

Environment

Brambles Environmental Policy is available on its website.

Environmental policy is set by the Board. Responsibility for the implementation of the policy is with the Executive Leadership Team, which is assisted by the Sustainability Committee. The Environmental Policy is communicated to all employees.

Brambles holds regular meetings with relevant regulatory bodies, government and non-government organisations, and also conducts customer and supplier surveys and consultation forums. Representatives of Brambles' businesses attend and participate in local industry environmental issues and working groups.

Each Brambles business operates its own environmental management systems which are monitored by the Group Risk Committee. The Group Presidents of CHEP and the Group President and Chief Operating Officer of Recall have operational responsibility for environmental management. Senior managers are required to provide a statement on environmental compliance twice each year. Each business also prepares regular environmental compliance reports for the Group Risk Committee and the Board.

While some operations are ISO 14001-certified, including CHEP European automotive container service centres and pallet service centres in the UK and Spain, Brambles is no longer expanding the number of certified sites. Brambles is focused on improving the environmental management plans for each site to ensure compliance with the principles of its Environmental Policy. Periodic audits are conducted to evaluate compliance.

Business units may from time to time operate environmental incentive programs. For example, CHEP USA launched a hybrid vehicle incentive program in May 2008. Under the program, employees are eligible to receive US\$2,000 if they purchase an environmentally friendly vehicle, such as a hybrid car or truck.

During the year CHEP USA received *Supply and Demand Chain Executive* magazine's 'Green Supply Chain' Award, which recognises organisations that are taking steps to realise green goals. CHEP was also recently featured in a logistics focused segment of the television series *Sustainable Planet*.

CHEP Europe continued to successfully deploy its environmental impact and benefits calculator, developed in conjunction with Leeds University. The calculator demonstrates the environmental benefits of using CHEP's pooling model to existing and prospective customers, which has helped prospective customers decide to join the CHEP program.

Potential future costs of environmental regulations are factored into capital expenditure proposals, in accordance with their estimated likelihood of eventuation. Brambles environmental emissions are a relatively small component of its operations and investment decisions.

CASE STUDY: CHEP USA EMPLOYEES GO HYBRID

Rachel Maier, Regional Sales Manager, Tyson for CHEP in Orlando, Florida, purchased a Toyota Prius hybrid car in 2008, taking advantage of CHEP's incentive program. Under the program, CHEP USA employees receive US\$2,000 for the purchase of an environmentally friendly vehicle.



Rachel decided on the Prius for several reasons. "I am passionate about the environment so lowering emissions was a key factor," she says.

"Also, from a financial perspective, better mileage and the nice incentive CHEP offered was much appreciated!"

Susan Cannington and her husband Doug, who both work for CHEP in Orlando, Florida, purchased a Honda Civic hybrid car in July 2008.



Susan says, "Both my husband Doug and I work at CHEP in Orlando and live in Deland, which is a 100+ mile commute every day.

"Last year, with the announcement of the hybrid car incentive program at CHEP, we realised we could receive not only the financial benefit from CHEP, but also the reduced consumption of fuel.

"On average, we have reduced our fuel consumption by 55%."

A win for the Canningtons and the environment!

ENERGY

	Kilotonnes (kt) CO ₂ -e*	Terajoules (TJ)
Brambles HQ	0.11	0.43
Recall	91.20	1,033.10
CHEP	61.74	641.87
TOTAL	153.05	1,675.40

IMPROVING ENERGY EFFICIENCY

CHEP and Recall continually work to optimise networks and automate processes to improve plant capacity and make them more energy efficient. Network optimisation reduces transport distances and associated emissions. CHEP's Total Pallet Management (TPM) program offered to major manufacturers and retailers allows CHEP to manage all of a customer's pallet needs on-site and supply CHEP pallets without the need for additional transport. Customers' use of the TPM program help optimise the network and reduces the energy requirements associated with the pallet pool.

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

Recall SDS performs route optimisation. This has resulted in fewer large secure destruction centres and more depots that send material on to the centres. By increasing route density, not only are operations consolidated but emissions per tonne of paper shredded and recycled are reduced.

Recall ensures purpose-built, state-of-the-art megacentres address energy efficiency and other environmental initiatives in the building's design.

CASE STUDY: CHEP USA ENERGY SAVING PROJECT

CHEP USA is an ENERGY STAR® Partner and has made the commitment to track and reduce energy use in its buildings and facilities. ENERGY STAR® is a joint program of the US Environmental Protection Agency (EPA) and the US Department of Energy, helping protect the environment through energy efficient products and practices.

The ENERGY STAR® partnership offers a proven energy management strategy that helps measure current energy performance, set goals, track savings and reward improvements. CHEP USA is making various lighting, technology and facility management enhancements in an effort to reduce energy consumption.

* CO₂-equivalent (CO₂-e) is the universal unit of measurement to indicate the full global warming potential (GWP) of a particular greenhouse gas emission. It takes into account the GWP of each of the six Kyoto greenhouse gases, and expresses them in terms of the equivalent units of carbon dioxide. It is used for measuring and reporting different emissions sources on a common basis. At the corporate level, CO₂-e is typically reported in kilotonnes (kt).

EMISSIONS

Like most businesses Brambles impacts on climate change through the consumption of energy, which entails the burning of fossil fuels.

However, Brambles has a relatively light greenhouse gas (GHG) emissions footprint. For instance in Australia, Brambles is not obliged to report under Australia's new National Greenhouse and Energy Reporting (NGER) scheme, which came into effect in the 2009 financial year.

Although Brambles' GHG emissions footprint is light, it recognises the need to improve its processes in capturing GHG data and during the year it undertook a standardised and improved process for GHG reporting.

Third party industry advisors were engaged to guide the use of the most appropriate and accurate measurement protocols and externally review Brambles' methodology.

As a result, Brambles has improved the completeness and accuracy of GHG emissions data. This was achieved through the provision of additional and consistent guidelines for the estimation of GHG emissions.

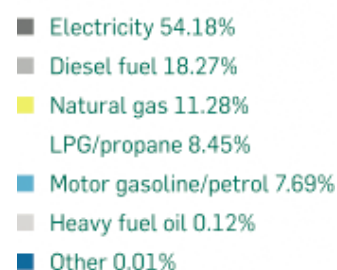
The improved process uses globally accepted conversion and emissions factors:

- The World Business Council for Sustainable Development and the World Resources Institute's GHG Protocol conversion and emissions factors for fuel and gas consumption across all global operations;
- The National Greenhouse Accounts (NGA)* emissions factors for electricity consumption of all Australian operations;
- The Energy Information Administration (EIA)** emissions factors for electricity consumption of all US operations; and
- The International Energy Agency (IEA) *** emissions factors (as prescribed by the GHG Protocol) for electricity consumption for all other global operations.

In previous years Brambles used GHG protocols from government bodies wherever available. GHG emissions were calculated from energy purchases in accordance with government-published averages per unit of energy consumed.

Brambles did not report energy data for Scope 1 (direct purchases of fuel, eg company owned transport or heating) and Scope 2 (indirect energy purchases, eg electricity) GHG emissions prior to this year.

GREENHOUSE GAS GENERATION BY SOURCE



* National Greenhouse Accounts (NGA) Factors (Nov 2008) National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Schedule 1)

** Energy Information Administration, Updated State- and Regional-Level Greenhouse Gas Emission Factors for Electricity (March 2002)

*** International Energy Agency Data Services. 2007. "CO2 Emissions from Fuel Combustion (2007 Edition)". (CO2 Emissions per kWh from Electricity and Heat Generation)

Due to the improvement in collection methods there are differences between data reported for this financial year and previous years. However, this methodology will be used for all future reporting, giving a standard and robust base for energy efficiency improvements and initiatives.

CHEP prefers the use of and actively sources heat treated lumber for its pallets when required, as opposed to the use of ozone-depleting methyl bromide (MB). This is in accordance with Brambles' corporate values, its customers' priorities and the MB phase-out requirements set forth in the Montreal Protocol and Clean Air Act. MB has been designated a Class 1 ozone-depleting substance and a Class 1 acute toxin.

Brambles' global GHG emissions 2009

	Brambles HQ		Recall		CHEP		TOTAL	
	kt CO2-e	TJ	kt CO2-e	TJ	kt CO2-e	TJ		
Scope 1	-	-	45.84	-	24.28	-	70.12	kt CO2-e
	-	-	-	721.19	-	415.18	1,136.37	TJ
Scope 2	0.11	-	45.36	-	37.46	-	82.93	kt CO2-e
	-	0.43	-	311.91	-	226.69	539.03	TJ
	0.11	-	91.20	-	61.74	-	153.05	kt CO2-e
	-	0.43	-	1,033.10	-	641.87	1,675.40	TJ

In 2009, Brambles GHG emission and energy use intensities increased due to a number of factors, namely:

- An improvement in data collection and analysis in the current year compared to previous years; and
- Recall USA's decision to scale back on the subcontracting/outsourcing of couriers transporting documents. In-house couriers are running longer routes and servicing broader geographic areas.

Brambles notes that, because its GHG emissions footprint is so light, even small changes in its operational activities can have a relatively large impact on the intensity measures.



CASE STUDY: CHEP EUROPE USES GHG DATA LOGGERS

CHEP Europe decided to better monitor energy consumption and calculate the carbon equivalent GHG emissions arising from plant operations, product processing and repair activities. The Birmingham plant in the UK was selected to benchmark the project as the plant presented a good mix of manual, semi-automated and automated processes. Monitoring commenced in January 2009.

The boundaries of the site were set and sub-divided into zones and sub-zones of buildings, storage, equipment and processes to improve specific measurement of electricity, gas and diesel oil consumption.

Using mobile devices that attach to the power supply, known as data loggers, electricity usage was measured over a defined time period. Purchase and meter data were used to determine gas and diesel usage. The energy consumption data was uploaded into a GHG model that was developed specifically as an energy management tool.

The GHG model draws from the GHG Protocol developed by the World Resources Institute and recommended by the Carbon Trust and the Department for Environment, Food and Rural Affairs in the UK. Advice was sought from independent environmental consultants to endorse the methodology and provide independent validation of the GHG model.

Comparison of carbon intensity by site and by process, identification of opportunities to reduce energy consumption and emissions and reporting more accurate energy and emission data are some of the additional benefits of the GHG model.

CASE STUDY: RECALL'S LONDON MEGACENTRE

The design for Recall's new facilities takes into account environmental factors. The Recall London MegaCentre, opened in 2009, received a UK Government carbon emission controls rating of B31. This rating measures the energy and carbon emission efficiency of a building using a grade from 'A' to 'G'. An 'A' rating is the most efficient, while 'G' is the least efficient. The rating received for the Recall centre is better than what the UK Government designates for carbon emission controls in new buildings of its type.



CASE STUDY: CHEP USA GHG INITIATIVES FOR CUSTOMERS

The size of CHEP's network combined with innovative customer partnerships decreases the use of transportation in the supply chain. In 2008, CHEP purchased LeanLogistics, a company focused on optimising transportation across the supply chain. LeanLogistics is a leading provider of innovative transportation solutions. Leveraging one of the industry's largest transportation networks, technology and services are combined to tailor new innovative techniques that deliver savings and create a sustainable transportation network.

Both CHEP and the LeanLogistics division are EPA SmartWay™ Partners. The SmartWay™ brand signifies a partnership among government, business and consumers to protect the environment, reduce fuel consumption, and improve air quality for future generations.



CASE STUDY: CHEP EUROPE IMPROVES COLLECTION AND REDUCES TRANSPORT EMISSIONS

CHEP collects more than 400 million pieces of equipment back from its European customer base each year. While this process is successful, further improvements were identified.

Through the alignment of collection processes and making best use of internal data, CHEP has developed an intelligent system that predicts pallet flows through any of its 300,000 customer locations across Europe. CHEP reviewed core flow volumes through customer locations and found that, for most customers, 80% of their volumes were stable. This allows CHEP to work with customers and transporters to put in place agreements that facilitate stable transport flows with a clear, consistent cost base.

The improved system allows CHEP to more effectively organise transport for its customers and streamline transport flows across the supply chain. This reduces transport distances and related emissions.

Further information from Brambles' Operations Review in May 2009, focusing on CHEP and Recall's European businesses, is available on Brambles website.

CASE STUDY: CHEP AUSTRALIA CAR FLEET REDUCES GHG EMISSIONS

To help reduce its impact on the environment, CHEP Australia upgraded its car fleet during the year by purchasing vehicles that use liquefied petroleum gas (LPG). LPG powered vehicles have lower life cycle emissions than petrol powered vehicles. As a result, CHEP Australia emitted 13 tonnes less damaging carbon dioxide into the atmosphere last year. As the fleet continues to be renewed, the benefits of this program will grow.

In addition, CHEP Australia has been a participant in the Greenfleet Australia program since 2006. Greenfleet is a registered environmental charity helping the community reduce the environmental impact of travel, business and lifestyle choices by adopting low-carbon alternatives and biosequestration. Through the program, CHEP Australia's company car fleet GHG emissions are offset by planting forests that soak up carbon dioxide from the atmosphere, reduce soil erosion and salinity, improve water quality and provide habitat for native animals.

WASTE AND RECYCLING

Compared with disposable pallets, pallet pooling significantly reduces the use of resources and waste – an estimated seven million tonnes a year of waste savings for its customers in the USA alone.

CHEP's business model is based on the principles of reduce, reuse and recycle:

REDUCE: Pallet pooling reduces burdens on the world's lumber supply and waste streams through responsible use of wood in products that are designed for repeated use and greater supply chain efficiency, an example of source reduction. Decreased pallet-related product damage with the CHEP pallet design further reduces environmental burdens and contributes to the success of other supply chain packaging reduction initiatives.

REUSE: A key economic element of pallet pooling is to deploy higher quality platforms that can be reused extensively. Continuous inspection, maintenance and repair further prolong the useful life of pooled pallets.

RECYCLE: Controlled end of life management and a clear sense of ownership help to ensure wood recovery, reuse and recycling efforts are maximised to keep waste out of landfills.

In the US, an average CHEP pallet contains between 12-37% recycled content, depending on the age of the pallet, and approximately 35% of lumber is reused in pallet repairs before being recycled.

CHEP USA has developed a website that enables customers to calculate how much they can reduce solid waste, GHG emissions and energy consumption by using the CHEP pallet pooling system instead of alternative shipping platforms, such as white wood or disposable pallets. The environmental calculations generated by the website are based on a comprehensive Life Cycle Inventory Analysis conducted on CHEP USA's pallet pooling system in 2006. A copy of the analysis can be found on the website.

The life cycle environmental savings created by members of the CHEP USA pooling program in financial year 2009 amounted to approximately:

- 1.1 billion kilograms of solid waste (a 95% reduction compared to using one way pallets);
- 7.8 trillion British Thermal Units (BTUs)* of energy (enough to power over 200,000 homes for a year); and
- 590 million kilograms of GHG emissions.

Findings of the report included a quantified analysis of waste associated with the life cycle of pallets in the pooled system. Waste per 100,000 pallet trips was less than 50,000 pounds, compared to over one million pounds of waste generated by non-pooled one-way pallets.

In Europe, CHEP has worked with Leeds University to develop a similar calculator that demonstrates the environmental benefits of the CHEP pallet pooling system when compared with returnable white wood or disposable pallet alternatives over a 10 year period.

The CHEP environmental calculator is installed on the laptop of every CHEP Europe sales representative, enabling the team to quantify the benefits of CHEP to existing and potential customers.

Unlike CHEP's pallet pooling system, many other types of wood pallets (without a clear system of ownership and accountability) end up in landfills. CHEP avoids this problem by maintaining ownership of its assets and enforcing a system of controls to ensure that its pallets are recovered and the materials are reused or recycled into other uses at the end of their useful lives.

In addition to its pool of more than 250 million pallets, CHEP also operates a pool of some 40 million plastic containers. The pool provides reusable or returnable plastic containers as a substitute for disposable cardboard packaging used to transport fresh fruit and vegetables.

CHEP actively manages all waste streams related to pallet pooling activities – including wood, corrugate, steel, and plastic.

CHEP minimises the impact of its internal waste generation by ensuring that scrap pallets, containers and crates are recycled.

Waste paint is treated to render it solid, but is then directed to landfill as the better of its current disposal options.

Recall collected, shredded and sent for recycling over 200,000 tonnes of paper last year, which equates to approximately three million trees.

Recall assists its customers in managing their physical and digital documents throughout their life cycles, from creation to secure destruction. Recall believes that it benefits the environment by assisting customers to reduce material usage by providing space- and paper-efficient document archival and retrieval solutions.

All the material used in the production of Recall's cartons is recyclable. Those cartons are supplied on CHEP pallets, as opposed to one way white wood pallets.

Brambles had no significant spills during the year.

* The British thermal unit (BTU) is a traditional unit of energy equal to about 1.06 kilojoules. It is used in the power, steam generation, heating and air conditioning industries.

CASE STUDY: REDUCING CUSTOMER WASTE IN THE FRESH FOOD SUPPLY CHAIN

Golden State Foods Australia, a market leader in Australia in the supply of fresh-cut produce and salads to food service and retail industries, including the likes of McDonalds and KFC, has chosen to use CHEP's foldable reusable plastic crates (FRPCs). CHEP handles and manages Golden State Foods Australia's produce bins and pallets that move enough vegetables to fill 11 Olympic swimming pools every day.

Golden State Foods' Procurement Manager, Chris Bunge, extolled the virtues of the CHEP FRPCs, "The ventilated walls of the CHEP bins help keep produce cool, thereby extending its shelf life and reducing waste."

"The fold down front means that staff can easily reach in and safely remove the product."

Fully reusable and recyclable, the crates are also designed to reduce manual handling OH&S risks. A significant reduction in the incremental folding height of the crates can result in reduced transport impacts on the environment and logistics cost savings. Additional environmental benefits can be gained with a reduction in the number of cardboard cartons in the supply chain and a reduction in waste going to landfill.

COMPLIANCE

Brambles complies with all material environmental laws and regulations applicable to it and its businesses. None of Brambles operations were involved in any significant adverse environmental prosecutions or received significant non-monetary sanctions during the year.

Brambles does not have a regulatory obligation to participate in the EU Emissions Trading Scheme. It does not participate or anticipate participating in any trading schemes within the next two years.

Brambles is cognisant of the requirements of the Australian National Greenhouse and Energy Reporting (NGER) legislation. It did not have any reporting obligations arising from this legislation in the 2009 financial year.

For the year, Brambles operations in Australia generated 33.67 kt CO₂-e, or 196.36 TJ of energy. This is well below the NGER first year threshold of 125 kt CO₂-e, or 500 TJ of energy.

WATER

Water is not a material component for Brambles operations given its low usage and as such, comprehensive data is not collected on its consumption, reuse or recycling.

However, individual sites adopt water-saving practices in accordance with their environmental management systems.

For example, CHEP Australia utilises water recycling and reuse in crate washing plants, within the relevant Hazard Analysis Critical Control Points (HACCP) regulations. HACCP is a standard designed to prevent, reduce or eliminate potential biological, chemical and physical food safety hazards. As part of the FRPCs project to streamline fresh produce delivery to Woolworths' supermarkets in Australia, CHEP upgraded its crate-washing service centre network with recycling systems that cut water usage and sewer discharge by up to 90 per cent.

CASE STUDY: CHEP AUSTRALIA'S OXLEY WATER RECYCLING PLANT

In drought affected southern Queensland, the Oxley Service Centre team decided to treat their waste water and recycle it for washing pallets. The results stunned everyone, with an estimated 2.4 million litres of water to be saved annually.

The Oxley Service Centre washes approximately 250,000 plastic and wooden pallets each year. With level five water restrictions in the area, the team at Oxley were keen to cut their water usage.

“After washing the pallets at Oxley, the water would literally go straight down the drain,” said John Arthur, Regional Operations Manager QLD/NT.

“The team thought there must be a better way of managing the water used in the washing process.”

The water treating and recycling unit, designed and installed in conjunction with Pneumatic Solutions Qld, began operating in June 2008. The unit filters the water used to wash pallets, capturing and removing any debris. The filtered water is then pumped back into the pallet washing machines and the process continues.

According to John, the unit has had a dramatic effect on water consumption at the service centre.

“Since it was installed, the unit has reduced the annualised pallet washing water usage by approximately 75% or 2.4 million litres of water per annum,” he said. “This equates to a saving of about 10 litres of water per pallet wash.”

The effectiveness of the unit was calculated and the water savings complied with the South East Queensland Business Water Efficiency Program. CHEP sought and was granted a subsidy from SEQ Water of around A\$40,000, approximately half the initial capital cost of the unit.



CLIMATE CHANGE

The Board is responsible for the establishment and review of the effectiveness of the Group's system of internal control and risk management. This includes consideration of climate change risks. The Brambles Sustainability Committee and the Executive Leadership Team help to formulate sustainability policies (including those impacting climate change) and the Group Presidents of CHEP and Group President and Chief Operating Officer of Recall are responsible for implementing sustainability policies across the organisation.

Brambles shares equivalent risks arising from climate change to those of the business community generally. These include the cost impacts of climate change on energy, water, insurance and transport. Brambles is actively managing its use of these elements and would further expect that cost impacts would most likely be recovered from the marketplace.

Brambles does not consider the company to be exposed to significant regulatory risks related to climate change. Brambles operations generally are not large energy users and as such are not considered likely to be included in current or proposed emissions trading schemes.

Brambles may be exposed to physical risks from climate change. Should over the mid to long term the impacts of climate change prompt the relocation of customers' operations, or the location of served industry sectors (such as fresh produce), then Brambles would need to consider the most appropriate basis for service continuity to those customers or industries.

Brambles continues to source lumber in accordance with strict lumber sourcing policies. These responsible and sustainable policies support the replenishment of natural resources, with a preference for plantations and state-managed forests with managed forest certifications. These policies are considered effective in managing and mitigating any physical risk arising from climate change.

Regulatory requirements that may result from climate change could present opportunities for Brambles. CHEP offers its customers a sustainable business model through product stewardship and product reuse. The benefits of these products and its business model are likely to become more attractive to existing and potential customers as they address the impacts of energy, packaging and waste regulation on their businesses. The mid to long term possible physical changes arising from climate change may represent 'step change' opportunities for firms and industries to adopt the shared use of returnable and reusable supply chain packaging solutions offered by CHEP.

For example, global warming and environmental issues are top on the agenda at key CHEP multinational customers in Europe, EU Governmental and Regulatory bodies and institutions. The EU Commission and its 27 EU member states committed to reduce carbon emissions by at least 20% by the year 2020 over 1990 emissions' levels. The UK Department for Environment, Food and Rural Affairs has set a target of 30% CO2 reduction.

The increased awareness of sustainability issues arising from the emergence of climate change as an essential element of business planning and operations presents the opportunity for the environmental benefits of CHEP's existing products to be recognised by customers and formally measured using life cycle assessments. CHEP in the USA and Europe currently offers interactive environmental calculators for prospective customers to quantify the benefits of the CHEP products and business model. Equally, it provides an opportunity for collaborative development of new products incorporating environmentally appropriate materials, and incorporating the maximum environmental benefit in their sourcing, design, conditioning and end of life recycling.

