

SUSTAINABILITY REVIEW

Brambles believes it makes a positive contribution to sustainable business practices. It aims to integrate sustainability into the way it does business and the value proposition it offers to customers, employees and shareholders.

This Sustainability Review covers the year ended 30 June 2011 (Year).

The Sustainability Review covers: Brambles' CHEP and Recall sites; the direct purchase of services or other materials over which Brambles has operational control; and the purchase of all lumber. The Review does not include sites where Brambles does not have operational control. Information on companies acquired by Brambles during the Year (Unitpool, Container and Pooling Solutions (CAPS), JMI Aerospace and IFCO Systems) has not been included.

Details about the measurement techniques and methodologies used in this Review are either described in the Review or can be found on Brambles' website, www.brambles.com.

Brambles has not sought external assurance for the non-financial content and indicators in this Review, or supplementary information published in the Sustainability section on www.brambles.com. In FY12, Brambles will be implementing an annual assurance process, which will be conducted by an independent third party.

During the Year, Brambles restructured its Sustainability Committee, which is a management committee. The Sustainability Committee's Charter was reviewed and updated, in order to clarify the Sustainability Committee's objectives, duties and responsibilities. Details of the Sustainability Committee's membership and its updated Charter are available on www.brambles.com.

Brambles also undertook the following sustainability governance activities:

- Reintegration of sustainability information into the Annual Report. This is aligned with Brambles' intention to integrate sustainability into Brambles' business strategy. For the last two years, Brambles published a separate sustainability report online. The FY09 and FY10 sustainability reports are available on www.brambles.com;
- Development of a key sustainability topics matrix (see pages 15 to 16);
- Review of Brambles' sustainability strategy;
- Update of the "Roadmap: Five Year Plan" (set out below) following a sustainability strategy review;
- Review of sustainability targets;
- Update of Brambles' Environmental Policy; and
- Adoption of a new Diversity Policy.

BRAMBLES' SUSTAINABILITY STRATEGY

In 2010, Brambles announced its sustainability strategy and outlined its strategic objectives and initiatives with a five year plan to 2015. During the Year, two amendments were made to these objectives and initiatives.

The first was to add "customer" as an area of focus. This now sits with the environment, people and community strategies. The customer strategy is outlined below.

Customer – all things begin with the customer

Brambles' first shared value is "all things begin with the customer". Customers are showing a growing interest in understanding and tracking the environmental and social impacts of their supply chain. Brambles has an excellent opportunity to improve and demonstrate the environmental benefits of its business models, by using information acquired through its unique position in the supply chain.

Brambles will:

- work closely with customers looking to improve the sustainability of their supply chains and develop innovative service offerings that meet their needs;
- engage with relevant industry forums and customer advisory panels, to learn and contribute towards sustainability improvements in supply chains; and
- commit to measure and continually improve the environmental benefits of Brambles product and service offerings to customers.

The second amendment was to the community strategy. As part of its commitment to the communities in which it operates, Brambles will be "working in partnership with its suppliers to support and strengthen ethical and sustainable practices throughout the community". This commitment will be supported by the development and implementation of a Supplier Policy (see community targets on page 15).

The strategy can be viewed in full on www.brambles.com.

ROADMAP: FIVE YEAR PLAN

Below are the targets Brambles has set for the five year period to 2015 and commentary on progress during the Year.

Customer – all things begin with the customer

Measure	Target	Commentary
Customer loyalty	Introduce Net Promoter Score (NPS) methodology into every country in which we operate	New target set in the Year. A description of NPS is located on page 16.
	Once baseline is established, achieve year-on-year improvements in NPS	New target set in the Year. All baselines should be in place by 2012.
Customer engagement	Active and increased participation in relevant industry forums and customer advisory panels	New qualitative target set in the Year. Ongoing in all countries.

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

Measure	Target	Commentary
Lumber sourcing	Chain of custody certification for CHEP lumber pallets by 2015	During the Year, CHEP Europe obtained Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) accreditation for 100% of the lumber used in repair activities and 96% of lumber in new pallets (see page 17). Preliminary work is underway in the other CHEP regions.
Greenhouse gas emissions	20% reduction on 2010 emission levels by 2015 ¹	All participating countries are developing and initiating greenhouse gas reduction strategies. Brambles expects emission reductions to be realised in line with its target.
Lumber waste	Zero CHEP lumber waste to landfill by 2015	All CHEP regions have processes in place and are gathering data (see pages 19 to 20).
Solid waste	Year-on-year improvements in service centre recycling rates	Data collection processes are now in place (see page 19).
Water management	Targets to be established once IFCO is integrated into the Brambles Group	IFCO's reusable plastic crate (RPC) operations are the largest consumer of water in the Group. Data collection processes are now in place in the other business units.

People – engaging our people and making sure they are safe

Measure	Target	Commentary
Zero Harm	25% reduction in BIFR on 2010 levels by 2015	The Group's performance in the Year improved by 31.5%, meeting its target. A new target will be set in FY12, incorporating IFCO.
Brambles Employee Survey (BES)	Participation rate at minimum of 90% in all businesses by 2015	The Group's participation rate was 90% for the Year. A new target will be set in FY12, incorporating IFCO.
BES overall engagement score	Target to be set once IFCO is integrated into the Group	IFCO employees comprise 22% of the Group. Target to be set in FY12.
Education, Training and Development (ETD)	25% increase in ETD days on 2011 participation levels by 2015	Baseline set. Brambles' business units reported a total of 11,454 training days in the Year.

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

Measure	Target	Commentary
Supplier Policy	Develop and introduce a global policy by the end of FY12	New target set during the Year.
Introduction of "volunteer" time for employees	At least one volunteer hour per employee during working hours across the Brambles Group by 2015	During the Year, Brambles recorded 0.35 volunteer hours per employee.
Introduction of "give as you earn" policies across the Group	All businesses where legislation allows it by 2015	Roll out of policy to commence in 2013.

KEY SUSTAINABILITY TOPICS IN THE YEAR

During the Year, Brambles conducted its first formal analysis of sustainability topics it considers important to its stakeholders so as to focus its reporting. Brambles engaged a third party provider to conduct a desktop analysis, interview employees representing different business units throughout the Group and review internal material. AccountAbility Principles Standards AA1000 was used as a guide and a detailed report was produced, defining all sustainability topics relevant to the Group. These topics were reviewed, with 18 key topics identified and grouped into areas of focus according to Brambles' sustainability strategy and then ranked using methodologies consistent with Brambles' risk and governance methodologies.

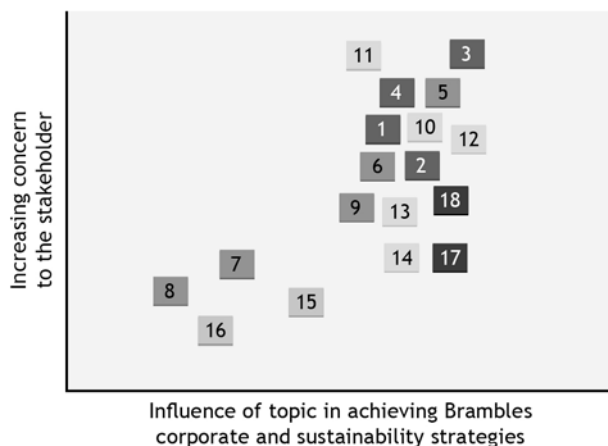
The key sustainability topics matrix is not intended to be a risk matrix (in which risks would be ranked by likelihood of occurrence and by consequence to Brambles).

¹ Based on existing businesses, new acquisitions not to be included, excluding emerging and developing economies (according to the IMF, this would include Argentina, Botswana, Brazil, Chile, China, Guatemala, Hungary, India, Indonesia, Malaysia, Mexico, Namibia, Poland, Saudi Arabia, Swaziland, Thailand, Turkey, United Arab Emirates, Zimbabwe). Target based on internally projected growth assumptions for the period.

SUSTAINABILITY REVIEW - CONTINUED

Going forward, key sustainability topics will be reviewed on an annual basis and, over time, more closely integrated into Brambles' stakeholder engagement processes. The key topics will assist Brambles in identifying and prioritising sustainability activities through the representative eyes of its stakeholders.

For the Year, the key sustainability topics were:



CUSTOMER

- 1 Customer satisfaction
- 2 Customer solutions
- 3 Product and service quality and safety
- 4 Customer privacy

ENVIRONMENT

- 5 Sustainable lumber sourcing
- 6 Emissions and energy
- 7 Waste management
- 8 Water
- 9 Transport impacts

PEOPLE

- 10 Employee engagement
- 11 Safety and wellbeing
- 12 Attracting and retaining talent: leadership
- 13 Diversity and inclusion
- 14 Training and development

COMMUNITY

- 15 Supplier sustainability
- 16 Community investment

GOVERNANCE

- 17 Governance
- 18 Mergers and acquisitions

CUSTOMER

CUSTOMER SATISFACTION

One of Brambles' shared values is that all things begin with the customer. Brambles' business units are focused on improving levels of customer satisfaction and making sure that their products and services and the quality of relationships with their customers are a source of competitive advantage.

Brambles is committed to continuously improving the customer experience with its products, services and people. In order to meet

that commitment and best direct improvements, Brambles introduced a significant change in its survey methodology in 2010.

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.

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. A target of year-on-year improvements in NPS has been set in the Year.

The global roll-out of relationship surveys for CHEP began in April 2011, and to date, feedback from 3,000 individual contacts representing almost 500 companies has been collected.

The program is providing Brambles an excellent snapshot of customers' thoughts and the opportunity to respond quickly to operational issues. For example, customers consider CHEP employees knowledgeable and available when support is needed. CHEP is seen to have systems that make it easy for customers to interact with and its global presence is noted.

CHEP is looking at ways to satisfy its customers' desire for CHEP to expand existing relationships into long term partnerships that will enable reductions in supply chain costs and value creation in their businesses.

CHEP's effort and investment in product quality is also being acknowledged; more than 50% of respondents said pallet quality improved in the Year.

CUSTOMER SOLUTIONS

By listening to customers and responding with innovative solutions, Brambles' customers of today will be its customers of tomorrow. Brambles believes that its business models make a positive contribution to sustainable business practices and it aims to integrate sustainability into the way it does business and the value proposition it offers.

During the Year, the CHEP USA team developed a number of customer focused activities in response to customer feedback from its Net Promoter program. This included the total account management service, where a dedicated CHEP manager is based on a customer's site to handle administration and asset control, provide customised reporting and identify ways to reduce supply chain costs. The program allows CHEP to understand customers' needs and what is required to deliver improvements.

CHEP USA and CHEP EMEA have also created value solutions teams. The teams present industry best practices and processes on issues that matter most to a customer and then work in partnership with the customer to develop solutions based on Lean and Six Sigma methodologies, that deliver lower financial and environmental costs across the supply chain.

CHEP's Innovation Centre in Orlando, Florida is a world-class product testing and engineering facility. From packaging and unit load design to simulated supply chain testing, CHEP collaborates with customers around the globe, conducts packaging tests for customers and tests new products and technologies at the Innovation Centre. CHEP's engineers and other supply chain solutions specialists are available to help customers improve the performance of their packaging and palletised unit loads to minimise product damage. This is one way that CHEP adds value and drives innovation and savings for the customer. There is no charge for these services; CHEP considers it part of being a good supply chain partner.

In February 2011, CHEP launched the world's first testing facility to simulate the pallet life cycle. What used to take over a year with field trials can now be achieved with much more reliable data in

just four to eight weeks. This test track facility will allow CHEP to test innovations quickly and bring new platforms to the market faster and at lower cost.

Recall continuously develops document management processes and develops and improves software.

Further details about Brambles' innovation, research and development activities during the Year are set out in the Directors' Report – Other Information on page 58.

PRODUCT & SERVICE QUALITY & SAFETY

Brambles is committed to achieving Zero Harm and considers the health, safety and environment impacts in all its decisions: from the development of projects to the launch of new products and services. Brambles is committed to continuously improving the quality of its products and services.

Safety management systems operate at every CHEP service centre around the world. In addition, CHEP's Innovation Centre assesses health and safety impacts of each product in development.

CHEP has a Global Quality Council that drives process control standards across the regions to improve pallet quality standards with the focus on improving customer satisfaction and internal processes. This includes consistent audit procedures that encompass all aspects of the inspection and repair process and the application of Lean and Six Sigma methodologies. The Council also identifies best practices and sees that they are shared across the Group so that customers worldwide can benefit from improvements in product quality. For example, for the Year, CHEP Europe reported that product quality rejections improved 38% compared to FY10. CHEP USA improved 29% compared to FY10.

Recall assists customers in the safe management of their document storage requirements by clearly labelling its cartons with suggested weight restrictions and correct handling techniques, specific to the size of the carton (which varies from region to region) so that neither customers nor employees put themselves at risk from strain or injury of lifting heavy loads. Recall has stringent processes for employees managing inbound cartons (for example, correct manual handling techniques) to ensure adequate risk management.

Neither CHEP nor Recall is able to fully assess the safety risk of customers using products on their own sites, due to the many variables involved. However, CHEP and Recall actively engage with customers and other organisations within the regions in which they operate, promoting health and safety impacts and responsible packaging solutions.

Total pallet management programs on customer premises are run to CHEP Zero Harm standards.

CHEP's Innovation Centre is a certified testing laboratory of the International Safe Transit Association (ISTA) and is capable of performing test methods included in ISTA's rigorous global packaging standards.

CUSTOMER PRIVACY

Recall establishes and adheres to stringent measures of physical and operational security to protect customers' information. It is committed to securely housing, retrieving and delivering customers information when it is required.

Recall operates global standards in relation to the security, access and protection of the information it manages for customers. These standards are detailed on www.brambles.com. All Recall sites are regularly measured and assessed for compliance with the standards.

An internal measurement system records any incident where there is a possibility that a customer's information has gone outside of Recall's control, known as security breach or security incident reporting. Any report of this nature is provided to the region's President within one day, who then passes it on to the Group President and Chief Operating Officer of Recall. Breaches and incidents are further reviewed at global leadership meetings so that potential system errors can be rectified.

ENVIRONMENT

SUSTAINABLE LUMBER SOURCING

Brambles is committed to achieving Zero Harm and considers environmental impacts in all decisions, including the sourcing of lumber. CHEP has strict lumber sourcing policies and has a target of achieving chain of custody certification for CHEP lumber pallets by 2015, which will provide further assurance of responsible and sustainable practices.

Volume of lumber (m³) for the Year

	2011
CHEP Americas	756,626
CHEP EMEA	833,787
CHEP Asia-Pacific	171,779
Total	1,762,192

Brambles' sustainability strategy specifically addresses responsible management of forest resources for Brambles, its suppliers, customers and the wider community (for example, the objective of having products constructed from certified sustainable resources and controlled by systems and practices approved by external auditors). Brambles engages with its suppliers to assess whether their practices are in line with Brambles' environmental principles and acts accordingly (for example, to help them meet high standards).

CHEP maintains strict lumber sourcing policies that support the replenishment of natural resources by sourcing lumber in a responsible and sustainable manner, with a preference for plantations and state-managed forests with recognised forest certifications. CHEP does not source from protected areas, parks, or similar areas where harvesting operations are not complementary to responsible forestry management.

In the Year, CHEP Europe achieved Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) chain of custody certification for 100% of its lumber used in pallet repair activity and 96% of lumber used in new pallets, providing assurance that the lumber used originates from sustainable sources. CHEP Europe is also working to implement a traceability system for 100% of procured lumber during FY12, so every piece of lumber can be traced to its origin of supply.

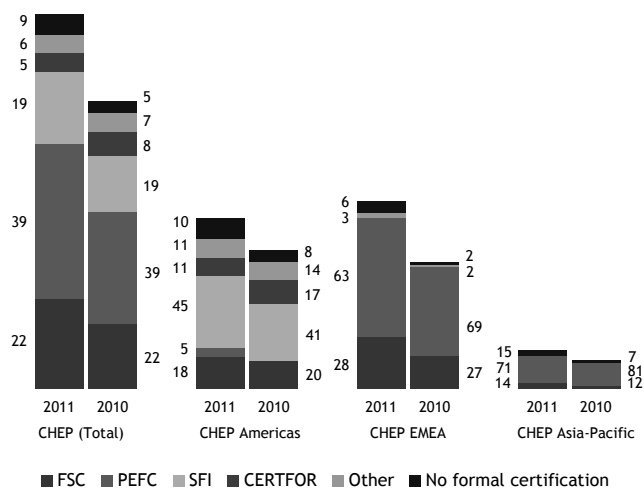
In FY10, CHEP achieved FSC accreditation for its wholly owned tree plantations in South Africa.

During the Year, 91% of CHEP's lumber was sourced from forests that had obtained third party certification. This was down from 95% on the previous year. Reasons for this include:

- CHEP South Africa reported that a number of third party growers that did have formal certification have allowed this to lapse, due to cost pressures (all lumber comes from government permitted plantations); and
- Over the past couple of years, CHEP USA has increased its sourcing of lumber from domestic suppliers. While sourcing this higher quality lumber at favourable prices supports the local economy and reduces the environmental footprint with regards to transport costs and emissions, many smaller sawmills find the cost and labour required to secure third party certification prohibitive. CHEP USA continues to work with its domestic supplier base and supports reputable smaller businesses which meet its strict criteria for the responsible and sustainable management of forest resources.

SUSTAINABILITY REVIEW - CONTINUED

Lumber volume by forest source certification and business unit (%)



CHEP uses 58 species of tree in its lumber supply as per the IUCN Red List². None of these species are defined as “endangered”, “critically endangered”, “extinct in the wild”, or “extinct”. Of the 58 species sourced, 55 are classified as “least concern”, two as “near threatened” and one as “vulnerable”.

The possible inclusion of Longleaf Pine (classified as “vulnerable”) in CHEP USA’s lumber supply was identified in 2009, and the possible inclusion of Virginia Pine and Sand Pine (both classified as “near threatened”) were identified in 2010. The exact sub-specie of pine being supplied is not always disclosed by USA lumber suppliers. No additional issues were identified in FY11.

CHEP USA is committed to working closely with its suppliers and continues current supply chain auditing practices to better understand and minimise the potential use of Longleaf Pine, Virginia Pine and Sand Pine.

In Malaysia, CHEP is endeavouring to have its suppliers source 100% of its lumber from permanent reserve forests that can be certified, as the future of these forests is assured. When CHEP Asia-Pacific implements chain of custody systems and processes it will seek a Malaysian Timber Certification Council audit of those systems and practices to provide further assurance regarding use of forest resources.

EMISSIONS & ENERGY

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.

Brambles recorded a decline in Scope 1 and Scope 2 greenhouse gas (GHG) emissions and energy use for the year.³

As reported last year, Brambles’ internal audit function reviewed the 2010 GHG collection process and submitted a report, with recommendations on how the process can be further improved, to Brambles’ Audit Committee. A number of these recommendations were implemented in during the Year and have resulted in more accurate reporting, particularly in Recall.

² The IUCN Red List of Threatened Species™ is compiled by the International Union for Conservation Of Nature and Natural Resources.

³ 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.

	Kilotonnes (kt) of CO ₂ -e ⁴			Terajoules (TJ) of energy		
	2011	2010	%	2011	2010	%
Brambles HQ	0.12	0.11	9.1	0.49	0.45	8.8
CHEP	69.09	67.45	2.4	688.45	665.31	3.5
Recall	68.78	77.46	(11.2)	752.92	814.41	(7.6)
Total	137.99	145.02	(4.8)	1,441.86	1,480.17	(2.6)

CHEP’s overall CO₂-e emissions and energy consumption increased slightly during the Year, which can be attributed to a general increase in activity and the addition of new service centres.

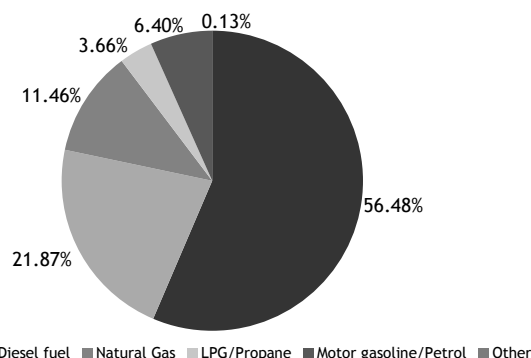
CHEP and Recall continually work to optimise networks and automate processes to improve plant capacity and make plants more energy efficient.

For example, as part of CHEP EMEA’s reduction plan, CHEP Spain has installed a biomass boiler in its Belpuig service centre, which is expected to cut the site’s emissions by 36%. At CHEP Canada’s Mississauga service centre, the replacement of sodium incandescent lights is expected to reduce the site’s electricity consumption by 30% per annum. More examples of emission and energy saving activities can be viewed in the sustainability section on www.brambles.com.

CHEP USA is focused on analysing and reducing its corporate environmental footprint through targeted energy saving projects. CHEP USA is an ENERGY STAR® partner and has made the commitment to track and reduce energy use in its buildings and facilities. Additionally, CHEP USA and LeanLogistics are both Environmental Protection Agency SmartWay partners in the USA. CHEP Europe has joined the SmartWay Europe Initiative to participate in the development of a standard recognised methodology for transport emissions measurement and reduction in Europe.

While Brambles has a relatively light GHG emissions footprint, with the recent acquisition of IFCO and the growing interest among customers to understand the costs of their supply chains, there is an opportunity to develop better and more accurate ways to measure emissions and energy (Scope 1, 2 and 3) that will demonstrate the environmental benefits of its product and service offerings³.

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



⁴ 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).

During the Year, Brambles reviewed its operations to determine the main contributors to its Scope 3 emissions. These were determined to be:

- supplier emissions – for leased and outsourced sites and subcontracted transport carriers;
- purchased goods – harvesting of lumber purchased from suppliers and other purchased goods and services, such as paper and cardboard;
- capital goods – particularly CHEP pallets and containers;
- business travel – employee travel for business purposes; and
- employee commuting.

CHEP has an extensive network of service centres and outsources many to third party providers. 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.

During the Year, CHEP EMEA implemented a system to capture the emissions from those third party activities undertaken by subcontracted service centres and transporters contracted to move CHEP equipment. This system allows CHEP to estimate a baseline, from which it can measure the impact of its collaborative transportation, route optimisation, network optimisation and total pallet management initiatives (see Transport Impacts on page 20).

As there is a growing interest among customers to understand the environmental benefits of using this network, all three CHEP regions will be developing a consistent, coordinated approach to capturing Scope 3 data.

Brambles is committed to developing a data collection system for its businesses whereby information from third party operators and other Scope 3 emission generators can be collected and assessed.

Compliance

In Australia, the National Greenhouse and Energy Reporting System (NGER) threshold for 2011 is 50 kilotonnes of CO₂-e, or 200 terajoules of energy. This Year, Brambles' CHEP and Recall operations in Australia will be required to report their emissions.

In the UK, the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme legislation came into force in April 2010. CHEP and Recall registered and submitted their footprint report to the UK Environment Agency in July 2011. From April 2012, participants in the scheme will be required to purchase allowances for the tonnes of CO₂-e they generate. While the amount that Brambles' businesses will pay will be relatively small, CHEP has invested in an environmental management system and started implementing strategies that will reduce energy consumption and emissions over the coming years.

WASTE MANAGEMENT

Brambles is committed to using resources more efficiently and minimising waste. CHEP's pallet pooling system operates on the principles of reduce, reuse and recycle. Brambles is committed to

continuously improving its performance to meet customers' and stakeholders' sustainability expectations.

During the Year, CHEP and Recall have established processes to collect data on waste streams and have committed to improving their recycling rates on an annual basis.

CHEP actively manages all waste streams related to pallet pooling activities including lumber, corrugate, steel and plastic. CHEP minimises the impact of its internal waste generation by ensuring that scrap pallets, containers and crates are recycled. When pallets are repaired, lumber that is in good condition is reused to repair other pallets. The remaining lumber is recycled for other uses such as fuel and mulch.

Lumber waste & 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. CHEP avoids this problem by maintaining ownership of its assets and enforcing a system of controls to ensure that its pallets are recovered and the materials are reused or recycled for other uses at the end of their useful lives.

CHEP USA and Europe have environmental calculators that enable customers to determine by how much they can reduce solid waste, GHG emissions and energy consumption by using the CHEP pallet pooling system instead of alternative shipping platforms (such as non-pooled lumber pallets and pooled plastic pallets).

CHEP reclaimed at least 74,000 cubic metres of lumber for use in the repair and manufacture of pallets. An additional 97,000 cubic metres was reused for a variety of purposes, including heating and woodchips. The collection of this data was recently initiated and relates to CHEP operated sites only, where available for the Year.

In line with its target of zero lumber waste to landfill by 2015, CHEP is implementing a number of programs around the globe. For example, in CHEP New Zealand, lumber reclaiming activities have been extended to both the North and South Islands. CHEP New Zealand also engaged a third party consultant to reduce waste, including lumber going to landfill. In the first three months, its waste going to landfill was reduced by 50%.

Other waste & recycling

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.

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

Brambles' global GHG emissions during the Year

	Brambles HQ		Recall		CHEP		Total	
	kt CO ₂ -e	TJ	kt CO ₂ -e	TJ	kt CO ₂ -e	TJ	kt CO ₂ -e	TJ
Scope 1	-	-	33.90	-	26.16	-	60.06	-
	-	-	-	515.42	-	434.33	-	949.75
Scope 2	0.12	-	34.88	-	42.93	-	77.93	-
	-	0.49	-	237.50	-	254.12	-	492.11
Total	0.12	-	68.78	-	69.09	-	137.99	-
	-	0.49	-	752.92	-	688.45	-	1,441.86

SUSTAINABILITY REVIEW - CONTINUED

Waste paint is generally reused in the makeup of new paint. Where that is not possible, it is treated to render it solid, but is then directed to landfill as the better of current disposal options.

During the Year, Recall collected, shredded and sent for recycling more than 180,000 tonnes of paper.

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. Those cartons are supplied on CHEP pallets, as opposed to one way whitewood pallets.

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

Brambles had no significant spills during the Year.

WATER

Brambles is committed to using resources more efficiently and minimising waste. Brambles is committed to continuously improving its performance to meet customers' and stakeholders' sustainability expectations.

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. For this reason, during the Year, Brambles' business units established processes to collect data on water usage and waste.

IFCO, which operates a pool of more than 120 million reusable plastic crates (RPCs), is the largest user of water in the Group. Brambles will set water targets in consultation with IFCO once it has been integrated into the Group.

CHEP also uses water in operations with designated wash facilities or service centres that condition RPCs. Many of these sites recycle and reuse water. CHEP Europe uses washers with a facility to filter and reuse water during the wash process. CHEP Australia uses water recycling at several of its plants.

Water discharges from CHEP and Recall facilities are equivalent to sanitary wastewater and are not considered material.

TRANSPORT IMPACTS

Brambles is working to reduce its environmental footprint by using its logistics know-how to minimise the footprint of its customers and the supply chain.

Network optimisation reduces transport distances and associated emissions. CHEP's total pallet management (TPM) program offered 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 the TPM program helps optimise the network and also reduces the energy requirements associated with the pallet pool.

Network optimisation focuses on the number and location of service centres based on sourcing requirements and locations, location of manufacturers, transport costs and plant capacity. For instance, CHEP Europe employs a central planning team to address these issues across the whole of Europe.

In the USA, CHEP's GreenLanes™ program helps customers increase productivity and eliminate unnecessary empty return truck trips, by working with third party transport companies to fill empty space on a customer's truck, or that of a transportation provider.

CHEP USA has collaborated with customers on more than 6,600 individual movements, resulting in the elimination of an estimated 1.29 million kilometres of transportation and production of 1.34 million kilograms of CO₂-e emissions.

CHEP Europe continued the roll-out of its transportation collaboration program and now has more than 20 customers participating. The program allows participants to benefit from logistics synergies by reducing empty miles, increasing shared transportation or moving to using different transport solutions such as rail and road. During the Year, savings of US\$1.7 million were reported, along with reductions in distances travelled and CO₂-e emissions.

In Australia, CHEP recently obtained accreditation to stack up to 20 pallets high on a truck, instead of 16 to 18, which is the industry norm. This saves customers an estimated 7-12% on CO₂-e emissions per trip. This also reduces the number of vehicle trips and cuts down on loading time and risk.

Recall is also optimising its transport operations to deliver the most efficient, error-free solution to customers. This results in a reduced number of vehicle trips and error correction which require further energy expenditure. Additionally, Recall works to identify opportunities to transmit data digitally to customer sites, for example, the image of a single page rather than the entire carton physically transported. This delivers the same net result to the customer at a lower overall carbon expenditure.

PEOPLE

Employees by business unit⁵

Business unit	Employees
CHEP Americas	2,182
CHEP EMEA	4,175
CHEP Asia-Pacific	1,625
IFCO ⁶	3,806
Recall	5,238
Brambles HQ	108
Total	17,134

EMPLOYEE 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). This is extended to all employees and is confidential. It surveys employees' perceptions of their workplace. The data is used to track progress from previous surveys, to measure Brambles against internal and external best practice and to identify key actions for improvement.

Over the past couple of years Brambles employees have demonstrated their willingness to provide feedback and suggest where Brambles can improve. Participation rates in the BES surveys are world class. For the latest survey the overall participation rate increased to 90%, up from 89% on the previous survey.

Overall, employee engagement increased one percentage point from 63% to 64%. Employees' understanding of business direction and confidence in leadership and the future of the Group have strengthened.

⁵ Employee numbers are 12 month averages for the Year.

⁶ As indicated on page 14, this section does not include information on IFCO personnel.

⁷ 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.

As IFCO employees now comprise 22% of the Group, Brambles will reset its targets for employee engagement in FY12 once IFCO is integrated into the Group.

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 and Brambles seeks to apply best occupational health, safety and environment practice for employees, contractors, customers and local communities.

Details on Brambles' Health and Safety Policy and the Zero Harm Charter are in the Directors' Report – Other Information on page 58. In 2010, Brambles rolled out a new scorecard that replaced the lost time injury frequency rate (LTIFR) and the lost time injury severity rate (LTISR) measurements. The scorecard includes Brambles Injury Frequency Rate (BIFR) and takes a much more comprehensive view of safety. BIFR records fatalities and three types of injury, each at a rate of injury per million hours worked:

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

Brambles injury frequency rate

Introduced in 2007 within the CHEP businesses, BIFR is now the primary measure of safety performance across the Group. While Recall began to use BIFR as a measure during the Year, it has been collecting BIFR data for a number of years.

Since 2009, the BIFR has been improving, reflecting Brambles efforts to improve workplace safety and health. In FY10, the combined performance of the three CHEP business units was a BIFR of 21.9 events per million hours worked.

In the Year, the Group (including Recall) achieved a BIFR of 15.0 events per million hours worked. All business units met or exceeded their injury reduction targets. The reduction of 31.5% exceeded the BIFR reduction target set at the beginning of the Year of 25% on 2010 levels by 2015. A new target will be set in FY12 once IFCO is integrated into the Group.

Overall the level and severity of injury sustained across the business units has reduced significantly. This is particularly true in Recall, where rates of injury fell by 40%.

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

During the Year, Brambles began a wellbeing program to help employees and their families proactively seek out healthy activities and lifestyles. More information on the program can be found on www.brambles.com.

ATTRACTING & RETAINING TALENT: LEADERSHIP

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 which ones need to be developed for career progression.

This framework is at the core of Brambles' performance appraisal systems. Every employee has an annual appraisal with their manager.

Career progression is an important part of Brambles' employment offering and executive development activities span the organisation. Brambles recruits from many of the best business schools for high potential executives and provides intensive development opportunities to fast track these individuals.

Brambles holds a number of development centres each year to identify junior and middle managers who have the potential to move to higher levels of the organisation. In the Year, 50 executives went through these centres with a number promoted since their participation.

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.

Investment in leadership development is a priority for Brambles, with 196 senior and high potential leaders attending various programmes at CEDEP during the Year. Brambles has also established partnerships with business schools in Shanghai (CEIBS) and Singapore (INSEAD). This allows Brambles to widen its search for management talent through its rotational MBA program, Brambles Leadership Pathways.

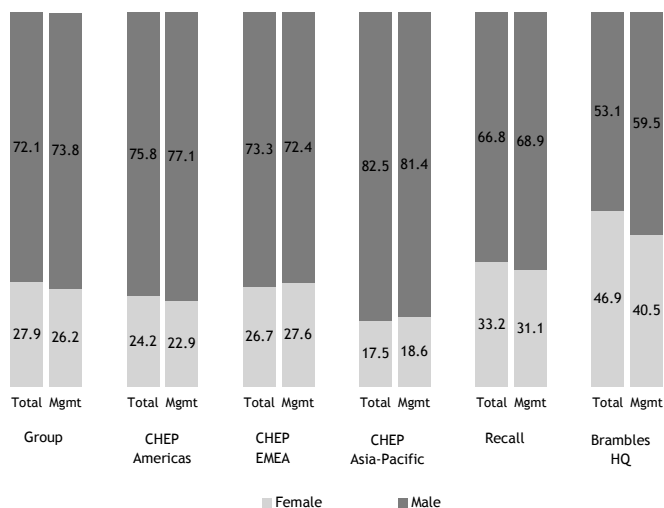
The three year program is pitched to high achieving MBA/MSc business school graduates. Participants in the program receive ongoing career support and mentoring over a three year period. They have at least two roles (rotations) in different functional areas within the Brambles Group.

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 – without discrimination.

During the Year, the Board adopted a diversity policy that deals with diversity across a range of measures. This policy is available on www.brambles.com. Details of the policy are shown in section 3.2 of the Corporate Governance Statement on page 31.

Permanent employees by gender (total and management) as at 30 June 2011 (%)



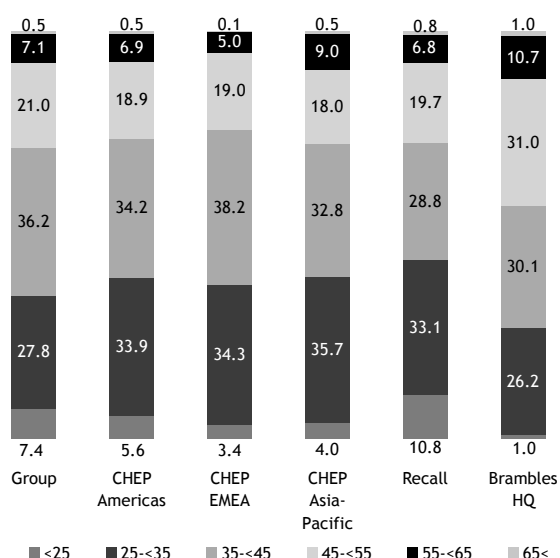
The Group's Remuneration Policy is to pay at the median level of remuneration for target capability and performance (further details on the Remuneration Policy and structure can be found on pages 40 to 42). Brambles rewards performance on the basis of merit and job related competencies without discrimination. As required by the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (Principle 8), the Remuneration Committee now has responsibility for reviewing and making recommendations to the Board on remuneration by gender. Brambles expects that its target of increasing the number of female employees in management will reduce the disparity in male:female salary ratios at the management level.

SUSTAINABILITY REVIEW - CONTINUED

Male:female salary ratios

	Male	Female
Group	1.09	1.00
Non-management	0.95	1.00
Management	1.16	1.00

Age distribution of employees as at 30 June 2011 (%)



Brambles is committed to supporting employees throughout their working life and to tracking and reporting parental leave data⁸.

	Group employees taking parental leave during the Year (%)	Group employees returning to work after parental leave during the Year (%)
Group	1.95	1.70
Male	0.96	1.11
Female	4.50	3.22

For the Year, voluntary turnover of employees for the Group was 14.81%.

	Voluntary turnover (%)
Group	14.81
CHEP Americas	16.15
CHEP EMEA	8.29
CHEP Asia-Pacific	20.23
Recall	17.16
Brambles HQ	2.04

TRAINING & DEVELOPMENT

Brambles is committed to providing a safe, rewarding and challenging environment for its employees. To meet ongoing and future needs, Brambles is committed to developing the skills of its people.

⁸ 83.1% of Group employees as at 30 June 2011 were entitled to parental leave.

Training days for the Year

Group	Per employee	Per male employee	Per female employee	Per non-mgt employee	Per mgt employee	Number of e-learning courses completed
Group	0.86	0.78	1.04	0.77	1.30	5,573
CHEP Americas	1.32	1.12	1.95	0.90	1.98	1,360
CHEP EMEA	0.70	0.51	1.19	0.63	0.97	468
CHEP Asia-Pacific	1.01	1.04	0.91	1.30	0.79	1,942
Recall	0.75	0.75	0.71	0.70	1.25	1,794

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 all its people are fully trained and equipped to do their job.

Brambles has set a target of a 25% increase on participation levels for the Year in education, training and development days by 2015.

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

COMMUNITY

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 its businesses serve.

Brambles has robust management systems for maintaining relationships with suppliers. Responsibility for managing relationships with suppliers resides with the Group Presidents of each Brambles' operating business. Brambles' policy is incorporated in the Code of Conduct and the business units' expectations are communicated clearly to suppliers. For example, CHEP Europe purchasing contracts refer to the Code of Conduct and the Code of Conduct is passed on to suppliers. The majority of CHEP Europe purchases are under such contracts. Elements of the Code of Conduct are also included in material purchasing contracts with suppliers in CHEP Asia-Pacific. CHEP Americas' contracts for service providers in its plant network specify compliance with relevant local requirements governing labour, health, safety and environment.

Brambles monitors relationships with suppliers. Brambles is committed to assessing supplier environmental and social standards. Major suppliers in sectors with a high environmental impact are required to provide evidence of their systems for ensuring good environmental performance.

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.

CHEP Americas and CHEP EMEA have joined the international 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.

By working in partnership with suppliers, Brambles' business units will be able to gather credible and consistent quality data and develop better, more sustainable and mutually beneficial outcomes. In FY12 Brambles will develop a supplier policy that draws on best practice across the business units.

Brambles' Zero Harm Council is evaluating appropriate actions to assess whether providers are focusing on safety. During the Year, the Zero Harm Council assessed the most appropriate methodology to apply and how the information could be collected and evaluated. An evaluation tool, broadly based on OSHAS 18000 methodology which follows established safety management designs, has been re-engineered following tests at sites in Europe and the USA. Testing and evaluation will continue throughout FY12.

COMMUNITY INVESTMENT

One of Brambles' shared values is to always act with integrity and respect for the community and the environment. Brambles' business units are part of the communities in which they operate. The business units recognise their responsibility in making a positive contribution to these communities in the areas of environment sustainability and education.

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

This support is provided in four ways:

- contributions by Brambles' businesses to a range of local and national charities;
- personal contributions by Brambles employees around the world to a range of fundraising events and activities;
- a volunteering policy that provides Brambles' employees with three days of paid volunteer leave per year; and
- monetary donations provided by Brambles' business units to support employee volunteer efforts.

During the Year, Brambles HQ provided almost A\$500,000 in donations and sponsorship. This includes donations to the Red Cross disaster appeals for the Queensland floods in Australia (A\$200,000) and the Japanese earthquake and tsunami (A\$50,000). Brambles also donated A\$100,000 to the Salvation Army's Christchurch Earthquake Appeal. In addition, Brambles' business units donated more than A\$500,000 to local and regional charities and causes.

From time to time, CHEP provides pallets and containers free of charge to transport emergency supplies for relief efforts in times of disaster. During the Year, CHEP Australia provided pallets to Foodbank Australia, for use in the distribution of food and grocery industry donations to people affected by the devastating floods in south-east Queensland, Australia, while CHEP New Zealand provided pallets and intermediate bulk containers to the Christchurch earthquake relief efforts. In Latin America, CHEP donates used office furniture and equipment, computers and printers to various charities.

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. During the Year, shredding events were held in operations in the United States and Australia.

Brambles recently implemented 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. In the Year, the policy was formally rolled out across the Group and 533 employees volunteered a combined total of 4,618 hours.

To support the volunteering policy, CHEP Australia launched its "Helping Hand" program in March 2011. Employees that have a direct or ongoing active interest in an activity or cause that benefits the broader community have the opportunity to apply for funding. Each year, CHEP Australia will provide a total of A\$50,000 through the program.

GOVERNANCE

Brambles is conscious that it must have the right risk and governance foundations and appropriate structures in place to manage all impacts responsibly. Its sustainability strategy recognises that sustainability must be embedded into its corporate risk management framework. Brambles uses corporate governance practices and processes to oversee its performance, including its sustainability performance.

The Chief Executive Officer, who is also a member of the Board, has operational responsibility for sustainability issues. The Board receives updates on sustainability issues, including information on operational activities, objectives and external feedback on Brambles' performance.

Sustainability is overseen by the Sustainability Committee, which is a management committee. Details of the Sustainability Committee members and its Charter are available on www.brambles.com. The Sustainability Committee meets at least three times a year.

Brambles' Executive Leadership Team (ELT) has oversight of sustainability policies and is responsible for implementing sustainability policies across the organisation. Further details on the Board and ELT are located on pages 24 to 26 and in section 1.1 of the Corporate Governance Statement on page 27.

Brambles' Code of Conduct provides an ethical and legal framework for all employees in the conduct of Brambles' business. The Code of Conduct defines how Brambles relates to its shareholders, employees, customers, suppliers and the community. Brambles implements its Code of Conduct through a variety of training and induction programs. It is regularly reviewed by the Board and updated as necessary. Further details on the Code of Conduct are in section 3.1 of the Corporate Governance Statement on pages 30 to 31. A copy of the Code of Conduct is available on www.brambles.com.

Senior managers are asked to either sign off on compliance with the Code of Conduct every six months, or to identify any exceptions. The sign-offs may be subject to audit testing by Internal Audit.

MERGERS AND ACQUISITIONS

Brambles' mission is to create superior shareholder value through its people and their enterprising spirit. Brambles will work with the businesses it acquires to identify and adopt the better practice. Brambles will see that these practices are shared across the Group and adopted in a considered and consistent manner.

Brambles has increased its emphasis on innovation and has a number of areas of strategic focus to pursue opportunities that target sustainable profitable growth for stakeholders. Details on Brambles' growth strategy are on page 3.

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

In the Year, Brambles made a number of small acquisitions (Unitpool, CAPS and JMI) and one large acquisition (IFCO).

Brambles acquired IFCO on 31 March 2011 and appointed an integration team of Brambles and IFCO executives to identify synergies that exist between the businesses and facilitate the integration process. In the coming months, Brambles and IFCO executives will review sustainability strategies and targets, systems, process and the culture of each business.