

DIRECTORS' REPORT - OTHER INFORMATION

The information presented in this Report relates to the consolidated entity, the Brambles Group, consisting of Brambles Limited and the entities it controlled at the end of, or during the year ended 30 June 2011 (Year).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the Year were the provision of pallet and container pooling and supply chain services and information management services. Brambles is a leading global provider of these services.

At the beginning of the Year, the Group's principal operations comprised two main businesses, CHEP and Recall. CHEP owns a pool of pallets and containers, which it issues, collects and reissues through a network of service centres in multiple countries. Manufacturers, producers, distributors and retailers use these pallets and containers to transport their products safely and efficiently through the supply chain. In addition, CHEP provides supply chain optimisation and transport management services. Recall is a global leader in the management of information, providing secure storage, digitisation, retrieval and destruction of information in multiple media formats.

On 31 March 2011, Brambles acquired IFCO. This business operates a pool of reusable plastic containers globally, which are used primarily to transport fresh produce from producers to grocery retailers. It also provides a national network of pallet management services, to sort, repair and reissue pallets in the USA.

During the Year, Brambles also acquired three small businesses: Container and Pooling Solutions (a USA-based provider of intermediate bulk containers and automotive containers); Unitpool (an airline container pooling business); and JMI (a non-flight critical aviation equipment maintenance and repair business).

Other than as described above, there were no significant changes in the nature of the Group's principal activities during the Year.

REVIEW OF OPERATIONS & RESULTS

A review of the Group's operations and a review of the results of those operations are given in the Letter from the Chairman & the CEO on pages 1 to 2, the Operational & Financial Review on pages 4 to 11 and in the Treasury & Risk Review on pages 12 to 13.

Information about the financial position of the Group is included in the Operational & Financial Review on pages 4 to 11 and in the Five-Year Financial Performance Summary on page 131.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The only significant change in the state of affairs of Brambles during the Year was the acquisition of IFCO for an enterprise value of €923 million.

MATTERS SINCE THE END OF THE FINANCIAL YEAR

On 17 August 2011, Brambles announced that following the completion of a strategic planning process, it had decided to focus on building its global pooling solutions business and to divest Recall. Brambles will commence an international sale process for Recall and will complete the divestment as and when financial market conditions support an appropriate outcome for shareholders.

To deliver the strategy of focussing on its global pooling solutions business and to optimise on efficiencies, on 17 August 2011 Brambles also announced a new management and organisation structure, effective 1 October 2011, details of which are in the Letter from the Chairman & the CEO on page 1.

Other than this, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2011 up to the date of this Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

BUSINESS STRATEGIES & PROSPECTS FOR FUTURE FINANCIAL YEARS

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this Report, are set out in the Letter from the Chairman & the CEO on pages 1 and 2 and in the Operational & Financial Review on pages 4 to 11. Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS

The Directors have declared a final dividend for the Year of 13.0 Australian cents per share, which will be 20% franked. The dividend will be paid on Thursday, 13 October 2011 to shareholders on the register on Wednesday, 21 September 2011. On 14 April 2011, an interim dividend for the Year was paid, which was 13.0 Australian cents per share and 20% franked. On 14 October 2010, a final dividend for the year ended 30 June 2010 was paid, which was 12.5 Australian cents per share and 20% franked. The unfranked component of each dividend paid during the Year was conduit foreign income. This means that no Australian dividend withholding tax was payable on the dividends that Brambles paid to non-resident shareholders.

DIRECTORS

The name of each person who was a Director of Brambles Limited at any time during, or since the end of the Year, and the period for which they served as a Director during the Year, is set out below. The qualifications, experience and special responsibilities for Directors are set out on pages 24 to 25.

| | |
|--------------------------|--------------------------------|
| Anthony Grant Froggatt | 1 July 2010 to date |
| Thomas Joseph Gorman | 1 July 2010 to date |
| Gregory John Hayes | 1 July 2010 to date |
| Stephen Paul Johns | 1 July 2010 to date |
| Sarah Carolyn Hailes Kay | 1 July 2010 to date |
| Graham John Kraehe AO | 1 July 2010 to date |
| Christopher Luke Mayhew | 1 July 2010 to date |
| John Patrick Mullen | 1 July 2010 to 7 February 2011 |
| Brian Martin Schwartz AM | 1 July 2010 to date |

SECRETARY

Details of the qualifications and the experience of the Company Secretary of Brambles Limited are as follows: Robert Nies Gerrard joined Brambles in 2003 as Senior Counsel and was appointed Group Company Secretary in February 2008. Prior to joining Brambles, he was General Counsel to, and Company Secretary of, Roc Oil Company Limited; Group Legal Manager, Cairn Energy plc; General Counsel to, and Company Secretary of, Command Petroleum Limited; and a solicitor with Allen Allen & Hemsley. He holds a Masters of Law (LLM) from the University of Sydney and Bachelor of Science (BSc) and Bachelor of Law (LLB) degrees from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales.

INDEMNITIES

Indemnities provided to Directors and officers in accordance with the constitution of Brambles Limited are detailed in Note 36 on page 125. Insurance policies are in place to cover Directors and executive officers, however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

DIRECTORS' MEETINGS

Details of the Board committee memberships are given in the Corporate Governance Statement on pages 29, 32 and 36. The following table shows the actual Board and committee meetings held during the Year and the number attended by each Director or committee member.

| Directors | Board meetings | | | | | | | | | | | |
|---------------------------|----------------|-----|---------|-----|--------------------|-----|--------------------------|-----|---------------------------------|-----|--------------------------------|-----|
| | Regular | | Special | | Special Committees | | Audit Committee meetings | | Remuneration Committee meetings | | Nominations Committee meetings | |
| | (a) | (b) | (a) | (b) | (a) | (b) | (a) | (b) | (a) | (b) | (a) | (b) |
| CURRENT DIRECTORS | | | | | | | | | | | | |
| A G Froggatt | 12 | 13 | 2 | 2 | - | - | - | - | 5 | 5 | 3 | 3 |
| T J Gorman | 13 | 13 | 2 | 2 | 3 | 3 | - | - | - | - | - | - |
| G J Hayes | 13 | 13 | 2 | 2 | 3 | 3 | - | - | - | - | - | - |
| S P Johns | 12 | 13 | 2 | 2 | 3 | 3 | 6 | 6 | - | - | 3 | 3 |
| S C H Kay | 13 | 13 | 2 | 2 | - | - | 6 | 6 | - | - | - | - |
| G J Kraehe AO | 13 | 13 | 2 | 2 | 3 | 3 | - | - | 5 | 5 | 3 | 3 |
| C L Mayhew | 13 | 13 | 2 | 2 | - | - | - | - | 5 | 5 | - | - |
| B M Schwartz AM | 13 | 13 | 2 | 2 | - | - | 6 | 6 | - | - | - | - |
| FORMER DIRECTOR | | | | | | | | | | | | |
| J P Mullen ^(c) | 7 | 8 | 2 | 2 | - | - | - | - | 2 | 3 | - | - |

^(a) The number of meetings attended during the period the Director was a member of the Board or relevant committee which the Director was eligible to attend.

^(b) The number of meetings held while the Director was a member of the Board or relevant committee which the Director was eligible to attend.

^(c) John Mullen resigned as a Director on 7 February 2011.

DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2008.

| Director | Listed company | Period directorship held |
|---|---|--------------------------|
| A G Froggatt | AXA Asia Pacific Holdings Limited | 2008 to 2011 |
| | Billabong International Limited | 2008 to current |
| | Coca-Cola Amatil Limited | 2010 to current |
| T J Gorman | IFCO Systems N.V. | 2011 to current |
| G J Hayes | None | - |
| S P Johns | Leighton Holdings Limited | 2009 to current |
| | Spark Infrastructure Group | 2005 to current |
| | Westfield Group: | |
| | Westfield Holdings Limited | 1985 to current |
| | Westfield America Trust (director of responsible entity, Westfield America Management Limited) | 1996 to current |
| S C H Kay | Westfield Trust and Carindale Property Trust (director of responsible entity, Westfield Management Limited) | 1985 to current |
| | Commonwealth Bank of Australia | 2003 to current |
| G J Kraehe AO | Bluescope Steel Limited | 2002 to current |
| | Djerriwarrh Investments Limited | 2002 to current |
| C L Mayhew ^(a) | WH Smith plc | 2006 to 2010 |
| B M Schwartz AM | Insurance Australia Group Limited | 2005 to current |
| | IAG Finance (New Zealand) Limited | 2008 to current |
| | Westfield Group: | |
| | Westfield Holdings Limited | 2009 to current |
| | Westfield America Trust (director of responsible entity, Westfield America Management Limited) | 2009 to current |
| Westfield Trust and Carindale Property Trust (director of responsible entity, Westfield Management Limited) | 2009 to current | |

^(a) Luke Mayhew was appointed a director of InterContinental Hotels Group plc on 1 July 2011

DIRECTORS' REPORT - OTHER INFORMATION - CONTINUED

ENVIRONMENT

Brambles' Environmental Policy is set by the Board. It applies in all countries where Brambles operates and will be rolled out to IFCO in FY12 as part of the plan for integrating IFCO into the Group. The Environmental Policy provides that Brambles will act with integrity and respect for the community and the environment and be committed to sound environmental practice in its daily operations. It is a minimum requirement that all Brambles operations comply with all relevant environmental laws and regulations. Additionally, employees are expected to care for the environment by adopting a specified set of environmental principles. Every business unit must ensure that those principles are adhered to, including in countries that may not yet have enacted laws for the protection of the environment.

Brambles has set environmental performance targets. Reporting of performance against those targets is shown on pages 17 to 20 of the Sustainability Review. A copy of the complete Environmental Policy is set out in Brambles' Code of Conduct, which is available at www.brambles.com.

OCCUPATIONAL HEALTH & SAFETY

The Board is responsible for setting Brambles' Health and Safety Policy, which states that Brambles is to provide and maintain a healthy and safe working environment and to prevent injury, illness or impairment to the health of employees, contractors, customers or the public.

Brambles is committed to achieving Zero Harm. The Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely and ensure environmental compliance, is provided to all employees and, together with the complete Health and Safety Policy, is on the Brambles website at www.brambles.com. The Charter and policy will be rolled out to IFCO in FY12 as part of the plan for integrating IFCO into the Group.

The Chief Executive Officer together with the Group Presidents of CHEP and the Group President and Chief Operating Officer of Recall are responsible for policy implementation and safety performance.

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and comparison with industry benchmarks and provide incentives for improvement. Reporting on health and safety performance is shown in the Safety & Wellbeing section of the Sustainability Review on page 21.

EMPLOYEES

Pages 20 to 22 of the Sustainability Review contain details of Brambles' performance as an employer - see the Employee Engagement, Attracting & Retaining Talent: Leadership, Diversity & Inclusion and Training & Development sections.

INNOVATION, RESEARCH & DEVELOPMENT

Innovation, whether of an incremental or step-change nature, is integral to Brambles' growth strategy.

Brambles is focusing on three key areas: innovating to address customers' current and future needs; accelerating tomorrow's growth opportunities; and fostering and driving a culture of innovation.

During the Year, Brambles launched an Innovation Fund, which has already reviewed and funded a significant number of early-stage new business ideas.

Brambles carries out research and development activities in relation to both its CHEP and Recall businesses. These activities comprise:

- continuously testing its pallets, containers and other platforms to make them more durable, sustainable and safer for use in the supply chain;

- enhancing existing, and developing new designs of pallets, containers and other supply chain platforms, for both new and existing markets;
- improving pallet and container repair processes and equipment;
- testing and developing unique identifier technologies, including radio frequency identification; and
- research into and development of new service offerings, information technology and software solutions, and information and document management processes.

ENVIRONMENTAL REGULATION

Except as set out below, the operations of the Group in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. The operations of the Group in Australia involve the use or development of land, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or Local government environmental and town planning regulations, or require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no material breaches of environmental statutory requirements and no material prosecutions during the Year.

Brambles' businesses comply with all relevant environmental laws and regulations and none were involved in any material environmental prosecutions during the Year.

INTERESTS IN SECURITIES

Pages 48, 49 and 51 of the Directors' Report - Remuneration Report include details of the relevant interests of Directors, and other Group Executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

SHARE CAPITAL, OPTIONS & SHARE RIGHTS

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights outstanding over Brambles Limited ordinary shares at the Year end are given in Notes 27 and 28 on pages 101 to 103. No options, share rights or MyShare matching share rights over the shares of Brambles Limited's controlled entities were granted during or since the end of the Year to the date of this Report.

Since the end of the Year to the date of this Report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place, broken down by reference to the plan numbers shown on pages 53 to 54 of the Remuneration Report:

- 52,434 grants: 666 under the 2010 MyShare offer (plan numbers 30 to 41) and 51,768 under the 2011 MyShare offer (plan numbers 42 to 46);
- 43,313 exercises, resulting in the issue of fully paid ordinary shares: 638 under the 2009 MyShare offer (plan numbers 18 to 29), 7,781 under the 2010 MyShare offer (plan numbers 30 to 41), 3,085 under the 2011 MyShare offer (plan numbers 42 to 46), 15,000 under plan 2 and 16,809 under plan 7; and
- 1,713,650 lapses: 11,630 under the 2010 MyShare offer (plan numbers 30 to 41), 4,879 under the 2011 MyShare offer (plan numbers 42 to 46), 458,318 under plan 8, 1,083,938 under plan 9, 10,593 under plan 12, 25,180 under plan 13, 25,180 under plan 14, 10,998 under plan 15, 41,467 under plan 16 and 41,467 under plan 17.

SHARE BUY-BACKS

No ordinary shares were bought-back and cancelled during the Year. There is no current on-market buy-back in operation.

RISK MANAGEMENT

A discussion of Brambles' risk profile, management and mitigation of risks can be found in the Treasury & Risk Review on pages 12 and 13 and the Corporate Governance Statement on pages 34 to 35.

TREASURY POLICIES

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found in the Treasury & Risk Review on pages 12 and 13.

NON-AUDIT SERVICES

The amount of US\$1,777,000 was paid or is payable to PricewaterhouseCoopers, the Group's auditors, for non-audit services provided during the Year by them (or another person or firm on their behalf). These services primarily related to financial due diligence for the acquisition of IFCO, compliance services, regulatory reporting and tax consulting advice. The Audit Committee has reviewed the provision of non-audit services by PricewaterhouseCoopers and its related practices and provided the Directors with formal written advice of a resolution passed by the Audit Committee. Consistent with this advice, the Directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers and its related practices did not compromise the auditor independence requirements of the Act for the following reasons: the nature of the non-audit services provided during the Year; the quantum of non-audit fees compared to overall audit fees; and the pre-approval, monitoring and ongoing review requirements under the Audit Committee Charter and the Charter of Audit Independence in relation to non-audit work.

The auditors have also provided the Audit Committee with a letter confirming that, in their professional judgement, as at 5 August 2011, they have maintained their independence in accordance with their firm's requirements, with the provisions of APES 110 - Code of Ethics for Professional Accountants and the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Act is set out on page 130.

ANNUAL GENERAL MEETING

The AGM will be held at 2.00pm (AEDT) on 10 November 2011 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

This Directors' Report is made in accordance with a resolution of the Board.



G J Kraehe AO
Chairman



T J Gorman
Chief Executive Officer
17 August 2011