

SUSTAINABILITY REVIEW

Brambles believes it makes a positive contribution to sustainable business practices through its unique position in the supply chain. It is a global leader in responsible and sustainable pooling solutions in the industries it serves.

Brambles is committed to being a responsible and valuable partner in the supply chain and is focused on building a long-term sustainable business that serves its customers, employees and shareholders and the communities in which they live.

Brambles' success relies on its ability to optimise supply chain networks and make the most from the hundreds of millions of journeys its pallet, crate and container assets make each year.

Brambles has a unique ability to provide an efficient and expertly managed network that can reduce the distances travelled by its assets and is engaging with key stakeholders to build long-term resilience within its supply chains.

A low-cost business model that leverages global scale is fundamental to Brambles' growth strategy. Brambles is applying best-practice standards throughout its operations and logistics and is continuously vigilant in reducing asset losses, cycle times and damage. Fundamental to these efficiency efforts are the principles of reduce, reuse and recycle.

The repeated use of higher quality assets when compared to alternative disposable or limited-use platforms reduces material and energy requirements. Brambles retains ownership of its assets at all times, thereby ensuring that end of life management is controlled and recovery, re-use and recycling efforts can be maximised. The fundamental principles on which Brambles' business models are built are inherently sustainable.

The intent of Brambles' sustainability strategy and roadmap is to:

- demonstrate the inherent sustainability value that exists for Brambles and its stakeholders; and
- focus on areas in the supply chain where Brambles can improve its sustainability offering.

Brambles aims to integrate sustainability into the way it does business so it can continuously improve and develop more efficient, safer and environmentally sustainable supply chains.

BOUNDARIES

The Sustainability Review covers Brambles' CHEP and Recall sites for the financial year ended 30 June 2012 (the Year).

The review does not include information from recent acquisitions made in the last two years, with the exception of information provided from IFCO to identify key sustainability issues, participation in the Brambles Employee Survey (BES) and other specific issues detailed throughout the review. As integration of the recently acquired businesses into the new organisational structure of the three pooling solutions segments of Pallets, Reusable Plastic Crates (RPCs) and Containers continues, Brambles expects to collect data for all owned entities in its new online data collection system, iCARE, in FY13. The review does not include data from any service centre operated by a third party, with the following exceptions:

- an estimation of emissions associated with third-party operated service centres operated on CHEP's behalf and transportation associated with balancing its pallet pool; and
- CHEP's purchase of wood pallets in Europe from suppliers that use chain of custody certified lumber. In all other cases CHEP purchases the lumber used in the manufacturing and repair 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.

ASSURANCE

During the Year, Brambles engaged KPMG to provide limited assurance on Brambles' adherence to the GRI principles for defining content (being: materiality, stakeholder inclusiveness, sustainability context and completeness) and selected indicators, which include greenhouse gas emissions of pallets, lumber purchases subject to chain of custody and gender diversity¹. The selected indicator data covered by KPMG's limited assurance opinion contained in the review are identified by an asterisk. KPMG issued an unmodified opinion on 27 August 2012. KPMG's statement of limited assurance can be found on Brambles' website.

KPMG will report key observations and recommendations on its findings to Brambles in the first quarter of FY13 for consideration by Brambles' Sustainability Committee, which is a management committee. Brambles has developed an assurance implementation plan that will increase its assurance coverage to include more indicators and the remaining parts of the Pallets segment (under the IFCO Pallet Management Services (PMS) and Paramount Pallet brands in the Americas region), the RPCs segment, the Containers segment and Recall over a three-year period. Key observations made during this period will inform and shape the assurance process as it progresses.

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

KEY ACTIVITIES DURING THE YEAR

In August 2011, Brambles announced it would focus on building its Pooling Solutions business under a new organisation structure with three segments: Pallets, RPCs and Containers. This took effect on 1 October 2011.

Brambles also announced in August 2011 it intended to divest the Recall information management business. On 4 June 2012, following an extensive process, Brambles announced that it would retain the business because offers from potential buyers did not reflect Recall's value or offer sufficient certainty amid challenging capital markets conditions.

Brambles also undertook the following activities:

- developed the assurance implementation plan outlined above;
- commissioned a new global Occupational Health & Safety and Environment reporting system (iCARE);
- updated the Roadmap: Five Year Plan (set out below); and
- reviewed sustainability targets.

BRAMBLES' SUSTAINABILITY STRATEGY

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.

ROADMAP: FIVE-YEAR PLAN

On the following pages are the targets Brambles has set for 2015 and beyond and commentary on progress during the Year. These targets are key drivers in Brambles' efforts to improve continuously and deliver more efficient, safer and environmentally sustainable supply chains.

¹ The limited assurance 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 indicators presented in this Sustainability Review, and applying analytical and other evidence gathering procedures to that information, as appropriate.

SUSTAINABILITY REVIEW - CONTINUED

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 Once baseline is established, achieve year-on-year improvements in NPS	Pallets EMEA and Americas have achieved improvements in satisfaction and customer participation scores and they are tracking in line with the Group's strategy. In the Pallets segment, CHEP has completed one survey cycle in every country, with the exception of China, which will commence later this year, and the recent acquisitions.
Customer engagement	Increased participation in relevant industry forums and customer advisory panels	Brambles has memberships with numerous industry forums and associations. The new CHEP.com website lists those associations and memberships.

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

Measure	Target	Commentary
Lumber sourcing	Chain of custody certification for lumber purchased for CHEP pallets by 2015	During the Year, CHEP's Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) accreditation in Europe was expanded to include all European countries. Work plans and timelines for remaining countries are in place. Brambles is collaborating with the new global procurement function in the Pallets segment on this target (see page 18).
Greenhouse gas emissions	20% reduction on 2010 emission levels by 2015 ²	Greenhouse gas (GHG) emissions for the Group decreased by 15% from FY10 as energy efficiency programs begin to take effect (see page 19). Brambles will standardise reporting through iCARE (integrated compliance analysis and reporting environment), its new online data collection system, in FY13.
Lumber waste	Zero CHEP lumber waste to landfill by 2015	Data collection processes are in place to track waste and businesses are investigating avenues where lumber waste can be re-used (see page 22).
Solid waste	Year-on-year improvements in service centre recycling rates	Data collection processes are in place (see page 22); during the Year, Brambles worked with suppliers to improve the quality and accuracy of data. Brambles will standardise reporting in FY13.
Water management	Targets to be established once IFCO is fully integrated into Brambles	Brambles will collect FY12 and FY13 water data from IFCO and pre-existing businesses.

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	Revised target. Progress has been made in pre-existing businesses. With the addition of recently acquired businesses, which have lower female populations, it is apparent that additional time will be needed to meet part of the target. The Board and ELT target will remain for 2015, with management positions extended to 2018 (see page 38 for breakdown by position).
Zero Harm	25% reduction in Brambles Injury Frequency Rate (BIFR) on 2012 adjusted levels (including recent acquisitions) by 2017	Updated target to include recently acquired businesses. While CHEP and Recall recorded a BIFR rate of 9.3 events per million hours worked, Brambles suffered two work-related fatalities for the Year; one in the CHEP Catalyst & Chemical Container (CCC) business and the other in Recall. Both occurred in the USA (see page 24).
Brambles Employee Survey (BES)	Participation rate at minimum of 90% by 2015	With an overall participation rate of 86% for the 2012 survey, which includes recently acquired businesses for the first time, the target of 90% that was met in the previous year will be maintained for 2015.
BES overall engagement score	Target of 73% by 2015	Updated target to include recently acquired businesses; an incremental increase of two percentage points per annum from the 2012 score of 67%, to 73% by 2015.
Education, Training & Development (ETD)	25% increase in ETD days on 2012 participation levels by 2015	Brambles reported a total of 32,415 training days in the Year. The target has been restated; the 25% increase will be based on the number of training days recorded in FY12.

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 REVIEW - CONTINUED

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

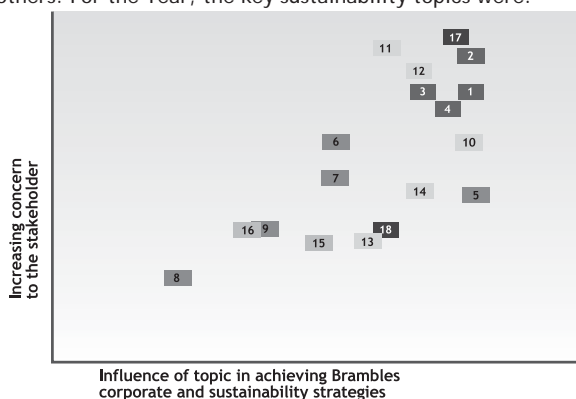
Measure	Target	Commentary
Supplier Policy	Develop and introduce a global policy and framework by the end of FY13	Restated target; in the second half of the Year, the Pallets segment appointed a head of global procurement to lead a team that is responsible for defining suppliers' standards and monitoring supplier performance. Brambles' supplier policy is currently being developed in consultation with this team, which will then be shared with the Group for input and review. The policy will be rolled out in FY13.
Introduction of "volunteer" time for employees	At least one volunteer hour per employee during working hours by 2015	For the Year, Brambles recorded 0.24 volunteer hours per employee.
Introduction of "give as you earn" policies	All businesses where legislation allows it by 2015	CHEP USA, through its CHEP Cares program, is the first business to introduce the policy. Roll-out of the policy across Brambles is due to commence in 2013.

KEY SUSTAINABILITY TOPICS IN THE YEAR

The key sustainability topics process enables Brambles to identify and prioritise issues raised by stakeholders that will impact on Brambles and its stakeholders.

The topics identified through this process are used to update and maintain targets and activities identified in Brambles five-year roadmap and monitor the relevance of its sustainability strategy. Brambles conducted its first formal analysis of sustainability topics it considers important to its stakeholders in FY11, using a third-party provider, with AccountAbility Principles Standards AA1000 five-part test as a guide.

Brambles has not undertaken any specific external stakeholder analysis in the Year to identify sustainability issues. It has identified and prioritised stakeholder issues through senior management, with reference to employee and customer engagement tools, amongst others. For the Year, the key sustainability topics were:



CUSTOMER	PEOPLE
1 Customer satisfaction	10 Employee engagement
2 Customer solutions	11 Safety and wellbeing
3 Product and service quality and safety	12 Attracting and retaining talent: leadership
4 Customer privacy	13 Diversity and inclusion
	14 Training and development
ENVIRONMENT	COMMUNITY
5 Sustainable lumber sourcing	15 Supplier sustainability
6 Emissions and energy	16 Community investment
7 Waste management	
8 Water	GOVERNANCE
9 Transport impacts	17 Governance
	18 Mergers and acquisitions

A survey based on the 18 topics identified in FY11 was distributed to the segments and key functions responsible for engagement with customers, employees and shareholders to test completeness of the topics identified and prioritise them based on their interactions with and understanding of their key constituents.

The new organisation structure for the Pooling Solutions business (Pallets, RPCs and Containers) has resulted in some reordering of the key topics in comparison to the prior year. A notable movement in terms of increasing influence of the topic to Brambles' corporate strategies was community investment, which can be attributed to a growing understanding of an effective strategic investment program, such as IFCO's worldwide responsibility initiative.

Another notable movement was the topic of governance, with an emphasis on the importance of accountability and testing sustainability claims through third party assessment and assurance.

CUSTOMER

Brambles is focused on delivering efficient, lowest total cost supply solutions to our customers. One of Brambles' shared values is that all things begin with the customer.

CUSTOMER SOLUTIONS

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

In June 2012, CHEP in Europe and Unilever announced the successful completion of a pilot carbon neutral program in Spain. Through this program, Unilever is able to offset the annual carbon footprint of its CHEP pallet movements in Spain. Unilever chose to invest the internationally recognised VCS-certified³ offset credits it generates through the program in a reforestation project in Tanzania. In the development of its carbon neutral service offering, CHEP in Europe applied recognised international standards and established partnerships with groups and organisations. Requirements included that the product's materials come from sustainable sources (for more information, see page 18); a robust measurement system that covers all service centres, subcontracted locations, offices and transportation functions; a comprehensive lifecycle analysis developed in partnership with an independent third party, carried out under ISO14040 standards and peer-reviewed; and a partnership with a recognised leader in the carbon credit industry. The program is now ready to be offered to other customers in Europe.

³ The verified carbon standard is used to quantify a project's greenhouse gas emissions and issue credits in voluntary markets.

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During the Year, CHEP USA's and CHEP EMEA's dedicated value solutions teams continued to provide industry best practices and processes on issues that matter most to customers. The teams work in partnership with the customer 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.

For example, CHEP USA's customer solutions team analysed a food service distributor's supply chain to determine the effect of its use of one way pallets. The team was able to demonstrate the benefits that a pooled pallet solution could provide in cost savings, pallet procurement, platform management, transportation, material handling efficiency and product damage. The food service distributor is now looking to convert its customers from one way to pooled pallets.

CHEP's Innovation Center in Orlando, Florida is a world-class product testing and engineering facility. CHEP collaborates with customers to test their packaging, new products and technologies at the Innovation Center, which adds value and drives innovation and savings for customers. 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. 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.

In FY12, the Innovation Center:

- supported over 100 projects for internal and external customers;
- evaluated hundreds of customer unit loads for supply chain performance;
- tested 20 lumber species to determine their impact and strength characteristics; and
- bench-marked several automotive container suppliers and designs to support automotive asset procurement.

The test track facility examined three of CHEP's largest supply chains, which led to four major pallet test track programs that evaluated 17 platform options for several large markets. The programs addressed issues such as life-cycle, market needs, material sustainability and selection, design and repair operations.

IFCO collaborates with customers to identify RPC value opportunities and to develop packaging and supply chain improvements through innovative product design, operational efficiencies and better quality control. In FY12, this included RPC solutions for bananas, eggs and strawberries. For these large volume and highly perishable products, IFCO's innovation improved transport packaging performance from farm to retail.

Product innovation is a key focus for Recall, which holds regular global customer forums. One example is Recall's use of radio frequency identification (RFID) solutions to solve customer problems. Resolving filing issues as a result of human error could take months to fix manually in a large records centre. With RFID solutions, an error can be solved in minutes. In one instance of human error, two employees had RFID-tagged a carton on two separate occasions and then logged a slightly different description of the files. When the company tried to locate the files, they thought these were two unique records and were unable to access the specific documents they needed. However, since the company used RFID tagging with auditing capabilities, a search by date range enabled the error to be discovered and the files located. Without the use of this type of technology, finding these files would have been time consuming.

Further details about Brambles' innovation, research and development activities during the Year are set out in the Directors' Report – Other Information on page 66.

CUSTOMER SATISFACTION

Brambles' business units are focused on improving levels of customer satisfaction and making sure their products, services and customer relationships are a source of competitive advantage.

Brambles is committed to improving customers' experience of its products, services and people. To meet that commitment and to direct improvements, Brambles introduced the Net Promoter program in 2010. This program includes: Net Promoter Score (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.

Detailed questionnaires generate data about customers' views on processes and performance. This data is distilled into a single indicator, known as the NPS, which measures the weighting of people who use and recommend a company's services or products, compared with those who are unhappy. In 2012, Pallets EMEA and Americas have achieved improvements in satisfaction and customer participation scores, which are tracking in line with Group strategy.

The global rollout of relationship surveys for CHEP began in April 2011 and, to date, feedback from 5,000 individual contacts representing more than 1,500 companies has been collected through Brambles' annual customer survey, which measured performance in areas such as account management, ordering, delivery and audit and reconciliation. Following the implementation of the new Pooling Solutions organisation structure, Brambles will roll out NPS programs in the Containers segment in FY13. The program is providing Brambles a snapshot of customers' thoughts and the opportunity to respond quickly to operational issues.

For example, previous surveys of customers in CHEP USA indicated that pallet repair quality required further improvement. Through the Better Everyday program, CHEP introduced a higher pallet repair quality specification in the USA and committed to ISO9001:2008 Quality Certification, an international standard for quality management systems. Employee training in repairs is being provided, along with a certification program to ensure standardised inspection and repair processes. Process controls are being implemented to ensure every facility is routinely tracked and audited to control pallet repair quality. Brambles monitors these results to detect trends and identify improvement opportunities.

Customers have also said CHEP can do more to provide value-add services to better enable reductions in supply chain costs. CHEP is dedicated to becoming a more strategic partner for its customers (see Customer Solutions page 16).

Some examples of how CHEP acted on customer responses in the 2011 survey include:

- in one country, the survey indicated that some customers were having difficulty checking invoices. All customers who had expressed difficulty were provided examples on monitoring monthly invoices more easily and an action plan. As a result, the 2012 survey showed an NPS improvement on this measure from "neutral" to "satisfied".
- 30% of customers surveyed in another country said on-time collections were an issue, resulting in a "dissatisfied" rating. Processes were reviewed and improved and in 2012 the survey showed an improvement with the rating now "neutral".

Brambles also uses NPS to initiate specific reviews. In 2011, CHEP received questions on certain product attributes in one country. Customers were interviewed to gather more details and improvement projects were undertaken and monitored. In the 2012 survey, the country improved in areas of question, from "dissatisfied" to "neutral".

Response to customer feedback is a high priority for IFCO, which monitors customer satisfaction through visit reports and internal

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complaint management. Complaints and customer feedback are documented and handled through IFCO's customer service, account management and transport departments. Recall has a strong, ongoing commitment to managing key satisfaction metrics through its Perfect Order program and security breach reports.

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 Center assesses health and safety impacts of each product in development.

As a result of the new management and organisation structure, CHEP's Global Quality Council was replaced with a Global Quality team, which operates under the Global Operations function in the Pallets segment. The 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, the team conducted a detailed analysis of NPS responses and additional customer feedback on pallet quality to determine what the critical to quality (CTQ) aspects were in customers' processes. Interviews with customers in a variety of industries and size were conducted to get a better understanding of their feedback. The information was consolidated globally and the CTQ feedback prioritised.

The top two CTQ issues were identified and CHEP now organises regular visits with customers that report these issues to review the quality of outputs. The Global Quality team is now focusing on providing proactive processes to improve identified CTQ criteria for CHEP customers globally.

Global product rejection and complaints by customers decreased from 0.23% per issue in FY11 to 0.19% per issue in FY12. The Global Quality team will continue to work on improving pallet quality standards and measure and address customer satisfaction.

CHEP USA applies a Quality Management System (QMS) across its supply chain. 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 61% since 2009 to less than 0.2% of issues. As a result, CHEP USA began the process of achieving ISO9001:2008 certification in November 2011. CHEP USA expects to complete this process in FY13. 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.

IFCO has implemented a number of safety and quality management processes, including hazard analysis critical control points (HACCP) processes for food safety in all service centres globally, the American Institute of Bakery (AIB) certification for all North American service centres and the International Organization for Standardization (ISO) certification for 70% of its European service centres. This includes ISO 9001:2008, ISO22000:2005, ISO22001 and ISO14001:2004. IFCO will implement Brambles Zero Harm processes during FY13.

CHEP, Recall and IFCO are unable to assess fully the safety risk of customers using the company's products on the customers' own sites, because of the many variables involved. All businesses engage with customers and other organisations to promote health and safety and responsible packaging solutions.

CHEP's Total Pallet Management programs on customer premises are operated to CHEP Zero Harm standards.

CHEP's Innovation Center 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 Brambles' website. All Recall sites are regularly measured and assessed for compliance with these standards.

An internal measurement system, known as security breach or security incident reporting, records any incident through which there is a possibility that a customer's information has gone outside of Recall's control. Any report of this nature is provided within one day to the regional Recall President, who then passes it on to Recall's Group President & Chief Operating Officer.

Breaches and incidents are reviewed during regular business and operational reviews with Recall's senior leadership team as a key performance metric and opportunity to implement corrective action processes across Recall. Information security is a core component of the foundation of the Recall business. All of the mechanisms listed ensure a higher quality service to customers.

In the event when Recall's security team determines that a breach has occurred, it alerts the affected customer and works cooperatively to resolve the matter (including a root-cause analysis of the breach and corrective action plans) to the customer's satisfaction. Recall continues to make key investments in information technology and systems.

ENVIRONMENT

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

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 purchased lumber for pallets by 2015, which will provide further assurance of responsible and sustainable practices.

Volume of lumber (m³) for the Year

	2012
Pallets Americas	880,288
Pallets EMEA	582,808
Pallets Asia-Pacific	181,637
Total	1,644,733

Brambles' sustainability strategy specifically addresses responsible management of forest resources for Brambles, its suppliers, customers and the wider community. Brambles engages with its suppliers to assess whether their practices are in line with Brambles' environmental principles and acts accordingly to help those

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suppliers meet Brambles' requirements and standards. CHEP maintains strict lumber sourcing policies that support the replenishment of natural resources by sourcing lumber in a responsible and sustainable manner. CHEP does not source from protected areas, parks or similar areas in which harvesting operations do not promote responsible forestry management.

Under the new organisation structure for the Pooling Solutions business, the sourcing of lumber will be controlled centrally by the Pallets segment through the newly created global procurement team, which is part of the Global Operations function.

During the Year, 94% of CHEP's lumber came from certified sources, up from 91% the previous year. The rise was due to Europe increasing certification levels and Latin America purchasing from more certified sources.

In the USA, CHEP is increasing its sourcing of lumber from domestic suppliers. While sourcing this lumber in the USA at favourable prices supports the local economy and reduces the environmental footprint with regards to transport costs and emissions, finding suitable supplies of chain of custody lumber is challenging as there is currently low demand. As CHEP USA works towards the target of chain of custody certification, it is partnering with its suppliers to secure existing sources and develop new sources of chain of custody lumber. Preference will be given to suppliers that can meet its criteria for the responsible and sustainable management of forest resources. In FY11, CHEP in Europe achieved PEFC and FSC chain of custody certification for 100% of the lumber used in pallet repair activities and 96% of lumber used in new pallets, which provides assurance that the lumber used originates from sustainable sources. In Europe all pallet suppliers are subject to an approval process and are required to purchase either FSC or PEFC certified chain of custody lumber.

During the Year, CHEP Europe commissioned a comprehensive life-cycle analysis/assessment comparing its lumber pallet pooling system with the use of non-pooled pallets. This was developed in partnership with an independent third party, carried out under ISO14040 standards and reviewed. The study considered lumber sourcing, construction and maintenance, transportation and recycling. CHEP Europe updated its environmental calculator with the results of the assessment.

In FY10, CHEP achieved FSC accreditation for its wholly-owned tree plantations in South Africa. During the Year, CHEP MEA worked with 13 suppliers in the region to improve its chain of custody certification process.

In FY12, 471,060* cubic metres of chain of custody lumber was purchase by CHEP in the form of lumber boards or finished pallets, representing 28% of all lumber procured by CHEP during the Year. All CHEP regions have now approved and submitted plans to work towards the Brambles target of 100% chain of custody certification for purchased lumber by 2015. These plans will be provided to KPMG, who will provide an independent assessment of CHEP's progress, which will be reported by Brambles in future Annual Reports.

CHEP has identified 58 species of tree that are in 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 58 species identified, two are classified 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") was identified in 2010. USA lumber suppliers do not always disclose the exact sub-specie of pine being supplied.

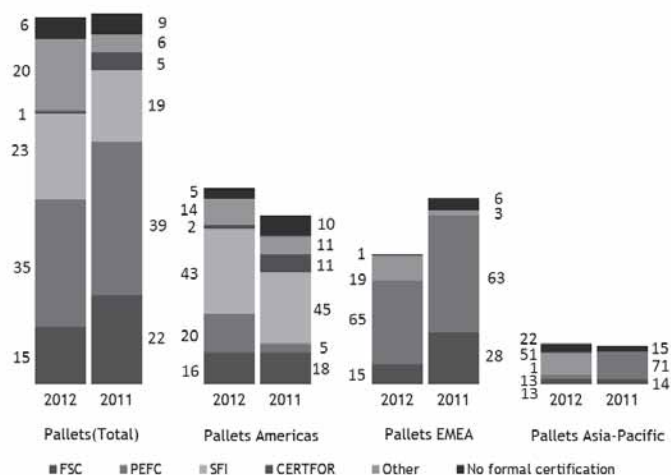
CHEP USA is committed to working closely with its suppliers and continuing current supply chain auditing practices to better

understand and minimise the potential use of Longleaf Pine, Virginia Pine and Sand Pine.

CHEP USA's activities during the Year included:

- declining lumber offers from suppliers when use of these sub-species is known; and
- partnering with the National Forest Foundation (NFF) to fund the planting of Ponderosa Pine and Western Larch in an area of the Nez-Perce National Forest that had been subjected to a bad wildfire in 2007. The NFF also supports projects that replant Longleaf Pine.

Lumber volume by forest source certification & segment (%)



In Malaysia, CHEP Asia appointed a procurement manager during the Year and made good progress in raising awareness of sustainable lumber sourcing within CHEP's Malaysian lumber supply base. All Malaysian suppliers source 100% of CHEP lumber from state forests with government transit documentation to ensure all lumber is tracked, species-checked and verified that it was legally harvested.

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.⁴

While Brambles has a relatively light Scope 1 and 2 GHG emissions footprint, the growing interest among customers to understand the total cost of their supply chains has presented 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 offerings. Brambles is also developing iCARE, a new online data collection system. All Pooling Solutions segments and Recall will begin to use the new system in FY13.

⁴ 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.

* Figure assured by KPMG.

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In FY11, Brambles reviewed its operations to determine the main contributors to its Scope 3 emissions, namely:

- 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, for the first time, the Pallet segment (CHEP only, excluding IFCO PMS and Paramount Pallet) assessed the two largest third-party or supplier activities that generate greenhouse emissions on CHEP's behalf, to provide an overall picture of CHEP's environmental footprint.

They are:

- subcontracted transport carriers that move CHEP's pallets through its network; and
- leased and outsourced service centre sites that inspect and repair CHEP's pallets.

A specific module for CO₂-e⁵ measurement of subcontracted transport carriers was developed with LeanLogistics and 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 (see Transport Impacts on page 21).

The module will be rolled out globally and will also be available to LeanLogistics customers. The Scope 3 transportation emissions in regions other than Europe has been estimated through distance measurement where available (Americas, Australia, MEA) and through the quantity of product delivered (Asia).

CHEP used its data on pallet conditioning in its own service centres to estimate energy consumption in leased and outsourced service centres. This data was then extrapolated to the network of subcontracted service centres, while applying country specific grid emissions factors.

The graph at the top of the page represents the fundamental CO₂-e footprint of each Pallet region and their combined total.

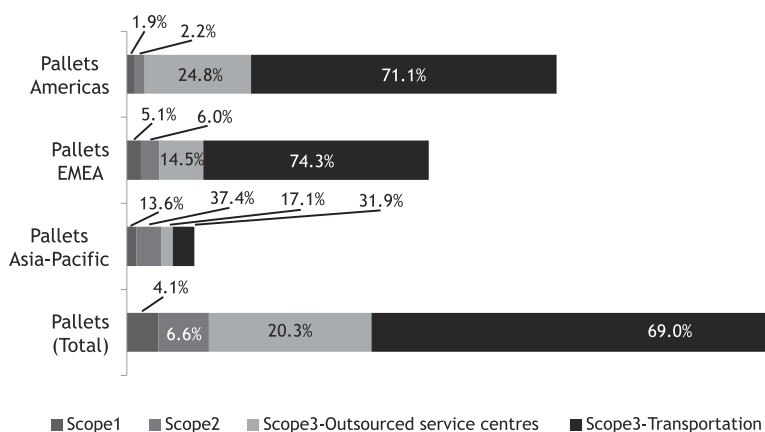
The Pallets segment's combined Scope 1 and 2 CO₂-e emissions decreased 6% in FY12 from FY11. This reduction can be attributed to a number of activities in Europe and the Americas. In the Asia-Pacific, Australian and New Zealand reduction activities offset the expansion of CHEP businesses in India and China.

Recall also recorded a reduction in CO₂-e emissions of 9% from FY11, which can be attributed to in part, improved routing in all service lines and the installation of motion-sensored and energy efficient lighting in all new facilities and those being refurbished.

As part of Pallets EMEA's Greenhouse gas 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%. More examples of emission and energy saving activities can be viewed in the Sustainability section on CHEP's website.

⁵ 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).

Pallets (CHEP) FY12 CO₂-e footprint estimate including Scope 3⁶



In the UK, CHEP's reduction efforts were recognised by being awarded the Carbon Trust Standard for measuring, managing and reducing its carbon emissions by 7.6% in the last three years.

The Carbon Trust Standard recognises organisations for real carbon reduction. Based on a rigorous, independent assessment, it certifies that organisations have measured, managed and reduced their carbon emissions across their own operations, and are committed to reducing them year on year. CHEP UK achieved the award through a comprehensive range of carbon reduction initiatives implemented as part of its company-wide sustainability program, including:

- training of employees on energy waste reduction, which has resulting in behavioural changes in the workplace;
- the optimisation of the compressed air system used in all sites and the elimination of air leaks (see page 21);
- monitoring energy consumption on a weekly basis to identify power and natural gas wastage. This involves measuring CO₂-e generation for each pallet processed in CHEP service centres;
- management of CHEP UK's company car policy, including enforcing a limit on emissions of 140 grams of CO₂-e per kilometre for new vehicles (the EU automotive fuel economy target); and
- changing office and plant facility lighting to more efficient technologies.

CHEP UK & Ireland implemented a comprehensive Environmental Management System (EMS) in FY12 and a team of dedicated energy administrators has been put in place as part of this approach. The EMS is being rolled out to the rest of Europe, with dedicated energy administrators in place in all European sites. The continued commitment and support of these energy administrators is key to reducing CO₂-e emissions across these sites.

CHEP USA is an ENERGY STAR^{®7} partner and is focused on analysing and reducing its corporate environmental footprint through targeted energy saving projects. CHEP USA continues to replace out-dated, energy inefficient lighting with energy efficient T5 Fluorescent lighting in 26 service centres. This project is estimated to reduce annual energy consumption by 4.7 million kWh, equivalent to a reduction of 3,800 tons of CO₂-e. CHEP will also realise an operating cost reduction benefit of over US\$400,000 annually.

⁶ 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 FY11. In FY13 sites will be extracted and included in RPCs and Containers segments when iCARE is rolled out.

⁷ A joint program of the US environmental protection agency and US department of energy helping consumers and businesses to adopt energy efficient products and practices.

SUSTAINABILITY REVIEW - CONTINUED

Brambles' global GHG emissions during the Year⁸

	Brambles HQ		Recall		Pallets		Total	
	kt CO2-e	TJ	kt CO2-e	TJ	kt CO2-e	TJ	kt CO2-e	TJ
Scope 1	-	-	30.34	-	24.72*	-	55.06	-
	-	-	-	462.33	-	406.87	-	869.20
Scope 2	0.12	-	32.13	-	39.98*	-	72.23	-
	-	0.51	-	242.08	-	246.49	-	489.08
Total	0.12	-	62.47	-	64.70*	-	127.29	-
	-	0.51	-	704.41	-	653.36	-	1,358.28

Air compressors that run the machinery used to sort, repair and paint pallets are one of the largest consumers of energy in USA service centres. Almost 15% to 20% of a compressor's capacity may be wasted due to air leaks. In FY12, CHEP worked to identify air leaks and develop corrective action plans. This saves energy and improves overall operational effectiveness.

Air compressor leakage was also a target area for CHEP UK & Ireland. Every site in the UK has reduced its compressed air leaks during the Year, saving approximately 250 tonnes of CO2-e emissions. The next stage of the project in the UK was to optimise the network and install new compressors where necessary, with an expected further reduction of approximately 840 tonnes of CO2-e emissions annually.

In Canada, CHEP is installing efficient ink-jet stencil equipment with quick drying ink in most service centres. The removal of gas powered radiant heat tunnels from the previous stamp pad technology will use significantly less energy.

	Kilotonnes (kt) of CO2-e			Terajoules (TJ) of energy		
	2012	2011	%	2012	2011	%
Pallets Americas ⁹	13.31	14.90	(11)	173.72	184.81	(6)
Pallets EMEA	25.49	27.81	(8)	280.50	303.57	(8)
Pallets Asia-Pacific	25.90	26.38	(1)	199.14	200.07	-
Pallets (Total)	64.70*	69.09	(6)	653.36	688.45	(5)
Recall	62.47	68.78	(9)	704.41	752.92	(6)
Brambles HQ	0.12	0.12	-	0.51	0.49	4
Total	127.29	137.99	(8)	1,358.28	1,441.86	(6)

Additionally, new T5 fluorescent lighting was installed in some of the Canadian service centres, with a significant reduction in energy use when compared to the previous metal halide lighting. The remaining service centres are scheduled to be refit with T5 lighting during 2012.

CHEP Australia achieved a 2.2% reduction on the 2010 baseline, a total of 516 tonnes of CO2-e and conducted seven energy audits across its network to identify more energy efficiency opportunities. CHEP Australia was recognised by the New South Wales State Government's Sustainability Advantage program for its commitment to sustainability, including these energy efficiency initiatives.

Recall in North America has worked with its fleet leasing company to study its fuel economy and as a result, it will use more fuel efficient vehicles that, for some of Recall's DMS and DPS locations, could reduce fuel consumption by 50%.

Recall is also encouraging the use of its DMS digital service to scan and send an electronic image of a document or documents, rather than physically sending the document or carton to a customer.

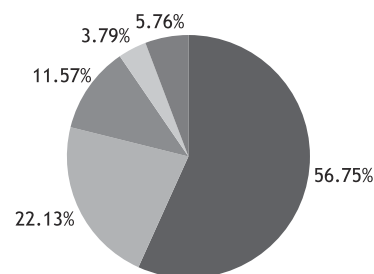
⁸ Excludes RPC and Containers segments, as well as very small CHEP pallet sites and offices.

⁹ Excludes IFCO PMS and Paramount Pallet.

* Figure assured by KPMG.

In RPCs, IFCO replaced all conventional blow-dryers in the USA with centrifugal dryers, reducing electricity consumption by more than three million kWh. In Europe, IFCO replaced 75% of its conventional blow-dryers with centrifugal dryers. It expects to replace the remaining 25% within the next two years. All IFCO sites in South America will have centrifugal dryers within four years. In FY13, IFCO will investigate the use of micro heat/power plants for service centres in Europe, beginning with the installation of a block heat and power station in Germany.

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



■ Electricity ■ Diesel fuel ■ Natural Gas ■ LPG/Propane ■ Motor gasoline/Petrol

COMPLIANCE

In Australia, Brambles and its CHEP and Recall operations were required to report their FY11 greenhouse gas 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 and submitted its footprint report to the UK Environment Agency in July 2011 and 2012. This Year, Brambles was required to purchase allowances for the tonnes of CO2-e it generated.

TRANSPORT IMPACTS

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

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

In the RPCs segment, the CHEP and IFCO service centre networks were consolidated in Europe during FY12. This also involved amalgamating service centres by closing some down where they were located close together.

SUSTAINABILITY REVIEW - CONTINUED

IFCO monitors and analyses its service centre network to reduce the transportation distance per round trip. For example, during the Year, IFCO optimised its network in the USA by adding a new service centre in Portland, Oregon, reducing the annual overall transportation distance by 1.3 million kilometres annually, leading to a reduction of 836 tonnes of CO₂-e emissions.

IFCO analyses the impact of its RPCs using an environmental calculator for fruit and vegetable transport based on the results of a life-cycle analysis/assessment (LCA) on packaging systems in 2007 (updated in 2009). The assessment was commissioned by SIM, an independent foundation that promotes the use of environmentally friendly packaging, and carried out by the Department Life Cycle Engineering (GaBi) at the University of Stuttgart and PE International. Applying this calculator to the RPC usage of IFCO's customers in Europe demonstrates emission savings for FY12 of 21,863 tonnes of CO₂-e.

CHEP and LeanLogistics are both Environmental Protection Agency (EPA) SmartWay partners in the USA. 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. CHEP has joined the Green Freight Europe (formerly called the SmartWay Europe Initiative) to participate in the development of a standard recognised methodology for transport emissions measurement and reduction in 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 customers' trucks, or that of a transportation provider. Since FY11, CHEP USA has collaborated with customers on more than 11,000 individual movements through GreenLanes, resulting in the elimination of an estimated 6.7 million kilometres of transportation and production of 2.9 million kilograms of CO₂-e emissions.

The CHEP USA pallet business is seasonal, which drives the need for temporary pallet storage during certain times of the year. During the 2011-12 Northern Hemisphere winter, CHEP USA sent 240,000 pallets to temporary storage under a new customer storage program. This program reimburses the customer for storing pallets on-site using seasonally available space and eliminates additional pallet handling and transportation to and from third party storage locations. The program generates revenue for customers and savings for CHEP, by eliminating over 250,000 truck-miles and reducing pallet handling and damage.

CHEP continued the rollout of its transportation collaboration program in Europe and now has 25 customers participating. The program allows participants to benefit from logistics synergies by reducing empty miles and associated costs, increasing shared transportation or moving to using different transport solutions such as rail and road. This equates to the elimination of approximately 1.6 million kilometres of empty load trips per annum and the reduction of 1,600 tonnes of CO₂-e emissions.

Since 2008, CHEP in Europe has been working on multimodal (train, sea and road) solutions to reduce CHEP's dependence on roads for moving its pallets. For the Year, CHEP's use of rail, when compared to moving pallets by road, saved the equivalent of 9,800 tonnes of CO₂-e emissions and a total of 15.3 million kilometres in road trips.

Recall is also optimising its transport operations to deliver the most efficient, error-free solutions to customers. This results in a reduced number of vehicle trips and reduced energy expenditure. Additionally, Recall's Image on Request solution for urgent deliveries transmits documents digitally to a customer rather than transporting an entire physical carton. This delivers the same net result to the customer for less carbon expenditure.

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 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, corrugate, steel and plastic. When CHEP repairs its pallets, lumber that is in good condition is reused to repair other pallets.

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. By maintaining ownership of its assets and enforcing a system of controls, CHEP can maximise its ability to reuse or recycle materials at the end of the pallets' useful lives.

CHEP reclaimed at least 50,170 cubic metres of lumber for use in the repair and manufacture of pallets.

In line with its 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. Over 80% of CHEP USA's lumber waste is now recycled and used in various products such as heating fuel and energy production.

In Europe, lumber reclaiming has been improved in sites to include up to 23 usable elements per pallet. 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; around 85% of this "waste" lumber is used for repairs or to manufacture new CHEP pallets, which means less raw lumber is required.

Lower quality scrap lumber not suitable for repair is mulched and used for landscaping, garden projects, making compost or energy generation. For example, a steam-driven engineering company in Australia uses CHEP lumber mulch to help power their operations.

CHEP is actively seeking alternative uses for lumber mulch through two Australian state government initiatives; New South Wales' Sustainability Advantage and Queensland's EcoBiz.

SUSTAINABILITY REVIEW - CONTINUED

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 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 USA's waste stream optimisation in FY12 meant that approximately 80% of CHEP's corrugate and metal wastes were diverted from landfill.

In Europe, CHEP's Belpuig service centre changed waste providers to expand its plastic recycling to include plastic layers, banding and film. This increases plastic recycling by 54 tonnes a year.

CHEP Australia increased general recycling (plastic and cardboard) by 4%, a total of 108 less tonnes of waste to landfill, and expanded recycling in its Head Office to include lunchroom plastics and cardboard.

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

During the Year, Recall collected, shredded and sent for recycling more than 168,000 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.

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

CHEP Catalyst & Chemical Containers (CCC) 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 FY12, 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 is considered a large quantity generator and reports waste summaries to relevant environmental departments as required.

Brambles had no significant spills during the Year.

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. CHEP and Recall have processes to collect data on water usage and waste.

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 (see Emissions & Energy page 19).

In Europe and South America, currently up to 50,000 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.

For example, 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.

Water recycling units are also planned for IFCO's service centres in Germany in FY13. All IFCO service centres are fully compliant with local wastewater regulations.

While water data is available for IFCO's European facilities, this will be reported after it is entered into iCARE, Brambles new data collection system. Once this is done, Brambles will set a water target in consultation with IFCO.

CHEP Australia uses water recycling at several of its plants. In FY12, it commissioned a new recycling plant in South Australia, which will save four million litres of water each year.

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

SUSTAINABILITY REVIEW - CONTINUED

PEOPLE

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

Employees by segment¹⁰

Segment	Employees
Pallets Americas	5,238
Pallets EMEA	2,791
Pallets Asia-Pacific	1,421
Pallets (Total)	9,450
RPCs	1,026
Containers	795
Recall	4,581
Brambles HQ	278
Total	16,130

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 will update its Zero Harm Charter in FY13 to provide renewed focus on the importance of safety throughout the Group. The Zero Harm Charter will be rolled out to all IFCO sites.

Details on Brambles' Health & Safety Policy and the Zero Harm Charter are in the Directors' Report – Other Information on page 65.

In 2010, Brambles rolled out a new scorecard that is based on the standard practice of total recordable incident reporting of Brambles Injury Frequency Rate (BIFR) and takes a comprehensive view of safety. BIFR records fatalities and three types of injury, each at a rate of injury per million hours worked:

- work-related fatalities;
- loss of a full work shift due to injury;
- modified duties following an injury; and
- incidents that require medical treatment.

BRAMBLES INJURY FREQUENCY RATE

BIFR is the primary measure of safety performance across the Group.

It is with great sadness that Brambles reports two employee fatalities that occurred in the USA during the Year.

In October 2011, Alfredo Ruiz, a warehouse assistant in the CHEP Catalyst & Chemical Container business in Houston, Texas, suffered a serious injury while at work. Sadly, he did not recover from his injury and passed away in June 2012.

Brambles also suffered the loss of Roland Haggins, an employee, as a result of structural damage at a Recall-operated facility in Landover, Maryland, in June 2012. These events are unacceptable and in line with its Zero Harm policy, Brambles will continue to seek to drive improvements in its overall safety performance.

In FY12, the combined performance of CHEP in the three Pallet segment regions was a BIFR of 8.4 events per million hours worked. This was a significant reduction on rates in the previous year, with the Americas down 47%, Australia & New Zealand rates decreased by 40% and EMEA was down 33%.

¹⁰ Snapshot of permanent employees as at 30 June 2012.

In the Year, the Group achieved a BIFR of 9.3 events and baseline BIFR exercises were carried by the recently acquired businesses. The improvement in FY12 BIFR rates can be attributed to a focus on risk reduction activities, the adoption of leading indicators such as active near-miss reporting, sharing of best practice between members of the newly formed Global Safety team in the Pallets segment and a greater emphasis on learning and preventing reoccurrence of incidents throughout the network.

A new BIFR reduction target was set by the ELT during the Year. Brambles has set BIFR targets for new businesses for FY13 and these will be reported in FY13.

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.

Recall is currently midway through its current three-year strategic safety program focused on key areas such as: manual handling, fire safety, correct use of energised equipment (i.e. forklifts, pallet jacks), use of restricted-access vehicles and cranes, and motor vehicle and driver awareness. Each year, a Zero Harm stand down event is held globally, where all staff receive co-ordinated and consistent safety messages.

During the summer months, CHEP UK & Ireland employees were encouraged to participate in its Cool Commuter initiative to travel to and from work, promoting sustainable commuter transport and healthy lifestyles. Employees walked for 1,667 miles and cycled for 7,218 miles, as well as utilising public transport. The initiative also raised money for charity.

During the Year, CHEP Australia employees attended information sessions that dealt with general issues such as physical activity and nutrition, followed by one-on-one health assessments. Almost 600 CHEP employees undertook a health assessment. Over 80 per cent agreed that the seminar series was worthwhile and that they would use the information to improve and maintain their health and wellbeing.

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.

During the Year, Brambles focused on aligning the talent management strategy with its business strategy to achieve its objectives. A key element of this was to determine future organisational capability requirements compared to current and develop plans to address the gaps.

As a result, Foundation 15, a three-year talent acquisition and development program sponsored by Brambles' CEO, has been launched. The major focus of Foundation 15 will be to address the gaps in the leadership pipeline by targeting specific populations with focused development and going outside the organisation where necessary, to acquire the talent to fill any gaps that cannot be filled through internal development. An integral part of this program was a global development centre for 14 high potential leaders, all of whom now have coaching and development plans in place to prepare them for their next career step. Since the program, one of the participants has been promoted and five have changed roles for development purposes.

SUSTAINABILITY REVIEW - CONTINUED

Two development centres were run for managers in the Pallets businesses in Australia and in Asia, with a total of 26 participants. Development plans are currently being put into action for these managers as part of the strategy to build the leadership pipeline.

Foundation 15 focuses on Brambles specific functions and markets and a highly interactive and practical workshop was run for all the leaders of countries in emerging markets. The workshop was conducted in partnership with CEDEP (the European Centre for Executive Development), on the INSEAD campus in Fontainebleau, France with which Brambles has had a strategic relationship since 2009. The outputs of this program have been channelled into specific work streams, with program participants taking ownership of turning ideas into action. Brambles also has partnerships with business schools in Shanghai (CEIBS) and Singapore (INSEAD). This allows Brambles to widen its search for management talent.

Brambles' CEO and his team will 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.

Brambles continues to recruit high-potential master's degree graduates to build its leadership pipeline, matching the profiles of potential recruits to the future capabilities required in the different markets in which Brambles operates.

Brambles' succession and talent review enabled the introduction of a process with a greater focus on differentiated development plans for leaders at all levels, including very specific ownership by the Brambles ELT of development plans for all senior leaders in the organisation. This common business approach to defining performance and potential is being cascaded to all levels of the Group.

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 few years, Brambles employees have demonstrated a willingness to provide feedback and suggest where Brambles can improve.

For the 2012 survey, four new questions relating to the customer and one question on work life balance were added to the questionnaire. For the first time, the 2012 survey included recently acquired businesses and participation rates continued to be world class, with 86% of employees responding. As Brambles was seeking to divest Recall at the time the survey was held, Recall employees did not participate. Brambles donated US\$2 for each completed survey to UNICEF, a total of US\$18,100.

Overall, Brambles' employee engagement index score was 67%¹¹. In comparison to FY11 (excluding the newly acquired businesses and Recall), overall employee engagement increased from 64% to 69%.

¹¹ 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.

At the Group level, there were a number of areas where employee engagement levels have increased. Their understanding of the company's direction and goals have strengthened, and they have a clear understanding of what is expected in their roles. An increasing number of employees have had the results of the previous survey shared with them.

Overall, career growth and development and opportunities are key areas where employees would like Brambles to remain focused.

All areas of the business are now addressing the results with action plans focused on the engagement priorities at a local level. These plans will be regularly reviewed and followed up by both the businesses and Brambles leadership teams. Employee engagement will remain an on-going item in internal communications across the Group.

Brambles is committed to conducting the BES annually, where previously it was every 18 months. The next survey will be carried out in April 2013.

As foreshadowed in last year's report, Brambles has reset its targets for employee engagement to include IFCO.

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.

This Year, Brambles' business units reported a total of 32,415 employee training days in the Year. The target of 25% increase in ETD days will be rebased on number of training days recorded in the Year.

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.

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 shown in section 3.2 of the Corporate Governance Statement on page 37.

Training days for the Year

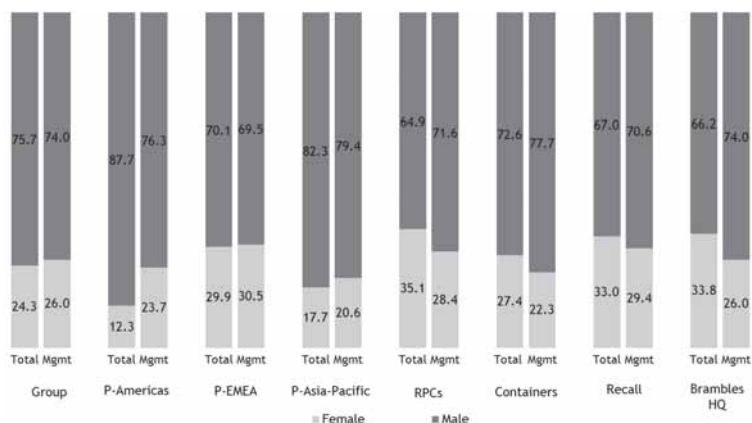
	Per employee	Per male employee	Per female employee	Per non-mgt employee	Per mgt employee
Pallets Americas	3.77	3.94	2.58	3.83	3.43
Pallets EMEA	1.32	0.90	2.29	1.19	2.03
Pallets Asia-Pacific	2.88	2.54	4.44	2.66	4.01
RPCs	1.20	1.16	1.26	1.02	2.70
Containers	1.72	1.46	2.43	1.82	1.33
Recall	3.68	3.31	4.42	3.86	1.79
Brambles HQ	0.12	0.08	0.22	0.10	0.13
Group	2.91	2.83	3.16	2.99	2.46

SUSTAINABILITY REVIEW - CONTINUED

Of the 16,130 Brambles employees, 24.3%* are female. The reorganisation of the Pooling Solutions businesses and incorporation of data from the recently acquired businesses have resulted in some changes to the gender splits that were reported last year. For example, due to the incorporation of IFCO's PMS business into the Pallets Americas segment, the female population is now 12%, compared to CHEP Americas' population of 24% in FY11. The movement of Information Technology and Legal teams into Brambles HQ is also the explanation for Brambles gender split changes when compared to last year, with the female population now around 34%, compared to last year's population of almost 47%.

The Group's remuneration policy is to set pay around the median level of remuneration but to provide upper quartile total potential rewards for outstanding capability and performance (further details on the Remuneration Policy and structure can be found on pages 47 to 49). 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. 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.

Permanent employees by gender (total and management) as at 30 June 2012 (%)



Male:female salary ratios

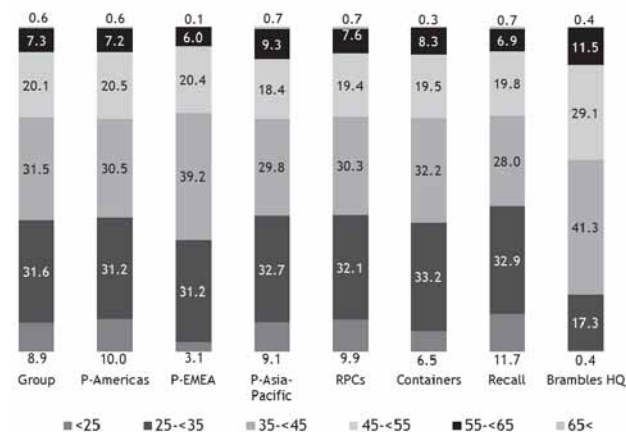
	Male	Female
Group	1.01	1.00
Non-management	1.01	1.00
Management	1.06	1.00

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

	Group employees taking parental leave during the Year (%)	Group employees returning to work after parental leave during the Year (%)
Group	2.46	1.75
Male	1.28	1.20
Female	6.13	3.47

Voluntary Turnover	(%)
Group	15.0
Pallets Americas	21.9
Pallets EMEA	12.2
Pallets Asia-Pacific	6.8
RPCs	10.7
Containers	11.8
Recall	15.0
Brambles HQ	3.2

Age distribution of employees as at 30 June 2012 (%)



For the Year, voluntary turnover of employees for the Group was 15%. The reorganisation of the Pooling Solutions businesses and incorporation of data from the recently acquired businesses have resulted in some large changes to data that was reported last year. For example, the incorporation of IFCO PMS business, which has a high turnover of personnel at its service centres, into the Pallets Americas segment, is almost double the voluntary turnover number CHEP Americas reported in FY11.

* Figure assured by KPMG.

SUSTAINABILITY REVIEW - CONTINUED

COMMUNITY

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

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. Brambles' policy is incorporated in the Code of Conduct, the expectations of which it communicates clearly to suppliers. For example, CHEP's European purchasing contracts refer to the Code of Conduct, which is passed on to suppliers. The majority of CHEP's European 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. IFCO, for example, 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.

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 the end of 2012 all CHEP sites in Europe will report information through Sedex.

CHEP USA applies its Quality Management System across the supply chain. The system has in place a number of controls for raw materials (particularly lumber), compliance with import and export regulations, nails, paint and new pallet manufacturing. This has led to a 114% reduction in non-compliance claims for raw materials since 2009.

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 the 2011 Sustainability Review, Brambles indicated it would develop a supplier policy that draws on best practice across the business units in FY12. With the creation of the Pallets' procurement and operations global functions, Brambles has delayed the rollout of a global supplier policy so it can properly develop and implement a policy and supporting framework in consultation with its businesses and engagement with suppliers. This policy will be completed and communicated in FY13.

Brambles' Zero Harm Council is evaluating appropriate actions to assess whether providers are focusing on safety. In 2011, the Zero Harm Council assessed the most appropriate methodology to apply and how the information could be collected and evaluated and developed an evaluation tool broadly based on OSHAS18000 methodology. In FY12, 125 third party operators have completed self-assessments and Brambles has engaged an external supplier to review and validate the assessments in FY13.

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. Brambles' operating businesses 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 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 and its businesses provided almost US\$880,000 in donations, and sponsorship to global, regional and local charities and causes. This included providing US\$100,000 to support Thai flood relief efforts.

For the first time, Brambles asked its businesses to provide details on the in-kind donations of equipment to charity organisations and causes during the Year and report a financial value for these efforts, which amounted to US\$848,000. In the UK, CHEP 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.

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 over 55,000 RPCs to more than 50 Foodbank sites in Europe, North America and South America. It has also helped co-finance 28 refrigerated vehicles to keep fruit and vegetables fresh within the Foodbank network.

In Australia, CHEP provides Foodbank warehouses with pallets, crates and bins to help move stock throughout the Foodbank networks. After a recent stock-take of its assets, CHEP Australia conservatively estimated it provides in-kind support of A\$100,000 per annum to Foodbank.

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.

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, 330 employees volunteered a combined total of 3,813 hours.

Last year in the UK, CHEP signed an innovative sponsorship deal with the National Forest Company, which is leading a regeneration project to create a wooded landscape over 200 square miles of central England. The agreement will result in the planting of more than 12,000 new trees in a six-hectare area at Normanton, Leicestershire, over three years. Over 70 CHEP UK & Ireland employees volunteered to participate in the first two tree-planting sessions as part of the business' sustainability program and volunteering efforts.

SUSTAINABILITY REVIEW - CONTINUED

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 one or a number of CHEP USA's core charitable organisations and CHEP USA then matches these donations.

Through CHEP Australia's Helping Hand program, employees donated A\$50,000 to 27 local charity and community organisations across Australia and volunteering hours increased by 20 times when compared to FY11.

In October 2011, CHEP Australia joined forces with The Smith Family to host a career day for disadvantaged teenagers from a local high school. Sixteen students attended along with teachers, volunteers from CHEP and staff from The Smith Family Learning for Life program. Students met with CHEP staff from across the business, participated in workshop activities to learn about education, career paths and job interview skills and gain an insight into corporate life. Students also visited the plant floor and watched pallet repairs. Feedback from The Smith Family and attending students was very positive.

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 CEO, 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 Brambles' website. 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 29 to 32 and in section 1.1 of the Corporate Governance Statement on page 33.

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 36 to 37. A copy of the Code of Conduct is available on Brambles' website.

Senior managers are required 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 a number of areas of strategic focus to pursue opportunities that target sustainable profitable growth for stakeholders. Details on Brambles' growth strategy are outlined in the Letter from the Chairman & The CEO on page 1.

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

Brambles acquired IFCO on 31 March 2011 and Brambles and IFCO executives continue to work on integrating its operations into the Group. This includes reviewing sustainability strategies and targets, systems, process and the culture of each business. Brambles' risk management processes were implemented in IFCO in FY12. In FY13 a new safety and sustainability management system called iCARE will be rolled out to all businesses. The RPC segment, including IFCO and CHEP operations, will enter its energy, waste and water data for FY12 and FY13 into the new system.

IFCO's Pallet Management Services now reports to the Americas region of the Pallets segment. It operates 43 service centres, a fleet of 240 trucks and a fleet of over 5,000 trailers.

It focuses on the retrieval, reconditioning, and resupplying of non-pooled "white" wood pallets in the USA.

Since Brambles acquired IFCO in March 2011, CHEP and IFCO PMS have been working together and a strategy is in place to optimise and deliver an integrated service centre network.

CHEP service centres have begun to process white wood pallets and IFCO PMS have begun to process CHEP pallets, with a total of 16 centres now capable of processing both platforms.

In FY13, Brambles will begin collecting IFCO PMS energy, waste and water data and in the process, record and measure the energy efficiencies that result from the optimisation of the networks.