

Brambles

Annual Review 2012



MOMENTUM

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Brambles is a pooling solutions company specialising in the provision of reusable pallets, crates and containers and associated logistics services. Headquartered in Sydney, Australia, Brambles operates across multiple industry supply chains in more than 50 countries. We operate our pooling solutions business under two core brands, CHEP and IFCO. Brambles also operates the Recall business, a leading provider of information management services.

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Chairman & CEO Overview



Brambles Chairman Graham Kraehe AO and CEO Tom Gorman

During the 2012 financial year, Brambles remained committed to generating value for all stakeholders. We delivered further sales and Underlying profit growth and increased momentum with the implementation of its long-term growth strategy. We reported a strong increase in sales revenue for the period amid a challenging economic backdrop. We drove growth by adding new customers and by entering new segments and regions. We strengthened our established operations in the Pallets segment and expanded our less established operations in the high-growth Reusable Plastic Crates (RPCs) and Containers segments, as well as in emerging markets. We delivered this sales growth at a stable Underlying profit margin for the Group while continuing to increase investment in business development and improvement programs to strengthen our business for the future.

Today, we are approaching strategy under four key themes: Diversification; Cost Leadership; Go To Market; and People & Leadership.

Our growth strategy involves diversifying our global Pooling Solutions business, operating primarily under the CHEP and IFCO brands, by expanding into more customer segments, broadening our range of products and services, and growing geographically, including in emerging markets. In Recall, we continue to diversify and develop the way we deliver services to customers, including the delivery of digital document management services.

To support diversification in Pooling Solutions, we made strong progress in the Year with our program to invest US\$550 million over two years to expand our RPCs business, grow the Pallets business in emerging markets and develop our operations in the Containers business. In all, we invested US\$240 million under this program in 2012, in line with our target for the first year of the program.

As we diversify, our three Pooling Solutions segments are achieving their sales growth targets. In the largest and most developed - the Pallets segment - we continue to deliver constant currency sales growth in our major markets such as the USA, Canada, Western Europe and Australia & New Zealand. This reflects our ability to win business by converting new customers to our solutions, despite poor economic conditions leading to a subdued environment for like-for-like “organic” volume and pricing growth. In the emerging markets of Middle East & Africa, Latin America, Central & Eastern Europe and Asia, which now represent 15% of our CHEP sales revenue in the Pallets segment, we delivered constant currency sales revenue growth of 20% in the 2012 financial year, in line with the target we set 12 months ago for each of 2012 and 2013.

In RPCs, we are on track to deliver our target of 15% constant currency sales revenue growth, when normalised for the impact of acquisitions, in the 2013 financial year, having achieved that goal in 2012. The acquisition in March 2011 of IFCO Systems - operator of the world’s largest RPC pooling business - gave a significant boost to Brambles in this area. Today, our RPCs segment is growing strongly as retailers continue to drive their suppliers of fresh produce to adopt reusable pooled solutions, which are more sustainable and efficient than disposable alternatives. We are expanding strongly by penetrating further into new regions, in particular in the USA.

We are also progressing our growth strategy in the smallest of our three Pooling Solutions segments, Containers, through which we provide specialist solutions in the automotive, manufacturing, chemicals and aerospace sectors. Over the past 24 months, we have made a number of small acquisitions to support our expansion and continued to win new business. We formally launched the CHEP Aerospace Solutions brand during the 2012 financial year, and have strong momentum with customer growth in that sector. We are also making progress with our strategy of expanding our automotive and intermediate bulk container operations in the USA.

Our Pallets, RPCs and Containers segments share certain characteristics that align with Brambles’ core pooling expertise: a common platform is used by multiple parties; assets (i.e. pallets, crates and containers) flow freely; the ownership of those assets is not a competitive differentiator to the user (i.e. our customer); pooling those assets can create a “network advantage” through increased efficiency; and expert management of that network can generate superior economic profit for the pooler. These common characteristics enable us to apply the unique intellectual property we have from our well-established operations into these newer operations. Each of our new initiatives offers a compelling market opportunity and, at scale, long-term return on capital invested in excess of 20%, pre-tax, in line with our pre-existing Pooling Solutions operations.

Chairman & CEO Overview

We have positive momentum with our growth strategy, but the journey has not been without challenges, not least in the context of the severe economic headwinds we face in many of our major countries of operation. While these economic conditions are beyond our control, they place in sharper focus the importance of maximising efficiency. Therefore, we continue to strengthen our efforts in our second area of strategic focus: Cost Leadership, by which we mean delivering a low-cost business model that leverages our global scale to create sustainable competitive advantage.

In 2012, we demonstrated positive momentum in cost leadership. In Recall, we delivered substantial cost reduction and efficiency improvements, helping to drive a significant increase in Underlying profit margin.

In the Pallets segment, there were continued improvements in the efficiency of delivery of the Better Everyday business improvement program in CHEP USA. Also in the Americas, we delivered the first tranches of savings from the integration of the IFCO acquisition, and best-practice standardisation in operations and logistics.

Across the Group, we expect to deliver total IFCO integration synergies of US\$40 million by the end of the 2014 financial year and total Pallets operations and logistics efficiencies of US\$60 million by the end of 2015.

Cost Leadership is also about maximising capital efficiency. Our focus on asset utilisation continues to increase, in particular in Pallets. The three main drivers of asset cost in equipment pooling are loss, cycle time and damage - that is, what proportion of the pool leaves our network control, how quickly we can retrieve our assets, and the extent of wear and tear that those assets endure while they are under hire.

During the Year, we continued to invest in projects aimed at addressing these three key issues so we can improve control of our assets over the long term. For example, in CHEP USA, we have worked with some customers in the grocery manufacturing sector to reduce the number of pallets sent into distribution and retail channels that do not participate fully in the CHEP pooling network. This means fewer of our pallets get lost, we are able to retrieve and return them more quickly and - because they spend less time in the field - damage rates should reduce. We are pleased to report a modest reduction in the size of the Irrecoverable Pooling Equipment Provision - which provides for non-compensated pallets that have leaked from our system - in the Americas region of the Pallets segment as a result of these initiatives.

We are investing in enhancing and developing the way we go to market by strengthening our brand position and continuing to enhance the customer experience through improved quality of our products and services.

We have streamlined and accelerated our product development efforts by linking them more closely to our customer engagement programs and innovation processes. We have implemented a standardised go-to-market approach for our commercial teams to drive an improved quality and efficiency in our interaction with customers. We have set up a dedicated global accounts team for our largest customers, resulting in a significant improvement in customer satisfaction and the conversion of major growth opportunities.

The other of our four key themes is People & Leadership: attracting, developing and retaining the right individuals and teams that can enhance our culture and bring the required capability for sustainable success.

A key aspect of this is the Board itself, which we strengthened with three international appointments in the 2012 financial year: Tahira Hassan, who has had a distinguished 26-year career with leading nutrition, health and wellness company Nestlé; David Gosnell, President of Global Supply & Procurement with leading premium drinks business Diageo, who previously served on the Brambles Board from 2006 to 2010; and Doug Duncan, who had a 30-year career in the transport and logistics sector, culminating in the position of President & CEO, FedEx Freight.

In addition to strengthening the Board, we made three appointments to the Executive Leadership Team (ELT) during the Year: Jean Holley, as Chief Information Officer; Jason Rabbino, as Group President, Containers; and Zlatko Todorovski, as Chief Financial Officer. The new appointments we have made at the Board and ELT level have advanced the objectives set out in the Diversity Policy that the Board adopted in the 2011 financial year.

Brambles entered the 2013 financial year in robust and resilient shape, despite the ongoing challenges created by the uncertain and volatile economic conditions in many of our major markets. Against this backdrop, we are committed to delivering on our growth strategy, to driving ongoing improvements in our underlying business, and to continuing to innovate and enhance service for our customers while providing a safe and stimulating workplace for our employees.

FY11 achievements

Strategy Scorecard



Pallets

- Continued investment in quality and service
- Acquisition of IFCO's US pallet-recycling business
- Better Everyday program: quality improvements and efficiencies

RPCs

- Acquisition of leading RPC business, IFCO
- Continued product innovation
- Strong customer growth

Containers

- Launch of US Automotive business
- Investment in Intermediate Bulk Container business
- Acquisition of aviation container pooling business

Geography

- Participation in Asian supply-chain modernisation
- Rollout of pooling solutions in EMEA emerging regions
- Expansion of offering in Latin America

FY12 themes

Diversification



At the heart of Brambles' growth strategy is Diversification. This involves building our global Pooling Solutions business, which operates primarily under the CHEP and IFCO brands. We are expanding into more customer segments, broadening our range of products and services, and growing geographically, including in emerging markets. In the Recall business, we continue to diversify and develop the way we deliver services to customers, including through providing document management services digitally to customers.

Go To Market



Our common strategic approach includes the theme of Go To Market. We are investing in enhancing and developing the way we engage with our customers and partners by strengthening our brand position and by continuing to enhance the experience of our customers through improving the quality of our products and services. These programs are designed to improve our market reach and get us closer than ever to our customers, thereby strengthening our revenue streams and, ultimately, enhancing returns for shareholders.

Cost Leadership



In the 2012 financial year, and as we begin the 2013 financial year, we are strengthening our efforts in the area of Cost Leadership. This means delivering a low-cost business model that leverages our global scale and creates sustainable competitive advantage for both Brambles and its customers. Against a backdrop of challenging economic conditions, in particular for our developed Pallets operations, the importance of maximising the efficiency of our operations is placed in sharper focus.

People & Leadership



Brambles' strategic focus on People & Leadership refers to attracting, developing and retaining the right individuals and teams that can enhance our culture and bring the required capability for sustainable success. This focus is imperative to delivering on all aspects of our strategy, and to driving the levels of innovation, quality and service our customers require. It is an integral part of our focus on creating long-term sustainable value for shareholders.

During the 2012 financial year, Brambles undertook a divestment process for the Recall information management business. Brambles withdrew Recall from sale in June 2012 because, amid challenging capital market conditions, offers from bidders did not reflect Recall's value or offer sufficient certainty. In the 2013 financial year, Brambles expects Recall to grow at stable margins as we continue to diversify and develop the way we deliver services to customers.

Diversification



At the heart of Brambles' growth strategy is diversification. This involves building our global Pooling Solutions business, which operates primarily under the CHEP and IFCO brands. We are expanding into more customer segments, broadening our range of products and services, and growing geographically, including in emerging markets. In the Recall business, we continue to diversify and develop the way we deliver services to customers, including through providing document management services digitally to customers.

IFCO North America growth

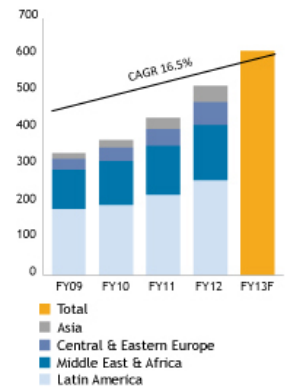
A key aspect of Brambles' diversification is the expansion of its Reusable Plastic Crates (RPCs) operations under the IFCO brand in North America. In the 2012 financial year, leading retailer Safeway was one customer that continued to expand its use of RPCs throughout its network. As Safeway's primary RPC partner, IFCO first worked alongside the retailer to test RPCs in its distribution system for fresh wet-pack produce - that is, produce kept on ice until it reaches the store. After this successful test phase, the retailer implemented the RPC system in every one of its distribution centres in the USA within just 10 months. Now more than 75 types of produce are shipped from growers in RPCs to Safeway distribution centres every day. Safeway says RPCs benefit the retailer in a variety of ways, including waste reduction, reduced product damage and reduced cost. So far, Safeway's transition has eliminated the use of more than 7.5 million kilograms of corrugated boxes from its system. By the end of the 2012 financial year, IFCO RPCs were being shipped into 105 retail distribution centres in North America including, in addition to Safeway, leading national grocery retailers Walmart and Kroger, leading regional chains Stater Bros, Raley's, Harris Teeter and Wegman's and leading Canadian retailer Loblaws.



Central & Eastern Europe expansion

A key part of Brambles' growth strategy in the Pallets segment in emerging markets is the expansion of its CHEP pallet-pooling operations in Central & Eastern Europe. In November 2011, CHEP Central & Eastern Europe announced its intention to support customers' expansion by entering seven new countries in the region: Bulgaria, Croatia, Estonia, Latvia, Lithuania, Romania and Serbia. A key milestone in July 2012 was the signing of a contract to service leading fast-moving consumer goods company Procter & Gamble in all seven of these countries.

Emerging markets
Pallets sales revenue
(US\$M, 30 Jun 11 FX)



CHEP Aerospace Solutions

Following Brambles entry into the aviation container and pallet pooling sector in the 2011 financial year, the launch of CHEP Aerospace Solutions in November 2011 was an important step in Brambles diversification strategy. CHEP Aerospace Solutions brings together Unitpool, the aviation container and pallet pooler Brambles acquired in August 2010, with two leading maintenance and repair organisations, JMI and Driessen Services, which Brambles has also acquired. Together the business offers the world's largest independent network of container and pallet pooling and maintenance services for airlines, with more than 50,000 unit-load devices - the industry term for the containers and pallets used to transport cargo, baggage and mail in-flight - now under ownership and management. In August 2012, CHEP Aerospace Solutions announced Air Canada as its latest customer win, and its largest passenger airline pooling customer to date.

Cost Leadership



In the 2012 financial year, and as we begin the 2013 financial year, we are strengthening our efforts in the area of cost leadership. This means delivering a low-cost business model that leverages our global scale and creates sustainable competitive advantage for both Brambles and its customers. Against a backdrop of challenging economic conditions, in particular for our developed Pallets operations, the importance of maximising the efficiency of our operations is placed in sharper focus.

IFCO integration synergies

Brambles acquisition of IFCO Systems, completed in late March 2011, supported the company's intention to expand its operations in the Reusable Plastic Crates (RPCs) segment and broaden its range of services in the pallets sector in the USA to include pallet management. In addition, there were opportunities to generate efficiencies by optimising the combined networks of the CHEP pallet-pooling and IFCO Pallet Management Services operations in the USA and the IFCO and CHEP RPCs operations in Europe. In the 2012 financial year, Brambles made progress with this plan, delivering the first US\$10 million tranche of efficiencies towards a targeted US\$40 million of annualised synergies from the IFCO acquisition by the end of the 2014 financial year.

Global Pallets efficiencies

In addition, the October 2011 reorganisation of Brambles Pooling Solutions operations into three new segments - Pallets, RPCs and Containers - is enabling a global approach to the operations and logistics functions of the Pallets business. The program includes introducing best practice for numerous aspects of Brambles' plant and transport networks globally, such as standardising the types of machines it uses in pallet repair facilities for the elimination of raised nails from repaired pallets. Brambles is on track to deliver a total US\$60 million of annualised efficiencies from this global approach to operations and logistics in the Pallets segment, of which the company delivered the first US\$10 million in the 2012 financial year in the Americas region.

Targeted IFCO integration synergies and Pallets operations and logistics efficiencies

US\$m) FX June 2011	Annualised saving			
	FY12	FY13	FY14	FY15+
European RPC network optimisation and rationalisation	5	5	5	5
CHEP USA and IFCO PMS network optimisation and logistics efficiencies	5	15	35	35
IFCO integration	10	20	40	40
Operations and logistics efficiencies in global pallets business	10	20	40	60
Total efficiencies	20	40	80	100



Asset efficiency programs

Maximising capital efficiency is an essential aspect of cost leadership. Brambles' continued to invest in programs to improve asset utilisation during the 2012 financial year, in particular in the more developed parts of its Pallets operations in which the replenishment of its asset pool can be capital intensive. Managing the three key drivers of asset efficiency - what proportion of the pool gets lost from the network, how quickly we can retrieve our assets, and the extent of wear and tear that those assets endure while they are under hire - can therefore have a significant impact on returns. In the CHEP USA business unit in particular, Brambles has made encouraging progress with some initial programs aimed at improving asset control over the long term. For example, CHEP USA has worked with some customers to reduce the number of pallets sent into distribution and retail channels that do not participate fully in the CHEP pooling network. These initiatives can reduce pallet loss and damage and assist CHEP in retrieving pallets more quickly. These programs are in the early stages of development, but it was encouraging to report in the 2012 financial year that the Americas region of the Pallets segment was able to reduce modestly its Irrecoverable Pooling Equipment Provision expense, which covers the estimated cost of lost pallets.

FY12 themes

Go To Market



Our common strategic approach includes the theme of “Go To Market”. We are investing in enhancing and developing the way we engage with our customers and partners by strengthening our brand position and by continuing to enhance the experience of our customers through improving the quality of our products and services. These programs are designed to improve our market reach and get us closer than ever to our customers, thereby strengthening our revenue streams and, ultimately, enhancing returns for shareholders.

Last mile solutions

One fundamental aspect of Brambles’ Go To Market approach is seeking to collaborate more closely with customers to deliver innovative solutions to their day-to-day challenges. Our work to develop solutions in the “last mile” of the retail supply chain between the retailer’s distribution centre and store is a key focus in this regard. Research that CHEP conducted in Europe has shown that a proliferation of packaging products exists in this crucial last leg of the supply chain, and that the lack of standardisation of these products is a drain on productivity and efficiency. Late in the 2011 calendar year, CHEP hosted a Last Mile Forum for more than 20 of its key consumer packaged goods customers and retail partners to explore opportunities to help them more effectively manage this complexity. The concept of a multi-retailer pool for merchandising and replenishment solutions is new, and CHEP is establishing this category by leveraging its existing network and extensive pooling capability. As a result, CHEP is seeking to accelerate its provision of existing products that offer last mile solutions, such as the popular quarter-size display pallets it provides to many customers in Europe, and to develop new and innovative products. Growth in the retail space across Europe has led retailers to expand in the profitable convenience sector. These stores are mostly located in highly populated areas, which adds complexity to general logistics activities. In Benelux, CHEP developed a plastic dolly platform with wheels that is used for rapid replenishment, both in-aisle and off-aisle as a promotional device. As an added benefit, the new dolly has a specific classification that reduces noise, thus enabling retailers to comply with noise abatement legislation, capitalising on the reduced transport costs for early morning deliveries whilst delivering the least inconvenience for their neighbours. Retail in Australia is focused on adopting an industry standard set of last mile formats. The use of retail display pallets is limited in Australia. In collaboration with major retailers over the last 12 months, CHEP developed a new pallet solution incorporating a range of new merchandising and handling benefits. The Beverage category is a major focus for improved last mile performance and in collaboration with retailers, manufacturers and key equipment suppliers, CHEP Australia will launch a new beverage tray into the market before calendar year end. This returnable tray development works with CHEP’s modular pallet range to provide solutions in a range of sizes, which suit different retail formats.



CHEP and Unilever carbon-neutral pilot in Spain

Brambles’ commitment to enhance the sustainability of its own operations and of its customers is an important part of the company’s Go To Market approach. During the 2012 financial year, CHEP and Unilever successfully completed the world’s first carbon-neutral pallet program in Spain. Unilever became the first company in the world to use carbon-neutral pallets in its supply chain, through CHEP’s reusable pallet pooling system. The efficiency and inherently sustainable characteristics of CHEP’s business model, which operates on the fundamental drivers of “reduce, reuse and repair” enable CHEP to offer customers a carbon-neutral service at a very reasonable cost. Under the program with Unilever, CHEP arranged the acquisition for Unilever of carbon credits sufficient to offset Unilever’s use of CHEP pallets in Spain for one year. After consulting with Unilever, CHEP invested these carbon credits in reforestation projects in Tanzania on Unilever’s behalf. CHEP is now developing a commercial carbon-neutral pallet program to offer its broad base of customers throughout the Europe, Middle East & Africa region of the Pallets segment. CHEP developed the Unilever program after completing a comprehensive life cycle assessment of its products and services in Europe. The study, carried out under the ISO14044 standard that governs life cycle assessments, provided an accurate estimate of the emissions that would be generated in the sourcing, movement and repair of a CHEP pallet over the course of its useful life. CHEP Europe purchased carbon credits for Unilever through The CarbonNeutral® Company, a leading London and New York-based offset retailer of carbon credits. The credits were certified by The Verified Carbon Standard and The Climate, Community & Biodiversity Alliance.

Managed exchange

Brambles’ Pallets segment serves a wide range of customers throughout Europe, with varying logistics practices. As customer needs in Western Europe evolved, CHEP expanded “managed exchange” services. As an alternative to using CHEP’s pallet-pooling system under a “one-way trip” model (where CHEP issues the pallet from one of its service centres and takes it back when the customer has finished with it), CHEP facilitates the efficient exchange of pallets between pallet users in the field, without the requirement for those pallets to return to a repair centre every time. This enables CHEP to leverage its network scale to provide additional flexibility for customers, at the same time as reducing the amount of time the pallets spend out of use. The benefits of this flexible business model were realised in multiple European markets. In Benelux, CHEP grew its market share through strong retail advocacy and its ability to offer flexibility in both quality and price due to Managed Exchange. The UK business fully deployed Managed Exchange in March 2012 and realised an improvement in asset control. The Spanish business, which is celebrating its 25th anniversary in September 2012, grew in new sectors, through the delivery of the Managed Exchange solution to customers with divergent needs.

FY12 themes

People & Leadership



Brambles' strategic focus on People & Leadership refers to attracting, developing and retaining the right individuals and teams that can enhance our culture and bring the required capability for sustainable success. This focus is imperative to delivering on all aspects of our strategy, and to driving the levels of innovation, quality and service our customers require. It is an integral part of our focus on creating long-term sustainable value for shareholders.

CEDEP partnership

Brambles believes in continually investing in developing its people. An example is our relationship with CEDEP (the European Centre for Executive Development, based at the INSEAD business school campus at Fontainebleau, France). Building on previous development programs the company has run with CEDEP, in the 2012 financial year we developed and ran a program to support our growth efforts in emerging markets. Some 35 executives from around the Group attended the initial workshop, with the objective of sharing best practice and learning from subject matter experts from other companies and academia.

Pooling Solutions structure

The formation in October 2011 of a new organisation structure in Pooling Solutions created dedicated operating segments for Pallets, RPCs and Containers. The new structure enables the company to focus on the specific growth and development needs across the three segments. The appointment of the company's first Group President in the Containers segment in May 2012, Jason Rabbino, was a key step in the strategy of delivering centralised leadership in that sector. Jason joins Brambles after a successful career with the US Navy, McKinsey & Co and Tyco Corporation.

Diversity Policy

Brambles made progress in the 2012 financial year with the implementation of the Diversity Policy adopted in 2011, under which the company has set targets for the number of women to be employed in managerial positions. The company was pleased to announce during the period the appointment of Tahira Hassan to the Board as a Non-executive Director, and of Jean Holley to the Executive Leadership Team (ELT) as Chief Information Officer. Tahira joins the Board following a 26-year career with Nestlé, while Jean's ELT role follows a career that has to date included working for a number of US companies including USG Corporation and Waste Management Inc.



Worldwide Responsibility

Brambles' people and leadership focus includes its efforts in the areas of sustainability and corporate social responsibility. The Worldwide Responsibility initiative operated by the IFCO business, which Brambles acquired in March 2011, is an example of how the Group can share its logistics expertise for the good of the communities in which it operates. IFCO became aware that the disposal of used, non-returnable packaging was a cost-intensive and problematic issue for food banks, which collect unused or unsold food and vegetable products from growers and retailers for distribution to those in need. Since then IFCO has donated more than 55,000 RPCs to more than 50 food banks in Europe, North America and South America, to be used to collect and move fruit and vegetables from retailers to a food bank warehouse and then on to charities. IFCO has also coordinated the financing of 28 refrigerated delivery vehicles to date to ensure the goods remain fresh within the food bank's network. The latest food bank to receive IFCO RPCs is Foodshare, a Connecticut, USA-based charity. Its regional market project manager Stephen Slipchinsky says: "The IFCO Reusable Plastic Crates (RPCs) will help us improve the effectiveness of our delivery process, ensuring the right produce and groceries get to needy families and individuals in the Hartford community in good condition when they need them. We're also moving to a more environmentally-friendly system by replacing corrugate boxes with RPCs." The food bank concept of collecting food that cannot be sold then redistributing it to charities began in the USA in the 1960s. Today, there are thousands of food banks on six continents and IFCO is looking to expand its support on a global scale. "For us, sustainable social responsibility as part of the Worldwide Responsibility initiative is a matter of great concern," says Brambles President, RPCs, Karl Pohler. "The job of the food banks - logistically optimised transport from producer to end-user - is the same as our original business field. IFCO and the food banks are perfect partners."

FY13 targets

Pallets

- Continued sales growth powered by new business wins
- Delivery of further global operations and logistics efficiencies
- Innovation for customers with half-size and display pallets

RPCs

- Further constant currency sales revenue growth of 15%
- Lane expansion with existing retail partners
- Continued rollout of new products and solutions

Containers

- Doubling of combined sales revenue in US Automotive, US IBCs and CHEP Aerospace Solutions
- Development of global organisation under new Group President
- Continued assessment of potential strategic acquisition opportunities

Geographic Expansion

- Further constant currency sales revenue growth of at least 15%
- Continued assessment of and entry into new countries
- Improvement in operating margins in Asia and Central & Eastern Europe

Diversification

Cost Leadership

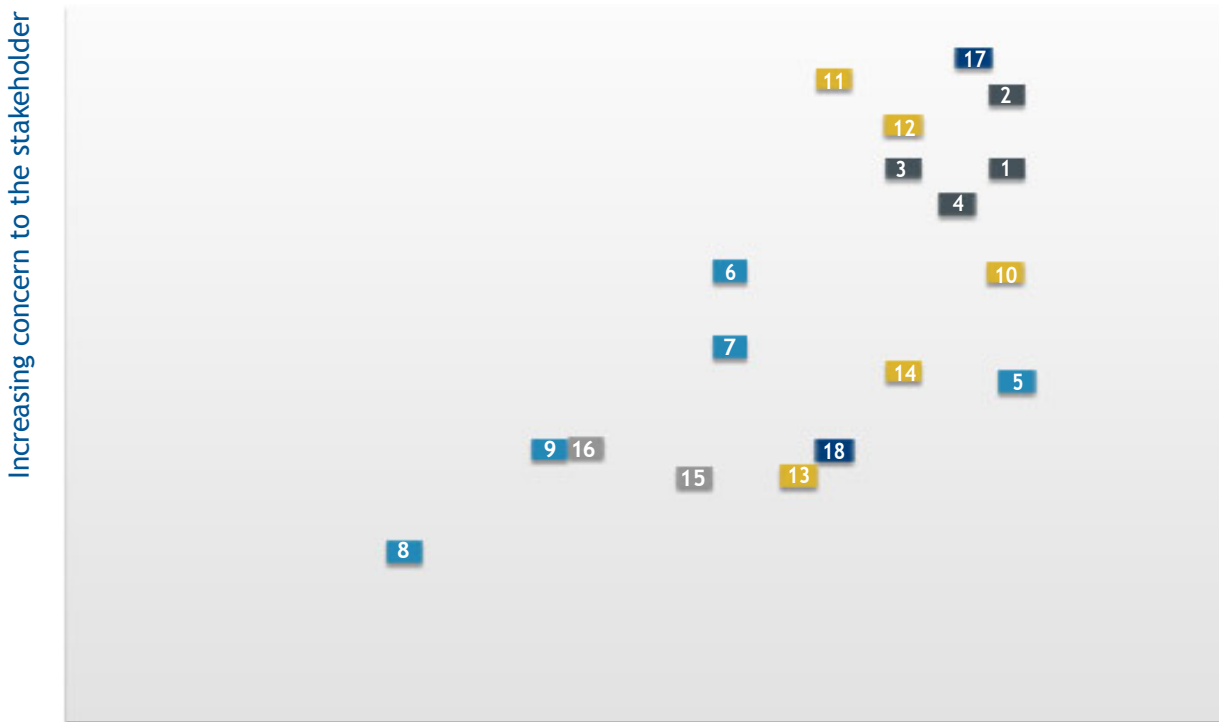
Go To Market

People & Leadership

Sustainability

Key Topics

The following 18 key sustainability topics have been identified and grouped into areas of focus (Customer, Environment, People, Community and Governance) according to Brambles' sustainability strategy. Details on each topic have been reported in the sustainability review of Brambles' Annual Report and on its website. Each year, key sustainability topics will be reviewed and, over time, be more closely integrated into our stakeholder engagement processes.



Influence of topic in achieving Brambles' corporate and sustainability strategies

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>CUSTOMER</p> <ul style="list-style-type: none"> 1. Customer satisfaction 2. Customer solution 3. Product and service quality and safety 4. Customer privacy | <p>PEOPLE</p> <ul style="list-style-type: none"> 10. Employee engagement 11. Safety and wellbeing 12. Attracting and retaining talent: leadership 13. Diversity and inclusion 14. Training and development |
| <p>ENVIRONMENT</p> <ul style="list-style-type: none"> 5. Sustainable lumber sourcing 6. Emissions and energy 7. Waste management 8. Water 9. Transport impacts | <p>COMMUNITY</p> <ul style="list-style-type: none"> 15. Supplier sustainability 16. Community investment |
| | <p>GOVERNANCE</p> <ul style="list-style-type: none"> 17. Governance 18. Mergers and acquisitions |

Key Topics

MATERIAL SUSTAINABILITY TOPIC	DESCRIPTION
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 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.
■ 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.
■ Product and service quality and 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.
■ 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.

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.
■ Emissions and 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.
■ 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.
■ 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.
■ 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.

MATERIAL SUSTAINABILITY TOPIC	DESCRIPTION
People	
Brambles believes an engaging, safe, tolerant and diverse work environment brings out the best in its people.	
■ 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.
■ Safety and 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.
■ Attracting and retaining talent: leadership	Brambles is committed to providing a safe, rewarding and challenging environment to help employees reach their potential.
■ Diversity and 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.
■ Training and 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.

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.
■ 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.

Governance

■ 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.
■ 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.

Strategy/Roadmap

In 2010, Brambles announced its sustainability strategy and outlined its strategic objectives and initiatives with a five year plan to 2015.

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

Customer – all things begin with the customer

Measure	Target	Commentary
Customer loyalty	Introduce Net Promoter Score (NPS) methodology into every country in which we operate. 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 in the Sustainability Review).
Greenhouse gas emissions	20% reduction on 2010 emission levels by 2015	Greenhouse gas (GHG) emissions for the Group decreased by 15% from FY10 as energy efficiency programs begin to take effect (see page 19 in the Sustainability Review). 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 in the Sustainability Review).
Solid waste	Year-on-year improvements in service centre recycling rates	Data collection processes are in place (see page 22 in the Sustainability Review); 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 in the Corporate Governance Statement 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 in the Sustainability Review).
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.

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

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.

Contact Information

REGISTERED OFFICE

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SHARE REGISTRY

Online access to shareholding information is available to investors through the Link Market Services website.

Link Market Services Limited
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Email: registrars@linkmarketservices.com.au
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SHARE RIGHTS REGISTRY

Employees or former employees of Brambles who have queries about the following interests:

- performance share rights under the 2004 or 2006 share plans;
- matching share rights under MyShare; or
- shares acquired under MyShare or other share interests held through AET Structured Finance Services Pty Ltd, may contact:

Boardroom Pty Limited

Attention: Brambles Employee Share Plans
GPO Box 3993, Sydney NSW 2001, Australia

Telephone: 1300 737 760 (within Australia)
+61 (0) 2 9290 9600 (from outside Australia)

Facsimile: 1300 653 459 (within Australia)
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Email: bramblesesp@boardroomlimited.com.au

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