

Brambles

Sustainability Review 2013



Brambles Limited is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. Brambles is listed on the Australian Securities Exchange (ASX) and has its headquarters in Sydney, Australia. The Group specialises in the provision of Pooling Solutions and associated services, focussing on the outsourced management of returnable pallets, crates and containers. It has three Pooling Solutions segments: Pallets, Reusable Plastic Crates (RPCs) and Containers. In addition, Brambles owns the information management solutions business, Recall.

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Brambles Sustainability Review 2013 contains references to sections in Brambles' Annual Report 2013, which is available on Brambles website, www.brambles.com



In June 2013 Brambles announced it had become a signatory to the United Nations Global Compact, a voluntary corporate citizenship initiative that encourages businesses to align their strategy and operations with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Brambles' participant information can be found at <http://www.unglobalcompact.org/participant/19414-Brambles-Limited>



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Brambles is a constituent of the FTSE4Good Index Series. FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards.

Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

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Brambles has been selected as a component of the Dow Jones Sustainability Asia-Pacific Index (effective as of 23 September 2013) and the Dow Jones Sustainability Australia index (formerly AuSSI).

The Dow Jones Sustainability Indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for companies who want to adopt sustainable best practices. The indices are offered cooperatively by RobecoSAM and S&P Dow Jones Indices.

LETTER FROM THE CEO



Brambles' CEO Tom Gorman

18 October 2013

There were a number of significant developments in Brambles' Sustainability strategy during the 2013 financial year.

We believe Brambles' business models are built on principles that are inherently sustainable. Brambles enhances the performance for its customers by helping them transport goods through their supply chains more efficiently, sustainably and safely.

For the past three years, our Sustainability strategy has focused on putting in place the elements required to demonstrate and measure the inherent value we provide to our customers.

This year, we took some very important steps.

We reviewed and updated our Zero Harm Charter, adding a commitment to human rights to our existing commitments in the areas of safety and the environment.

Zero Harm means zero injuries, zero environmental damage and zero detrimental impact on human rights. This is a clear statement of our values as we pursue superior returns for shareholders over the long term.

To emphasise this commitment, Brambles became a signatory to the United Nations Global Compact in June 2013, signaling our support for 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. More information on these principles is available on our website. In making this public statement, we are making our commitment to ethical business clear for suppliers and other stakeholders.

In August, Brambles Board approved a global supplier policy. Covering the areas of compliance, diversity, labour standards, human rights and the environment, the policy clearly outlines our commitment to working with suppliers to develop more efficient, safer and more sustainable supply chains for the mutual benefit of all our stakeholders.

The need to gather credible, consistent and quality data to support our customers' growing interest in understanding the environmental impacts of their supply chains resulted in the roll-out of the global Occupational Health, Safety & Environment reporting system (iCARE). This online system will enable Brambles and its businesses to demonstrate the environmental benefits of our Pooling Solutions operations and our ongoing commitment to improving recovery, reuse, reduction and recycling efforts.

Brambles' Sustainability strategy and Roadmap underpins our strategic focus to create superior and sustainable value. In FY13, we have made very good progress against a number of our targets in all four of our sustainability focus areas: Customer, Environment, People and Community. Commentary on our progress on each target can be found on pages 4, 5 and 6.

To reflect the recent developments in regulatory reporting frameworks as well as recent acquisitions and our decision to demerge our information management business Recall, we will take the opportunity in FY14 to review and renew our Sustainability strategy and targets.

I encourage you to read the following pages to review our progress.

A handwritten signature in black ink, appearing to be 'T. Gorman'.

Tom Gorman
CEO

INTRODUCTION

Brambles defines Sustainability as the strategies and activities the Group has adopted in relation to its employees, the environment, ethics and the community.

This approach is consistent with Brambles' strategy and shared values and is designed to enhance, among other things:

- The efficiency and productivity in Brambles' use of finite resources;
- The value Brambles creates for customers and shareholders;
- Clarity of communication with customers and other stakeholders; and
- Brambles' ability to grow over the long term without causing harm to the environment or the health and safety of its employees.

Brambles believes the fundamental principles on which its business is built are inherently sustainable. The Group is committed to being the global leader in responsible and sustainable pooling solutions in the supply chains it serves. It is focused on building a long-term, sustainable business that serves its customers, employees and shareholders and the communities in which they live.

Brambles is applying best practice standards throughout its operations and logistics, and is continuously vigilant in reducing asset losses, cycle times and damage to generate a more sustainable use of physical and financial resources. Fundamental to these efficiency efforts are the principles of recover, reuse, reduce and recycle.

The repeated use of higher quality assets compared with alternative disposable or limited-use platforms reduces material and energy requirements. Brambles retains ownership of its assets at all times, enabling the company to control end-of-life management and improve continuously its recovery, reuse, reduction and recycling efforts.

OPERATING MODEL

Through its Pooling Solutions business, Brambles enhances supply chain performance for customers by helping them transport goods through their supply chains more efficiently, sustainably and safely.

Brambles provides standardised reusable pallets, crates and containers to customers from its service centres as and when customers require. Customers use the equipment to transport goods through their supply chains, then either arrange for its return to Brambles or transfer it to another participant in the network for that participant to reuse. Brambles retains ownership of its equipment at all times, inspecting and repairing it as required to maintain consistent levels of quality.

By participating in Brambles' pooling system, customers eliminate the need to purchase and manage their own pallets, crates and containers and benefit from the superior scale of Brambles' network and systems, its asset management knowledge and experience and its continuous development of new and innovative solutions.

Brambles' Pooling Solutions operations predominantly generate sales revenue from the rental and other service fees that customers pay based on their usage of the Group's equipment.

BOUNDARIES

This Sustainability Review covers Brambles' Pallets, RPCs, Containers and Recall businesses for the financial year ended 30 June 2013 (the Year).

During the Year, Brambles announced the intent to demerge Recall. As a result, this review focuses primarily on the ongoing Pooling Solutions businesses, though some commentary and data is provided on Recall.

Environment data is not provided on the recent acquisitions in the Containers segment and the IFCO Pallet Management Services (PMS) and Paramount Pallet businesses in the Pallets segment.

The review does not include data from service centres operated by a third party, with the following exceptions:

- An estimation of emissions data associated with third-party service centres operating on CHEP's behalf and transportation associated with balancing its pallet pool;
- Emissions and water data associated with third-party operations used by the IFCO RPC operations to wash and condition its crates; and
- Lumber purchased directly by third party service centres, subsequently used in the repair or manufacture of CHEP pallets.

CRITERIA

Details about the measurement techniques and methodologies used in this Sustainability Review are either described herein or can be found on Brambles' website. The Sustainability Review has been prepared with reference to the G3.1 Global Reporting Initiative (GRI) reporting principles for delivering content and quality and the 10 principles of the UN Global Compact. Tables setting out these principles and Brambles' responses are available on Brambles' website.

ASSURANCE

Brambles continues to implement its audit plan to increase assurance coverage over the measures identified in the Sustainability strategy. Brambles engaged KPMG to undertake a limited assurance engagement on both:

- Brambles' adherence to the GRI principles for defining content (being: materiality, stakeholder inclusiveness, sustainability context and completeness); and
- FY13 quantitative and qualitative information relating to the following measures: customer loyalty, lumber sourcing, greenhouse gas emissions, diversity, Brambles employee survey (BES) participation and BES overall Engagement Score.¹

KPMG issued an unmodified opinion on 16 October 2013. KPMG's Statement of Limited Assurance can be found on Brambles' website.

KPMG will also report key observations and recommendations arising from the assurance engagement to Brambles in the first half of FY14, for consideration by Brambles' Sustainability Committee, which is a management committee.

A description of the scope of this limited assurance is available on Brambles' website.

¹ As described in Table 1: Roadmap Targets on pages 4, 5 and 6.

KEY ACTIVITIES DURING THE YEAR

In FY13, Brambles undertook the following activities:

- Reviewed and updated the Zero Harm Charter, which included the addition of human rights to the existing safety and environmental commitments to recognise clearly everyone's right to life, family life, health and development;
- Signed the United Nations Global Compact, which demonstrates Brambles' support for responsible business practices;
- Enhanced the visibility of its lumber supply chains and updated its lumber purchasing processes, which included development of a global sustainable sourcing standard to incorporate biodiversity and human rights, in line with continuing efforts to improve the sustainability of its supply chain;
- adopted a Social Media Policy in its Code of Conduct;
- Commenced the roll-out of the global Occupational Health, Safety & Environment reporting system (iCARE). The safety module is used by all businesses. iCARE's energy waste and reporting module is currently used by CHEP Pallets and the RPCs segment;
- Collected and reported IFCO RPCs operations' energy and emissions data for the first time;
- Became a steering committee member of the World Economic Forum's food waste project; and
- Developed a global supplier policy to be rolled out to all businesses in FY14.

SUSTAINABILITY STRATEGY AND ROADMAP PREVIEW

In 2010, Brambles announced its Sustainability strategy and outlined its strategic objectives and initiatives over the five years to 2015. The strategy is available on Brambles' website.

Following are the targets Brambles has set with commentary on progress during the Year. These targets are key drivers in Brambles' efforts to improve continuously, demonstrate the inherent sustainability of the business model for Brambles and its stakeholders and deliver more efficient, safer and

environmentally sustainable supply chains. The strategy and targets are grouped into four areas of focus: Customer, Environment, People and Community.

As a result of recent developments in regulatory reporting frameworks, the acquisition of new businesses and the planned demerger of Recall, Brambles will conduct a key sustainability topics analysis process and a complete review of its sustainability targets in FY14.

Brambles will communicate the outcomes of this process in its 2014 Sustainability Review.

TABLE 1: ROADMAP TARGETS

Customer – all things begin with the customer

Measure	Target	Commentary
Customer loyalty	<p>Introduce Net Promoter Score (NPS) methodology into every country in which we operate</p> <p>Once baseline is established, achieve year-on-year improvements in NPS</p>	<p>The global rollout of NPS surveys for CHEP began in April 2011 and, in FY13, feedback from more than 6,600 individual contacts representing more than 3,700 companies has been collected. In 2013, the NPS program included all material markets in which Brambles' businesses operate, with the addition of RPCs and IFCO. The inclusion of the businesses in the Containers segment commenced during the Year and is expected to be completed in FY14 (see page 9 for details).</p> <p>NPS improved in over two-thirds of the largest markets surveyed when compared to the previous year, while the remaining surveys on the whole maintained previous levels. The only declines were in two markets, due in part to the addition of new respondents to provide a more representative sample.</p> <p><i>The FY13 quantitative and qualitative information in the Engagement and Satisfaction section on page 9 is included in the assurance scope.</i></p>
Customer engagement	<p>Increased participation in relevant industry forums and customer advisory panels</p>	<p>During the Year Brambles joined the World Economic Forum and became a steering committee member on the Forum's food waste project.</p>

SUSTAINABILITY STRATEGY AND ROADMAP REVIEW - CONTINUED

Environment – working towards Zero Harm by reducing Brambles' environmental footprint

Measure	Target	Commentary
Lumber sourcing	Chain of Custody (COC) certification for lumber purchased for CHEP pallets by 2015	<p>For the Year, 33% of lumber purchased by CHEP is COC certified, compared to 29% in the previous year.</p> <p>In FY13, 88% of CHEP's lumber came from COC certified and certified lumber sources, up from 84% the previous year. The remaining lumber purchased is in compliance with CHEP policy (see page 12 for details).</p> <p><i>The FY13 quantitative and qualitative information in the Lumber sourcing section on pages 12 and 13 is included in the assurance scope.</i></p>
Greenhouse gas emissions (GHG)	20% reduction on 2010 emission levels by 2015 ²	<p>Ahead of schedule. GHG emissions decreased by 24.5% from FY10. With the planned demerger of Recall, which comprises 68% of the sites in scope, the target will be reviewed and will consider the inclusion of recent acquisitions and Scope 3 emissions.</p> <p><i>The FY13 quantitative and qualitative information relating to Scope 1 and Scope 2 (excluding quantitative and qualitative information in relation to Scope 3 and/or Recall) on pages 16 and 17 only is included in the assurance scope.</i></p>
Lumber waste	Zero CHEP lumber waste to landfill by 2015	<p>Most CHEP operated service centres in North America and Europe have now achieved this objective. CHEP reported at least 43,108 cubic metres of lumber was reclaimed and reused in the repair and manufacture of pallets and 188,258 tonnes of lumber were recycled (see page 14 for details).</p>
Solid waste	Year-on-year improvements in service centre recycling rates	<p>Corrugate and plastic recycling initiatives are underway. Brambles businesses reported it recycled 171,299 tonnes of material (see page 15 for details).</p>
Water management	Targets to be established once IFCO is fully integrated into Brambles	<p>Water usage data has been collected from IFCO RPCs operations and entered into the new iCARE system.</p> <p>A water management target will be set in FY14 (see page 15 for details).</p>

² Based on existing businesses and sites that have reported data since 2010; new acquisitions not included, excluding those economies defined as emerging and developing by the International Monetary Fund; target based on internally-projected growth assumptions.

SUSTAINABILITY STRATEGY AND ROADMAP REVIEW - CONTINUED

People – engaging our people and making sure they are safe

Measure	Target	Commentary
Diversity	Women to represent 30% of Brambles' Board and the Executive Leadership Team by 2015; management positions by 2018	In FY13, 20% of the Board and 12.5% of the ELT are women. 25% of management positions are held by women. <i>The FY13 quantitative and qualitative information included in the Diversity and Inclusion section (excluding quantitative and qualitative information in relation to parental leave) on pages 20 and 21 and Table 13: Employees by segment on page 19 is included in the assurance scope.</i>
Zero Harm	25% reduction in Brambles Injury Frequency Rate (BIFR) on 2012 adjusted levels (including recent acquisitions) by 2017	Target achieved. The FY13 BIFR result of 14.9, a 31% improvement on the previous year. While the Group achieved its objective of a 25% reduction on FY12 levels, Brambles suffered one BIFR related fatality in the IFCO Pallet Management Services business and a contractor fatality on a CHEP owned timber plantation in South Africa. A new rolling BIFR target has been set for year-on-year improvements (see pages 21 and 22 for details).
Brambles Employee Survey (BES)	Participation rate at minimum of 90% by 2015	Target achieved. 92% of eligible employees responded to the survey, up six percentage points on the previous year's response of 86% (Employees from Recall and the recently acquired Palletecon business, as well as those that have been with the Group for less than three months, did not participate in the survey). <i>The FY13 quantitative and qualitative information included in the Engagement section on pages 19 and 20 is included in the assurance scope.</i>
BES overall engagement score	Target of 73% by 2015	Brambles' employee engagement score increased to 68%, up one percentage point on the previous year. <i>The FY13 quantitative and qualitative information included in the Engagement section on pages 19 and 20 is included in the assurance scope.</i>
Education, training and development (ETD)	25% increase in ETD days on 2012 participation levels by 2015	Target achieved. Brambles' businesses reported a total of 50,079 training days for the Year an increase of 35% on the 32,415 training days reported in FY12 (see page 21 for details).

Community – making a positive contribution to the communities in which we operate

Measure	Target	Commentary
Supplier policy	Develop and introduce a global policy and framework by the end of FY13	Brambles' global supplier policy was approved by the Board in August 2013 (see page 23 for details).
Introduction of "volunteer" time for employees	At least one volunteer hour per employee during working hours by 2015	For the Year, more than 490 employees volunteered a combined total of 3,843 hours. Brambles recorded 0.22 volunteer hours per employee (see page 24 for details).
Introduction of "give as you earn" policies	All businesses where legislation allows by 2015	A review of the target and update on roll-out will be conducted in FY14.

KEY SUSTAINABILITY TOPICS IN THE YEAR

The key sustainability topics process enables Brambles to identify and prioritise issues that are expected to impact Brambles and its stakeholders.

This review provides an update on each of the key topics identified, insight into the key challenges and Brambles performance in each area.

The topics identified through this process are used to update activities identified in Roadmap Targets on pages 4, 5 and 6. Brambles conducted its first formal analysis of sustainability topics in FY11, using a third-party provider, with AccountAbility Principles Standards AA1000 five-part test as a guide.

Brambles has not undertaken any additional specific external stakeholder analysis in FY13 to identify sustainability issues. Stakeholders are engaged throughout the Year through a number of ongoing business processes, including programs such as the Brambles Employee Survey and Net Promoter Score, which are under the direct control of senior management and reported on in this review. Key sustainability topics identified in 2011 have been reviewed and prioritised by senior management, with reference to employee and customer engagement tools, amongst others.

For the Year, the key sustainability topics, which are grouped in the four areas of focus (Customer, Environment, People and Community), were:



Influence of topic in achieving Brambles corporate and sustainability strategies

CUSTOMER	Value creation
ENVIRONMENT	Use of resources Emissions
PEOPLE	Retention, succession and development of employees Safety and wellbeing
COMMUNITY	Good corporate citizenship

An online questionnaire was distributed to senior management in Brambles HQ, Pallets, Containers and RPCs segments that are responsible for engagement with customers, employees and shareholders to test completeness of the previously reported topics identified or to identify new topics raised by stakeholders during the Year.

After review of the responses, Brambles has consolidated the 18 key topics it reported in FY12 to the six described in the adjoining column and identified two new topics: Change management and Managing integration and emerging market growth (see page 8).

The other changes to the four focus areas are as follows:

- **Customer** - one key topic called **Value creation** covers customer engagement and satisfaction, improving the sustainability of customer supply chains, product and service performance and creating value through innovation. Feedback indicated that there was a good deal of information overlap relating to customers. This has now been consolidated and linked to the key driver consistent with Brambles' business strategy - creation of value for the customer. Due to the planned divestment of Recall, customer privacy will no longer be reported as a key topic; however, information on this is available on Brambles' website. The topic is addressed in the Customer area of focus on page 9.
- **Environment** - two key topics of **Use of resources** and **Emissions**. Due to the acquisition and growth of diversified product offerings, material resource usage varies throughout the Group. For Pallets, lumber is a key material, while water is important for RPC operations. Emissions, waste and recycling remain a key focus of the businesses as they strive to minimise their environmental impact in line with the Zero Harm commitment. The topics are addressed in the Environment area of focus on page 12.
- **People** - two key topics of **Retention, succession and development of employees** and **Safety and wellbeing**. A key focus of Brambles business strategy is the ability to attract, retain and develop its employees, which includes a commitment to employee engagement, diversity and inclusion and improving training and development opportunities. Safety and wellbeing remain key to Brambles' Zero Harm commitment. The topics are addressed in the People area of focus on page 20.
- **Community** - one key topic of **Good Corporate Citizenship**. Being recognised as a good corporate citizen is dependent on how well Brambles and its businesses support and enrich the communities in which they operate, through responsible procurement, employment practices and collaborative partnerships that connect its people to customers and suppliers. The topic is addressed in the Community area of focus on page 24.

The issue of **change management** has been identified by executives as important to the ongoing success of the Group's business and Sustainability strategy. Further information on this emerging topic will be provided in the FY14 Sustainability Review, following the review of key sustainability topic process in FY14 (see below).

Governance is not included as a stand-alone key sustainability topic as good governance is fundamental to the delivery of all of the Group's sustainability strategies and targets. Sustainability governance information and how it affects day-to-day management will be monitored and updated as necessary on the Brambles website.

EXPECTATION FOR 2014

As a result of recent developments in regulatory reporting frameworks, the acquisition of new businesses and the planned demerger of Recall, Brambles will conduct a new key sustainability topics analysis process and a complete review of its Sustainability Targets in FY14. This will help drive business activity and value creation for all stakeholders. Brambles will communicate the outcomes of this process in its 2014 Annual Report and Sustainability Review.

KEY SUSTAINABILITY TOPICS IN THE YEAR - CONTINUED

MANAGING INTEGRATION AND EMERGING MARKET GROWTH

Diversification - expanding into more customer segments, broadening the range of products and services and growing geographically - is one of four key themes the Group uses to implement its strategy.

The acquisition of businesses is one of a number of opportunities Brambles has to enable it to grow and expand into both existing and new emerging markets. Acquisitions can create commercial synergies and allow Brambles' businesses to leverage an enhanced network. Development of new emerging markets also supports major customers' expansion.

When assessing potential acquisitions, Brambles undertakes a due diligence process that includes the identification of material risks, including risks related to sustainability.

The acquisition and expansion into new emerging markets presents challenges to business operations and our people. Brambles addresses these challenges as it integrates acquired businesses and new markets into its existing businesses.

In the last five years, Brambles has acquired the following businesses:

- Unitpool (September 2010)
- CAPS (February 2011)
- IFCO (March 2011)
- JMI Aerospace (June 2011)
- Driessen Services (November 2011)
- Paramount Pallet (November 2011)
- Pallecon (December 2012)

The IFCO business has been split by product and service category. The IFCO RPC business forms part of the Brambles RPC segment. IFCO's Pallet Management Services (IFCO PMS) now reports to the North America region of the Pallets segment. It operates 47 service centres, a fleet of more than 250 trucks and over 5,000 trailers. A strategy is in place to optimise and deliver an integrated CHEP and IFCO service centre network in the USA.

Brambles has grouped the CAPS, Unitpool, JMI, Driessen and Pallecon businesses with CHEP Automotive and the CCC businesses in the Containers segment.

All acquired businesses are subject to Brambles' Code of Conduct and training and roll out of the Code to employees is part of the integration process. In addition, acquired businesses are required to participate in the Group's next biannual management declaration process.

In FY13, the Zero Harm Charter update was rolled out to both existing and recently acquired businesses. The Year was transitional for Brambles' reporting on safety. For the first time, data for all businesses acquired in and prior to FY12 was incorporated into Brambles Injury Frequency Rate (BIFR). In order to make meaningful comparisons to the businesses safety performance in FY13, Brambles has adjusted its FY12 BIFR rate from 9.3 to 21.5 to incorporate acquired operations and establish a base rate for comparison. Acquisitions made in FY13 were not included, but will be incorporated in FY14.

In FY13, Brambles commenced the roll-out of the global Occupational Health, Safety and Environment reporting and analysis system (iCARE). This online, easy to access system has replaced the less user-friendly method.

Brambles businesses now have the capacity to enter their energy, waste and water data regularly and analyse the information at their discretion. In addition to providing more accurate information of Brambles reporting requirements, iCARE will allow the businesses to benchmark operations and identify efficiencies across the Group.

By the end of the Year, the energy, waste and water reporting module was used by CHEP Pallets (excluding IFCO Pallet Management Services and Paramount Pallet), RPCs and some Containers operations to record data. In FY14, the module will be rolled out to the rest of Containers and the pallet businesses of IFCO PMS and Paramount Pallet.

In 2013, the Net Promoter program that measures customer satisfaction included all markets in which Brambles' businesses operate, with the addition of RPCs, Containers and IFCO (including some of the acquired businesses now integrated into Containers). The surveys will continue to be rolled out to the Containers segment (along with the remainder of the acquired businesses) in FY14.

Brambles relationship with Cedep, the European Centre for Executive Development, has been expanded to include China, Singapore and Latin America and key leaders in the emerging markets businesses now participating in regional Cedep programs.

Details on Brambles' business strategies and future prospects can be found in Brambles' Annual Report on page 2.

CUSTOMER

Brambles' first shared value is 'all things begin with the customer'. Through Brambles' pooling model, which is based on the inherent sustainability principles of recover, reduce, reuse and recycle, customers have the opportunity to develop more efficient, safer and environmentally sustainable supply chains.

VALUE CREATION

Brambles' businesses are focused on providing products and services that deliver competitive advantages to its customers. Brambles is committed to improving its products, services and people.

Brambles Sustainability strategy aims to integrate sustainability into the way it does business and the value proposition it offers to customers. Brambles seeks to create value for customers by working closely with them to improve the sustainability of their supply chains, develop innovative service offerings, coordinate improvements, and continually enhance the environmental benefits of its product and service offerings.

ENGAGEMENT AND SATISFACTION

Brambles' business units are focused on improving customer engagement and measuring levels of customer satisfaction to ensure its customer relationships are a continuing source of competitive advantage.

In FY12, Brambles' businesses established a global account management team to facilitate more strategic relationships with key multinational customers. During FY13, the global account team provided Brambles' businesses the opportunity to develop targeted solutions and create joint business plans to support specific multinational customers. Information on global accounts provided from the Net Promoter program responses is analysed separately and discussed with senior account management, giving them opportunities to further engage with these customers.

Brambles' businesses also seek to engage customers through industry initiatives and strategic forums. For example, CHEP works with many leading industry organisations and lists its association partnerships on its website. The importance of engaging customers in this way is reinforced by the inclusion of increased participation in relevant industry forums and customer advisory panels as a Sustainability Target. In addition, during the Year, Brambles joined the World Economic Forum and became a steering committee member on its food waste project, which includes several customers.

To continue to improve customers' experience of its products, services and people, Brambles seeks to hear the Voice of the Customer through a variety of channels. This includes strategic leadership forums, face-to-face customer interviews, global market insights, sharing of global best practice throughout the Group, the Net Promoter program and customer care centres.

For example, CHEP Australia identified a group of customers through an ongoing series of forums. Held every four to six months, the forums allow for frank and robust discussion on pertinent issues and the industry as the whole. Through these interactions, CHEP identified a number of initiatives that could help customers address their concerns. In FY13, CHEP Australia achieved significant increases in loyalty for this group of customers, measured through the Net Promoter program (see below). Plans to roll out similar programs to a wider customer base are now underway.

CHEP conducts quarterly customer advisory panels in Europe and Asia.

In 2010, Brambles began the roll-out of Net Promoter Score (NPS) program across the Group. The program includes: NPS measurement; leadership practices that promote customer-centricity;

organisational strategies to ensure the adoption and integration with core business processes of NPS; and the gearing of operational systems to identify improvements in customer experience. It provides an opportunity to listen to customer feedback on our performance, understand their challenges and frustrations and agree and implement initiatives to improve our customers' experiences and foster greater loyalty.

Detailed questionnaires are collected through Brambles' annual customer survey with Pallets, RPCs and Containers customers in over 30 countries, which measures performance in areas such as account management, ordering, delivery and audit and reconciliation.

The questionnaires generate data on customers' views on processes and performance. These data are distilled into a single indicator for each country or business unit, known as the NPS, which measures the weighting of people who recommend a company's services or products, compared with those who do not.

Following the 2012 NPS survey, some of the initiatives adopted by the businesses during FY13 in response to customer insights included:

- The need to improve customer calls. An escalation hotline and call quality audit process was introduced, prompting a strong increase in satisfaction scores in this area.
- The ability to resolve issues in a timely way was identified by UK customers as an area for improvement. By following up comments received through the survey with each customer directly it was established that the issue was related to the quality of response rather than the speed of response. A quality audit process and increased training for agents was implemented, with a significant increase in customer satisfaction recorded in the 2013 survey.

In 2013, Brambles further integrated NPS through:

- Adoption of a closed loop, fully automated system that allows reporting of root causes;
- Improved sampling methodologies to target key customers; and
- Establishment of an in-depth analytics process to better identify insights.

The closed loop system significantly reduces the manual intervention required to collate data and provides global consistency across all markets and businesses. The surveys of all customers can be collated easily and made available to management to prioritise global and regional projects.

These improvements also allow Brambles businesses to respond to customer issues as the survey is taking place.

The global rollout of NPS surveys for CHEP began in April 2011 and, in FY13, feedback from more than 6,600 individual contacts representing more than 3,700 companies was collected. In 2013, the NPS program included all material markets in which Brambles' businesses operate, with the addition of RPCs, Containers and IFCO. The surveys will continue to be rolled out to the Containers segment in FY14.

Net Promoter Scores improved in over two-thirds of the largest markets surveyed when compared to the previous year, while the remaining surveys on the whole maintained previous levels. Only two markets experienced a decline, due in part to the addition of new respondents to provide a more representative sample.

A detailed analysis of 2013 results to identify key regional and global actions has been conducted and recommendations have been presented to the Group. Action plans are developed for each market and analysed by the NPS team before being approved by senior executives. Additional support is provided to the businesses as required to ensure objectives can be met.

Recall has a strong, ongoing commitment to managing key satisfaction metrics through its Perfect Order program and security breach reports.

CUSTOMER - CONTINUED

IMPROVING THE SUSTAINABILITY OF CUSTOMER SUPPLY CHAINS

Brambles is committed to using resources more efficiently and encouraging the sustainable use of its products and services. Brambles has an excellent opportunity to deliver environmental benefits through its business models and by leveraging the information it acquires due to its unique position in the supply chain.

Brambles continues to address growing interest among customers to understand the total cost of their supply chains and works closely with customers to minimise their environmental footprint.

For example, in the Pallets segment, CHEP USA's and CHEP EMEA's dedicated value solutions teams work in partnership with customers to evaluate objectively their supply chains and develop solutions based on Lean and Six Sigma methodologies that deliver lower financial and environmental costs across the supply chain.

In addition, four more customers in Europe are now participating in the carbon neutral pallet program, following the successful completion of the pilot program with Unilever in Spain last year.

Customers participating in this program are able to offset the annual carbon footprint of their CHEP pallet movements. Features of the program include:

- The requirement that the product's materials come from sustainable sources.
- A robust measurement system that covers all service centres, subcontracted locations, offices and transportation functions.
- A comprehensive life-cycle analysis developed in partnership with an independent third party, carried out under ISO 14040 standards and peer-reviewed.
- A partnership with a recognised leader in the carbon credit industry, the Carbon Neutral Company, to purchase internationally recognised Verified Carbon Standard-certified credits.

The cost of purchasing offset credits for customers to achieve carbon neutrality is relatively inexpensive, due to the inherent environmental efficiencies of the pooling model. By choosing to purchase credits, customers are able to reduce the carbon footprint in the supply chain and invest in reforestation projects in developing countries.

CHEP plans to expand the program globally during FY14.

In June 2013, IFCO RPCs announced a new life cycle study of its USA operations and the environmental benefits of its reusable plastic crates over one-way corrugated cardboard boxes.

The study showed the IFCO crate generates 82% less solid waste, consumes 92% less water and requires 49% less energy for a weighted average of the 10 top produce commodities when compared to moving the same amount of produce in display-ready corrugated boxes.

The study compiled by Franklin Associates, a leading consulting company in the USA that specialises in life cycle analyses and solid waste management, was submitted to a peer review and no methodological revisions were requested.

The IFCO results mirror a similar study conducted by CHEP Australia in 2010. An independent life-cycle analysis of CHEP's reusable plastic crate system conducted by Royal Melbourne Institute of Technology showed that compared with a single-use corrugated cardboard system, CHEP crates produced 70% less greenhouse gas emissions, used 85% less water and produced 95% less solid waste to landfill, even if the cardboard is recycled.

In FY13, Brambles joined the steering committee of the World Economic Forum's food waste project alongside several of its customers to engage with them in addressing this important environmental issue.

CHEP's Last Mile Solutions project targeting retailers and logistics also helps to address waste reduction in store for retail customers.

The 'last mile' is the movement of product from a customer's distribution centre to the retail store.

In Australia, CHEP has developed two products that allows retailers to stock shelves faster and improve stock rotation: a plastic display pallet and multi-product beverage tray.

The display pallet allows fast turnover items to be wheeled from the back of the store to the shop-floor in one movement. The beverage tray works in harmony with the display pallet that replaces aisle shelves.

The development of these retail-ready solutions enable 'one-touch' supply that move products through the supply chain without the need for packing and unpacking and reducing or eliminating the need for secondary packaging.

IMPROVING PRODUCT AND SERVICE PERFORMANCE

The Pallets' global quality team is responsible for setting product quality standards and audit conformance, translating customer needs into pallet quality standards and responding to customer complaints.

During the Year, in line with our ongoing commitment to customer service and quality, the team developed a global pallet quality specification based on customer-focused testing to address the key critical-to-quality (CTQ) aspects to customers' processes. The CTQs were identified by a detailed analysis of NPS responses and additional customer feedback on pallet quality.

The work to address the issues of protruding nails and missing wood from the leading edge of the pallets has resulted in the development of an optimal specification that reduces damage to a customer's product and meets the requirements of the pooling model. Global product rejection and complaints by customers decreased from 0.19% per issue in FY12 to 0.15% per issue in FY13.

The global quality team is now working with the regional operations teams on implementing the specification globally.

Work on additional CTQ issues has commenced and will follow the same process.

In October 2012, CHEP USA achieved ISO 9001:2008 certification (independent certification of quality management systems), validating the Quality Management System (QMS) in CHEP owned and operated service centres. The system includes standard operating procedures to certify and maintain the performance of all service centres, corrective action for any customer complaint or rejection and a pest control and cleanliness program to ensure all products are clean, dry, odourless and free of pests or hazardous chemicals. Following these procedures, customer product and service rejections have reduced 53% since 2009 to less than 0.18% of issues.

CHEP USA is encouraging all the management groups operating third party sites in the CHEP network to obtain ISO 9001 certification.

CHEP sites in Brazil, Spain France and the UK are ISO 9001 certified. CHEP India is currently undertaking the process and CHEP Canada and IFCO PMS are undergoing assessments to ascertain requirements.

In RPCs product quality is essential as most of its products are used for transporting fruit and vegetables. IFCO is certified in accordance with EN DIN ISO 9001:2008 and its crate washing centres operate in line with Hazard Analysis and Critical Control Points (HACCP) standards.

CUSTOMER - CONTINUED

CREATING VALUE THROUGH INNOVATION

One of Brambles' shared values is a belief in a culture of innovation. To emphasise the importance of innovation to the long term success of the company, Brambles has an innovation team and framework that educates its people on how to capture and develop new initiatives.

Brambles also has an innovation fund. The fund seeks to encourage a new mindset among Brambles' employees. The focus is on progressing new ideas rapidly at minimum cost and provide funding at the regional level, to develop initiatives that are:

- Future growth opportunities (new products and services);
- Opportunities to improve financial returns for the business; and/or
- Opportunities to significantly differentiate what the Group currently offers and improve customer value.

The fund can invest up to US\$2.5 million per annum in projects that potentially generate new sources of value for Brambles, either in the short term through incremental extensions or improvements (Horizon 1), or an entirely new service, platform or business offering (Horizon 2 and 3). In FY13, Brambles invested US\$1.5 million, which included five active Horizon 3 projects.

Regional Boards have been established across the Group to drive the innovation process deeper into the businesses. This will allow regional management teams to focus on opportunities in their area of operation.

During the Year an online internal portal ideas.chep.com was launched in the USA, Canada, Europe, Australia and New Zealand to

encourage employees to submit and track the development of their ideas. To date, more than 300 ideas have been submitted for review.

CHEP's Innovation Center in Orlando, Florida is a world-class product testing and engineering facility. Using ISO, International Safe Transit Association and other testing standards, CHEP collaborates with customers to test their packaging, new products and technologies. Through these services CHEP adds value and drives innovation and savings for customers.

In FY13, the Innovation Center:

- Supported more than 75 projects for internal and external customers;
- Evaluated hundreds of customer unit loads for supply chain performance;
- Tested 25 lumber species to determine their impact and strength characteristics; and
- Designed or evaluated five innovative pallet types for new or existing supply chains.

CHEP also runs a pallet test track facility that simulates the pallet life-cycle and allows CHEP to test innovations quickly and bring new platforms to market. The activities address areas such as life-cycle, market needs, material sustainability and selection, design and repair operations.

Within the controlled environment of the test track CHEP can generate the same amount of data from a 5,000 pallet field trial with customers, using 90% fewer pallets with greater certainty of results.

The test track facility's calibration and testing activities have been expanded to cover 85% of CHEP's pallets and the supply chains in which they operate.

ENVIRONMENT

Through innovative logistics and operations networks Brambles minimises its environmental footprint in relation to the use of resources, emissions and waste.

USE OF RESOURCES

Brambles is committed to achieving Zero Harm and considers environmental impacts in all decisions, including its use of resources.

LUMBER SOURCING

A target of achieving Chain of Custody (COC) certification for 100% of lumber purchased for CHEP pallets by 2015 has been set, to provide a focus for the continual improvement and promotion of the responsible and sustainable procurement of lumber.

Table 2: Volume of lumber purchased (m³) for the Year³

	2013	2012
CHEP Pallets Americas	1,043,150	880,288
CHEP Pallets EMEA	765,808	582,808
CHEP Pallets Asia-Pacific	167,520	181,637
Total	1,976,478	1,644,733

Activity in the Year

The sourcing of lumber is controlled centrally by the Pallets segment through the global procurement team. In its first full year of operation as a global function, the procurement team has:

- Updated CHEP's lumber sourcing policy, which includes clear statements on safety, lumber specification, prohibitions and controls on the use of wood treatments and other chemicals, sustainability and supplier obligations and qualification.
- Updated standard operating procedures to assist the regions with their due diligence programs. The approach seeks to confirm CHEP's knowledge of forestry resources, the certification status of forests, legality of logging, transparency of the lumber supply chain, knowledge of species, avoidance of controversial sources, including endangered species and any ethically questionable forestry industry arrangements and practices.
- Formalised the requirements to undertake due diligence across all lumber suppliers to the extent that lumber will not be purchased from a source where CHEP's due diligence is not satisfied.
- Conducted a thorough review of the certification regimes using the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) schemes as the benchmark for certification standards. Following this, CHEP established a standard for categorisation of certified lumber sources and is applying this across the Group.
- Developed a close working relationship with CHEP's product engineering team to identify lumber species available (from certified sources) that have the technical characteristics to optimise the performance of the Group's wooden pallet pool.

Through these activities the team has improved the transparency of its lumber supply chain, its understanding of certification schemes and the status of maturity of COC certification of supply in key markets.

In order to achieve improvement and promotion of the responsible and sustainable procurement of lumber the Group continues to work

³ Does not include lumber purchased for IFCO PMS and Paramount Pallet.

with strategic suppliers to further increase the available supply of COC certified lumber.

Definitions

To measure progress against the target and better identify opportunities in the supply chain, purchased lumber is categorised in three distinct groups. All lumber purchased by CHEP meets one of the following definitions.

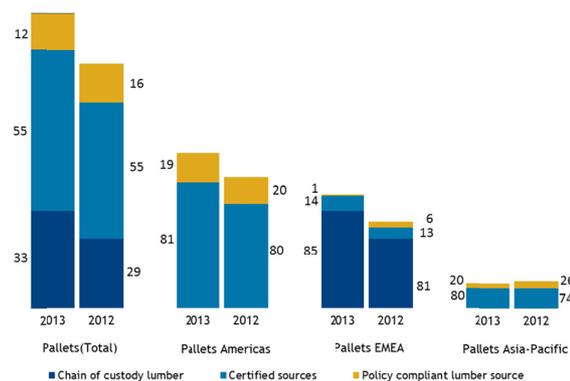
1. **Chain of Custody (COC) certified lumber.** Where CHEP can verify supplier claims, through documentation, that lumber purchased has an associated COC certification credit.
2. **Lumber from certified sources.** Lumber classified as being from a certified source is required to meet one of the following criteria:
 - a. Certified sources, where the supplier of the lumber has COC certification; however, the supplier has not referenced this certification or provided complete COC accreditation details for the lumber supplied to CHEP; or
 - b. Other certified sources, where CHEP has undertaken due diligence that seeks to provide confidence that the source forest or mill is certified by PEFC, FSC or equivalent.⁴
3. **Policy compliant lumber source.** Where the purchased lumber does not carry COC certification and is not from a certified source, CHEP has undertaken due diligence to establish that the lumber flow has not been contaminated by controversial source lumber.⁵ Lumber will not be purchased from a source where CHEP's due diligence is not satisfied.

This classification has been applied to lumber purchased in the Year. Lumber purchased in FY12 has been reassessed and the new classifications described above have been applied to reported data.⁶ Over time, and where practical, the Group will target converting sources identified as certified source lumber to COC certified lumber.

Results

A total of 33% of lumber purchased is COC certified, compared to 29% in the previous year. In FY13, 88% of CHEP's lumber came from COC certified and certified lumber sources, up from 84% the previous year.

Table 3: Lumber volume by classification & segment (%)



⁴ Equivalence is based on the Montreal sustainability criteria that underpin PEFC and FSC.

⁵ 'Controversial Source' is a term used by the PEFC to cover a broad range of forestry activities that do not comply with local, national or international legislation, use genetically modified forest based organisms or convert forest to other vegetation types, including primary forests to forest plantations.

⁶ Brambles has adjusted its FY12 certified lumber source number to incorporate the new stricter criteria for comparison. As such, the previously published FY12 percentage of lumber from a certified source of 94% has been replaced with a combined chain of custody and certified sources percentage of 84%.

ENVIRONMENT - CONTINUED

Pallets - Americas

In CHEP USA, a detailed review of the certification schemes applicable to the supply base was completed. While there are well-established COC certification schemes for lumber used for pulp in the US market, there is currently little market demand for and therefore limited supply of COC certification for the lumber flows applicable to CHEP.

In addition to its efforts in engaging with suppliers and advocating and encouraging further development of COC certified supply, the CHEP USA team is increasing its efforts to collect evidence of COC and/or certified source compliance as part of its due diligence process.

During the Year, as part of global procurement, CHEP established a dedicated procurement team in Brazil to cover Latin America. This strengthens CHEP's lumber sourcing and due diligence capabilities in the region.

Pallets - EMEA

CHEP Europe continues to maintain its COC certification status. The business reported that 98% of lumber purchased during the Year was COC certified. In Europe all pallet suppliers are required (through service agreements) to purchase either FSC or PEFC certified COC lumber from CHEP Europe's approved list of suppliers. For new suppliers that do not have COC certification, CHEP will initially purchase lumber on the condition that the supplier commits to becoming COC certified. If certification is not achieved within six months, CHEP will cease purchasing lumber from the supplier.

CHEP South Africa conducted a detailed analysis of its options in securing its future lumber supply, which included sustainability criteria as a core component. An established lumber supplier to CHEP MEA reported that a key forest resource achieved PEFC certification in FY13. The CHEP South Africa team is increasing its efforts to collect evidence of COC and/or certified source compliance as part of its due diligence process.

CHEP South Africa also owns and manages five FSC-certified timber plantations in the southern Drakensberg region of KwaZulu Natal. Covering a total area of 2,700 hectares, the total harvested area is just under 1,800 hectares, with the remaining area comprising environmental and fire protection areas. Based on a 20 year rotation cycle, the five farms will provide, in an ongoing and sustainable way, approximately 10% of CHEP South Africa's total lumber requirements for new pallets and repair material.

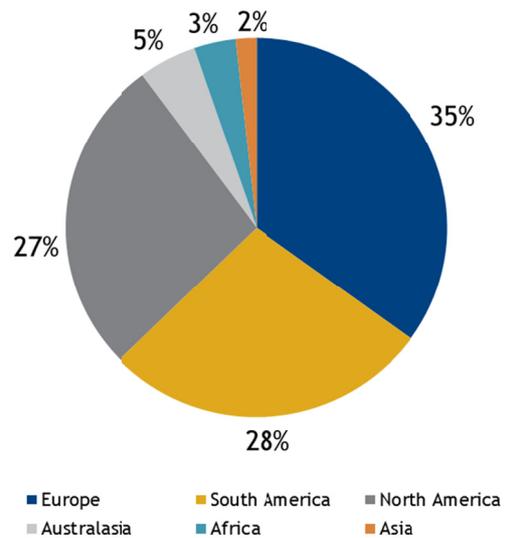
CHEP employs two professional foresters to manage the farms and in FY13, Forestry Manager Gordon McKenzie received a Forester of the Year Award from Sappi Forests, South Africa's biggest forestry group. CHEP, along with more than 50 other private farmers who provide lumber in the region, is a member of Sappi Forests' FSC certification group scheme.

Pallets - Asia-Pacific

CHEP Australia has commenced work on transitioning its hardwood lumber supply base to COC certified lumber under the Australian Forestry Standard. CHEP Australia expects this work to be completed in FY14.

CHEP New Zealand has completed the transition planning of its lumber supply base from certified source lumber to COC certified lumber. The New Zealand lumber supply base will be COC certified by FY15.

Table 4: Lumber volume by continent of origin (%)



Lumber species

Identification of controversial species in the supply chain is an ongoing area of focus for the procurement due diligence process.

In FY13, CHEP identified 64 species of tree that are, or could be, in its lumber supply as per the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. None of these species are defined as "endangered", "critically endangered", "extinct in the wild", or "extinct". Of the 64 species identified, two are classified as "near threatened" (Virginia Pine and Sand Pine) and one as "vulnerable" (Longleaf Pine).

The possible inclusion of Longleaf Pine in CHEP USA's lumber supply was identified in 2009, and the possible inclusion of Virginia Pine and Sand Pine were identified in 2010. USA lumber suppliers do not always disclose the exact sub-specie of pine being supplied.

In FY13, the CHEP USA procurement team undertook an exercise to estimate the potential volume of these sub-species in the lumber CHEP purchased during the Year. It is estimated that approximately 17,000 cubic metres of Longleaf Pine and 11,000 cubic metres of Virginia Pine and Sand Pine combined could be included in the FY13 lumber supply, representing less than 3% of the total volume purchased by CHEP in the Americas.

CHEP USA is working with its suppliers and continuing current supply chain management practices to better understand and minimise the potential use of Longleaf Pine, Virginia Pine and Sand Pine. The business is also developing relationships with sawmills, who have better visibility and control over harvesting.

ENVIRONMENT - CONTINUED

LUMBER REUSE AND RECYCLING

Compared with disposable pallets, pallet pooling significantly reduces the use of lumber resources and waste.

Unlike CHEP's pallet pooling system, many other types of lumber pallets (without a clear system of ownership and accountability) end up in landfill. By maintaining ownership of its assets and enforcing a system of controls, CHEP can maximise its ability to reuse material in the pallet pool or recycle materials away from landfill at the end of the pallets' useful lives.

Reuse

When CHEP conditions its pallets, lumber that is in good condition is reclaimed and reused wherever possible to repair other pallets. In FY13, CHEP Pallets reported that at least 43,108 cubic metres of lumber was used in the repair and manufacture of pallets.

In the USA, CHEP reclaimed 21,782 cubic metres of lumber, which is the equivalent of 565 TEU intermodal containers (the international standard for measuring shipping space).

In Europe, up to 23 usable lumber elements can be reclaimed from damaged pallets. The average reclaimed number is 15 elements. CHEP is continuously improving its timber reclaim capability with network projects to look at better technologies to dismantle pallets efficiently.

In Australia, lumber cut-offs and lumber from damaged pallets are reused at CHEP service centres. Sound lumber boards are removed from damaged pallets and used for repair work; an estimated 85% of this "waste" lumber is used for repairs or to manufacture new CHEP pallets, which means less raw lumber is required.

Recycling

Brambles is reporting a recycled lumber number for the first time (see table below). Brambles expects the quality and detail of data provided to improve in FY14.

In line with the target of zero lumber waste to landfill by 2015, CHEP is implementing a number of programs. For example, CHEP USA performed waste stream optimisation in FY12, which improves the recycling of lumber waste. In FY13, CHEP USA met the zero lumber to waste target for CHEP owned and operated sites. Lumber waste generated by sites is now recycled and used in various products such as heating fuel and energy production.

In Australia, lower quality scrap lumber not suitable for repair is mulched and used for landscaping, garden projects, making compost, or energy generation. For example, an engineering company in Australia uses CHEP lumber mulch to generate steam for use in their operations. CHEP Australia is actively seeking alternative uses for lumber mulch, which includes working with the New South Wales' state government's Sustainability Advantage program.

In FY13, CHEP Pallets reported it recycled more than 188,000 tonnes of lumber in the Year.

Table 5: CHEP Pallets lumber recycling efforts during the Year (excluding reclaimed lumber for reuse)

Metric tonnes	Lumber recycled
Total Pallets ⁷	188,258

⁷ Includes data from sites that handle and condition CHEP RPCs and Containers, Automotive in Europe and the CCC business.

RESOURCE MANAGEMENT

Brambles is committed to using resources more efficiently and minimising waste. CHEP's pallet pooling system operates on the principles of recover, reduce, reuse and recycle. Brambles is committed to improving its performance continuously to meet customers' and stakeholders' sustainability expectations.

CHEP and Recall have processes to collect data on waste streams and have committed to improving their recycling rates each year.

CHEP manages all waste streams related to pallet pooling activities including lumber (see above), corrugate, steel and plastic.

Where possible in office locations, segregation and recycling programs are in place for recyclable items such as paper, bottles, cans, newspapers, magazines and ink cartridges. CHEP complies with local and federal regulations pertaining to waste handling, recycling, storage and disposal.

IFCO recycles 100% of its RPCs. IFCO regrinds all damaged containers and reprocesses the granulate for use in new RPCs.

Recall assists its customers in managing their physical and digital documents throughout their life-cycle, from creation to secure destruction. Recall believes that it benefits the environment by assisting customers to reduce material usage by providing space- and paper-efficient document archival and retrieval solutions. All the material used in the production of Recall's cartons is recyclable. During the Year, Recall collected, shredded and sent for recycling more than 151,000 tonnes of paper.

Table 6: Brambles' recycling efforts during the Year

Metric tonnes	Paper and Corrugate	Comingled	Plastic	Metal	Total
Total Pallets ⁸	2,307	581	1,234	680	4,802
RPCs ⁹	-	-	15,497	-	15,497
Recall	151,000	NR	NR	NR	151,000
Total	153,307	581	16,731	680	171,299

⁸ Includes data from sites that handle and condition CHEP RPCs and Containers, Automotive sites in Europe and the CCC business.

⁹ Only includes IFCO RPC operations.

ENVIRONMENT - CONTINUED

Waste

In FY13, Brambles began collecting data on solid waste streams and has committed to improving its recycling rates on an annual basis.

Brambles reported general and hazardous waste numbers for the first time (see table below). Brambles expects the quality and detail of data to improve in FY14.

General solid waste (for example office/sanitation) is handled by local solid waste management or recycling facilities. Universal waste and used oil (both generated in limited quantities) as well as cardboard, plastic and metals are generally reused or recycled where facilities are available.

CHEP Catalyst & Chemical Containers Inc (CCC), which is part of the Containers segment, provides packaging systems, on-site management and logistics support for the storage and shipment of catalysts used in the petroleum refining, gas processing and petrochemicals manufacturing industries.

In FY13, CCC handled hazardous wastes on behalf of its customers, including solid NOS (chlorine, sulphur), a class 9 waste, resulting from cleaning residue from its intermediate bulk container catalyst bins used in the packaging of petrochemical refining products.

CCC uses a third party to dispose of its hazardous waste, where it is used as a fuel source, replacing coal and natural gas in cement kilns. This is a safe and effective method of recovering energy from waste and conserving natural resources.

Waste is normally processed and destroyed within five to six days of receipt, confirmed by a certificate of disposal. The empty metal containers used to transport the waste are processed through container decontamination, with a certificate of recycling issued to CCC for the containers or volume of metal recycled.

CCC holds a large quantity generator licence and reports waste summaries to relevant environmental departments as required. While CCC cannot eliminate waste, it takes steps to reduce the amount of waste it handles by adhering to the limits of its licence.

If CCC receives containers that have more than 4.5 kilograms of hazardous classified material, the containers are returned to the generator of the waste, for removal of the material.

The hazardous waste volumes reported by the Pallets sites, predominately relate to paint, paint residues, inks, oil and contaminated water that has to be disposed of separately.

Brambles had no significant spills during the Year.

Table 7: Brambles' waste during the Year¹⁰

Metric tonnes	General Waste	Hazardous waste	Total
Total Pallets ¹¹	23,331	443	23,774
RPCs ¹²	1,758	-	1,758
Total	25,089	443	25,532

¹⁰ Excludes Recall, the Containers businesses, the pallet businesses of IFCO PMS and Paramount Pallet, as well as very small CHEP pallet sites and offices.

¹¹ Includes data from sites that handle and condition CHEP RPCs and Containers, Automotive sites in Europe and the CCC business.

¹² Only includes IFCO RPC operations.

Water

Brambles recognises that water is a precious resource and in many areas of its operations water supply is crucial for the environment and the community. Brambles believes it has a responsibility to use water wisely.

Brambles reported a water consumption number for the first time (see table below). Brambles expects the quality and detail of data to improve in FY14.

The RPC segment is the largest user of water in the Group. In the USA and Europe, IFCO has installed centrifugal dryers, which use high-speed rotation to pump final rinse-water back to the washing line for reuse.

In Europe and South America, currently up to 62,700 cubic metres of water can be collected with the centrifuges, saving up to 50% of rinse-water. In addition, in the USA, Europe and South America, IFCO implements other water recycling devices. By 2016, IFCO will have replaced all conventional blow-dryers with centrifugal dryers. CHEP Australia's RPC operations will install three centrifugal drivers in FY14. Details on the dryers' energy efficiency benefits are included in the Emissions section on page 17.

In the USA, IFCO developed a water recycling prototype unit in its Atlanta, Georgia service centre in conjunction with a filtration expert. The unit captures wastewater via an inline filtering plant, removing solids and bacteria and enabling it to be reused. Previously this wastewater would have passed direct to waste drains. It is estimated approximately 30% of wastewater will be recycled by this system. The finalised design has been installed in the newly opened Portland, Oregon service centre and IFCO's remaining North American plants will have the system installed during FY13.

In Germany, one water recycling unit was ordered in FY13 and will be installed in the Crailsheim service centre in the first half of the FY14. A second water recycling unit is planned for the Duisburg service centre. All IFCO service centres are fully compliant with local wastewater regulations.

Table 8: Brambles' water usage during the Year¹³

Mega-litres	Water used from utilities
Total Pallets ¹⁴	269
RPCs ¹⁵	428
RPCs (outsourced service centres)	362
Total	1,059

¹³ Excludes Recall, the Containers businesses, the pallet businesses of IFCO PMS and Paramount Pallet, as well as very small CHEP pallet sites and offices.

¹⁴ Includes data from sites that handle and condition CHEP RPCs and Containers, Automotive sites in Europe and the CCC business.

¹⁵ Only includes IFCO RPC operations.

ENVIRONMENT - CONTINUED

EMISSIONS

Brambles is committed to achieving Zero Harm. It considers the environment in all decisions concerning the development of projects, the selection of commercial partners and suppliers and the launch of new products and services.

Brambles is committed to using resources more efficiently and encouraging the sustainable use of its products and services.

PROGRESS ON GREENHOUSE GAS (GHG) EMISSION TARGET

In 2010, Brambles set a 20% reduction target on 2010 emission levels by 2015. The target is applicable only to Recall and CHEP sites that have reported data since 2010. Recent acquisitions and facilities in economies defined as emerging and developing by the International Monetary Fund are not included in the target. Overall, the target covers 93% of CHEP and Recall's total Scope 1 and Scope 2 reported emissions.

In FY13, the emissions from applicable CHEP and Recall sites decreased by a total of 24.5%, exceeding the reduction target on FY10 levels.

Recall achieved a 37.5% reduction on emissions. CHEP operations have been able to achieve a reduction of 8.6%.

With the planned demerger of Recall, which comprises 68% of the applicable sites in scope, the target will be reviewed and consider the inclusion of recent acquisitions and Scope 3 emissions.

Table 9: GHG target Year-on-Year reductions (Kilotonnes)



ACTIVITY DURING THE YEAR - SCOPE 1 AND 2¹⁶

Brambles reported increases in total Scope 1 and Scope 2 GHG emissions and energy use for the Year, due to reporting for the first time the energy usage and CO₂-e emissions of the IFCO RPCs operations.¹⁷

In FY13, Brambles commenced the roll-out of the global Occupational Health, Safety and Environment reporting and analysis system (iCARE). This online, easy to access system has replaced the previous method of collecting data. Brambles businesses now have the capacity to enter their energy, waste and water data regularly and analyse the information at their discretion. In addition to providing more accurate information of Brambles reporting requirements, iCARE will allow the businesses to benchmark operations and identify efficiencies across the Group.

¹⁶ Scope 1 emissions come from direct purchases of fuel, for company owned transport or heating. Scope 2 emissions are indirect purchases of energy, like electricity.

¹⁷ Emissions are measured in tonnes of Carbon Dioxide equivalent (CO₂-e).

By the end of the Year, the energy, waste and water reporting module was used by CHEP Pallets, RPCs and some Containers operations to record data. In FY14, the module will be rolled out to the rest of Containers and the pallet businesses of IFCO PMS and Paramount Pallet.

Table 10: GHG emissions and energy by segment

	Kilotonnes (kt) of CO ₂ -e			Terajoules (TJ) of energy		
	2013	2012	Δ%	2013	2012	Δ%
Pallets - Americas ¹⁸	13.68	13.31	3	181.14	173.72	4
Pallets - EMEA ¹⁹	24.77	25.49	(3)	273.62	280.50	(2)
Pallets - Asia-Pacific ²⁰	27.52	25.90	6	212.67	199.14	6
Total Pallets	65.97	64.70	2	667.43	653.36	2
RPCs ²¹	15.22	NR	100	218.98	NR	100
Brambles HQ	0.11	0.12	(8)	0.46	0.51	(8)
Sub-total	81.30	64.82	25	886.87	653.87	36
Recall	44.78	62.47	(28)	478.01	704.41	(32)
Total	126.08	127.29	(1)	1,364.88	1,358.28	-

For the Pallets segment, combined Scope 1 and 2 CO₂-e emissions increased slightly by 2% in FY13 from FY12.

Pallets - Americas

For Pallets Americas, CO₂-e emissions increased by 3% over the previous year, due to an extended, severe winter in Canada, which saw a rise in the use of natural gas for heating when compared to the gas used in the lighter winter conditions of the previous year, an increase in activity at a number of Canada and USA sites and the opening a new larger pallet service centre in Moncton, Canada while continuing to operate the older site for a period of time during Moncton's commissioning.

While there was a small increase in emissions, a number of activities at the site level have resulted in significant decreases. For example at CHEP Canada's New Westminster site, a significant reduction in Scope 1 emissions was primarily due to the removal of natural gas fuelled drying tunnels used in the pallet painting process.

CHEP Canada also reported that the refitting of its owned and operated service centres with T5 fluorescent lighting, to replace previous metal halide lighting, was completed during the Year.

In the USA, the CHEP Innovation Center's electricity consumption decreased significantly due to a reduction in use of the environmental chamber, which is used for testing.

CHEP USA is an ENERGY STAR^{®22} partner and is focused on analysing and reducing its corporate environmental footprint through targeted energy saving projects.

¹⁸ Includes CHEP Pallets and CCC business and excludes IFCO PMS and Paramount Pallet.

¹⁹ Includes CHEP Pallets, CHEP Automotive sites in Europe and CHEP RPC operations in South Africa. These Container and RPC operations have been retained for consistency to compare to 2012 reported numbers.

²⁰ Includes CHEP Pallets in Asia-Pacific and CHEP RPC operations in Australia and New Zealand. These RPC operations have been retained for consistency to compare to 2012 reported numbers.

²¹ Includes IFCO RPC and excludes CHEP RPC operations in South Africa, Australia and New Zealand.

²² A joint program of the US Environmental Protection Agency and US Department of Energy, helping consumers and business to adopt energy efficient products and practices.

ENVIRONMENT - CONTINUED

Pallets - EMEA

For Pallets EMEA, CO₂-e emissions decreased by 3% in FY13, due to ongoing reduction activities across the European network and more accurate measurement.

The Environmental Management System (EMS) developed and implemented in the UK in the previous year was rolled out to CHEP owned and operated centres in France and Benelux. A team of dedicated energy administrators has been put in place and CO₂-e reduction action plans are currently being developed.

In the UK, CHEP continues to meet the requirements of the Carbon Trust Standard for measuring, managing and reducing its carbon emissions.

During the Year, the new site in Severnside, UK was granted BREEAM certification, a leading and widely used environmental assessment method for buildings. The assessment encompasses a broad range of categories and criteria that includes energy and water use, the health and well-being of the workplace, pollution, transport materials and management processes.

Features of the service centre include solar panels for water heating and rainwater harvesting.

The air compressor optimisation project in CHEP UK and Ireland was finalised in the Year. All sites now have appropriately sized compressors with optimal settings. Tracking systems have also been installed to monitor air pressure and identify any leakages to keep wastage at a minimum. With the project transitioning to a 'business as usual', it has saved a total of 847 tonnes of CO₂-e.

Projects to replace inefficient lighting with T5 fluorescent tubes continues across the European network, with more planned in FY14. The use of renewable energy, like solar panels, is also under investigation.

In CHEP South Africa, new meters were installed and electricity consumption is well below the recorded levels of previous years.

Pallets - Asia-Pacific

For Pallets Asia-Pacific, CO₂-e emissions increased by 6%, primarily due to increased business activity in Australia.

Higher product volumes in the year contributed to increased gas usage at a number of sites, while some sites added second shifts or extended hours of operation. The start of high volume processing of Aldi Swing crates at CHEP's Derrimut, Victoria service centre resulted in an increase in energy and emissions. At the Rocklea site in Brisbane, extra forklifts were used in the rebuilding phase of a service centre affected by the Queensland floods, resulting in a significant increase in LPG usage.

RPCs

In FY13, IFCO RPCs operations reported its energy and emission data for the first time.

By 2016, IFCO will have replaced all conventional blow-dryers with centrifugal dryers. Last year, all the dryers in the USA were replaced, reducing electricity consumption by more than three million kWh. In Europe, IFCO has replaced 73% of its conventional blow-dryers with centrifugal dryers, with the remaining 27% to be replaced over the next year. In South America, centrifugal dryers will be in place by 2016. Details on the dryers' water efficiency benefits are included in the Water section on page 15.

During FY12, IFCO investigated the use of micro heat/power plants for service centres in Europe, beginning with the installation of a block heat and power station in the Crailsheim wash plant in Germany. This measure has led to a significant reduction of energy (gas & electricity) by approximately 30%. In FY14, the installation of a second block heat and power station is planned for the Duisburg service centre.

Recall

Recall recorded a very large reduction in CO₂-e emissions of 22.3% in FY13, due to optimisation and Lean initiatives, a general downturn in customer activities, the use of energy efficient vehicles and new information centres fitted with efficient lighting and sensors.

The largest reductions were achieved in the USA, with the reduction of the Secure Destruction Services fleet, the largest and most energy intensive vehicles that Recall operates. In addition, the Data Protection Services line has now switched its fleet from the traditional panel van to more fuel efficient transit connect vans.

Across the business, the use of new integrated lighting technologies, which includes T-8 fluorescent lighting, occupancy sensors and timers, have been installed in all new operations and retrofits continue in older facilities.

Compliance

In Australia, Brambles and its CHEP and Recall operations were required to report their FY12 GHG emissions under the Australian Government's National Greenhouse & Energy Reporting System (NGERS) as its energy usage was above the reporting threshold of 200 terajoules of energy.

In the UK, the Carbon Reduction Commitment Energy Efficiency Scheme legislation came into force in April 2010. Brambles UK registered in July 2011 and submits annual footprint reports to the UK Environment Agency.

BRAMBLES' TOTAL REPORTED GLOBAL GHG EMISSIONS DURING THE YEAR (SCOPE 3)²³

While Brambles has a relatively light Scope 1 and 2 GHG emissions footprint, there is a growing interest among customers to understand the total cost of their supply chains. Brambles is taking the opportunity to develop better and more accurate ways to measure its total emissions footprint (Scope 1, 2 and 3).²⁴ This will enable Brambles to better demonstrate the environmental benefits of its product and service offerings.

In FY12, CHEP Pallets (excluding IFCO PMS and Paramount Pallet) assessed potential sources of Scope 3 emissions and identified the two largest third-party or supplier activities that generate greenhouse emissions on CHEP's behalf.

More than two-thirds of CHEP Pallets total emissions footprint is generated by subcontracted transport carriers that move CHEP's pallets through its network. The emissions generated by these third party providers are reported as Scope 3 emissions.

CHEP has an extensive network of service centres and uses many outsourced service centres (OSC). This provides CHEP with a great deal of flexibility to adjust its network to meet changing customer needs or to reduce or optimise transport costs. The emissions generated by these third party providers are reported as Scope 3 emissions and represent almost 18% of total emissions. These two sources of Scope 3 emissions are included to provide an overall picture of CHEP's environmental footprint.

²³ Excludes the Containers businesses, the Pallet businesses of IFCO PMS and Paramount Pallet, as well as very small CHEP pallet sites and offices.

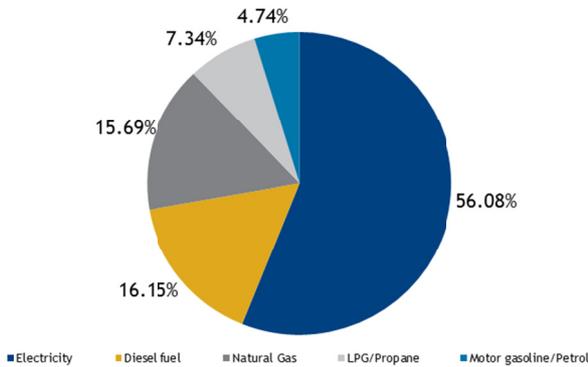
²⁴ Scope 3 emissions are generated by a third party, e.g. a transport company carrying a company's freight, or a third party service centre reconditioning a pallet.

ENVIRONMENT - CONTINUED

Table 11: Total reported GHG emissions consumption for the Year - including Scope 3

kt CO2-e	Scope 1	Scope 2	OSC ²⁵ (Scope 3)	Transport (Scope 3)	Total
Total Pallets²⁶	25.64	40.33	119.42 ²⁷	416.95 ²⁸	602.34
RPCs²⁹	9.33	5.89	9.59 ³⁰	NR	24.81
Brambles HQ	-	0.11	-	-	0.11
Sub-total	34.97	46.33	129.01	416.95	627.26
Recall	20.41	24.37	-	NR	44.78
Total	55.38	70.70	129.01	416.95	672.04

Table 12: Brambles greenhouse gas generation by source in the Year (%)



TRANSPORT IMPACTS

Brambles works to reduce its environmental footprint by using its logistics know-how to minimise the footprint of its customers and the supply chain through network optimisation, which reduces transport distances and associated emissions.

CHEP is pursuing a number of initiatives to reduce cost and emissions related to the movement of pallets.

A specific module for CO2-e measurement of subcontracted transport carriers was developed by LeanLogistics and is implemented in Europe and the USA. This system allows CHEP to estimate a baseline to measure the impact of its collaborative transportation, route and network optimisation and Total Pallet Management initiatives.

CHEP's Total Pallet Management program, available to major manufacturers and retailers, allows CHEP to manage all of a customer's pallet needs onsite and supply CHEP pallets without the need for additional transport. Customers' use of Total Pallet Management helps optimise the network and reduces the energy requirements associated with the pallet pool. Network optimisation focuses on the number and location of service centres based on

²⁵ Outsourced service centres.

²⁶ Includes sites that handle and condition CHEP RPCs and Containers. Retained to provide like-for-like comparatives to CHEP's reported energy and emissions in FY12. Sites will be extracted and included in the RPC segment in FY14 and Containers segment once iCARE is rolled out.

²⁷ Estimate of CO2-e generated/energy used by leased and out-sourced service centre sites that inspect and repair CHEP's pallets.

²⁸ Estimate of CO2-e generated/energy used by subcontracted transport carriers that move CHEP pallets through the network.

²⁹ For the purposes of year-on-year comparisons, this number only includes IFCO RPC operations. The energy used and CO2-e emitted by CHEP RPC operations in South Africa, Australia and New Zealand is included in the Pallets number. Sites will be extracted and included in the RPC segment in FY14.

³⁰ Actual data collected.

sourcing requirements and locations, location of manufacturers, transport costs and plant capacity.

In Pallets Americas, a number of programs and practices implemented by the CHEP USA team produced transport efficiencies and savings during the year.

CHEP and LeanLogistics are both Environmental Protection Agency (EPA) SmartWay partners. SmartWay is a collaboration between the US EPA and the freight transportation industry that helps freight shippers, carriers and logistics companies improve fuel efficiency and save money.

The CHEP USA GreenLanes™ program helps customers increase productivity, earn revenue and eliminate unnecessary empty return truck trips by filling empty space on trucks used by customers. In FY13, the program grew by 32% on the previous year, with CHEP working with customers on more than 13,000 individual truck movements. In total, CHEP USA's customers were able to generate more than US\$4 million in incremental revenue and eliminate an estimated three million kilometres in journeys and 3,200 tonnes in CO2-e emissions.

During the Year, CHEP USA worked in collaboration with a large manufacturing customer who sought to expand the size of its third-party transport carrier fleet running on compressed natural gas (CNG). Working in collaboration with the customer, CHEP was able to identify and offer a key backhaul move to the same CNG transport carriers to make the overall roundtrip movement economically viable. It is estimated that for a total of 37,000 kilometres run on CNG equipment, 10 tonnes of CO2-e emissions were eliminated.

The CHEP USA customer storage program, which was successfully introduced in the Northern Hemisphere winter of 2012-13, was expanded. In FY13, 472,000 pallets were placed in temporary storage with customers, an increase of 96% on the previous year.

The program, which reimburses customers for storing pallets on-site using seasonally available space, eliminates additional pallet handling and damage and transportation to and from third party storage locations. For the year, CHEP eliminated 717,000 kilometres in transportation and saved more than 750 tonnes of CO2-e emissions.

The plant network optimisation team continued its efforts to source transportation services that are based near its customers. As a result of these and other logistics initiatives, CHEP USA was able to reduce the number of total kilometres travelled by 1% when compared to the previous year, while increasing the total number of trips by 4%. This was achieved by decreasing the average distance a truck travelled (trip haul) by 5%. CHEP USA has calculated that if the average trip haul had not decreased, an additional eight million kilometres in transportation would have been required.

In FY13 the asset recovery team used 5% less fuel when compared to the previous year and has developed a plan to move the fleet away from diesel to a mix of smaller, less carbon intensive vehicles in FY14.

In Pallets EMEA, CHEP Europe's transportation collaboration program now has 81 customers participating, tripling the number that took part in the previous year.

Participants in the program benefit from logistics synergies, through the reduction of empty miles, shared transportation and using alternative solutions like rail and sea.

In FY13, the program eliminated 3.4 million kilometres in transportation movements and 3,086 tonnes of CO2-e emissions.

Since 2008, CHEP Europe has been using multimodal (train, sea and road) solutions to move its pallets throughout its network. In FY13, CHEP's use of rail, when compared to moving the pallets by road, saved the equivalent of 9,247 tonnes of CO2-emissions and a total of 31.2 million kilometres in road trips.

PEOPLE

Brambles believes an engaging, safe, tolerant and diverse work environment brings out the best in its people.

Table 13: Employees by segment ³¹

Segment	2013	2012
Pallets Americas	5,972	5,238
Pallets EMEA	2,752	2,791
Pallets Asia-Pacific	1,443	1,421
Pallets (Total)	10,167	9,450
RPCs	1,226	1,026
Containers	1,292	795
Recall	4,918	4,581
Brambles HQ	302	278
Total	17,905	16,130

Brambles permanent employee population increased by 11% on the previous year, primarily due to the growth in of the IFCO PMS business in Pallets Americas and the addition of new businesses, particularly Pallecon in the Containers segment.

RETENTION, SUCCESSION AND DEVELOPMENT OF EMPLOYEES

Brambles is committed to providing a safe, rewarding and challenging environment to help employees reach their potential. Brambles operates a competency framework which allows employees to understand the skills and competencies required to do their job, and those which need to be developed for career progression. This framework is at the core of Brambles' recruitment efforts and performance appraisal systems. Every employee has an annual appraisal with their manager.

In 2012, Brambles launched Foundation 15, a three-year talent acquisition and development program sponsored by Brambles' CEO to address future organisational capability requirements.

During the Year, Brambles focused on disseminating the talent management tools used to identify high potential or high professional individuals throughout the Group, to ensure the business has the right balance of functional, technical and general management capabilities. All leaders, including the members of Brambles Executive Leadership Team (ELT), have used these tools to review their teams.

Brambles now has a common language on talent and can calibrate its talent pool, while providing customised development plans for each individual reviewed.

The process in how to use the tools and development plans has been distributed to managers in all levels of the business. In addition to being used to identify high potential talent, managers will also use it to build the functional and technical expertise, by targeting experts in the business and creating specific development actions.

This process was first used last year to nominate and select directors with the potential to reach the Senior Vice President level within five years.

The 14 high potential directors, chosen out of an initial group of 36 nominations are now on an 18 month Fast Track program, developed for the purpose of supporting succession readiness at

senior levels. Under the sponsorship of Brambles ELT, the participants in the program have come from all parts of the business, including IFCO RPCs and Containers.

At the manager level, 64 managers from across the organisation have participated in a Development Centre, where their career paths and strengths and development areas are identified and development plans and coaching are put in place.

Since the introduction of the program last year, almost 23% of participants have been promoted.

For the first time, a Development Centre was conducted in Latin America, to support the leadership pipeline in this fast growing region.

Another component of Foundation 15 is to help build the strategic capabilities of the organisation and see that they are focused on areas that support Brambles' strategic direction.

In partnership with Cedep, the European Centre for Executive Development, Brambles conducted a workshop on understanding how to create value for the retail customer base with 22 senior leaders from the Pallets and IFCO RPC businesses.

Brambles relationship with Cedep, which now spans five years, has been expanded to include China, Singapore and Latin America, with up and coming leaders in the emerging markets businesses now participating in regional Cedep programs.

A critical role identification process has also been piloted, with a roll-out to commence in FY14. This will give the organisation the ability to better assess and understand what future capabilities will be required to support the business strategy.

Brambles' CEO and his team monitor and measure the success of Foundation 15 on a quarterly basis, using a talent dashboard that will include targets for: internal promotions versus external hires; depth of succession into senior roles; and the number of females in leadership roles at all levels in the organisation.

ENGAGEMENT

Brambles recognises that people are its most important asset and is committed to providing a safe, rewarding and challenging environment for its employees. Ensuring its employees are engaged means listening to employee feedback and treating employees with integrity and respect.

Employee engagement is monitored through the Brambles Employee Survey (BES). The confidential survey is conducted annually and is offered to employees in both web and paper-based formats. In FY13, employees in Recall and the recently acquired Pallecon business did not to participate.

Brambles uses these data to track progress compared to previous survey responses, measure Brambles against internal and external best practice and to identify key actions for improvement.

In 2013, Brambles engaged a new survey vendor to co-ordinate the process. A number of improvements have been implemented and the business is now evaluating and developing action items based on the concept of employee effectiveness, which combines two key driver areas: engagement and enablement.

Managers are now able to segment and group employees in four categories for targeted action: most effective, detached, least effective and frustrated. Reports are shorter and simpler, action items can be easily identified and prioritised and results can be cascaded through the organisation more quickly.

Over the past few years, Brambles employees have demonstrated a willingness to provide feedback and suggest where Brambles can improve. In FY13, 92% of eligible employees, excluding those employees that have been with the Group for less than three months, responded to the survey. Up six percentage points on the previous year, this response exceeds the target set in FY12 (90% response rate by 2015). This Year, Brambles pledged to donate US\$2 to the Red Cross for each completed survey, for a total of US\$19,580.

³¹ Snapshot of permanent employees as at 30 June 2013.

PEOPLE - CONTINUED

Brambles' employee engagement score also increased to 68%, up one percentage point on the previous year. Of the 23 questions that are comparable to last year's responses, the scores for 18 questions improved, four were unchanged and one question recorded a small decline.

Questions relating to the feedback from managers to individuals and providing support through organisational change achieved very strong increases when compared to the previous year. In the areas of leadership and vision, trust in leadership and support through organisational change, the score is now in the 'high performance' norm range.

While the results are encouraging, Brambles has set an aggressive target to achieve an engagement score of 73% by 2015 and its short term efforts will be focused on several initiatives.

For Brambles globally, the questions that have been identified as having the strongest impact and therefore should be central to planning actions, are satisfaction with career prospects, trust in the leadership of the company and belief that the company has an outstanding future.

Another area that Brambles will continue to focus on is growth and development opportunities for employees. While there have been some improvements in this category across the Group, Brambles will be convening a group-wide action group to identify and provide recommendations to the ELT.

Employee effectiveness will now be a permanent item on the ELT's quarterly meeting agenda and will include regular updates on progress and sharing of best practice. The next BES will be distributed in April 2014.

Brambles will develop a three year roadmap to achieve a high performance norm score by 2017. Included in the roadmap will be the development of specific engagement strategies for Brambles' blue and white collar employees. This will help Brambles identify issues specific to each group, making Brambles a better place to work.

DIVERSITY & INCLUSION

Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional capability and qualifications, irrespective of gender and other diversity factors. Brambles selects, retains and develops the best people for the job on the basis of merit and job related competencies. In FY11, Brambles introduced a diversity policy that deals with diversity across a range of measures. This policy is available on Brambles' website. Details of the policy are also shown in Brambles' 2013 Annual Report, in section 3.2 of the Corporate Governance Statement on page 23.

During the Year, a Diversity and Inclusion Council was set up to investigate policies and practices in order to further improve inclusivity and diversity throughout the Group. The council includes representatives from across the Group.

Of the 17,905 Brambles employees, 23.2% are female. The acquisition of new businesses in recent years and the increase in IFCO service centres are the main reasons for the mix of female employees decreasing from 27.9% in FY11.

Table 14: Permanent employees by gender (total and management) as at 30 June 2013 (%)

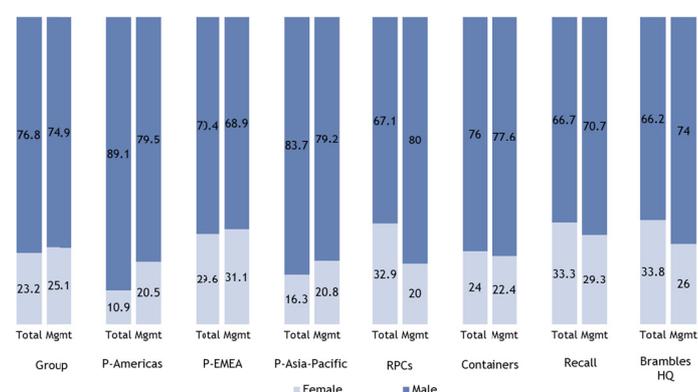
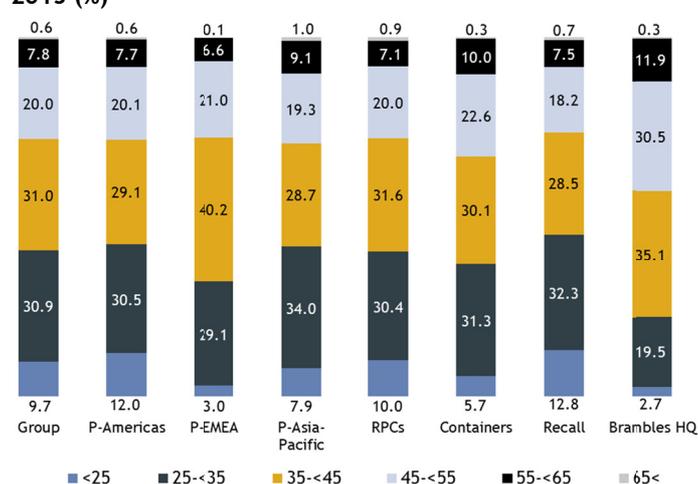


Table 15: Age distribution of employees as at 30 June 2013 (%)



The Group's remuneration policy is to set pay around the median level of remuneration but with upper quartile total potential rewards for outstanding performance and proven capability (further details on the Remuneration Policy and structure can be found in Brambles' 2013 Annual Report on pages 33 to 35). Brambles rewards performance on the basis of merit and job related competencies without discrimination. As required by the ASX Corporate Governance Council Corporate Governance Principles & Recommendations (Principle 8), the Remuneration Committee has responsibility for reviewing and making recommendations to the Board on remuneration by gender.

Male:female salary ratios

For the Year, the male:female salary ratio for management increased slightly from 1.06 in 2012 to 1.07 in FY13, while the male:female non-management salary ratio declined from 1.01 in FY12 to 0.95 to FY13. This decline is primarily due to the completion of the employee banding exercise for the IFCO PMS business in the USA, where males comprise 96% of the workforce and females occupy predominately clerical and administrative roles as opposed to manual labour roles.

Table 16: Male:female salary ratios for the Year

	Male	Female
Group	0.97	1.00
Non-management	0.95	1.00
Management	1.07	1.00

PEOPLE - CONTINUED

Voluntary Turnover

Voluntary turnover for the Year for the Group was 20.8%, up from 15% in FY12. This large increase was due to the high turnover of personnel in the IFCO PMS service centres in the USA.

Table 16: Voluntary turnover for the Year

Voluntary Turnover (%)	FY13	FY12
Group	20.8	15.0
Pallets - Americas	43.1	21.9
Pallets - EMEA	9.4	12.2
Pallets - Asia-Pacific	6.1	6.8
RPCs	10.8	10.7
Containers	8.1	11.8
Recall	11.9	15.0
Brambles HQ	10.3	3.2

Parental Leave

Brambles is committed to supporting employees throughout their working life and to tracking and reporting parental leave data.

Table 17: Parental leave for the Year

	Group employees taking parental leave during the Year (%)	Group employees returning to work after parental leave during the Year (%)
Group	2.3	1.9
Male	1.2	1.2
Female	5.9	4.1

TRAINING & DEVELOPMENT

To meet ongoing and future needs, Brambles is committed to developing the skills of its people.

One of the areas of focus for Brambles' Sustainability strategy is its people and the education, training and development opportunities available to them. Brambles is committed to ensuring that its people are fully trained and equipped to do their job.

A large number of training courses are available to employees through proprietary web-based systems, which enables Brambles to monitor the number of training days and their effectiveness.

This Year, Brambles' business units reported a total of 50,079 employee training days in the Year.

Table: 18: Training days for the Year

	Per employee	Per male employee	Per female employee	Per non-mgt employee	Per mgt employee
Group	2.80	2.99	2.15	2.85	2.48
Pallets - Americas	4.75	5.05	2.28	4.92	3.35
Pallets - EMEA	2.22	1.80	3.24	2.10	2.88
Pallets - Asia-Pacific	1.43	1.43	1.44	1.26	2.40
RPCs	1.85	1.63	2.30	1.65	4.06
Containers	1.20	1.04	1.72	1.34	0.65
Recall	1.93	2.00	1.78	1.86	2.49
Brambles HQ	0.69	0.70	0.67	0.72	0.68

SAFETY & WELLBEING

Brambles' Zero Harm Charter states that everyone has the right to be safe at work and to return home to their family and friends as healthy as when they started the day. Each and every person is expected to work safely. Brambles seeks to apply best occupational health, safety and environment practice for employees, contractors, customers and local communities.

Brambles Injury Frequency Rate (BIFR) is the primary measure of safety performance across the Group. BIFR provides a comprehensive view of employee safety and includes:

- Work-related fatalities;
- Loss of a full work shift due to injury;
- Modified duties for a full work shift following an injury; and
- Incidents that require external medical treatment.

BIFR is recorded at a rate per million hours worked.

The Zero Harm strategy developed in 2010 and associated internal structures and performance measurement processes are aimed specifically at the BIFR to create breakthrough performance by addressing the underlying cause of injury.

ACTIVITY DURING THE YEAR

The Year was transitional for Brambles' reporting on safety. For the first time, data for all businesses acquired in and prior to FY12 was incorporated into BIFR. In order to make meaningful comparisons to the businesses safety performance in FY13, Brambles has adjusted its FY12 BIFR rate from 9.3 to 21.5 to incorporate acquired operations and establish a base rate. Acquisitions made in FY13 were not included, but will be incorporated in FY14.

Brambles reported two fatalities during the Year:

- A temporary contractor was fatally injured while working for the IFCO PMS business in Kansas City, USA, in May 2013. The contractor was driving a PMS vehicle and was involved in a single-vehicle accident, which is under investigation by the Kansas State Highway Patrol;
- A third-party service provider of tree-felling services at CHEP's Springfield timber farm in South Africa was fatally injured in January 2013.

In FY13, Brambles achieved a BIFR of 14.9, a 31% improvement on the adjusted previous year base rate of 21.5.

During the Year, Brambles reviewed and re-launched an updated version of its Zero Harm Charter to all employees. The Charter, which all employees have been asked to commit to, includes a specific mention and emphasis on reporting "near misses" (i.e. incidents in which a reportable injury is avoided).

This focus on a positive indicator, which seeks to identify and eliminate risks before accidents occur, is an important step-change in the Company's journey to achieving zero injuries.

In support of this focus, an online near miss campaign that engages managers and creates greater awareness of safety issues is being rolled out globally. This in turn helps managers proactively address safety in their own teams.

The key risks for injury in Brambles businesses include all driving and the segregation of pedestrians from vehicles and equipment. The major types of injury include strains, nail punctures, lacerations and slips. These issues were addressed by safety initiatives during the Year and remain an ongoing focus for all business units.

An increased focus on improving segregation of pedestrians from vehicles and machinery helped drive a reduction in injury severity rates. Forklift segregation by demarcated areas, physical barriers and separation (ie walkways) was implemented in more sites, including IFCO PMS and Paramount Pallet.

PEOPLE - CONTINUED

A driver safety manual was developed and distributed globally. An online risk assessment tool that provides tailored e-learning courses for drivers was implemented in Europe in FY12 and rolled out to North America in FY13.

In FY14, two-handed nail-guns will be installed in all IFCO PMS and Paramount Pallet sites. This follows the successful roll-out of the guns to all CHEP operated sites globally and a significant portion of third party sites, most notably in Southern Europe and the USA. In FY13, all sites that received the two-handed nail guns have seen a decrease in nail related incidences.

The Pallets segment achieved a BIFR of 20.5, an improvement of 29%.

Pallets - Americas

The Americas region achieved a BIFR of 38.9, an improvement of 29%, reflecting the benefits of a continued focus on near miss reporting and standardising work practices.

Improvements in IFCO PMS safety processes have been made as part of its integration into the Pallets segment. The changes, which include reducing stack heights at repair benches (which helps to reduce strain injuries), improving band saw guarding and targeted safety awareness training for site managers, has led to a dramatic improvement in ergonomic impacts on employees repairing pallets.

Pallets - EMEA

The EMEA region achieved a BIFR of 3.8. The increase in BIFR of 12% was a result of improved safety management reporting and incident investigation processes in the Middle East & Africa region.

In Europe, all of the occupational health and safety management systems in CHEP owned and operated plants achieved OHSAS 18001 recertification. A feature of the standard includes consideration of the health of employees as well as the safety of the workplace.

In Spain, the Belpuig service centre successfully trialled an automated pedestrian alert system on the site's fork-lift truck fleet. The system will be rolled out to all CHEP site in Europe during FY14.

In the UK, the Royal Society for the Prevention of Accidents (RoSPA) presented CHEP a Gold Award in recognition of CHEP's ongoing commitment to health and safety. This follows the Silver Award CHEP received last year.

Pallets - Asia-Pacific

The Asia-Pacific region achieved a BIFR of 10.0, an improvement of 46%. This was the result of improved ownership of safety at the operational facility level, as well as better incident investigation and sharing of findings throughout the service centre network.

RPCs

IFCO's operations in Europe and the Americas recorded a BIFR of 11.0, an improvement of 1%, reflecting a continued focus on ergonomic improvements and safety related to washing machine safety.

Containers

The Containers segment, which for the purposes of safety reporting includes the CHEP Automotive & Industrial Solutions operations in Europe and the Americas, CAPS, CHEP Aerospace Solutions, and the CHEP Catalyst & Chemical Containers business, achieved a BIFR of 17.7, a 4% improvement. This primarily reflected improvements in CHEP Aerospace Solutions.

Recall

Recall achieved a BIFR of 5.6, an improvement of 46%, reflecting the continuation of its three-year safety strategy and the calibration of incident classification in Australia and New Zealand with the rest of Recall.

Third party operations

Brambles' Zero Harm Council is evaluating appropriate actions to assess whether providers are focusing on safety. In FY13, Brambles used an evaluation tool to survey nearly 150 third party operators in Europe and the North America. The suppliers were asked to conduct a self-assessment on 16 elements that Brambles considers as key to a good safety management system for service centres.

Brambles engaged an external supplier to review and validate assessments and provide a verified report on each. These reports have been provided to Brambles. CHEP's operations teams are now working with these suppliers to improve their performance.

In FY14, the process will be repeated with another 150 third party operated sites selected to conduct self-assessment reporting.

Table 19: BIFR summary

	FY13	FY12	Change	Reasons for change
Pallets - Americas	38.9	54.7	29%	Machine incident reductions and repair process improvements
Pallets - EMEA	3.8	3.4	(12)%	Improved safety management and incident investigation in MEA
Pallets - Asia-Pacific	10.0	18.5	46%	Improved ownership of safety at the site level
Pallets³²	20.5	29.0	29%	-
RPCs	11.0	11.1	1%	Focus on ergonomic improvements and washing machine safety
Containers ³³	17.7	18.4	4%	Improvements in CHEP Aerospace Solutions
Recall	5.7	10.6	46%	Calibration of incident classification throughout the world
Brambles	14.9	21.5	31%	-

³² For the purposes of safety reporting, the Pallets segment includes the CHEP RPCs and Containers operations in Asia-Pacific and South Africa.

³³ For the purposes of safety reporting, the Containers segment includes the CHEP Automotive & Industrial Solutions operations in Europe and the Americas, CAPS, CHEP Aerospace Solutions and the CHEP Catalyst & Chemical Containers business.

COMMUNITY

Brambles supports and enriches communities through responsible procurement, employment practices and collaborative partnerships that connects its people to customers and suppliers.

GOOD CORPORATE CITIZENSHIP

One of Brambles' shared values is to always act with integrity and respect for the community and the environment. Brambles' businesses are part of the communities in which they operate. Being recognised as a good corporate citizen means Brambles' operating businesses make a positive contribution to these communities in the areas of supplier sustainability, environmental sustainability and education.

SUPPLIER SUSTAINABILITY

Brambles expects its suppliers' practices to be in line with its principles. Brambles is committed to driving efficiency and environmental sustainability in the supply chains it serves.

Brambles has robust management systems for maintaining relationships with suppliers.

Responsibility for managing relationships with suppliers resides with the Group Presidents of each Brambles segment. In FY12, the Pallets segment created a procurement team within the Global Operations function and its remit covers both the Pallets and Containers segments. Procurement is responsible for supplier standards and monitoring performance.

In FY13, Brambles developed a global supplier policy that was approved by the Brambles Board in August 2013.

The policy's development included an independent gap analysis of the Group's existing policies and procedures with the assistance of the NSW Government's Sustainability Advantage Program Supply Chain Module.

The policy covers areas of compliance, diversity, labour standards, human rights, safety and the environment and outlines the Group's commitment to working with suppliers to develop more efficient, safer and sustainable supply chains and abiding by the principles and values outlined in Brambles' Code of Conduct and the Zero Harm Charter.

Suppliers are expected to follow the principles of Brambles Zero Harm commitment to achieving zero injuries, zero environmental damage and zero detrimental impact on human rights.

Included in the Group's Code of Conduct, the policy will be rolled out to all businesses in FY14 and is available on Brambles' website.

The policy's implementation will include a period of engagement with strategic suppliers throughout the Group to consider the policy's aspects and its application.

Brambles recognises that its business units need to collaborate closely with their third-party operators and suppliers to meet customers' growing interest in understanding their environmental impact and in turn to demonstrate the benefits of using Brambles' products and services.

By working in partnership with suppliers as it rolls out its supplier policy in FY14, Brambles' business units will be able to gather credible and consistent quality data and develop better, more sustainable and mutually beneficial outcomes.

CHEP Americas and CHEP EMEA are participants in the Supplier Ethical Data Exchange (Sedex). Sedex connects businesses and their suppliers in the sharing of data to measure and improve ethical and responsible business practices.

In FY13, a Sedex Members Ethical Trade Audit (SMETA) on a number of CHEP service centres in Europe and the USA verified that CHEP has good practices and procedures in place.

SMETA is a globally respected social audit format that helps organisations manage risk by driving transparency throughout the supply chain. A secure, online platform is used to share and manage information related to labour standards, health and safety, the environment and business ethics.

This was the first large ethical audit that the Group has undertaken. Additional audits are being planned.

During the Year, the procurement team updated policies and standard operating procedures relating to due diligence programs for the sourcing of lumber (see Lumber section on page 12 for more details).

CHEP's purchasing contracts reference Brambles' Code of Conduct and the procurement team discusses the Code with potential suppliers. A supplier's agreement to comply with the Code is a CHEP requirement.

IFCO RPCs prefers vendors with high sustainability standards. Major suppliers can provide feedback to IFCO in regular meetings with management. Meetings with major suppliers occur every quarter. Issues are discussed and resolved during the meetings.

The Pallets segment already assesses the emissions (from data collection and estimation) of its subcontracted transport carriers that move CHEP's pallets through its network and the leased and outsourced service centre sites that inspect and repair CHEP's pallets (see the Emissions section on pages 16 to 18 and the Transport Impacts section on page 18).

Closer collaboration with suppliers will enable Brambles' business units to identify opportunities for improvement.

COMMUNITY INVESTMENT

Brambles provides financial and other forms of support to charitable and community organisations around the world.

This support is provided in several ways:

- contributions by Brambles' businesses to a range of local and national charities;
- personal contributions by Brambles' employees to a range of fundraising events and activities;
- a volunteering policy that provides Brambles' employees with three days of paid volunteer leave per year;
- monetary donations provided by Brambles' business units to support employee volunteer efforts; and
- the provision of equipment and expertise (in-kind support) to charity causes or organisations.

During the Year, Brambles and its businesses provided approximately US\$2.05 million in donations, sponsorship, in-kind and employee volunteering support to global, regional and local charities and causes.

Table 20: Donations for the Year

	Financial contributions	In-kind contributions	Volunteering	Total
US\$M	0.99	0.95	0.11	2.05

This Year, in addition to its ongoing focus on environment sustainability and education, Brambles increased its efforts to address food waste in partnership with customers and suppliers.

With the world's population forecasted to rise to 9.1 billion by 2050, it is estimated that food production needs to increase by 70% to keep pace with the growing population.

At the same time, it is estimated that between one-third and one-half of the food produced by the developed world is lost post-harvest between the farm and consumer.

Brambles recognises that through the application of its logistics and supply chain expertise it is uniquely placed to help reduce food waste throughout the value chain.

COMMUNITY - CONTINUED

In March 2013, Brambles joined the World Economic Forum as a partner and became a Steering Committee member of the Forum's food waste project.

A focus of IFCO's Worldwide Responsibility program is sharing its expertise in collecting and transporting fruit and vegetables with Foodbanks around the world. Since the program's inception, IFCO has donated 111,532 RPCs to more than 65 Foodbank sites in Europe, North America and South America. It has also helped co-finance 38 refrigerated vehicles to keep fruit and vegetables fresh within the Foodbank network.

CHEP Australia provides Foodbank warehouses with pallets, crates and bins to help move stock throughout the Foodbank networks. In December, CHEP Australia received Foodbank's Annual Collaboration Award. Foodbank's Chair called CHEP:

"the unsung hero of Foodbank. The role CHEP plays underpins Foodbank's supply chain nationally and without them we would simply be unable to move the food donated to where it's needed."

In its 18 year partnership with Foodbank, CHEP estimates that it has provided more than 300,000 pallets as well as bins and crates for fresh food.

In 2012, the Australian Food and Grocery Council's (AFGC) Future of Packaging white paper identified a need for greater understanding of the implications of packaging on sustainability outcomes. As a responsible partner throughout food supply chains, CHEP Australia commissioned the Royal Melbourne Institute of Technology's Centre for Design study on *The role of packaging in minimising food waste in the supply chain of the future*. The study, released in June 2013, investigates where and why food waste occurs along both the fresh and manufactured food supply chain and proposes opportunities for industry to reduce food waste through innovative and sustainable packaging.

Areas where waste was identified as avoidable included poor inventory management, overstocking shelves and product damage during transport and handling.

The report found packaging can play a crucial role in protecting fresh produce and processed food in transit, storage, at the point of sale and prior to consumption.

More information and a copy of the full report are available at chep.com.

CHEP UK works with FareShare, a national charitable organisation that works with the food industry to take surplus food that is fit for purpose but would otherwise be going to landfill. CHEP UK supports FareShare across a wide number of initiatives, and one area is to open all of the 17 FareShare depots to accept CHEP pallets.

CHEP USA is engaging with manufacturers, retail distributors, and food service providers to analyse and reduce the cost of unused food and packaging.

Recall's Secure Destruction Services sites hold "shredder days", where members of the local community can deposit sensitive documents, such as bank statements, medical records or other personal documents, knowing Recall will securely destroy them.

Volunteering

Brambles has an employee volunteering policy, which provides employees with three days of paid volunteer leave per year during usual contracted hours to provide volunteer services to community-based not-for-profit, educational, or environmental organisations. During the Year, more than 490 employees volunteered a combined total of 3,843 hours.

CHEP USA's CHEP Cares program has implemented a number of initiatives to encourage employees to get involved with their communities. These include:

- an online system that tracks employee volunteering hours and a calendar of events that helps employees find and sign up for events in their local community;
- a matching gifts program, which provides all employees the ability to double their donations to recognised charitable organisations up to an amount of US\$1,000; and
- a voluntary "give as you earn" program, under which employees can donate direct from their payroll to CHEP USA's core charitable organisations and CHEP USA then matches these donations.

Through CHEP Australia's Helping Hand program, employees donate to local charity and community organisations across Australia.

CHEP Australia also works with The Smith Family to host a career day for disadvantaged teenagers from local high schools. Students attend along with teachers, volunteers from CHEP and staff from The Smith Family Learning for Life program. Students meet with CHEP staff from across the business, participate in workshop activities to learn about education, career paths and job interview skills and gain an insight into corporate life.

GLOSSARY

Assurance	<p>Assurance relates to the review of sustainability data by an independent third party. In FY13 Brambles engaged KPMG to provide limited assurance. The engagement consisted of KPMG making inquiries, primarily of persons who are responsible for Brambles' adherence to the GRI principles for defining the content of this Sustainability Review and for the preparation of the selected sections presented in the Review, and applying analytical and other evidence gathering procedures to that information, as appropriate.</p> <p>The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.</p> <p>KPMG's statement of limited assurance can be found on the Brambles' website on the Sustainability Reviews page.</p>
Bi-annual management declarations	<p>Bi-annual management declarations confirm, among other matters, the adequacy of internal control procedures, the effectiveness of risk management systems and compliance with material regulatory and statutory requirements. General Managers and Finance Managers are required to sign off the management declaration questionnaires for their area of responsibility.</p>
Brambles Employee Survey (BES)	<p>Brambles measures employee engagement through the annual Brambles Employee Survey (BES). Engagement is a combination of perceptions that positively impact behaviour. These perceptions include satisfaction, pride, loyalty and a willingness to be an advocate for the organisation; engagement results are an average of these four items and measure to what extent employees agree or disagree with the statement. Those employees who agree or strongly agree are the most engaged.</p>
Brambles injury frequency rate (BIFR)	<p>Brambles Injury Frequency Rate is the primary measure of safety performance in Brambles. BIFR is generally comparable to the total recordable injury frequency rate (TIFR) or total recordable injury rate (TRR) used in other businesses. BIFR records all fatalities and three types of injury, each at a rate of injury per million hours worked:</p> <ul style="list-style-type: none">- work related fatalities;- loss of a full work shift due to injury;- modified duties following an injury; and- incidents that require medical treatment.
Carbon neutral pallet offering	<p>A product available to CHEP European customers. Participants are able to offset the annual carbon footprint of their CHEP pallet movements. Features of the program include:</p> <ul style="list-style-type: none">- The requirement that the product's materials come from sustainable sources.- A robust measurement system that covers all service centres, subcontracted locations, offices and transportation functions.- A comprehensive life-cycle analysis developed in partnership with an independent third party, carried out under ISO14040 standards and peer-reviewed.- A partnership with a recognised leader in the carbon credit industry, the Carbon Neutral Company, to purchase internationally recognised Verified Carbon Standard-certified credits. <p>The cost of purchasing offset credits for customers to achieve carbon neutrality is relatively inexpensive, due to the inherent environmental efficiencies of the pooling model. By choosing to purchase credits, customers are able to reduce the carbon footprint in the supply chain and invest in reforestation projects in developing countries.</p>
CHEP Pallets	<p>Includes the CHEP operations in Pallets Americas, Pallets EMEA and Pallet Asia-Pacific, but does not include the IFCO Pallet Management Services and Paramount Pallet businesses.</p>
CEDEP	<p>Brambles is a member of the Cedep consortium. Cedep is the European centre for executive leadership development, based on the campus of the prestigious INSEAD business school in Fontainebleau, France.</p>
Certified sources (of lumber)	<p>CHEP promotes sourcing of lumber for its pooled pallet requirements from sustainable lumber sources. Brambles set a target in 2010 for 100% chain of custody certification for lumber purchased by CHEP. Brambles reports all lumber purchased in three categories:</p> <ol style="list-style-type: none">1. Chain of custody certified lumber (see Chain of custody certification)2. Lumber from certified sources; and3. Policy compliant lumber (see Policy compliant lumber). <p>Lumber from certified sources is defined in two categories:</p> <ol style="list-style-type: none">1. Certified sources with chain of custody certification, where CHEP has confidence, via due diligence, that the source of the lumber has chain of custody certification; however, suppliers have not correctly referenced this certification or have not provided complete accreditation details for the lumber supplied to CHEP carrying chain of custody certification.2. Other certified sources, where CHEP has confidence, via due diligence, that the source forest or mill (ie a certified forest, in the case of PEFC and FSC, or a certified mill in the case of United States SFI-certified sourcing) is certified by PEFC, FSC or equivalent. Equivalence is based on the Montreal sustainability criteria that underpin PEFC and FSC. <p>Lumber that does not satisfy CHEP's due diligence requirements for certified source definition must still require its policy on sustainable lumber sourcing standards.</p>

GLOSSARY - CONTINUED

Chain of custody certification	<p>Chain of custody certification is the process by which certified forest products are verified to come from properly managed, sustainable sources. To become chain of custody certified, organisations must meet minimum requirements in product traceability, product storage and handling, invoicing and record keeping, and have an on-site audit by an accredited third-party verifier.</p> <p>There are several recognised standards that promote sustainable forestry management, including Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification Programs (PEFC). For example, FSC Chain of Custody certification allows companies to label FSC products and applies to manufacturers, processors and traders of FSC certified forest products. It verifies FSC certified forest products along the production chain. At each stage in the chain of processing and transformation, chain of custody certification is needed to confirm that FSC certified wood products are kept separate from uncertified products, or mixed in approved ways.</p> <p>Brambles set a target in 2010 for 100% chain of custody certification for lumber purchased by CHEP. Brambles reports all lumber purchased in three categories:</p> <ol style="list-style-type: none"> 1. Chain of custody certified lumber 2. Lumber from certified sources; (see Certified sources) and 3. Policy compliant lumber (see Policy compliant lumber). <p>CHEP Europe achieved chain of custody certification for lumber purchased for its pallets from FSC and PEFC in 2011.</p>
CO2-e	<p>Carbon dioxide equivalent (CO2-e) is the universal unit of measurement to indicate the full global warming potential (GWP) of a particular greenhouse gas emission. It takes into account the GWP of each of the six Kyoto greenhouse gases, and expresses them in terms of the equivalent units of carbon dioxide. It is used for measuring and reporting different emissions sources on a common basis. At the corporate level, CO2-e is typically reported in kilotonnes (kt).</p>
Containers	<p>Brambles' business is organised into a number of segments, which includes Pallets, RPCs and Containers. Containers serves the bulk goods, automotive, aerospace and chemical sectors. Operates mostly under the CHEP brand worldwide, as well as the CAPS brand in bulk goods in the Americas.</p>
Education, Training and Development (ETD)	<p>One of the areas of focus for Brambles' Sustainability strategy is its people and the education, training and development opportunities available to them. Brambles has set a target of a 25% increase in total ETD days taken by employees on 2012 participation levels by 2015.</p>
Executive Leadership Team (ELT)	<p>The Brambles Executive Leadership Team assists in implementing Brambles' strategic direction, and ensuring its resources are well managed. The members of the Team and their biographies are can be found on the Executive Leadership Team page on Brambles' website.</p>
Greenhouse gas (GHG)	<p>Gases that trap heat in the atmosphere are often called greenhouse gases. Some greenhouse gases such as carbon dioxide occur naturally and are emitted to the atmosphere through natural processes and human activities.</p> <p>Other greenhouse gases (e.g. fluorinated gases) are created and emitted solely through human activities. The principal greenhouse gases that enter the atmosphere because of human activities are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and fluorinated gases. Like most businesses, Brambles impacts on climate change through the consumption of energy, which entails the burning of fossil fuels.</p>
iCARE	<p>Brambles global online data collection system (rolled out in FY13) that will collect Occupational Health & Safety and sustainability data of its businesses, providing a standardised system that enables data entry at a site level.</p>
The IUCN Red List of Threatened Species™	<p>The IUCN Red List of Threatened Species™ is the world's most comprehensive inventory of the global conservation status of plant and animal species. It uses a set of criteria to evaluate the extinction risk of thousands of species and subspecies. These criteria are relevant to all species and all regions of the world. With its strong scientific base, the IUCN Red List is recognised as the most authoritative guide to the status of biological diversity.</p>
Lean	<p>Lean or Lean thinking, is derived from the Toyota Production System and assists in the identification and steady elimination of waste, the improvement of quality, production time and cost reduction.</p>
Net Promoter Score (NPS)	<p>Net Promoter is a multi dimensional program that includes Net Promoter Score (NPS) measurement, leadership practices that promote customer centricity, organisational strategies to ensure program adoption, integration with core business processes and operational systems geared to identify improvements in the customer experience.</p> <p>Detailed questionnaires generate data about customers' views on processes and performance. This data is distilled into a single usable indicator, known as the NPS. The NPS measures the relative weight of people who use and recommend a company's services or products to others, compared to those who are unhappy.</p>
NR	<p>Not Reported.</p>

GLOSSARY - CONTINUED

Pallets	<p>Brambles' business is organised into a number of segments, which includes Pallets, RPCs and Containers. Pallets serves customers in multiple supply chains, in particular consumer goods, fresh produce and general manufacturing, across three regions: Americas; Europe, Middle East & Africa (EMEA); and Asia-Pacific.</p> <p>The Americas region consists of the CHEP Canada (including Paramount Pallet), CHEP Latin America, CHEP USA and IFCO Pallet Management Services customer business units as well as the LeanLogistics business.</p> <p>The EMEA region consists of the CHEP Central & Eastern Europe, CHEP Middle East & Africa and CHEP Western Europe customer business units.</p> <p>The Asia-Pacific region consists of the CHEP Asia and CHEP Australia & New Zealand customer business units.</p>
Policy compliant lumber sources	<p>CHEP promotes sourcing of lumber for its pooled pallet requirements from sustainable lumber sources.</p> <p>Where the purchased lumber does not carry chain of custody certification, or is not from a certified source, CHEP undertakes due diligence to establish that the lumber flow has not been contaminated by controversial source lumber. CHEP's due diligence includes consideration of legislation, biodiversity, conservation, protected and endangered species, labour practices for forest workers, indigenous rights, and so on. Lumber will not be purchased from a source where CHEP's due diligence is not satisfied.</p>
Reusable Plastic Crates (RPCs)	<p>Brambles' business is organised into a number of segments, which includes Pallets, RPCs and Containers. RPCs serves the fresh produce sector under the IFCO brand in Europe, North America and South America and the CHEP brand in Australia, New Zealand and South Africa.</p>
Scope 1, Scope 2 & Scope 3 greenhouse gas emissions	<p>Scope 1 emissions come from direct purchases of fuel, for company-owned transport or heating. Scope 2 emissions are indirect purchases of energy, like electricity. Scope 3 emissions are generated by a third party, e.g. a transport company carrying a company's freight.</p>
Supplier Data Exchange (Sedex)	<p>Sedex is a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains.</p> <p>Several regional CHEP businesses are members of Sedex.</p>
The Year	<p>Brambles' 2013 financial year.</p>
Zero Harm	<p>Brambles' Zero Harm commitment is based on the belief that all accidents, injuries and harm can and should be prevented. To that end, every manager is accountable for achieving Zero Harm and required to demonstrate leadership in creating a culture that actively promotes Zero Harm. Everyone is responsible for committing and contributing to Zero Harm. Brambles' Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely, is provided to all employees.</p>

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