

# Brambles

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## 2015 Sustainability Review

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***CHEP***  
**IFCO**



# About Brambles

**Brambles is a supply chain logistics company operating in more than 60 countries, primarily through the CHEP and IFCO brands. We specialise in the pooling of returnable pallets, crates and containers.**

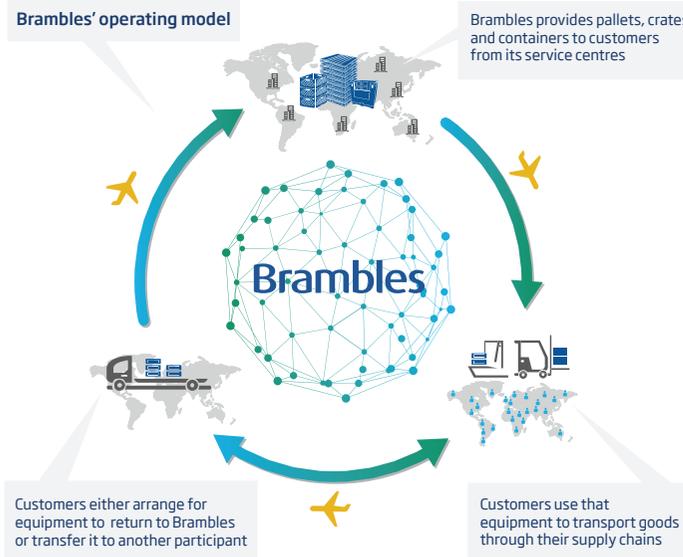
Our pooling solutions services operate under three business segments: Pallets, RPCs and Containers.

**Our Pallets business** (under the CHEP brand) provides returnable pallets through a network of service centres. Manufacturers, producers, distributors and retailers use our pallets to transport products through their supply chains. We also provide supply chain optimisation and transport management services. In the USA, we provide a national network of pallet management services to sort, repair and reissue pallets (known as CHEP Recycling). Pallets reports in three regions: Americas; Europe, Middle East & Africa (EMEA) and Asia-Pacific (APAC). **CHEP**

**Our RPC business** (under the IFCO brand in Europe, the Americas and Japan and under the CHEP brand in Australia, New Zealand and South Africa) provides reusable plastic crates (RPCs) to transport fresh produce from growers to retailers. **IFCO**

**Our Containers business** comprises four business units:

- Automotive;
- IBCs, providing intermediate bulk containers (IBCs) to customers in the food and general manufacturing industries;
- Oil & Gas, comprising Ferguson Group, providing container solutions to the offshore oil and gas industry, and CHEP Catalyst & Chemical Containers, which provides containers to the refining sector; and
- Aerospace, which provides containers and pallets for the transportation of baggage and cargo to airlines.



## ABOUT OUR REVIEW

This Sustainability Review reports on our activities in the areas we assessed as material sustainability issues for FY15.

Our supplementary information document to this Review, available on our website, contains further information on the following: assessment of materiality; risks and opportunities; assurance process; data measurement techniques; stakeholder engagement; and a glossary of terms. For FY15, we applied the Global Reporting Initiative's G4 reporting framework (details of which are provided

in the supplementary information document). A table detailing the G4 indicators and our UN Global Compact Communication on Progress for 2015 are also available on our website.

As in previous years, we have retained KPMG to provide limited assurance on key elements of this report. The relevant information is clearly identified as being subject to assurance. The KPMG assurance report is available on our website.

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# Introduction from the CEO



## Brambles' is built on principles that are inherently sustainable.

We provide efficient, safe and sustainable solutions in our customers' supply chains. We contribute to a circular economy through our principles of recover, reuse, reduce and recycle (see page 5). We strive to minimise our impact on the environment and contribute positively to the communities in which we operate. These principles form the foundation for our sustainability activities.

Through the pooling of our supply chain equipment, we were able to limit the impact of our customers' supply chains in FY15, as well as that of our own operations. We have reported for the first time in this Review the direct environmental benefit of our pooling model (page 6).

We rely on the skills and enthusiasm of our people to continue to progress. While we continuously strive to achieve Zero Harm, sadly, in December 2014, one of our truck drivers in our recycled pallets operations in the USA was involved in a tragic road traffic accident, as a result of which both he and another driver were fatally injured. Our safety section contains further detail on our activity during the Year to work towards Zero Harm (page 12).

We continue to monitor our progress against external benchmarks and we were delighted to be listed for the first time on the Dow Jones Sustainability World Index in 2014 and again in 2015, as one of the top 10% of responding companies globally. Brambles also received DJSI's Industry Mover Sustainability award, as one of the top scoring companies in our industry group. Our listing on FTSE4Good was also maintained.

This Year marked the deadline for many of the first sustainability targets set by Brambles in 2010. I am pleased to report that we achieved many of those we set, especially in the areas of safety, collaborating with our customers and suppliers, and providing our people with learning and development opportunities. However, we realise that we still have work to do to meet our goals in other areas.

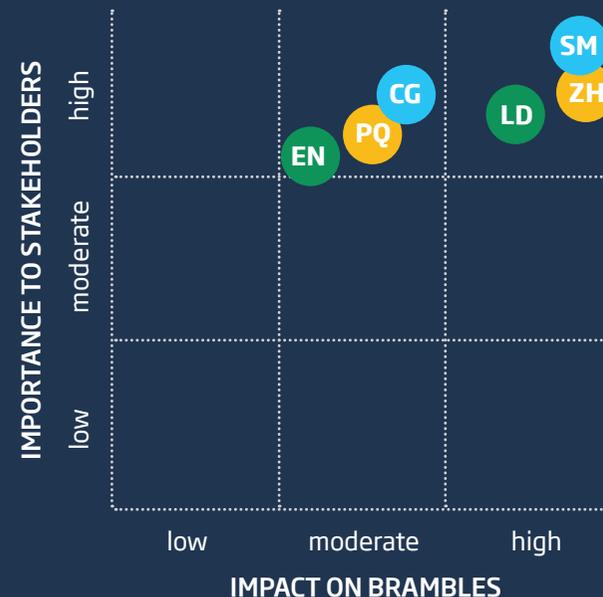
We will be announcing a new set of targets shortly that will continue our journey to reach our aspiration to achieve a better business, a better planet and better communities.

**Tom Gorman**  
Chief Executive Officer

# Materiality matrix

## We listen to our stakeholders to understand what's important to them<sup>1</sup>

Feedback from our stakeholders is assessed and ranked to determine the sustainability topics most material to them and to our businesses. For FY15, these are the top six material sustainability topics for our Group.



- SM** - Strategic materials
- ZH** - Zero Harm
- LD** - Learning and development
- CG** - Corporate governance (inc. Code of Conduct and anti-corruption)<sup>2</sup>
- PQ** - Product quality/innovation
- EN** - Environmental impacts and benefits

<sup>1</sup> Further details on our stakeholder engagement and materiality assessment are outlined in the supplementary information document  
<sup>2</sup> For further information please see our Corporate Governance Statement 2015 available online at [www.brambles.com](http://www.brambles.com)

# Sustainability Framework and 2015 Targets



| Measure                            | Target  | What we've achieved | FY15 Highlights   |
|------------------------------------|---|---------------------|---|
| <b>Better Business</b>             |   |                     |   |
| Supply chain collaboration<br>NPS  | Introduce Net Promoter Score (NPS) methodology into every country in which we operate. Once baseline is established, achieve year-on-year improvements in NPS | ✓                   | For FY15 updates, please see page 7.  |
| Supply chain collaboration         | Increased participation in relevant industry forums and customer advisory panels  | ✓                   | In FY15, we joined the Consumer Goods Forum (see page 7).   |
| Integrity                          | Develop and introduce a global supplier policy and framework by the end of FY13   | ✓                   | We continue to work with our suppliers in accordance with this policy.  |
| People<br>Inclusion and diversity  | Women to represent 30% of Brambles' Board and the Executive Leadership Team by 2015; management positions by 2018   | ↗                   | In FY15, 33% of the Board and 14% of the ELT are women. 24.6% of management positions are held by women.  |
| People<br>Safety and well being    | Year on year improvement in Brambles Injury Frequency Rate (BIFR)   | ✓                   | We recorded a 15% improvement in BIFR in FY15.  |
| People<br>Engagement               | Brambles Employee Survey (BES) participation rate at minimum of 90% by 2015   | ✓                   | In FY15, 93% of eligible employees responded.   |
| People<br>Engagement               | Target of 73% by 2015   | ↗                   | Brambles' employee engagement score increased to 72%, up two percentage point on the previous year.   |
| People<br>Learning and development | 25% increase in Education, Training and Development (ETD) days on 2012 participation levels by 2015   | ✓                   | Target met in FY13. FY15 information on pages 14 to 15.   |
| <b>Better Planet</b>               |   |                     |   |
| Materials<br>Wood                  | Chain of Custody (COC) certification for wood purchased for CHEP pallets by 2015  | ↗                   | 97% of CHEP's timber came from either COC or other certified timber sources, up from 94% the previous year. The remaining timber purchased is in compliance with CHEP policy. 43% of timber purchased by CHEP is COC certified, an increase from 29% in the first year of COC reporting (FY12). |
| Emissions                          | 20% reduction on 2010 emission levels by 2015 <sup>1</sup>  | ✓                   | Our in scope CHEP sites achieved a 20.5% reduction from 2010 emission levels in FY15.   |
| Waste                              | Zero wood waste to landfill by 2015   | ↗                   | In FY15, 75% of our sites, comprising 92% of production volumes, have achieved zero waste to landfill (see page 22).  |
| <b>Better Communities</b>          |   |                     |   |
| People<br>Engagement               | At least one volunteer hour per employee during working hours by 2015   | ↗                   | In FY15, employees volunteered over 12,900 hours, or 0.96 hours per employee.   |

<sup>1</sup> Based on existing businesses and sites that have reported data since 2010; acquisitions since not included, excluding those economies defined as emerging and developing by the International Monetary Fund; target based on internally-projected growth assumptions.

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# Better Business



## Our business model is inherently sustainable.

We contribute to a circular economy, which champions keeping resources in use for as long as possible, and recovering and regenerating products and materials at end of life.

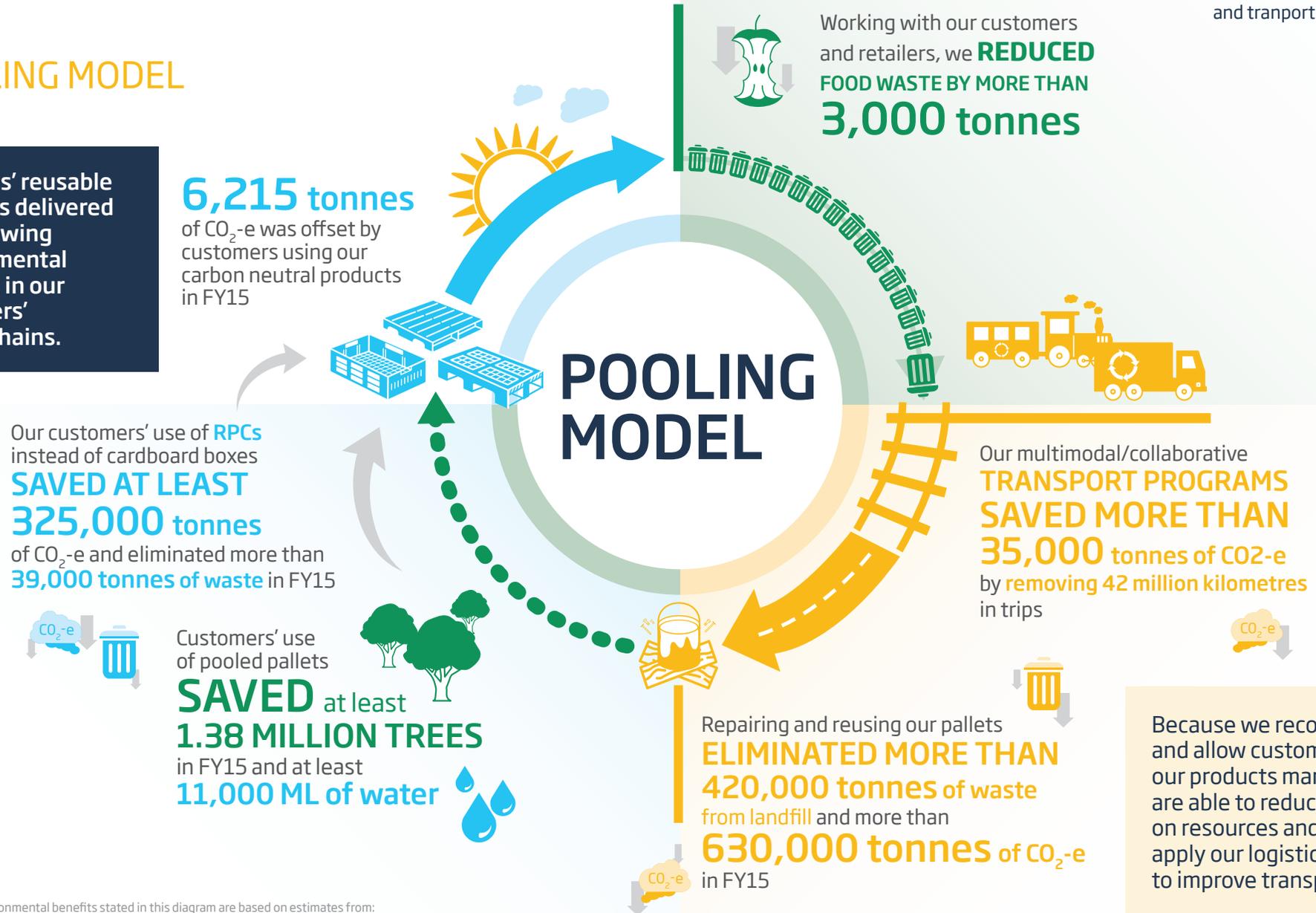
We are able to make our customers' supply chains more sustainable. We have a unique ability to create supply chain efficiencies through the knowledge and expertise of our people. We are focused on further developing these skills and keeping our people safe.

# Better Business

## POOLING MODEL

Brambles' reusable solutions delivered the following environmental benefits in our customers' supply chains.

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Calculated environmental benefits stated in this diagram are based on estimates from:  
 • our independent life cycle analyses (LCA), applied to volumes of the products and regions covered by these LCAs only; and  
 • internal data collection (for multimodal/collaborative transport programs and carbon neutral products).  
 These represent a conservative estimate of the global environmental benefits of our pooled products for the Year. Further information is provided in our supplementary information document, available on our website.

Because we recover, repair and allow customers to reuse our products many times, we are able to reduce demand on resources and waste. We apply our logistics knowledge to improve transport efficiency.

# Better Business

## SUPPLY CHAIN COLLABORATION

### Brambles works with customers and suppliers to deliver mutually beneficial, sustainable solutions.

At Brambles, all things begin with our customers. Our businesses engage customers in a variety of ways, including the Net Promoter (NPS) program.

In 2015, feedback through the NPS program, which covers all material markets in which Brambles businesses operate, came from almost 8,500 individual contacts, representing more than 3,500 companies. On behalf of the NPS survey respondents who participated in our annual survey in the US, CHEP planted over 1,300 trees in partnership with the National Arbor Day Foundation.

**We are pleased that most Brambles businesses that use NPS reported improvements in NPS in 2015.**

Our customer focus and support is an area of strength in all markets. This is a high priority for our businesses as we work to keep it at current levels, or improve.

Feedback from our customers also indicated areas of importance to them included the ability of Brambles' businesses to demonstrate our value proposition, the ease of doing business with us, competitive pricing and product quality.

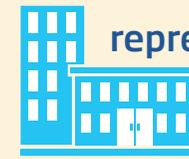
In FY15, Pallets' global quality team focused on equipment durability and performance.

Brambles has an excellent opportunity to deliver environmental benefits due to our position in the supply chain. We help customers understand their supply chains and minimise their environmental footprint. We work with customers and suppliers directly, using our logistics knowledge (see case study on page 9 for information on our recently launched North American program).

### NPS PROGRAM FEEDBACK



8,500 individual contacts



representing 3,500 companies

### REDUCED transport distances by

42,000,000 km

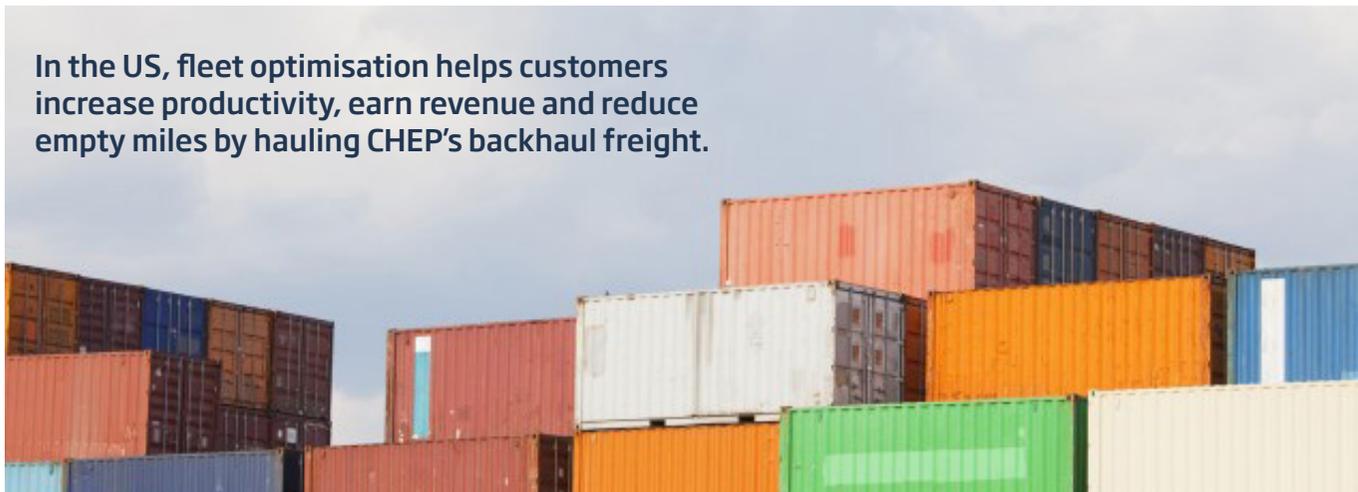
by collaborating with over +150 customers

In FY15, we reduced transportation distances around the world by over 42 million kilometres. This is the equivalent of more than 35,000 tonnes CO<sub>2</sub> emissions. Further information on transport collaboration can be found in the Emissions section of this Review (page 20).

In the US, fleet optimisation helps customers increase productivity, earn revenue and reduce empty miles by hauling CHEP's backhaul freight. In FY15, CHEP USA's customers were able to generate US\$6.1 million in incremental revenue and eliminate an estimated 9.5 million kilometres in journeys, saving over 10,000 tonnes of CO<sub>2</sub>-e.

Collaboration initiatives are progressing in CHEP Automotive. In Europe, a customer focused program increases transportation efficiencies by optimising loads through improved truck fill rates for deliveries to collections, and by eliminating transportation legs through shared locations.

**In the US, fleet optimisation helps customers increase productivity, earn revenue and reduce empty miles by hauling CHEP's backhaul freight.**



# Better Business

## SUPPLY CHAIN COLLABORATION

**CARBON NEUTRAL**

From Natural Capital Partners

CHEP Europe has continued to grow our carbon neutral offerings with customers. Two new customers signed up in FY15. There are a number of participating customers, including Spadel, MSM and Heinz. The quarter pallet carbon neutral product has been extended to all European countries in FY15, after being introduced in Germany in FY14. Customers using our carbon neutral products in FY15 offset 6,215 tonnes of CO<sub>2</sub>-e.

Our Innovation Center in Orlando, Florida, a world-class product testing and engineering facility, supported more than 80 projects in total in FY15. Five innovative pallet types were designed or evaluated and 36 wood species tested.

The Innovation Center completed 30 customer test requests in FY15. For example, PepsiCo was experiencing product instability for water bottles in transit from production to retail. Analysis at the Innovation Center showed that the bottles could be loaded in a better pattern on the pallet to enable an additional layer of product and improve stability by providing better shrink wrap coverage. This meant PepsiCo could increase water bottles shipped on each load by 12% and reduce damage, using existing equipment.



↑ **increase in PepsiCo shipped water bottles** ↑

CHEP Aerospace Solutions replaced around 5,500 heavyweight aluminium containers with lighter weight units in FY15. The average weight reduction per container of 20 kg saved approximately 17,200 tonnes of CO<sub>2</sub>-e, 5,500 tonnes of fuel and significantly reduced fuel costs for our airline customers.

We seek to engage with customers and industry partners where we can benefit supply chains generally.

**17,200**  
tonnes of CO<sub>2</sub>-e  
SAVED

**We have recently joined the Consumer Goods Forum in Europe and will work with key partners on common areas of interest, such as elimination of waste and deforestation.**

During FY15, CHEP Europe worked with the Ellen McArthur Foundation as it developed its Circularity Indicators, which measure how well a product or company performs in the context of a circular economy. The index will help companies estimate how advanced they are on their journey from linear to circular. One of our European pallets was assessed and scored as part of this process, achieving 0.87, which is a positive indicator of our circular business model.

**0.87** circular economy index  
(1 = perfectly circular)



In Australia, CHEP was one of the founding members of the Australian Food and Grocery Council, Retail and Suppliers Roundtable, Sustainability Council. The other founding members include some of our customers from the retail and food manufacturing industries.

Brambles' businesses are also well placed to address the environmentally important issue of food loss and waste in the supply chain. We do this by collaborating with customers and retailers, as well as in our own product development.

IFCO's egg crate improves the protection and handling of eggs and helps to eliminate food waste by reducing broken eggs by up to 66%. In addition, the RPC's ventilation allows for faster cooling performance for better egg quality and freshness. Because of its environmentally friendly design, the reusable crate reduces corrugated cardboard waste, energy consumption and greenhouse gas emissions.



# Better Business

## SUPPLY CHAIN COLLABORATION

CHEP and IFCO are working with Unilever on the development of returnable packaging solutions that replace single use cardboard for fast moving consumer goods products, reducing food loss and waste.

We believe in a culture of innovation. Our innovation program identifies and progresses new ideas. In FY15, the program was expanded to include RPCs, Containers and the Pallets businesses in Asia and MEA, with a focus on collaboration and concept development with customers.

For example, **our logistics mobile app for pallet transfers reduces administration** and makes it easier for customers to do business with us. The app provides live updates in transit and allows for improved communication between our transport provider and agents. This means customers have real-time information on expected arrival times. The app is now used throughout Europe, with a plan to extend it to 80% of all transport carriers in the region in FY16.



### CASE STUDY:

## CHEP North America drives efficiencies throughout customers' networks: This is the Supply Change.™

In June 2015, CHEP North America launched a suite of value-added services to help customers optimise their supply chains and support the development of corporate social responsibility programs. The Solutions Portfolio is designed to help our partners move product from the farm or processing facility to the store shelf faster and more efficiently, addressing product damage, failed unit loads and empty transport miles.

By looking at enterprise logistics, supply chain platforms, transportation, international trade, manufacturing, warehousing, harvesting, processing, distribution, store fulfilment, sustainability and supplier diversity, CHEP North America identifies efficiencies, eliminates waste and improves supply chain performance.

A major retailer collaborated closely with CHEP to apply the new transportation solution and is projected to fill almost one million empty trailer miles in 2015, generating US\$2.5 million in incremental revenue. Similarly, three major grocery retailers using the unit load optimisation solution reduced damage at their distribution centres and each saved about US\$300,000 throughout their supply chains.



**Our innovation program identifies and progresses new ideas.**

**CHEP North America identifies efficiencies, eliminates waste and improves supply chain performance.**

**US\$300,000 SAVINGS**



# Better Business

## PEOPLE

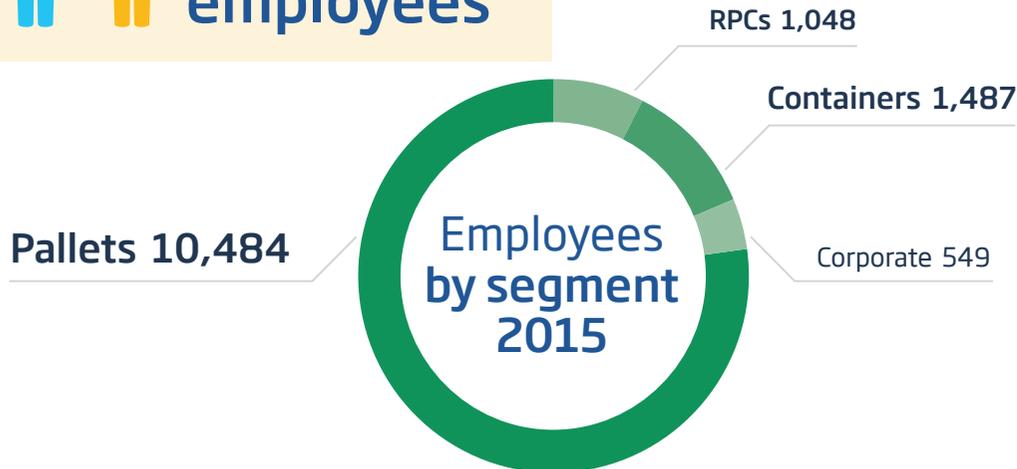
**Brambles believes an engaging, safe, tolerant and diverse work environment brings out the best in our people and helps them reach their potential.**

Brambles' employee population remained relatively stable in FY15.

Brambles has a large service-centre-based workforce, especially in the Americas region of the Pallets business. While the continued alignment of our recycled

pallet operation in North America is improving in some of our performance measures, the impact is still apparent in gender diversity, engagement and enablement, turnover (where employees are more likely to be transient and seasonal) and safety (due to increased physical risks related to manual labour).

Employee turnover increased slightly from FY14, primarily driven by the circumstances in the recycled pallets operation.



<sup>1</sup> Snapshot of head count as at 31st May 2015.



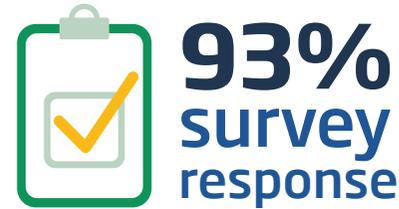
**72%**  
Employee engagement

**67%**  
Employee enablement

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## Engagement and Enablement

Employee engagement and enablement is tracked through the annual confidential Brambles Employee Survey (BES).



In FY15, 93% of eligible employees responded to the survey. Brambles' employee engagement score, which evaluates an employee's commitment and discretionary effort, increased to 72% (from 70% in FY14). The high performance norm of top quartile organisations is 73% and we are confident our continued focus on our employees will enable us to achieve their level.

Brambles' enablement score, a measure of how conducive the organisational environment is for employees to perform at their best, remained constant at 67%, including acquisitions.

Results from the survey showed that employees value teamwork and collaboration and recognise our

strong commitment to safety. Our focus on learning and development opportunities and addressing work/life balance was also appreciated by our employees. An area of rising comment is Brambles' sustainability efforts, both in environmental impact, customer satisfaction and volunteering in community projects. Employees were also appreciative of Brambles employee share ownership program. In 2015, 30.47% of current employees have taken advantage of the MyShare plan, with 3,684 globally participating in the program.



Opportunities for improvement identified include; reducing barriers to effective working with systems and technologies, continuing our efforts in providing more learning and career development opportunities and improving work/life balance. Brambles' inclusion and diversity programs are also of importance to our employees.

# Better Business

## PEOPLE

### Inclusion and Diversity

**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.**

Our efforts to improve gender diversity saw a small increase in the percentage of female employees and female managers in FY15.

During FY15, we focused on creating an inclusive environment. An 'open minds' webinar was piloted within our IT function globally and our top 100 senior leaders. The program helps participants understand how their actions and behaviours can help Brambles develop an inclusive culture, interact with diverse teams and understand what diversity means in the



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### Work/life balance

Brambles is committed to providing flexible working arrangements to assist employees to manage their work and personal responsibilities. We are committed to accommodating an employee's need for flexibility, subject to reasonable business grounds. Our businesses offer flexible working policies and programs that address the issues of flexible working hours, part-time work, job sharing, working from home and flexibility in employment status (such as phased retirement).



In addition, we provide our employees with technology to facilitate flexibility where appropriate, such as the use of company laptops and mobile devices and video and web conferencing. Video conferencing is also set up in many of our sites to reduce the need for travel.

## Permanent employees by gender (%)



|                  | Total |      | Management |      |
|------------------|-------|------|------------|------|
| Pallets Americas | 90.7  | 9.3  | 82.7       | 17.3 |
| Pallets EMEA     | 73.4  | 26.6 | 70.7       | 29.3 |
| Pallets APAC     | 81.8  | 18.2 | 82.4       | 17.6 |
| RPCs             | 72.7  | 27.3 | 72.7       | 27.3 |
| Containers       | 75.6  | 24.4 | 77.4       | 22.6 |
| Corporate        | 53.8  | 46.2 | 66.4       | 33.6 |
| Brambles FY15    | 80.9  | 19.1 | 75.4       | 24.6 |
| Brambles FY14    | 82.6  | 17.4 | 75.7       | 24.3 |

## Male : Female salary ratios<sup>1</sup>



<sup>1</sup> Difference between male and female ordinary earnings for FY15

# Better Business

## PEOPLE

### Safety

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. Zero Harm is the material sustainability topic rated most highly by the majority of our stakeholder groups.

We were, therefore, extremely saddened that a truck driver in our recycled pallets operations in the USA was involved in a tragic road traffic accident in December 2014, as a result of which both he and another driver were fatally injured. Brambles continues to invest in truck safety technology and fleet safety management.

All three of our operating segments (Pallets, RPCs and Containers) improved their BIFR in FY15, with the most significant improvement in Pallets. There was a **46% improvement in BIFR from FY14 in our recycled pallets operations in the USA**, with the continued rollout of Lean workstations, aided scissor lifts in automated pallet plants,



pedestrian segregation and fork lift truck procedures, improved ergonomic awareness and personal protective equipment, as well as better investigation, incident learning and case management. Close support for this business and for the acquired Paramount Pallet business in Canada will achieve further improvements, as they continue to mature their safety management systems to align with the other Pallets businesses.

Several of our sites achieved OHSAS 18001 accreditation or recertification in FY15, including CHEP operated service centres in the USA and Europe.

**BIFR**  
**13.3**  
**15%**  
improvement

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### BRAMBLES INJURY FREQUENCY RATE

(BIFR) measures work related injuries, fatalities, lost time, modified duties and incidents requiring medical treatment per million hours worked. We met our target of year-on-year improvement in the BIFR rate in FY15, recording a rate of 13.3, an improvement of 15% from FY14.

|                      | FY15        | FY14        | % Change   |
|----------------------|-------------|-------------|------------|
| Pallets Americas     | 25.6        | 31.8        | -19        |
| Pallets EMEA         | 2.7         | 3.1         | -13        |
| Pallets APAC         | 7.4         | 6.4         | 15         |
| <b>Pallets Total</b> | <b>14.2</b> | <b>16.6</b> | <b>-19</b> |
| RPCs                 | 5.4         | 7.7         | -30        |
| Containers           | 13.4        | 13.6        | -1         |
| <b>Brambles</b>      | <b>13.3</b> | <b>15.6</b> | <b>-15</b> |



CHEP UK achieved a **gold award** from safety charity RoSPA for the **third year in a row**.

# Better Business

## PEOPLE | Safety

Brambles continued to drive better reporting of near miss and minor incident reporting to help identify higher risk potentials.

Regions with BIFR improvements in FY15 focused on first aid investigation to minimise repetition and more serious risks, continued investment in pedestrian segregation barriers, improved auditing and better management of safety at site level. **We also launched an annual dedicated Safety Week in March** (see case study opposite).

We will continue our focus on safety risks throughout the Group and further develop safe layouts to provide better segregation,

improved machine guarding and injury management on sites. We will also be developing a Zero Harm learning module for improved education and training around safety.

We have been working with our outsourced service centres over the past three years, using third party auditors to monitor safety culture and performance. We have been using this information to encourage our contractors to continuously improve their systems, sites and safety culture. We concluded the three year program of external audits on all of our qualifying outsourced operations in FY15 and in FY16 we will begin the next three year cycle to assess how much progress has been made.

### Our top safety risks



Pedestrian and vehicle segregation



Driving on open roads



Third party operations



Machinery guarding

#### CASE STUDY:

### Brambles Safety Week



In March 2015, Brambles conducted our first global Safety Week, encouraging employees to work towards Zero Harm globally.

Safety Week included clear messages on safety, as well as competitions, a driving manual, posters, videos, events and activities to promote Zero Harm around the world.

During the week, teams around the world organised workshops and events for employees around safety and healthy living.

**Enthusiastic employees submitted 346 nominations for Safety Week awards.**

Regional and global winners were chosen on the basis of safety performance, demonstrated continuous improvement, third party facility engagement and most inspiring Zero Harm story.

Brambles will hold our second annual safety week in March 2016.



# Better Business

## PEOPLE

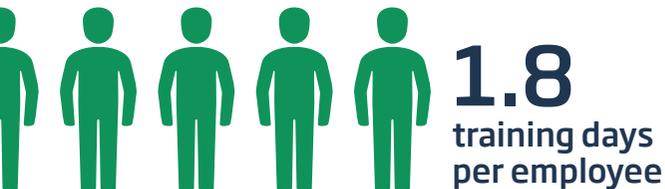
### Learning and Development and Talent Management

One of the areas of focus for Brambles' Sustainability strategy is our people and the learning and development opportunities available to them.

We believe that employee satisfaction with career prospects has a direct relationship with customer satisfaction and financial results. Satisfaction with career prospects strongly predicts our employees' willingness to recommend our organisation as a place to work, leading to attraction and retention of quality employees.

Learning and development opportunities were identified as material topics through our employee engagement processes.

Brambles recorded more than **23,800 education, training and development days** in FY15. This represents an average of 1.8 training days per employee. The 39% improvement from the training days recorded in FY14 is a result of improved data collection processes as regions transitioned to a new system in FY15 and thorough investigation by our human resources team.



In FY15, Brambles began the rollout of new systems for human resources management and learning and development, which will allow us to control, deliver and analyse education, training and development.



**Over 200 managers** have participated, or are currently participating, in our new global **LEADERSHIP ESSENTIALS PROGRAM**, designed to develop the leadership skills of our front-line managers. The program has been rolled out to eight countries so far, in local languages. We are measuring the success of the program through BES scores, increased ability to promote from within and retention rates.



### In our seven year partnership with Cedep,

the European Centre for Executive Development, Brambles has continued to run high potential programs for developing senior managers for more senior positions.

All 12 participants in the first Brambles Fast Track program have been promoted to significantly larger roles. The second cohort of this program is now underway.



**50%**  
of current participants in  
Brambles Fast Track  
Program are  
**women.**

At the junior manager level, 60 managers from across the organisation have participated in a Development Centre, identifying career paths and strengths and development areas. Since the introduction of the program in 2012, 25% of participants have been promoted, with a 90% retention rate.

### Development Centre progress



**90%**  
retention  
rate



**25%**  
promotions

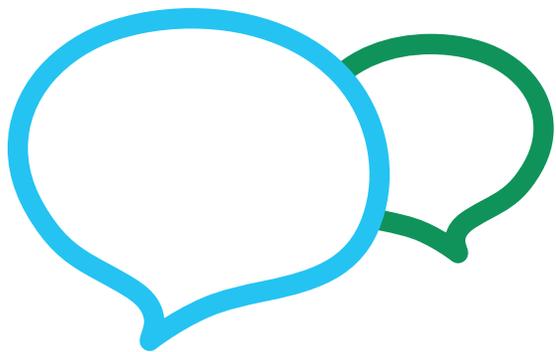
# Better Business

## PEOPLE | Learning and Development and Talent Management

Brambles is developing 'functional academies' to build strategic and operational capability in certain key areas. For example, in January 2015, the Supply Chain Academy was introduced, with the first interactive online program - Fundamentals of Supply Chain - made available to all employees regardless of role in the organisation. We have also launched the Finance Academy.

In FY16, we will launch the **Leadership Academy**, under the sponsorship of our CEO, and the IT Academy.

We have partnered with a global language provider, and depending on assessed level of competence in the chosen language, either online tutoring or face to face coaching is provided. Language training is related to business need and so far the **most popular courses are English and Spanish.**



### CASE STUDY:

#### **Brambles Leadership Pathways Program graduate becomes IFCO China country manager**

Christy Zhu joined Brambles in 2011 as a participant in the Brambles Leadership Pathways program. Originally based in Orlando and Atlanta, she held roles with CHEP in the areas of Asset Recovery and Pricing Strategy. As Manager, Pricing Strategy she **led the pricing team through the implementation of an online automated pricing tool** for the sales force and a simplified pricing structure.

Midway through 2014, Christy graduated from the leadership program and **transitioned to Beijing, China, as the Country Manager for IFCO China.** In this role, Christy is combining her cross-sector experience and the knowledge she gained via the Pathways program with her cultural heritage. She is developing the market entry strategy for our RPC business in China and managing IFCO's ongoing business with a principal customer.



One of the great things about working for Brambles is that **WE HAVE LEADERS WHO CARE**, not just about the business, but also how they can **HELP FUTURE LEADERS GROW.** That to me demonstrates **TRUE LEADERSHIP.** ”

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# Better Planet



**Brambles is committed to the sustainable use of our products and services through the supply chain.**

We seek to minimise our environmental footprint, through the use of sustainable materials, reducing the impact of operations and working with our partners to improve our own supply chain.

# Better Planet

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## MATERIALS

Brambles is committed to achieving Zero Harm and considers social and environmental impacts in the purchasing and use of materials.

As a credible and trusted partner in our customers' supply chains, we aim to continuously improve the way we source materials.

Through proactive engagement with our suppliers and customers, we seek to positively influence and subsequently improve our supply chain.



**97%**  
certified sources

## Volume of timber purchased for the Year (m<sup>3</sup>)

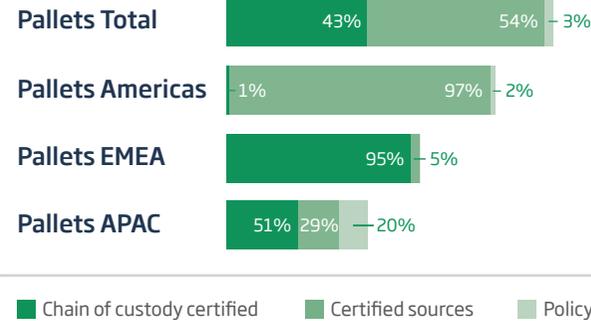
|                      | FY15             | FY14             |
|----------------------|------------------|------------------|
| Pallets Americas     | 1,199,175        | 1,101,620        |
| Pallets EMEA         | 927,654          | 917,822          |
| Pallets APAC         | 202,944          | 196,219          |
| <b>Pallets Total</b> | <b>2,329,773</b> | <b>2,215,661</b> |

## Wood

The secure supply of wood is critical to Brambles. CHEP uses timber to make and repair reusable pallets in Brambles' pooling system.

In FY11, Brambles set a target of achieving chain of custody certification for 100% of wood purchased for manufacture and repair of CHEP pallets by FY15. In FY15, Brambles purchased 2.3 million cubic metres of wood for use in CHEP pooled pallets, up from 1.6 million cubic metres in FY11. Of the wood purchased in FY15, 97% was from certified sources with 43% carrying chain of custody certification.

From July 2015, **all timber purchased by CHEP New Zealand for new pallet and repair timber from New Zealand sources will be chain of custody certified.**



## Volume of wood by classification and segment for the Year

The percentage of chain of custody certified wood did not improve in FY15. We expect an improvement in the reported volume of purchased timber that is chain of custody certified in FY16 as we continue to work with suppliers, to either establish evidence of chain of custody certification or assist them to achieve certification for their sites. This will enable them to pass chain of custody certification on wood sold to CHEP.

For example, in South America, where wood is often bought by CHEP through pallet manufacturers, rather than directly from timber millers, CHEP will work with suppliers to achieve certification and enable the supplier to pass on chain of custody certification.

While chain of custody certification schemes for wood in the USA are expanding, there is a limited supply of chain of custody certified pallet grade timber.

**96% of wood we purchase for CHEP pooled pallets in the US comes from FSC or PEFC certified sources**, giving confidence of sustainable forestry management. We estimate that almost half of the wood that we purchase in the USA comes from privately owned forest land.

Approximately 60% of all US forestland is privately held, including a large part by family forest owners. Less than five per cent of family forest owners in the US have their forest chain of custody certified. We will continue to work with timber mills and other intermediary suppliers to improve the volume of chain of custody certified wood purchased for CHEP pooled pallets in the US.



# Better Planet

## MATERIALS | Wood

**We continue to look for opportunities to overcome challenges to the supply of pallet-grade chain of custody certified wood in developing regions.**

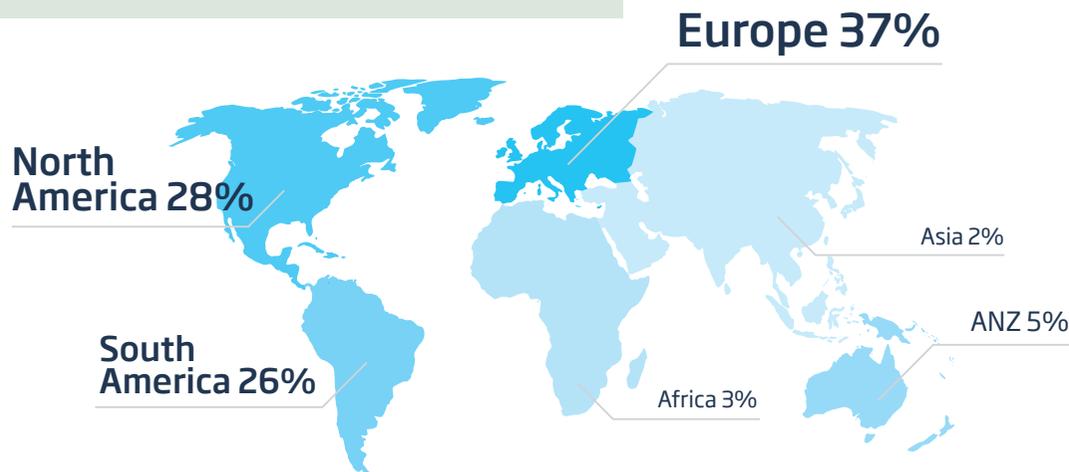
For example, in FY16, we are planning to explore the potential for sourcing from single species alternative plantation sources in Malaysia to further strengthen our level of due diligence in that country.

Identification and management of endangered species in the

supply chain is an ongoing area of focus in the procurement due diligence process.

**In FY15, CHEP identified 63 species of tree that are, or may be, in our wood supply.**

### Volume of wood by continent of origin



The International Union for Conservation of Nature (IUCN) Red List of Threatened Species is used as a leading guide to species endangerment. One of the species in our supply chain, Longleaf Pine, is classified as “endangered”.

While it is estimated that less than three per cent of the total wood volume purchased by Pallets Americas in FY15 is Longleaf Pine, CHEP USA works with suppliers with the objective to further minimise its potential use in our supply chain.

**We also support the Longleaf Alliance** (see case study).



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CHEP purchases a much smaller quantity of virgin wood for use in CHEP Recycled pallets where necessary. In FY16, we are conducting a review of our sourcing by our recycled pallets operations to refine our understanding of wood purchased. We are confident from our initial investigation that this wood does not pose a deforestation risk, given its scope, supplier base and limitation to North America.

In FY15, we announced the purchase of a milling operation and additional plantation resources in South Africa. While not a significant acquisition, this will allow us to consolidate the manufacture of our pooled pallets in South Africa. The Weatherboard mill carries FSC certification. The acquired plantations are expected to complete FSC accreditation in FY16. The plantations will contribute to the security of wood supply in the region.

Although timber data from our recycled pallets operations was not captured in FY15 reporting, Brambles has given consideration to timber sourcing for that business and believes the risk of controversial source timber is negligible. **The majority of CHEP Recycled pallets have been repaired using timber acquired from unrepairable pallets.**

# Better Planet

## MATERIALS

### Plastics

Brambles' businesses purchase plastic for the manufacture of reusable plastic pallets, crates and containers for use by our customers. In FY15, we collected data on plastic purchased by our businesses for the first time. In FY15, we purchased approximately 58,000 tonnes of plastic.



**100% of plastic material is recovered from IFCO RPCs at end of life.**

This reduces our demand for virgin plastic and means that none of our RPC plastic ends up in landfill. In FY15, IFCO reused more than 17,000 tonnes of plastic material in the manufacture of new RPCs.



### Detergents

In FY15, Brambles gathered data on the purchase of commercial quantities of detergent used in the washing of pallets, RPCs and containers. At the same time our suppliers' position on the sustainable sourcing of palm oil, if this was relevant, was assessed. In FY15, we purchased more than three million litres of detergent.

Only one of our detergent products includes palm oil as an ingredient in the surfactant base; however, the manufacturer of this product is a member of the Roundtable of Sustainable Palm Oil (RSPO).



### CASE STUDY:

## Supporting Longleaf Pine Restoration in the USA

The Longleaf Alliance is a non-profit group that promotes retention, management, and restoration of Longleaf Pine throughout its historic range. CHEP USA has supported the organisation for a number of years. In 2015, the Alliance assisted landowners and partners with planting 2.99 million trees with the financial assistance of supporters such as CHEP.

**Robert Abernethy, President - The Longleaf Alliance, says:**

"Longleaf Pine (*Pinus palustris*) forests are highly diverse, fire-adapted ecosystems that once dominated much of the southeastern United States. Today, these forests still **provide important habitat for a large number of native plants and animals**, including dozens of species of conservation concern. In addition, longleaf pine forests provide valuable economic opportunities for landowners.

"Actions which increase the economic value of longleaf pine forests also increase the ability of many private landowners to restore more land to longleaf pine. Strong markets for longleaf pine forest products offer attractive financial incentives for landowners to restore their lands to this important species and provide the funds for these management and restoration activities. Put simply, it is through the wise use of these forests that we will restore them.

**"The Longleaf Alliance applauds CHEP for its commitment and active participation in the restoration of the Longleaf Forest of the Southeastern United States."**

# Better Planet

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 (excluding Scope 3 emissions and target)

## EMISSIONS

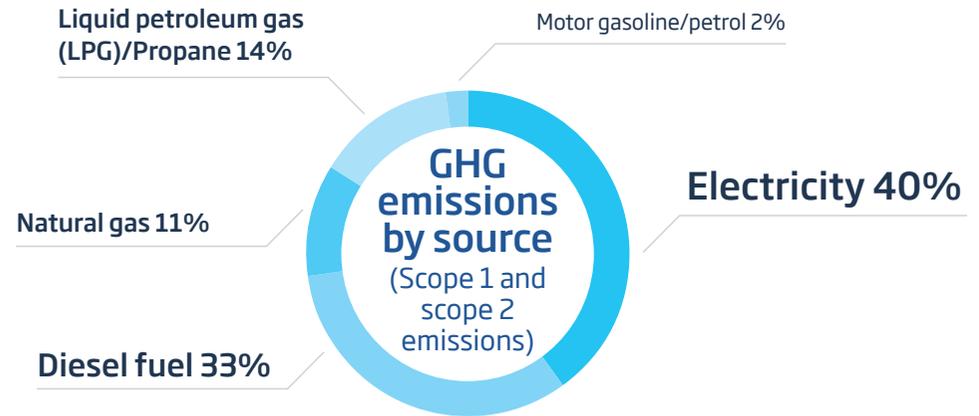
Brambles is focused on reducing our environmental impact, including our greenhouse gas (GHG) emissions footprint.

Overall, Brambles recorded a decrease in combined scope 1 and scope 2 GHG emissions in FY15 of **13%**

Scope 1 emissions (generated by the use of gas and fuel) increased by 8% (6 kt CO<sub>2</sub> emissions), due to increased activity for the Year, as well as the continuing use of gas to power some sites, which reduces our electricity usage and has a lower emissions footprint.

Scope 2 emissions (generated by the use of electricity at our sites) decreased by 34% (27 kt CO<sub>2</sub>-e). This is due to the

use of actual data rather than estimates in our recycled pallets operations (reducing emissions by more than 20 kt CO<sub>2</sub>-e), the purchase of renewable electricity in Europe (saving over 3 kt CO<sub>2</sub>-e) and projects to reduce energy consumption. We will work with our utility suppliers in FY16 to further improve and simplify data collection process in the US.

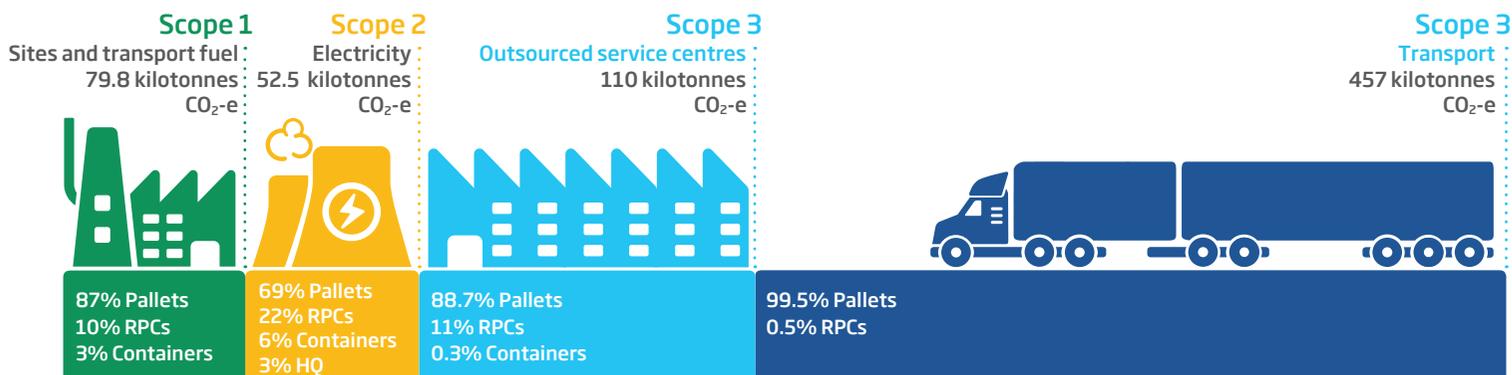


Examples of projects to reduce our energy consumption and scope 2 emissions include reducing IT servers and installing LED lighting, such as at our Rosehill, Australia service centre in FY15, and installing another gas power station at our IFCO site in Duisburg, Germany. Some RPC sites in Australia also began cold water washing, reducing the need to heat water (saving 151 t CO<sub>2</sub>-e).

In FY16, we will improve the internal sharing of best practice, to further reduce our scope 1 and scope 2 emissions.

Scope 2 emissions DECREASED **34%**

## Total emissions by scope per business in FY15



# Better Planet

## EMISSIONS

Our **scope 3 emission** estimates for both our combined outsourced service centres and transport **decreased in FY15 by approximately 17%** from FY14 emissions, saving 114 kt CO<sub>2</sub>-e.

**In FY15, we saw a reduction in our scope 3 transport emissions.** We did this by improving our measuring systems, **increasing transport efficiencies, and collaborating with our transport providers.**

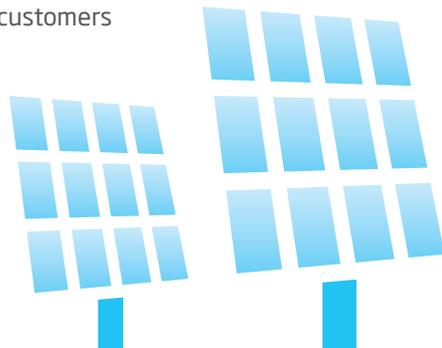
For example, in the US, CHEP's customer storage program reimburses customers for storing pallets on site using seasonally available space, eliminating additional pallet handling and damage, as well as more than 390,000 transportation kilometres, saving 421 t CO<sub>2</sub> emissions in FY15.

In Europe, our transport collaboration, Total Pallet Management and multimodal programs reduced transport distances by over 23 million kilometres in FY15, saving over 14 kt CO<sub>2</sub>-e. We are now partnering with 135 of our European customers on these programs.

In Australia, by collaborating with one of our transport providers, we have been able to **deliver more pallets by rail instead of road, reducing CO<sub>2</sub>-e emissions by 35%** at one site alone. We also collaborated to safely increase pallet stack height, removing the equivalent of 78 trucks from the road per year.



Our scope 3 emissions from outsourced service centres decreased by over 33 kt CO<sub>2</sub>-e in FY15. **Outsourced RPC sites in Europe reduced energy consumption and saved almost 8,000 t CO<sub>2</sub>-e** by installing a gas power station, using solar energy, new machinery and decreased production levels at some sites.



### CASE STUDY:

## Alternative fuel reduces scope 3 emissions from European transport



During FY15 in Europe, CHEP began working with transport providers in several countries to replace diesel trucks with more eco-friendly natural gas trucks to reduce scope 3 emissions. The introduction of alternative fuels such as liquid natural gas (LNG) and compressed natural gas (CNG) to transport our pallets helps to develop a more sustainable supply chain.

**CHEP's collaboration with supply chain partners in Belgium won the 2014-15 Efficient Consumer Response Award** for significantly reducing emissions. CHEP worked with customer FrieslandCampina, a transporter and two supermarket chains to develop an optimal transport schedule that keeps a CNG truck fully loaded and on the same efficient route, cutting CO<sub>2</sub>-e emissions by about 20%.

CHEP Europe is extending the alternative fuel program in FY16 to the UK and France. We are also working with Unilever to enhance the implementation of LNG filling stations in Europe.

# Better Planet

## WASTE

**Brambles is committed to using resources efficiently and minimising waste.**

With pooling models that operate on the principles of recover, reuse, reduce and recycle, we are focused on continuously improving our performance to reduce material consumption, maintenance costs and meet stakeholders' sustainability expectations.

Pallets has a target of zero wood waste to landfill for our owned and operated sites by 2015. This has been achieved at 75% of our sites in FY15. The sites with zero wood waste to landfill comprised 92% of our production volumes in FY15. Although we are working towards achieving zero wood waste to landfill at all of our sites, those remaining are smaller with low volumes. This makes it difficult to find commercial partners for the limited amounts of wood waste. At those sites yet to achieve zero wood waste to landfill we are investigating other options.

**ZERO**  
wood waste  
to landfill target



92% of  
production  
volumes at  
**75%**  
of sites in FY15

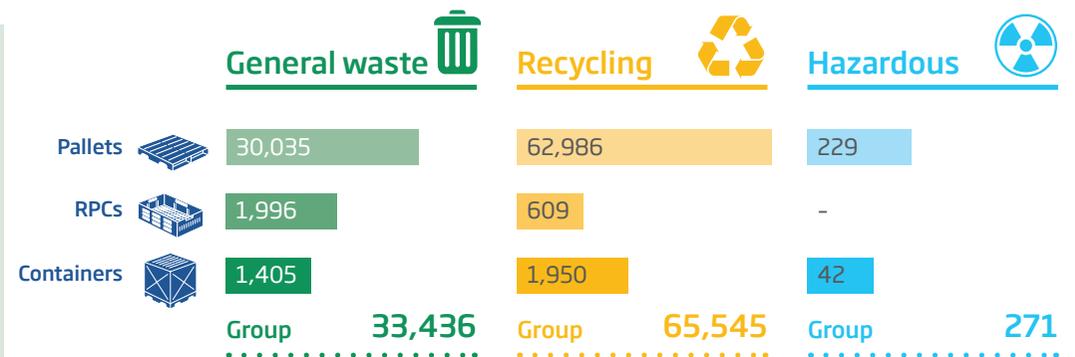


## General and hazardous waste

General solid waste and recycling reported by our sites varies from year to year, dependent on the waste we receive when customers return pallets, crates and containers. We make every effort to dispose of this waste responsibly, recycling wherever possible. General solid waste is handled by local solid waste management or recycling facilities. In FY15, we reported an increase in waste of 16% from FY14 and an **increase in recycling of 20%**.

The hazardous waste volumes reported by Pallets sites predominately relate to paint, paint residues, inks, oil and contaminated water, all of which are disposed of responsibly. **Hazardous waste volumes decreased by 37% in FY15**, mainly due to less paint and paint residue being disposed.

## Waste volumes during FY15 (metric tonnes)



Wood reclaimed  
and reused by CHEP:  
**4,901**  
tonnes

Plastic reused by IFCO:

**17,465**  
tonnes

# Better Planet

## WASTE

Brambles handles hazardous waste on behalf of customers in the Containers segment. CHEP Catalyst & Chemical Containers handles a small amount of waste on behalf of customers in petroleum refining, gas processing and petrochemicals manufacturing. We recorded a decrease in hazardous waste in FY15 due to variations in the collection cycle from FY14. CCC uses a third party to dispose of hazardous waste, where it is used safely

and effectively as a fuel source, replacing coal and natural gas in cement kilns.

Brambles completed the acquisition of Ferguson Group in FY15. While Ferguson Group provides container solutions to customers in the offshore oil and gas sector, this business does not handle hazardous or contaminated waste.

Brambles had no significant spills during the Year.

### Brambles' recycling efforts (excluding reclaimed) (m<sup>3</sup>)

|                           | Wood           | Paper and Corrugate | Comingled  | Plastic      | Metal      | Total          |
|---------------------------|----------------|---------------------|------------|--------------|------------|----------------|
| Pallets - wood (fuel)     | 1,260          | -                   | -          | -            | -          | 1,260          |
| Pallets - wood (recycled) | 47,555         | -                   | -          | -            | -          | 47,555         |
| Pallets - wood (total)    | 48,815         | -                   | -          | -            | -          | 48,815         |
| <b>Pallets - Total</b>    | <b>48,815</b>  | <b>4,150</b>        | <b>106</b> | <b>4,537</b> | <b>515</b> | <b>58,123</b>  |
| RPCs                      | -              | 59                  | -          | 550          | -          | 609            |
| Containers                | 351            | 361                 | -          | 1,023        | 176        | 1,912          |
| <b>Total</b>              | <b>146,795</b> | <b>4,570</b>        | <b>106</b> | <b>6,111</b> | <b>691</b> | <b>158,272</b> |



### CASE STUDY

## CHEP Aerospace recycles and reduces waste

CHEP Aerospace Solutions' repair stations in the US recycle used batteries from all Envirotainer cooltainers. Each unit has 16 D-size batteries, which must be disposed of when a unit is returned.

Recycling the batteries reduces the damage that can be caused by metals to soil and water from landfill and air pollution from municipal waste combustors. It also conserves resources and energy. CHEP Aerospace Solutions also accepts other batteries from customers for recycling.

CHEP Aerospace Solutions' CanTrack energy-harvesting self-powered tracking solution for aviation containers won IATA's inaugural Air Cargo Innovation Award in March 2015. CanTrack ensures container and cargo damage reduction, meaning less waste, greater visibility and increased velocity in the air cargo supply chains.



# Better Planet

## WATER

**Brambles recognises that water is a precious resource. In many regions where our businesses operate, water supply is a critical issue for the community.**

**Our operations have a responsibility to use water wisely.**

The RPC segment is our largest user of water. At the end of each cycle, every crate must be washed and sanitised in line with Hazard Analysis & Critical Control Points (HACCP) standards before they are re-issued.

Reported water consumption by the Group decreased by 5% in FY15 from FY14, with a decrease reported in our RPC businesses. While we continue to update our data collection and analysis, we expect

fluctuations from year to year as the quality and completeness of this data improves. **Our businesses continue to install water and energy saving devices where practical, for example, replacing conventional blow dryers with centrifugal dryers at RPC sites around the world.**

The dryers reduce water usage when installed in conjunction with a water treatment plant.



**Brambles collected more than 6 megalitres of water from collected from rainwater harvesting in FY15.**

This year, for the first time, we have reported water discharged and collected from rainwater harvesting at some of our owned and operated sites. Only a limited number of sites currently report water discharged and recycled and rainwater harvesting; however, we expect this to improve over time.

Our sites are primarily located in commercial and industrial areas, designed for such use. Normal water discharges are into municipal storm water and sewerage facilities. Our established businesses have robust and tested spill management procedures. These are being validated and replicated, where required, within our more recently acquired businesses.

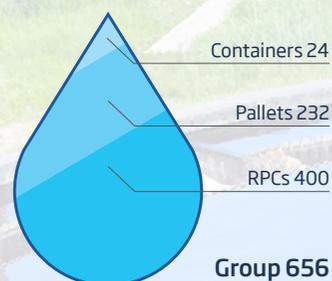
Brambles had no significant spills in FY15.

Where water is treated to HACCP standards for washing RPCs, the water

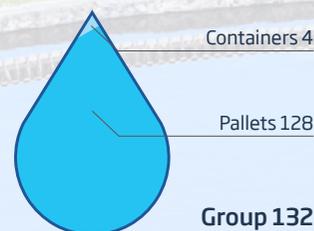
that is discharged is suitable for drainage. Water is treated according to local requirements, which either means filtering of larger dirt particles, or adjusting the pH-value of the water.

Rainwater is collected at some sites, filtered and used for flushing toilets and our steam cleaning process.

Water recycling for the Group decreased by 10% from FY14, the reductions occurring in the IFCO business, where we experienced challenges with our water recycling plant in Crailsheim, Germany. Our water quality requirements have meant additional treatment and filtering of recycled water so that it is fit for reuse. This meant the plant did not operate for the full period. We are committed to overcoming these challenges in order to make the plant viable for rolling out to other sites.



Water **consumed** in FY15 (megalitres)



Water **discharged** in FY15 (megalitres)



Water **recycled** in FY15 (megalitres)



# Better Communities

## COMMUNITY INVESTMENT

Brambles recognises that by applying our logistics and supply chain expertise we are uniquely placed to help reduce food waste throughout the value chain.

One of our key community partnerships is with food banks around the world.

Working with food banks not only provides assistance to community groups and charities working with those less fortunate, but it also helps to reduce food waste by diverting usable products from landfill.

IFCO's Worldwide Responsibility program shares its expertise in collecting and transporting fruit and vegetables with food banks around the world. Since the program's inception, IFCO has donated over 200,000 RPCs to more than 90 food bank sites in Europe, North America

and South America. IFCO has also helped co-finance 50 refrigerated vehicles to keep fruit and vegetables fresh within the food bank network.



CHEP is engaged in a European project to increase our collaboration with food banks in the majority of the countries in which we operate. As well as a cooperation agreement with the European Federation of Food Banks, CHEP teams are working with local food banks providing volunteering time, supply chain expertise and in-kind donation of equipment.



CHEP and IFCO collaborate with over **100 food banks** around the world.

 Volunteer hour value  
**US \$290,000**

 Financial contributions  
**US \$680,000**

 In-kind contributions  
**US \$1,450,000**

**Total donations  
US \$2,420,000**



## Charitable donations for FY15

In Argentina, CHEP works with food banks that distribute food to community organisations serving more than 200,000 people each year. Employees in Argentina volunteer to inspect and sort food every month. CHEP Argentina is also partnering with a key customer, Mondelez, to facilitate weekly deliveries to community organisations.

CHEP also works with food banks in other countries, providing in-kind support and employee volunteers in Canada and Australia.

Brambles has created opportunities for international non-profit organisation Enactus and the World Economic Forum (WEF), focusing on reducing food loss and waste. For example, Enactus will be engaged in potential food loss and waste projects in Africa.

In Australia, Brambles have provided an opportunity for Enactus teams to apply for funding to support team projects tackling the issue of food waste. 10 university teams have been successful in obtaining Brambles support for their food waste projects, which will be rolled out over 2015 and 2016. These projects will also be entered in the Enactus 2016 National Championships.



# Better Communities

## EMPLOYEE VOLUNTEERING

**Our businesses provide financial donations to local charity and community groups, aligning with causes that reflect our business objectives and employees' wishes.**

Every Brambles employee is entitled to three days of volunteer leave per year to community-based not-for-profit, educational and environmental organisations.

During the year, more than 1,400 employees volunteered more than 12,500 hours, an increase of approximately 10% from FY14. Some examples of volunteer activity include:

- Food bank activities
- Enactus projects
- Environmental activities such as Clean Up Australia Day
- Tree planting for National Tree Day in Australia and Tree Canada events
- Educational mentoring
- Literacy programs
- Career days for school students
- After school programs and other community events



**1,400**    
employees volunteered more than  
**12,500 hours**

**↑ 10%** increase from FY14



Gary Ziebell, CHEP service centre manager in Wodonga, Australia, uses end-of-life pallet timber to create bird boxes for native birds with the local community group Men's Shed and school.

CHEP provides financial support through our Helping Hand program to purchase nails and glue. Gary uses his volunteer leave to coordinate the project. So far, the completed bird boxes have been provided to local schools, environment groups and Birdlife Australia for their Birds in Backyards program.

# Better Communities

## CASE STUDY:

### CHEP WORKS WITH UNHCR TO IMPROVE DELIVERY OF LIFE-SAVING REFUGEE AID



CHEP is performing an in-depth study of the global supply chain network for the United Nations High Commissioner for Refugees (UNHCR).

Vicente Escribano, Head of UNHCR's Supply Management Logistic Service, said: "The efficiency of our supply chain is often literally a matter of life and death to the refugees and families we serve, so any improvements we can make could have a massive impact.

**"We approached CHEP as a global supply chain leader to ask if they would evaluate if and how improvements could be made to improve our logistics and associated costs. Working with CHEP is a great opportunity for UNHCR and CHEP providing its resources and expertise on a voluntary basis is a real bonus."**

The UNHCR leads and co-ordinates activities worldwide to protect, and seek durable solutions for refugees, providing protection and assistance to more than 46 million refugees, returnees, internally displaced and stateless people.

CHEP's Plant Network Optimization Team in the US is reviewing the current state of UNHCR resources to reduce the lead time required to service refugee camps. The UNHCR study involves multi-country, air, sea and road transportation and multiple data sources; factors which greatly increase the scale and complexity of the study.

The study is due to be completed by late 2015.





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# Contacts

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