 40 bottles. Today, with a head office at Eastgardens and smaller offices in Victoria, Queensland and WA, nudie continues to grow at a steady rate, says Warren Douglas, CFO of nudie Foods Australia Pty Ltd.

Since 2007, Loscam has worked with nudie to support the business's growth and its distribution processes by providing pallets to transport its fruit and juices. This relationship was enhanced in July 2013 when nudie became the first major NSW customer to use Loscam's new IBC I6.

"nudie continues to grow and, as such, will need support from its business partners to continue this rate of growth," explains Warren.

"Loscam is one of nudie's key partners as their ability to react and grow with us to date has never been a problem. Being in an FMCG market sometimes makes it difficult to predict where all your future expansion will be realised. So we rely upon the flexibility and 'can do' attitude that Loscam has shown us to date."

nudie have taken on the I6s due to their lighter weight – they are 15 per cent lighter than other IBCs without compromising strength.

"We're happy with the functionality and performance of the new boxes," says Warren.

Jon Vlatko, Loscam Sales Manager, says the relationship between nudie is based on mutual respect and a proactive approach to monitoring the account.

"WE RELY UPON THE FLEXIBILITY AND 'CAN DO' ATTITUDE THAT LOSCAM HAS SHOWN US TO DATE"

"nudie like the fact that we are proactive and we have an excellent customer service representative – Elisha Bowes – who helps nudie. They know they can come to us and say 'I'm thinking about this' and we will listen," says Jon.

"We are an equipment solutions company and we don't want to sit on our hands. The I6 took about two years to develop and we put them out in the market, took advantage of our customers' feedback and introduced a product that is very user-friendly. Because nudie were happy with the pallets and our service they then gave us the opportunity to use this latest service offering."



LOSCAM IBC liner bags supporting Australian manufacturing

THE LAUNCH OF THE IBC I6 SEES LOSCAM WORKING WITH A LOCAL MANUFACTURER TO DELIVER A TOTAL INTERMEDIATE BULK CONTAINER SOLUTION

Last year, Loscam unveiled its first entry into the bulk containers business – the IBC I6. A growing pool of customers across Australia now use the IBCs to store and move their products – mostly liquids such as cream, yoghurt and milk.

This year Loscam has been pleased to be able to provide its customers with IBC liners after joining forces with Sealed Air Entapack, a division of Sealed Air Corporation and a leading global packaging specialist. Sealed Air develops products specifically designed for the liquid packaging under the respected Entapack brand.

Keith Walker, IBC Project Manager, says Loscam was keen to find a local supplier to provide the IBC liners.

"It's a niche product and there aren't that many suppliers in the marketplace, but we were keen to use an Australian supplier if possible," says Keith.

"We knew the history of Sealed Air Entapack and their commitment to innovation, quality control and R&D. Using a local supplier means we can work closely with them on R&D initiatives and solutions to support our customers. We are also proud to support Australian manufacturing, so this relationship was a good fit for the business."

Sealed Air Entapack provides Loscam with a range of IBC liners made with different structures to suit each unique liquid application.

"We manufacture premium IBC liners for the international market and they're used for a wide range of applications – from soy sauce and oils through to juices and milk products," explains Dennis O'Bryan, Business Development Manager for Sealed Air Entapack in Dandenong, Victoria.

"Our global footprint, operating in over 175 countries, allows us to understand the international market while drawing on strong internal technology resources to build the right materials for our Liquid Liner bags. The liners are multi-layered for strength and flexibility, can have oxygen barrier if required, and all materials are Food Contact approved."



Sealed Air Entapack provides Loscam with a range of IBC liners to suit each unique liquid application

Sealed Air places great emphasis on the R&D component of its business and employs many chemists and technical experts to drive the performance and innovation of its products.

"WE ARE ALSO PROUD TO SUPPORT AUSTRALIAN MANUFACTURING, SO THIS RELATIONSHIP WAS A GOOD FIT FOR THE BUSINESS"

"The liquids market is ever-changing and the demands of our customers are ever-changing. As a result, we have some pretty interesting technology – such as our Active Barrier films that contain specially made materials that 'hunt down' oxygen molecules. This can extend the shelf

life of many oxygen sensitive products, such as avocado, food grade oils and fruit purees," says Dennis.

"The liquids packaging business, from small retail and food service to IBC bulk handling is growing strongly in all parts of the world," says Michael Donahoo, Loscam Business Development Manager.

Michael says Loscam has a 'collaborative' relationship with Sealed Air.

"They see the value in us and we see the value in them," he says.

"We've launched into the IBC marketplace and so it's important to work with our suppliers to develop the ancillary products that our customers need, so we can offer a total solution."



Entapack Melbourne Plant

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Crossing the border with Frucor



NEW ZEALAND DRINKS COMPANY, FRUCOR, IS MAKING THE MOST OF LOSCAM'S CROSS-BORDER PALLET SOLUTION



Since it was founded in the early 1960s, Frucor has grown from a small juice business to a leading and respected Australasian drinks company. Frucor manufactures, markets and distributes fruit juices, fruit drinks, bottled waters and soft drinks and many of its brands are familiar names - such as V, H2Go, Moccona, Pepsi and Mountain Dew.

In 2009, the international Suntory Group in Japan bought Frucor, but the company's production and distribution hub remains at Wiri, outside Auckland.

But with most of its products needing to be sent from NZ to Australia, an efficient and reliable shipping and distribution process is vital. This includes having the right pallets available to carry Frucor's products safely across the Tasman.

In August, Frucor began using Loscam's locally made pallets in NZ to send its products to Australia. The pallets are made to Australian specifications and standards, so once products arrive in Australia they are quickly sent on to market. This removes the extra costs and inconvenience associated with having to offload and restack products on to new pallets. When finished with, the pallets simply re-join Loscam's Australian pallet pool.

"Making this switch to Loscam has helped us with issues in relation to pallets being stacked and transported. There's better product stability and safety and we don't have as many write-offs," says Shane Adams, National Warehouse and Distribution Manager at Frucor Beverages (Australia) Pty Ltd.



Frucor is switching to Loscam pallets

"Efficiencies have also been gained because we don't get to Australia and have to move our products on to other pallets. We can load our products in New Zealand and move them more quickly."

"MAKING THIS SWITCH TO LOSCAM HAS HELPED US WITH ISSUES IN RELATION TO PALLET BEING STACKED AND TRANSPORTED"

Nick Trask, Loscam National Business Manager – NZ, says the cross-border solution from Loscam was the 'clincher' to winning the Frucor account.

"They can pack their products on a pallet in NZ, put that straight in a container and once that container arrives in Australia it can be forklifted out and is ready to go into the market.

The process is more streamlined with less touching of the product," says Nick.

"Generally, quite a lot of stock is transferred between Australia and NZ and being able to come across the Tasman in a container ready to go direct into the marketplace saves countless hours of unpacking containers. You're able to hire either spec pallet in either country, and you don't need two different pallet accounts with different product codes.

"This is a one-touch solution and at the end you're not stuck with pallets you can't get rid of. Those pallets are simply de-hired to any of our major depots throughout the country."

Shane says the careful monitoring of the Frucor pallet account by Loscam has also been an important support.

"Loscam keep a close eye on our pallets to reduce losses and the costs associated with that," he says.

"They know the kind of service we need and they do their best to provide that."



Loscam senior executives visit Europe

A GROUP OF SENIOR EXECUTIVES FROM LOSCAM RECENTLY ATTENDED A STUDY TOUR OF EUROPE, TAKING IN SITE VISITS AND MEETINGS WITH CUSTOMERS AND SUPPLIERS IN GERMANY, SWEDEN, UK, FINLAND AND FRANCE

Sustainability – Not Just a Buzz Word

It became increasingly evident as the group travelled around Europe that sustainability is a real issue in making business decisions. The larger CPG companies when making sourcing decisions are weighting heavily sustainability benefits, especially commercial ones. There is also a real movement away from heavy use of corrugated packaging with some targeting the total removal of all secondary packaging from their businesses.

This will create significant opportunities for Loscam where alternate forms of returnable packaging will be required to safely handle product moving between factories and distribution centres, but also through to retail stores. A key take away from the discussions was the fact that it is not all about the retail floor. Companies are seeking ways to increase the use of returnable packaging within their internal supply chains as well.

It was also interesting to observe the predicted growth of subsidized “green” power generation, using wood pellets produced from softwood forests. Growing demand for these pellets will place pressure on sawn wood timber prices as demand will outstrip supply in some parts of the world. The rise of China as a net importer of sawn wood will also be a factor for companies competing for softwood as well for those seeking to supply the fast growing energy market.

Robotics brings together different engineering areas and skills

The scale of pallet manufacturing and repair operations enables application of high levels of automation, and the use of robots is emerging as the next wave of improvement. The group witnessed robots being used to assist in pallet sorting and repair and was impressed with the progression of the technology in a reasonably short period of time.

Especially in Northern Europe where labour is both scarce and expensive, robots are guided by an operator with a touch screen to direct pallets to repair stations where robots disassemble broken components and then move to another station where an operator loads timber into a jig which is then used by the robot to assemble the repair components.



Robots are guided by an operator with a touch screen



Loscam senior executives visit Coke's plant in Helsinki

There was obviously a high degree of consistency in repair operations as well as speed of pallets through the line. There were some useful learnings for the group as the scale of Loscam operations grows how best these types of technologies can be applied to get a benefit for the business, our operators and our customers.

LOSCAM holds first combined Australia and New Zealand customer event

SIR RICHARD HADLEE ADDRESSED LOSCAM'S INAUGURAL EVENT

Tenacity, accuracy and intelligence – these are the three ingredients to success, according to sports legend, Sir Richard Hadlee. The cricketing great was guest of honour at Loscam's first annual customer event in Auckland, where customers from Loscam's New Zealand and Australian businesses enjoyed Sir Richard's company and wisdom – and joined him in a few rounds of golf.

He later addressed the event dinner, having been elected to the New Zealand Cricket Board earlier the same day. Loscam's customers also took part in an auction to raise funds for the Sir Richard Hadlee Sports Trust that supports sportsmen and women in hardship to strive for success.

Reliving some of his most memorable cricketing experiences, Sir Richard delivered a powerful message to the audience gathered from both

sides of the Tasman. He noted that, as he had built his reputation on tenacity, accuracy and intelligence, so too have companies like Loscam.

Daniel Bunnett, Loscam's Regional Director Australia says the event was important as customers increasingly view the New Zealand and Australian markets as one, “This enables them to source products and services singularly, providing economies of scale. This allows us to package a service that best suits our customers across both markets, and it allows us to create synergies in account management. That's a win-win for our customers,” says Daniel.

The growing list of customers taking advantage of Loscam's trans Tasman 'Island Hopper' service highlights the advantages of viewing both markets as one. Customers hire pallets in one country and de-hire them in the other, without the additional charges levied by other pallet rental companies.

“We started offering trans Tasman pallet rental services late last year and the response has been



Tournament Winners LTR Mark Kluver Patties Andrew Junge Progressive Ent, Sir Richard Hadlee, Nick Trask Loscam NZ

fantastic,” says Nick Trask, Loscam Business Manager for New Zealand.

“We have a distinct market advantage in that our pool in Australia is made up entirely of sustainable softwood pallets. This enables our NZ customers to deliver into Australia on NZ-sourced Australian spec pallets, which can be de-hired into our Australian pool on arrival,” says Nick.

“This arrangement provides our customers with improved efficiencies and ultimately saves them money.”

News Briefs:

Representing Australia

LAURA CARTER IS BEST KNOWN TO LOSCAM CUSTOMERS AS A SALES COORDINATOR AND CUSTOMER SERVICE ASSISTANT IN NSW

But she's also recently become a member of the Australian Indoor Netball Team.

Laura began playing netball when she was six. Her grandmother, Sheila, coached the NSW Men's Netball Team and Laura's mother, Tracey, was an NSW Indoor Netball player. Laura's sister, Eloise, was selected for the U/18s Australian Indoor Netball Team and recently competed in South Africa.

Now it's Laura's turn to take to the world netball stage when she competes in South Africa in May 2014.

But success doesn't come without sacrifice and Laura feared injuries would put her out of contention for the national team.

"Netball pretty much runs my life!" she says.

"I train twice a week and play two to three games at the weekend. But earlier this year I severely injured my ankle and was in a cast and then a moon boot and on crutches. There was a mention that maybe I'd need surgery. I was shattered."

Intensive physiotherapy and treatment helped Laura back into the game and when she was told she'd made the Australian team Laura and her mother burst into tears. Laura says the support of her Loscam colleagues has also been vital.

"I'd like to thank them for putting up with my whinging and hobbling!" she says.

"Now bring on the World Titles in South Africa."



Laura



Laura (2nd from the left) and her teammates

LOSCAM's Steptember



Loscam Steptember Team

It's about fitness and making a positive difference to the lives of people with cerebral palsy.

This September, eight Loscam staff members took part in the 'Steptember' health initiative to support the Cerebral Palsy Alliance and raise money for services, equipment, respite and therapy.

Each member of the Steptember team – Daniel Bunnett, Shaun McNally, Cheryl Taberner, Mandy Paydon, Donna Naismith, Lyn Berry, Melanie Avery and Mark Dobson – was challenged to walk 10,000 steps a day.

By the end of the month, the Loscam team had managed 2,325,092 steps – almost the equivalent of climbing the highest peak on each continent. They also raised \$3,533 for the Cerebral Palsy Alliance.

"Congratulations to those who participated – it was a wonderful effort," says Daniel.

"I did manage to reach 10,000 steps a day – a challenge well-supported by a passion for golf! We'll do it again next year."

On Tour

Loscam pallet repairers and supervisors toured Woolworths Hume Distribution Centre earlier this year. The visit was to help Loscam staff members gain a clearer insight into the DC's operations and requirements from Loscam.

"We felt that, given the size of the customer, we needed to be more proactive in helping our repairers to understand Woolworths' requirements first hand," says Lee Gaudion, State Manager of Vic/Tas Loscam.

Team feedback showed the tour achieved its aim. Pallet repairers Johnny and Steve commented on the 'high level of quality' at the DC. Frank was impressed by the way in which orders were swiftly dealt with.

"The flow of product from start to finish was amazing," says Paul.

"I've got a new understanding of why we need good quality pallets to go to our customers," added Loscam staff member, Maka.



The Loscam Team