CONNECTING THE GLOBAL SUPPLY CHAIN FOR A MORE SUSTAINABLE FUTURE

Sustainability Review 2018
Brambles’ purpose is to connect people with life’s essentials every day. Our work has always eliminated waste throughout the supply chain. It protects our forests and reduces landfill. By collaborating with our customers, we can do even more to solve shared challenges – from taking out transport miles to fighting food waste and promoting sustainable use of the world’s forests. As pioneers in the circular economy, Brambles contributes to a more sustainable future.

What we do:

Brambles has created one of the world’s most sustainable logistics businesses – leading the market in sustainable supply chains. Brambles’ circular business model perpetuates the share and reuse of the world’s largest pool – more than 610 million reusable pallets, crates and containers. This enables us to serve our customers while minimising the impact on the environment and improving the efficiency and safety of supply chains around the world. Our platforms form the invisible backbone of global supply chains. Primarily serving customers in the fast moving consumer goods, fresh produce, beverage, retail and general manufacturing industries, the world’s largest brands trust us to help them transport life’s essentials more efficiently, safely and sustainably.

How we create value:

Using the power of our circular business model, network advantage and unique expertise, Brambles leverages the key capital inputs into our business to generate significant value for our customers, shareholders and employees. For customers, Brambles’ end-to-end supply chain solutions deliver operational, financial and environmental efficiencies otherwise not available through one-way, single use alternatives.

Brambles delivers sustainable growth at returns well in excess of the cost of capital and in FY18 generated sufficient cashflow to fund dividends and support reinvestment in growth, innovation and the development of our people. Further details are available in Brambles’ FY18 Annual Report.

For our employees, Brambles provides exciting career and development opportunities in over 60 countries. By fostering a culture of innovation and agility, Brambles seeks to attract and retain the talent which is integral to our success. By regenerating what we extract and by providing our products via a service, Brambles helps reduce both the constant pressure on natural resources and the waste production typical of conventional linear business models. Brambles capitalises on our unique position in the supply chain to enable customer collaboration and address sustainable development challenges, such as optimising the transport networks and addressing food waste while promoting sustainable use of the world’s forests. In this way, Brambles creates a circular economy, at a global scale.

As a first step towards producing an integrated value story, Brambles has used the Integrated Reporting (IR) ‘capitals’ framework, to illustrate the interaction and interdependencies between our sources of value, business model and ability to create value over time. This is outlined in the infographic on page 3.

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1 The International Integrated Reporting IR Framework
By sharing and reusing Brambles’ products versus single use alternatives, value is created for customers, the environment and society.

Natural Capital
- 99.4% wood from certified sources regenerates stocks of raw materials

Manufactured Capital
- Circular, share and reuse model maximises asset utility

Human and Intellectual Capital
- Attracting talent, ideas and innovation

Financial Capital
- Attracting long-term investment

Social and Relationship Capital
- Fostering positive stakeholder relationships

Customer-driven environmental savings:
- 2.6m tonnes of CO₂
- 4,100 megalitres of water
- 1.6m cubic metres of wood
- 1.7m trees
- 1.4m tonnes of waste

Customer value:
- Enhance operational efficiency
- Free up cash and resources
- Lower overall supply chain costs

Social licence:
- Advocacy for a circular economy

Network advantage creates supply chains of the future

Cashflow generation:
- 2018 Sustainability Review

All data, definitions and calculation methodologies are available in our supplementary information document at brambles.com/sustainability
About Our Review

Brambles’ Sustainability Review reports on our activities assessed as material sustainability issues, for the financial year ending 30 June 2018 and is part of a suite of external communications available for our key stakeholders.

Our Sustainability Review is guided by our 2020 sustainability goals, which address our dependencies and impacts on the six capitals and focus on where we can create value throughout the supply chain.

Brambles’ ‘Better Framework’ coordinates our sustainability activities and defines each section of this review. As in previous years, Brambles has identified the relevant UN Sustainability Development Goals that relate to our programmes.

Our supplementary information document for this review, available on the Brambles website (brambles.com/sustainability), contains further information on the following: assessment of materiality; risks and opportunities; assurance process; data measurement techniques; stakeholder engagement; and a glossary of terms. Also available on our website is a table detailing our response to the following three sustainability reporting frameworks:

- Global Reporting Initiatives (GRI) Standard
- UN Global Compact Communication on Progress for 2018
- UN Sustainable Development Goals (SDGs).

Brambles uses the services of KPMG to provide limited assurance on key elements of this review. The information in the review which has been subject to KPMG assurance is clearly identified by the words “This page is covered by assurance” or “Data on this page is covered by assurance”. The KPMG Assurance Report is available on the Brambles website at brambles.com/content/cms/sustainability-2018/FY18-Brambles-sustainability-assurance-opinion.pdf

Materiality Matrix

Brambles maintains an iterative dialogue with our key stakeholders to understand what’s important to them and how this may change over time.

Feedback from our stakeholders is assessed and ranked to determine the sustainability topics most material to them and our business. The matrix below outlines the most material sustainability topics for the Brambles Group.
Introduction from the CEO

Brambles’ purpose is to connect people with life’s essentials every day

During the 2018 financial year, we have experienced an increasing level of dialogue with key stakeholders about our sustainable business model. This is consistent with the growing interest across our society about sustainability issues including packaging waste and resource management, labour standards in supply chains and business preparedness for climate risks.

For example, the United Nations World Environment Day helped bring the environmental impacts of single use products into focus, while China’s National Sword Policy uncovered the issues of exported recycled waste. Additionally, providers of capital are embracing the UN’s Sustainable Development Goals (SDGs) by actively supporting business models that provide solutions to the long-term challenges the world faces.

As an international organisation and a pioneer in the circular economy, Brambles is well positioned to succeed in this environment. Thanks to our unique business model and the efforts of our employees, we are already making a significant contribution to a smarter, more sustainable future. Sustainability is a core part of our strategy and corporate culture, and it is essential to our purpose. It defines not just how we do things, but who we are.

This year, Brambles continued to make strong progress against the majority of our 2020 sustainability goals, edging closer to our objective of purchasing 100% certified wood as well as positive movement in sourcing Chain of Custody certified wood. Our service centre network has achieved further reductions in carbon emissions and more plants are realising our zero product waste to landfill goal. We have also increased our impact within our customers’ supply chains through 258 active collaboration projects that offer our customers both financial and environmental outcomes through a reduction in transport distances. The unique offering our circular business model provides is increasingly recognised as a sustainability credential for our customers, and our operating brands are regularly acknowledged in both our customers’ and investors’ sustainability communications.

In our 2018 Annual Report and Sustainability Review, readers will see Brambles taking steps towards communicating an integrated value story by adopting the capitals framework in the infographic on page 3. This evolution follows discussions with investors during our first Environmental, Social and Governance (ESG) roadshow and subsequent ESG-specific meetings. Our aim is to provide investors with a clear picture of the critical capital inputs for our business, how these are transformed through our share and reuse business model and how value is created, preserved or impacted through our activities. We recognise this process is a journey and we invite ongoing dialogue with all stakeholders.

Our employees are rightfully proud to work for a business with a unique sustainability story and their efforts should be commended for a year of solid progress against our sustainability goals. I thank them for their continued contributions. We look to the future with confidence as Brambles continues to connect supply chains for a more sustainable future.

We defined the purpose of our organisation during the year, which has helped unite our geographically diverse businesses behind a key emphasis to ‘connect people with life’s essentials every day’.
Recognition

Increasingly, Brambles engages with investors on our ESG programmes. Brambles also participates in investor surveys and uses these insights to improve our understanding of and performance against a broad range of ESG criteria.

Brambles’ sustainable business model, strong approach to governance and capability to help customers become more sustainable contribute to our leadership position in our industry category. Here we offer a snapshot of ESG ratings, including Brambles’ performance for the year reviewed.

CDP A List Forests
Brambles achieved CDP Forest A List, meaning we are one of 6 global leaders addressing deforestation issues worldwide.

Dow Jones Sustainability World Index (DJSI)
Second position in industry category, placing us in the 95% percentile for 2018.

Sustainalytics
“Leader” Top 1% of companies analysed.

MSCI ESG Leaders Index
Top 10% of companies analysed globally achieving the MAXIMUM AAA RATING.

FTSE4Good

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2 Brambles’ performance for the ESG ratings is based on information provided in the FY17 period.
<table>
<thead>
<tr>
<th>BRAMBLES’ 2020 SUSTAINABILITY GOALS</th>
<th>PERFORMANCE AGAINST GOALS</th>
<th>CHANGE SINCE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Better Planet - Zero Deforestation</strong></td>
<td>100% of wood from certified sources</td>
<td>99.4% wood from certified sources</td>
</tr>
<tr>
<td>Yearly progress towards 100% Chain of Custody certified wood</td>
<td>66.1% wood carrying full chain of custody certification</td>
<td>↑ 9.4% Improvement</td>
</tr>
<tr>
<td><strong>Better Planet - Zero Emissions</strong></td>
<td>20% CO₂ reduction in emissions per unit delivered</td>
<td>15.4% reduction in CO₂/unit since 2015</td>
</tr>
<tr>
<td>Yearly improvement in energy provided from renewable sources</td>
<td>19% of energy from certified renewable sources</td>
<td>↑ 5.6% Improvement</td>
</tr>
<tr>
<td><strong>Better Planet - Zero Waste</strong></td>
<td>Zero product (wood and plastic) waste to landfill</td>
<td>94% Brambles' largest managed sites diverted wood product from landfill</td>
</tr>
<tr>
<td>100% Brambles' largest managed sites diverted plastic product from landfill</td>
<td>↑ 3% Improvement</td>
<td></td>
</tr>
<tr>
<td><strong>Better Supply Chains</strong></td>
<td>Yearly environmental improvements in Brambles' customers' supply chains</td>
<td>2.6 megatons CO₂-e saved</td>
</tr>
<tr>
<td>4,100 megalitres water saved</td>
<td>↓ -9% Decline</td>
<td></td>
</tr>
<tr>
<td>1.6 million m³ wood saved</td>
<td>↑ 3% Improvement</td>
<td></td>
</tr>
<tr>
<td>1.4 megatons waste diverted from landfill</td>
<td>↓ -3% Decline</td>
<td></td>
</tr>
<tr>
<td>4,719 tonnes food waste saved by using RPCs</td>
<td>↑ 9% Improvement</td>
<td></td>
</tr>
<tr>
<td>1.7 million trees saved by our share and reuse model</td>
<td>↑ 3% Improvement</td>
<td></td>
</tr>
<tr>
<td><strong>Better Collaboration</strong></td>
<td>Yearly improvements in customer collaboration projects</td>
<td>258 customers</td>
</tr>
<tr>
<td>62,734,053 kilometres saved through transport collaboration</td>
<td>↑ 8% Improvement</td>
<td></td>
</tr>
<tr>
<td>53,770 tonnes of CO₂ saved through transport collaboration</td>
<td>↑ 10% Improvement</td>
<td></td>
</tr>
<tr>
<td><strong>Better Workplace - People</strong></td>
<td>25% reduction in Brambles' Injury Frequency Rate (BIFR)</td>
<td>4.7 BIFR</td>
</tr>
<tr>
<td>32% of leadership positions are held by women including 36% at Board level and 28% at management level</td>
<td>36% women on Brambles' Board</td>
<td>Steady</td>
</tr>
<tr>
<td>28% women in management positions</td>
<td>↑ 2% Improvement</td>
<td></td>
</tr>
<tr>
<td>Achieve global best practice employee engagement of 73% and enablement of 71% (FY17 BES result)</td>
<td>72% employee engagement</td>
<td>Steady</td>
</tr>
<tr>
<td>69% employee enablement</td>
<td>Steady</td>
<td></td>
</tr>
<tr>
<td><strong>Better Communities - Volunteering Time</strong></td>
<td>Interim target of one day per employee per year (provision of three days per employee per year)</td>
<td>1.59 volunteer hours/employee/year</td>
</tr>
<tr>
<td>17,426 employee hours volunteered</td>
<td>↑ 1% Improvement</td>
<td></td>
</tr>
<tr>
<td><strong>Better Communities - Donations</strong></td>
<td>Contribute 0.7% of pre-tax profits to our Better Communities programmes</td>
<td>US$4,751,889 – 0.54% of pre-tax profits</td>
</tr>
</tbody>
</table>

Reductions in water and waste relate to volume changes in regions. More detail is available in our supplementary document.

All data, definitions and calculation methodologies are available in our supplementary information document at brambles.com/sustainability. Charitable donations not covered by assurance.
Better Business

Brambles’ business model is sustainable by design and enables our customers unique access to the circular economy. Our share and reuse model maximises the use of pallets, crates and containers by continuously sharing and reusing these assets amongst an extensive and collaborative network. We help deliver life’s essentials every day, while reducing carbon emissions and waste, and preserving and regenerating the natural capital we depend on.

This is circularity, at scale.
Waste to Wealth released by Accenture Strategy outlines five circular economy business models which the authors Peter Lacy and Jakob Rutqvist say will provide companies with a ‘circular advantage’.

Our circular business model
Brambles’ business model follows all five circular business strategies defined in ‘Waste to Wealth’ to help our products circulate through multiple stages of supply chains. The environmental benefits of our circular share and reuse model are significant compared to linear, single use business models, especially when deployed at a global scale.

Environmental savings in our customers’ supply chains in comparison to single use alternatives

1.7 million trees
2.6m tonnes of CO₂
1.4m tonnes of waste
4,100 megalitres of water
4,719 tonnes of food waste
1.6m cubic metres of wood

The results displayed in Brambles’ share and reuse model are derived from peer-reviewed life cycle assessment (LCA) calculations. All data and calculation methodologies are available in our supplementary information document at brambles.com/sustainability.
Brambles, a sustainability credential for our partners

Brambles’ sustainable business model is increasingly recognised as creating value beyond simply financial savings. Here we share a sample of stakeholder acknowledgments received throughout the 2018 period.

Investors recognise Brambles’ contribution to a sustainable future

The increasing importance of ESG considerations in the investment process has highlighted the advantage of sustainable business models in attracting shareholders.

An analysis of Brambles’ share registry revealed the majority of the top 50 investors are signatories to the United Nations Principles for Responsible Investment (PRI), which aims to direct capital towards companies that are contributing to positive social, economic and environmental outcomes.

Nick Edgerton from Stewart Investors recently shared their perspective on sustainable investing in the Australian Financial Review. He said, “Brambles is fascinating to us in terms of what is called the circular economy”.

Investors are also using the UN SDGs to channel capital toward specific outcomes. For example, Hermes Investment Management featured Brambles as its ‘portfolio pick’, highlighting our contributions to SDG 11: Sustainable Cities and Communities and SDG 12: Responsible Production and Consumption.

Investors with longer-term mandates see the circular economy as an essential economic evolution required to meet the growing demands of an emerging middle class, while addressing complex sustainable development challenges. Such investors consider Brambles a solution for a more sustainable future.

Carrefour Italia recognised CHEP Europe’s contributions to its sustainability efforts via a LinkedIn post: “The use of CHEP’s pallet pooling system confirms our constant commitment to greater sustainability and environmental protection, allowing us to save 4,255 KM of truck routes and 5 tonnes of CO₂ equivalents.”

Coca-Cola supplier recognition for CHEP Canada

Coca-Cola Refreshments Canada (CCRC) recognised CHEP with its Supplier of the Year Award.

Paul Brennan, Vice President of Supply Chain for Coca-Cola Refreshments Canada, said: “CCRC is committed to providing exceptional service to our customers and we can only do that with a strong team of suppliers behind us. CHEP is a valuable partner, helping us to reduce costs and improve sustainability efforts within our supply chain, and we are very happy to recognise them with this award.”

Australian Government recognised Brambles’ contribution to SDG 12 at UN Forum

The Australian Government has highlighted Brambles’ contribution to SDG 12: Responsible Production and Consumption, in its first Voluntary National Review (VNR) on the SDGs at the UN’s High-Level Political Forum (HLPF) in New York, July 2018.

The Brambles case study ‘Delivering the Circular Economy at a Global Scale’ was included on the sdgs.org.au/goals/ website created by the Global Compact Network Australia (GCNA) and other partners.

Supporting a circular economy at the retail scale

US retail giant, Kroger Co., has credited Brambles’ share and reuse solutions with helping its transition to a circular economy. In 2017, Kroger completed 140 million movements of fresh produce using IFCO’s RPCs, eliminating approximately 97,000 tonnes of waxed and corrugated cardboard boxes. The RPCs also helped avoid more than 1.8 million kilograms of product damage and reduced carbon emissions equivalent to taking 4,500 cars off the road.

“We partner with CHEP and IFCO, which both contribute to global sustainability through their “shared” business models of pooled pallets, bulk containers and reusable plastic containers (RPCs). These packaging solutions bring both operational efficiencies and environmental benefits. Compared with one-way packaging, reusable platforms and containers offer a lower carbon footprint, reduced water consumption and less waste”.

Maple Leaf

Maple Leaf is on a mission to be the ‘Most Sustainable Protein Company on Earth’. Seeing a values alignment in using CHEP solutions in its facilities, Maple Leaf featured CHEP in its 2017 Sustainability Report:

“By using CHEP pallets, we reduce waste and improve transport efficiencies, reducing cost and carbon emissions. Savings of 37 metric tonnes of greenhouse gases and 49 metric tonnes of solid waste were realised from Maple Leaf Foods’ use of CHEP pallets in 2017”.

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Brambles’ sustainability certificates help communicate the environmental benefits in our customers’ supply chains

Our customers are actively looking for collaborative partners to take cost, carbon and risk out of their supply chain, in a credible way. Customers value Brambles’ ability to measure the environmental benefits of our circular business model and provide engaging communications specific to their use of our products.

In 2013, CHEP Europe initiated a programme providing sustainability certificates to customers and during the 2018 period, over 140 certificates have been issued to its customers. The sustainability certificates quantify environmental indicators such as carbon emissions, waste, wood and trees saved through using CHEP solutions over single use alternatives. The certificates use a robust peer reviewed life cycle assessment (LCA) calculation, giving our customers confidence regarding the results.

Customers are proud to share their sustainability results with their stakeholders. Many customers request the certificates on an annual basis and see them as a valuable part of our service offering. This program has now expanded into North America and Australia, and is increasingly a part of discussions with customers.

Customers ‘going the extra mile’ to choose a carbon neutral supply chain

Increasingly, customers are opting to make their supply chains carbon neutral by choosing Brambles’ carbon neutral pallet solutions. The sustainability certificates make our customers aware of the significant carbon emission savings from using Brambles’ share and reuse solutions over single use alternatives. Customers are given the option to make their supply chain carbon neutral by purchasing carbon offset credits. These credits are verified through registered local and international carbon offset projects. Since the programme began in 2014, more than 30,000 tonnes of carbon has been sequestered by participating customers. This has delivered a range of environmental and social benefits such as preventing deforestation, and promoting reforestation activities as well as sustainable agriculture and education programmes.

CHEP and Endurance Technologies win Global Automotive Sustainability Award

One of India’s leading automotive component manufacturing companies, Endurance Technologies, and CHEP Automotive have won the Automotive Global Award for Environmental Sustainability. The companies worked together to reduce CO₂ emissions and prevent deforestation. Prior to its partnership with CHEP, Endurance Technologies used thousands of wooden boxes and corrugated cardboard packaging to transport its automotive components in underutilised trucks. CHEP’s solution comprised reusable, foldable containers, replacing Endurance’s previous one-way wooden and cardboard packaging. CHEP also provided inserts customised to the part being packed that are foldable and reusable, which helped optimise transport movements by reducing empty loads.

CHEP USA wins Environmental Initiative of the Year Award at Industrial Pack 2018

The carbon neutral half pallet is a great product that will positively impact the entire industry.

Tim Rusbridge
Event Manager for Industrial Pack

From wooden boxes...

...to reusable, foldable containers

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**OUR APPROACH**

Brambles’ Better Collaboration goal aims to annually increase collaboration projects across the supply chain. In FY18, the number of collaboration partners increased by 28% to 258 and the combined transport distance saved exceeded 62.7 million kilometres and over 53,700 tonnes of carbon emissions.

Sustainable Development Goal (SDG) 17: Partnerships for the Goals, encourages cooperation to achieve the other 16 SDGs. Brambles’ Better Collaboration programme embodies SDG 17 by providing the foundation for additional circular opportunities to expand throughout the networks. This delivers tangible benefits for customers and the environment such as reduced transport journeys, fuel use and carbon emissions.

**Brambles: the seed of circular ecosystems**

Brambles’ circular network helps provide a foundational platform that can help generate additional circular opportunities. In this way, Brambles is the seed for an ever expanding ecosystem of circular opportunities.

The challenge of ‘going circular’ is being embraced by an increasing number of businesses as stakeholder expectations highlight the importance of creating both financial and non-financial value over the long-term.

The transition from linear models to circular systems however, is not easy. Many barriers exist such as lack of product standardisation and traceability and the complexity of reverse logistics and collection networks.

Companies that have successfully adopted circular models demonstrate that the transition is worthwhile and once established, the circular foundations can expand to create additional circular solutions by leveraging the effort, resources and knowledge invested in the original seed circular business. Brambles’ circular foundation is made possible through the invisible backbone of global supply chains - our networks.

Using this first mover advantage, Brambles’ circular solutions help open up transport improvement opportunities. Practical examples are provided below:

**Transport Optimisation** is exclusive to Brambles and enabled by the foundation of our network advantage and supply chain visibility.

We do it in four different ways:

1. Creating collaborative partnerships – by being a trusted non-competitive player
2. Plant Network Optimisation (PNO) – positions service centres or TPMs to capitalise on routes with the highest volume of platform exchange
3. Transport orchestration – facilitates optimisation of empty transport journeys between two or more customers
4. Multi-modal – utilises multiple transport modes such as rail and sea for the greatest cost and carbon efficiency

**Circular resource management:** Using our reverse logistics capabilities, waste management issues have been solved for major retailers.

**BXB Digital:** Our digital business is working to create end-to-end digital solutions, which can leverage the Brambles backbone of over 610 million assets to deliver visibility into the location and condition of goods as they move through the supply chain. Our goal is to enable customers world-wide to Illuminate, Reimagine and Transform their supply chain networks for optimal efficiency and sustainability.

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1 Brambles’ Total Pallet Management, or TPM, service operates within customers’ premises, eliminating the need for platform recovery through a CHEP service centre.
Better Collaboration continued

Plant Network Optimisation (PNO) helping design sustainable supply chains for the future

Brambles’ unmatched visibility of regional supply chain networks led to the development of Brambles’ PNO team. Transport network inefficiencies naturally increase with growth in customers and the consistent requirement to recover our assets for repair and reuse. PNO was an organic innovation evolving from our extensive supply chain experience, knowledge and our unrivalled access to logistics ‘big data’. The PNO process involves a review of asset flows between manufacturers, retailers and our service centres to identify high volume channels. Alternative asset return flow scenarios are then modelled including hypothetical relocations and / or additional service centres. The underlying objective is to reduce both the frequency and distance travelled to recover and reuse our assets. Financial and carbon emission reductions are a key component of PNO modelling, enabling efficiencies to be mapped and savings in the order of US$8-10 million per year to be realised upon execution.

Benefits of PNO:
• Leverages the advantage of Brambles’ extensive networks
• Allows customers a convenient location for platform transfers or returns
• Eliminates the disposal costs and complications from single use, one-way platforms

Embodying a continuous improvement mindset, the PNO team allows the business to quickly adapt to changes in the network and maintain efficiencies while sharing best practice between regions.

CHEP and Lean & Green cut carbon emissions across more European countries

CHEP Europe continues to promote the Lean & Green (L&G) initiative in Europe as part of its commitment to sustainable supply chains.

L&G is a programme run by Connekt, a Dutch non-profit organisation that has helped over 400 companies cut a combined total of 400,000 tonnes of CO₂ from their supply chains. When a company that plans to cut CO₂ emissions by 20% in five years is successfully audited, it receives an L&G star award.

CHEP’s efforts to cut carbon emissions by reducing empty trucks on the road has been recognised with two L&G stars in the Netherlands, one star each in Belgium and Germany and the L&G award in Italy. CHEP has also actively promoted L&G across Europe and has played a key role in the recent launch of the initiative in the Czech Republic, Switzerland and Spain.

CHEP and Lean & Green cut carbon emissions across more European countries

How Tanimura & Antle served its customers and the planet

Tanimura & Antle, an employee-owned fresh produce farm based in Salinas, California, is one of the largest independent lettuce growers in the United States. The company farms more than 30,000 conventional and organic acres, shipping fresh produce throughout North America, Europe and Asia. However, forecasting weather and harvest dates while managing the availability of RPCs and pallets for global distribution added complexity. A collaborative strategy discussion with CHEP US centred around storage and inventory management to improve platform availability, increase efficiency as well as optimise shipping and handling during peak harvest seasons. In addition to RPCs, IFCO contributed crop forecasting analysis including acreage yield data and harvest transition plans. This ensured Tanimura & Antle had RPCs readily available throughout the year. Since the year 2000, CHEP’s and IFCO’s pallet storage and inventory management solutions for Tanimura & Antle have:
• Eliminated more than 2.2 million kilograms of carbon emissions
• Saved over 340 million litres of water and eliminated over 1.8 million kilograms of food waste
• Saved enough energy to power over 32,000 homes for one year.

Working with CHEP and IFCO, we have peace of mind knowing that pallets and RPCs are on-hand and readily available to meet customer demands, efficiently and sustainably.

Eric Wexler
Vice President, Supply Chain Management, Tanimura & Antle
CHEP Romania talks Industrial Revolution 4.0

In 2018, CHEP Romania, together with the Institute of Grocery Distribution (IDG), hosted ‘Leading through change’, an exciting conference that tackled the hot topics around the Industrial Revolution 4.0 including creating competitive advantage through new technologies, new skills, and the circular business model. The event, which was attended by 75 people from CHEP’s partner and prospective partner organisations in distribution, retail and logistics, strategically positioned CHEP Romania as a thought leader.

Gabriel Andronescu, Country General Manager, CHEP Romania, stated that the Industrial Revolution 4.0 is already taking place. Marco Salort Pons, Director, Ready to Display, Last Mile Solutions, talked about how CHEP has been using the latest technologies to provide the best solutions for customers, specifically to increase sales using CHEP promotional displays with embedded Internet of Things (IoT) technology. CHEP’s promotional displays can transfer data over a network direct to a database or platform to track information.

Juan José Freijo, Brambles’ Global Head of Sustainability, explained how the competitive advantage of a circular approach can help decouple a business’s success from natural resource constraints.

This conference received coverage from the Romanian media, including the country’s leading financial publication.

The ‘Sustainable Logistics and Reduction of Carbon Footprint’ Conference was held in Madrid in December 2017. The conference was organised by AECOC (GS1 Spain), the association of Spanish Manufacturers and Distributors. CHEP and Heineken Spain gave a joint presentation about the carbon reduction benefits of their partnership. Discussions centred on how collaborative transport projects help customers reduce costs and contribute to our 2020 sustainability goals, which are integrated into CHEP’s business strategy and aligned with the United Nations Sustainable Development Goals (SDGs). In 2017, CHEP Europe collaborated on transport with over 190 clients, eliminating 6.3 million empty kilometres and 6,198 tonnes of CO₂.

CHEP and Heineken join forces to address climate change in Europe

The ‘Sustainable Logistics and Reduction of Carbon Footprint’ Conference was held in Madrid in December 2017. The conference was organised by AECOC (GS1 Spain), the association of Spanish Manufacturers and Distributors. CHEP and Heineken Spain gave a joint presentation about the carbon reduction benefits of their partnership. Discussions centred on how collaborative transport projects help customers reduce costs and contribute to our 2020 sustainability goals, which are integrated into CHEP’s business strategy and aligned with the United Nations Sustainable Development Goals (SDGs). In 2017, CHEP Europe collaborated on transport with over 190 clients, eliminating 6.3 million empty kilometres and 6,198 tonnes of CO₂.

The CHEP solution, which reuses pallets and thus minimises the use of wood, fits in perfectly with our corporate sustainability policy. Our collaboration with CHEP allows Heineken to reduce operating costs and achieve our sustainability objectives.
Better Workplace

OUR APPROACH

Brambles aims to be an employer of choice and to achieve best practice in both employee engagement and enablement. Brambles is committed to attracting talented individuals to become part of our global team. In exchange, we offer unique career development paths with an organisation that’s contributing to a sustainable future.

Engagement and enablement

The Brambles Employee Survey (BES) seeks confidential feedback to better appreciate the employee experience and to help inform better workplace decisions. Ensuring our people are heard fosters proactive improvements, drives engagement and in turn, employee performance. The FY17 BES provided valuable employee insights which each region has transformed into productive, locally-specific actions.

Regional BES actions

• North America has focused on improving communications and eliminating barriers – a key component of our people feeling enabled to do a good job.
• Europe, Middle East and Africa (EMEA) has used lighter pulse surveys to gain a deeper understanding of the Brambles working experience and also focused on enablement and engagement, ensuring that people see action locally following the release of the BES results.
• CHEP Australia analysed the verbatim comments from their people and tailored its communication approach – ensuring our people receive more company- and team-specific information directly from their manager.

During FY18, we made improvements to our approach to listening to our employees to support the business in taking action and to engage in a more targeted way. We will be moving to a whole business survey every other year, allowing more time to track global progress and to benchmark ourselves against best practice on a number of important factors, including engagement. In between the global surveys, we will engage with our people in a more flexible and localised manner. We will have the ability to seek feedback at key times for our employees – for example, during on-boarding and through change programmes across different regions and teams. Results will be turned around more quickly and the quality of analytics will be greatly improved, allowing for speedier, more informed responses.

Employee focus groups in North America

Following the BES results in 2017, CHEP US focused on improving communications and eliminating barriers for its people. To gain a deeper understanding of its employees’ experiences and to seek ideas to overcome challenges, employee focus groups were facilitated across all functions resulting in the following positive actions:
• 13 one-hour leadership sessions delivered including functional updates and personal leadership journeys
• Monthly business updates from directors including lunch and learns available to all employees
• Six Town Hall forums annually, open to all employees, delivered by CHEP leadership, providing a unique opportunity for employee feedback.

BES results 2017

Brambles is committed to surveying our people every two years to allow sufficient time to implement survey feedback and improve our business.

<table>
<thead>
<tr>
<th>Participation in BES</th>
<th>Employee engagement</th>
<th>Employee enablement</th>
</tr>
</thead>
<tbody>
<tr>
<td>92%</td>
<td>72%</td>
<td>69%</td>
</tr>
</tbody>
</table>

107 participants involved in 11 employee focus groups in North America

MyShare Participation Rates

MyShare participants are more invested employees

Collectively, Brambles MyShare participants form the 13th largest registered holder group, reaching a total participation of 37.57% and representing 4,367 employees globally. Analysis of MyShare reveals a positive correlation between reduced turnover and increased tenure.

Analysis of MyShare participants reveals a positive correlation between reduced turnover, increased tenure.

15 participants involved in 11 employee focus groups in North America
OUR APPROACH

Brambles is committed to Zero Harm – to our people and those we work with, to our customers and the communities we serve, and to the environment upon which we all depend. Brambles aims to achieve a reduction in the Brambles Injury Frequency Rate each year.

Committed to Zero Harm

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 began their day. Zero Harm continues to be a material sustainability topic rated very highly by our stakeholders, specifically our employees.

Brambles Injury Frequency Rate (BIFR)

BIFR measures work-related injuries requiring medical treatment, fatalities, lost time and modified duties per million hours worked. BIFR includes contractors working under Brambles’ management, but does not include outsourced service centres. We met our target of year on year improvement in the BIFR rate in FY18, recording a rate of 4.7, an improvement of 29% from FY17. All business units in the Group improved in FY18, with RPCs improving by 27% and CHEP by 30%.

Reduction of the most frequent injury

Multiple initiatives were undertaken in FY18 to reduce hand and finger injuries, which are the most common injury. As a result of those focused efforts, the frequency of hand and finger injuries was reduced by 32% in FY18 compared to the previous year, while total injuries reduced by 21% during the same period.

Safety awards and recognition

CHEP UK received a gold award from the Royal Society for the Prevention of Accidents for an impressive sixth year in a row.

CHEP Canada was awarded the 2017 Silver Award for Canada’s Safest Employer in the Retail and Services category by the Canadian Occupational Safety Magazine at its annual awards gala event on 25 October 2017.

Brambles also continued to drive better reporting of Near Miss and First Aid Treatment reporting, which helps identify areas of high risk. There were more than 277,355 Near Miss Reports submitted in FY18, which was an increase of 3.5% from FY17. The extensive information provided by these reports is a major enabler. All business units participated in the fourth annual Global Safety Week in FY18. This continues to be an excellent forum to recognise great safety performance and reinforce our shared commitment to safety.
Learning and Development and Talent Management

OUR APPROACH
Our employees are our primary source of value creation. Brambles invests in our people to develop their skills and competencies to meet our customers’ evolving needs and in return, we provide rewarding careers. This motivates our people to collaborate effectively and deliver on our strategy.

Changing the way we learn
Brambles has adapted the delivery of learning to improve its impact while optimising the time investment. Our online courses are now between 2 and 15 minutes, considerably shorter than the previous hour-long courses. Our online “Pallet Killers”, is an example of how to get a strong message across about avoiding damage to our assets through a series of 30-60 second memorable vignettes.

Making learning easy to find and improving the learner experience was a priority for the Learning and Development (L&D) strategy in 2018, resulting in a relaunch of our learning portal, LearnOn, with a Netflix look and feel. Using artificial intelligence, each employee’s learning landing page is personalised to them based on their role, popular training and previously completed courses.

We partnered with our Chief Privacy Officer when General Data Protection Regulation (GDPR) was introduced in Europe, and the mandatory training module for all manager level and above was only 12 minutes in duration. Our online “Pallet Killers”, is an example of how to get a strong message across about avoiding damage to our assets through a series of 30-60 second memorable vignettes.

A consequence of this move to bite-sized learning was a significant drop in recorded learning hours; however completion rates for mandatory training reached record levels of close to 100%.

Commercial Academy
The Commercial Academy has delivered more than 16,000 hours of training to commercial teams globally, using face-to-face, online and virtual methodologies. Where applicable, programmes were delivered in local languages.

Partnering with the Institute of Grocery Distribution (IGD), Commercial teams in Europe and the Middle East have undergone practical in-store experiences with some of our major retail customers as part of their development.

“With the IGD program we were able to motivate our employees to take the view of our retail customers, meaning that it was possible to look at process gaps, innovation and offerings not only from a CHEP perspective but from our customers’ side. Doing “real” work at the shelf helped push through internally the idea of how our Learning Management System can help retailers and thus make it easier to include in the everyday sales job.”

Sebastian Krug
Retail Director, Sales & Services, CHEP Germany

Developing our Leaders
In the North American Pallets business, the first session of Making Great Leaders was delivered to 75 directors and above. Each participant received feedback and coaching based on their leadership styles and the team environment this creates. Leaders explored possible disruptors in their business, including blockchain, leading in a digital world as well as a world without pallets and what this would mean for the way they lead in the future.

An important element of this development is the concept of adaptive and inclusive leadership, understanding where team members are, and adapting leadership styles accordingly. Unconscious bias training still runs as a thread throughout all of the leadership development offerings.

In partnership with the KornFerry Group, over 150 senior leaders have now received this feedback and development in EMEA and North America as part of the global rollout, ensuring consistency of language in leadership development in the Group.

Talent development
Brambles’ Fast Track Cohort 3 graduated after their Discovery Week in Sarajevo, Bosnia and the final module at Cedep. 50% of the participants were female, and of the 12 participants, five have already been promoted to Senior Director or Vice President.

A second cohort of the Accelerated Development and Performance Programme (ADP) commenced in North America. The programme started with a community building day where participants learned how to deliver a project under pressure in an ambiguous and new environment, using the limited resources available. This is a key aspect of Brambles’ leadership development philosophy: giving back to the community whilst developing self awareness and leadership skills.
Inclusion and Diversity

OUR APPROACH
At Brambles, we believe that an inclusive work environment allows our employees to realise their potential, regardless of gender, age, disability, ethnicity, sexual orientation or any other factor that makes an individual unique. By fostering a diverse and inclusive environment, we are better able to relate to our customers, suppliers, communities and co-workers.

OUR RESULTS
The benefits of a more diverse workforce and management team have been evident across our organisation.

In FY18, women represented 36% of the Brambles Board and 28% of management positions.

Remuneration at Brambles
Brambles' remuneration framework is underpinned by a comprehensive banding structure, which uses work value as the basis for establishing pay ranges based on local market conditions. This provides a sound basis for delivering a non-discriminatory pay structure for all employees.

From an equal pay perspective (i.e. same pay for same work level), the variation between male and female salaries can be seen in the figure below. It shows the salary variances per professional segment for the banded employee population – positive values indicate differences favorable to women. Pay is closely aligned between our male and female employees with only small variations by level one way or another. The higher difference at entry level is partially caused by differences in the gender mix by geography, with our higher income countries having a higher female presence at this level. Despite these results, Brambles is continually working to ensure equality of pay across our organisation.

Our approach to leadership development
Being an inclusive leader is a key theme throughout all of our global leadership programmes. In the second module of the ADP Cohort 2 in North America, a full day was dedicated to this topic in an interactive workshop led by Simone-Eva Redrup, a Cedefop and INSEAD faculty member. Feedback from participants was positive, for example:

"So interesting and impactful, definitely useful as our customers become more diverse to better understand how to work with them."

During the Discovery Week for Fast Track Cohort 3 held in Sarajevo, our employees spent time with local Bosnians, most of whom had lived through the Siege of Sarajevo in the 1990s. Participants learned to appreciate how such experiences build resilience and a deep respect for those who are different.

Over 70 Leaders in North America had the privilege of hearing the story of one of the Lost Boys of Sudan and how he adapted to life in the US. This took place during the Making Great Leaders session and created an awareness for the huge amount of talent to be found in diverse and unexpected places.

Participation in our high potential programmes continues to average just over 30% female, with Fast Track Cohort 3 having a 50/50 male/female split.

Building a diverse pipeline of talent
Our recently launched Graduate programme and the Emerging Leaders programme, both aimed at building a talent pipeline globally, comprise 60% female participants. Bringing this talent into more junior levels in the organisation will ensure a more robust and diverse leadership cadre for the future.

North America’s Diversity and Inclusion Advisory Council
CHEP North America’s Diversity, Inclusion and Leadership Advisory Council (DILAC) was formed in FY18 to embed diversity and inclusion into everyday culture. Openness to diversity widens access to the best talent, while inclusion fully engages that talent, leading to discretionary effort, enhanced creativity and the ability to deliver on our strategic priorities.

Remuneration at Brambles

Gender salary ratios by level
Female/Male

<table>
<thead>
<tr>
<th>Level</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior</td>
<td>-10</td>
<td>-5%</td>
<td>2%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Leaders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entry level</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

*Positive meaning higher salary for women.
Better Planet

Our circular business model is underpinned by sustainable sourcing of renewable and recyclable materials.

By purchasing certified wood we are reinvesting in natural capital, supporting the sustained regeneration of forest resources and providing our business with a reliable source of raw materials. At end-of-life our products are sustained in the materials economy. This creates value over time by preserving and enhancing the capitals we depend on.

Brambles’ Better Planet 2020 sustainability goals address sustainable use of forests, action on climate change and demonstrate sustainable production and consumption. Our goals directly align with the United Nations Sustainable Development Goals.

- **Zero Deforestation**
  Brambles aims for 100% certified source and aspires for 100% Chain of Custody certification for all wood supply by 2020

- **Zero Emissions**
  20% CO₂ reduction in emissions per unit delivered by 2020 on 2015 levels

- **Zero Waste**
  Zero product (wood and plastic) waste to landfill by 2020

Brambles
Our Approach

Brambles’ objective is to purchase 100% of our wood from certified sources by 2020 and progress year-on-year towards a 100% Chain of Custody certified wood supply.

In FY18, 99.4% of the wood we used in the manufacture and repair of pallets came from certified sustainable sources with 66.1% holding full Chain of Custody certification.

Material Sourcing

<table>
<thead>
<tr>
<th></th>
<th>% of certified sources</th>
<th>% of Chain of Custody</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>94%</td>
<td>43%</td>
</tr>
<tr>
<td>FY15</td>
<td>97%</td>
<td>43%</td>
</tr>
<tr>
<td>FY16</td>
<td>97.3%</td>
<td>48.1%</td>
</tr>
<tr>
<td>FY17</td>
<td>99.1%</td>
<td>56.7%</td>
</tr>
<tr>
<td>FY18</td>
<td>99.4%</td>
<td>66.1%</td>
</tr>
</tbody>
</table>

Brambles’ circular business model depends on a secure supply of raw materials, predominantly wood, for the manufacture and repair of pallets. The risk of contributing to deforestation is Brambles’ most material sustainability issue and is managed through good governance and stringent procurement processes that are externally assured each year. Our approach places Brambles on the CDP Forests A List, demonstrating our global leadership in sustainable use of the world’s forests.

Brambles’ timber procurement approach includes:
• Commitment to sourcing sustainable wood
• Embedding sourcing objectives against relevant role remuneration
• Consistent and transparent measurement including external assurance and public reporting.

Sustainable forestry certifications explained

Procuring certified wood products through a credible forestry standard ensures the natural capital value of forests are preserved, while commercial and community benefits are realised. The forestry standards Brambles specifies require forestry managers to conserve the ecological functions of the forest. This includes utilising harvesting techniques that protect vulnerable plant and animal species, as well as the maintenance of important processes such as carbon sequestration, soil erosion and water quality controls throughout the broader catchment. Critically, the forestry standards also deliver practical economic and social benefits to local communities, offering stable and secure employment and protecting human rights while ensuring a renewable supply of raw material for industry.

Chain of Custody (CoC) certification guarantees wood is sourced from certified forest resources through defined points in the supply chain. It demonstrates that each step of the supply chain is closely monitored through independent certification bodies.

Certified Source includes forests that are under the globally recognised management standards of the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). Both standards prevent deforestation and include controls to protect biodiversity and human rights, while enhancing economic and social outcomes for local communities. Brambles does not prefer one standard over the other, regarding each as equally effective.

Brambles’ due diligence process is a 24-step investigation to verify that wood purchased complies with our strict sourcing policy.

Case Study

Congratulations to the pioneering companies that made it onto the Forests A List. They are leading the way as we move towards a tipping point that will make environmental action mainstream. Deforestation causes 15% of global greenhouse gas emissions, and 75% of companies say deforestation poses a financial risk to their business.

Clearly, this issue is essential for future business resilience.

Paul Dickinson
CDP’s Executive Chair
International Union for the Conservation of Nature (IUCN) Red List update:
Of the 53 species that are or may be in CHEP’s FY18 wood supply:
• Longleaf Pine is the only species classified as endangered on the Red List
• Longleaf Pine is estimated to be a small part of the CHEP USA wood volume
• CHEP USA works with suppliers to manage its potential use of Longleaf Pine
• CHEP USA continues support for the Longleaf Pine Alliance.

Regenerating natural capital through strategic partnerships
James Jones and Sons Ltd. is a diversified timber harvesting and milling operation and is the second largest pallet manufacturing and repair business in the UK with an annual capacity of 1.4 million units. Sharing Brambles’ passion for sustainability, James Jones has set a high benchmark by investing in supporting the development of the UK Woodland Assurance Standard (UKWAS). UKWAS is uniquely approved by both PEFC and FSC and enables the progressive re-structuring of forestry to deliver multiple ecological benefits. For example, planting near watercourses is restricted to broadleaves to enable dappled shade for fish and more generally to enable far greater biodiversity per hectare planted.

James Jones saw the value of sustainability from an early stage:
• Establishing a dedicated environmental department
• Becoming one of the first FSC accredited forest managers and sawmillers in the UK
• Like Brambles, uses life cycle assessment to communicate the sustainability benefits of its products.

Rig of Airie award-winning planting scheme
Recently, James Jones invested in a number of new planting schemes to combine the benefits of regenerating commercial timber plantations with ecological afforestation outcomes. Its new award-winning planting scheme at Rig of Airie in the south of Scotland, has improved the natural capital of previously low-grade grazing land, and, via the UK Woodland Carbon Code, will deliver in excess of 20,000 tonnes of carbon offsets for the international offset market.

This commercial partnership demonstrates the benefits of how shared values and practical action can contribute to SDG 15: Sustainable Use of the World’s Forests.

CHEP South Africa’s Forestry and Milling division creates value for people, the planet and profit
CHEP South Africa’s Forestry & Milling division adds a unique set of advantages to our pallet pooling business. The division owns ten pine timber farms, which cover an area of approximately 6,000 hectares, and Weatherboard (Pty) Ltd owns a sawmill and pallet manufacturing plant in KwaZulu-Natal that employs approximately 380 people.

Owning these enterprises is a key differentiator and allows CHEP to positively impact both our customers and our employees in specific ways. For example:
• Uninterrupted supply of timber from both CHEP forests (40%) and long-term supplier contracts (60%)
• Quality assurance of materials improves the strength and safety capability of our pallets
• CHEP harvests mature 26-year-old trees, equating to stronger and more durable pallets
• Focus on Zero Harm, contributing to constant employee wellbeing
• Setting the benchmark for sustainability and waste management as our sawmill reuses the sawdust by-products to power its boiler
• A 10% employee shareholding in the Weatherboard sawmill provides a sense of ownership, career progression and motivation
• 60% of the employees at the sawmill are women, providing a unique opportunity to develop fulfilling livelihoods and a diverse workforce
• Staff at the Weatherboard sawmill have access to medication for various diseases at the on-site medical clinic. This clinic provides testing and treatment for various conditions including high blood pressure, HIV, tuberculosis and diabetes.

CO2

60% of employees at the weatherboard sawmill are women, providing a unique opportunity to develop fulfilling livelihoods

20,000 tonnes of carbon emissions for the international carbon offset market will be delivered via the UK Woodland Carbon Code, through improved natural capital of previously low-grade grazing land

Watch the animation on CHEP South Africa’s unique sustainability story
This infographic shows Brambles’ global wood procurement activity for FY18, and our performance against our 2020 sourcing goals.

It displays:
- Status of sustainable forest certification
- Origin of wood by region
- Volume of wood purchased by region.

**Certified Sourcing Wood**

- **Pallets Americas**
  - Volume of wood purchased for FY18 (m³) 1,513,415
  - 99.0% certified source
  - 34.3% Chain of Custody certified
  - 97.4% due diligence compliant wood source

- **Pallets EMEA**
  - Volume of wood purchased for FY18 (m³) 1,401,240
  - 99.8% certified source
  - 99.0% Chain of Custody certified
  - 97.4% due diligence compliant wood source

- **Pallets APAC**
  - Volume of wood purchased for FY18 (m³) 143,227
  - 100.0% certified source
  - 99.4% Chain of Custody certified
  - 96.4% due diligence compliant wood source

- **Pallets Total**
  - Volume of wood purchased for FY18 (m³) 3,057,882
  - 99.4% certified source
  - 66.1% Chain of Custody certified
  - 96.4% due diligence compliant wood source

All data, definitions and calculation methodologies are available in our supplementary information document at brambles.com/sustainability.
Natural Resources continued

Materials

OUR APPROACH

Brambles purchases plastic pallets, crates and containers to service our customer requirements. Our model requires that these products are washed for reuse which requires detergents and consumes water. For the FY18 period, Brambles required over 80,000 tonnes of raw plastic material for the manufacture of products. Brambles recovered and recycled over 18,600 tonnes of end-of-life plastic material. Brambles purchased 5.1 million litres of detergents for washing products.

Water and detergents

Brambles uses water and detergents to wash our products to the sanitation standards required by Hazard Analysis and Critical Control Points specifications before reuse. In FY18, our water use was 415.5 megalitres and our detergent use was 5.2 million litres. Palm oil is a common ingredient in detergents and Brambles recognises the link between deforestation and unregulated, unsustainable palm oil production. Our regional procurement teams confirmed that purchased detergents did not contain any palm oil for FY18.

Plastics

Brambles purchases plastic for pallets, reusable plastic crates (RPCs) and containers. The raw material is sourced from the oil industry and manufactured into our products by our approved suppliers. Brambles’ business model maintains our plastic products for their original purpose for as long as possible through our share and reuse business model. Once our plastic products reach end-of-life, they are either reground and recycled into Brambles products or sold to an approved third party for secondary use. This ensures the manufactured capital is maintained in the materials economy.

<table>
<thead>
<tr>
<th>Plastic purchase by business unit (tonnes)</th>
<th>Detergent purchase by business unit (litres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFCO</td>
<td>58,912</td>
</tr>
<tr>
<td>CHEP</td>
<td>17,444</td>
</tr>
<tr>
<td>RPCs Total</td>
<td>76,356</td>
</tr>
<tr>
<td>Containers</td>
<td>5,601</td>
</tr>
<tr>
<td>Group</td>
<td>81,957</td>
</tr>
</tbody>
</table>

Sustainable service centre sets the benchmark in water harvesting

CHEP Sub-Saharan Africa (SSA) recently opened a service centre in Cornubia with sustainability integrated in the design phase to address local issues such as water scarcity and energy use. Water scarcity is one of the greatest challenges facing SSA with Cape Town recently experiencing 'Day Zero' with its municipal water reserves predicted to run out.

Sustainable design features for the plant include large windows for natural light, reduced air-conditioning, heat-pump water heaters, and critically, CHEP’s first water harvesting solution able to capture 500 kilolitres of roof and stormwater runoff, providing an estimated 66% of the plant’s needs.

The harvested water is pumped through a high-quality filtration system to a storage tank before being pumped into the Container Plant for use at the washbay for pallets and other equipment.

By capturing the rain and stormwater, the Container Plant will be close to water self-sufficiency and be able to run up to six days without any municipal water. In times when rainfall is low, the system will be topped up with municipal water supply.

SSA has set the CHEP standard with the Cornubia Service Centre by considering the local sustainability context in the design and operation of the facility.

CASE STUDY

All data, definitions and calculation methodologies are available in our supplementary information document at brambles.com/sustainability.
Zero Emissions

**OUR APPROACH**

Brambles aims to achieve a 20% reduction in scope 1 and 2 carbon emissions per unit delivered by 2020.

In FY18, Brambles achieved a 3% reduction in CO₂ per unit delivered, resulting in a 15.4% reduction against our 2020 goal since our FY15 baseline.

Supporting this goal is our commitment to annual increases in the contribution of clean energy to our service centres, which reached 19% for FY18.

**OUR RESULTS**

Brambles’ carbon target is directly linked to our activities repairing and reconditioning pallets, crates and containers for reuse at our most material service centres under our direct operational control. Brambles measures progress on a like-for-like basis and due to the divestment of CHEP Recycled, we have restated the baseline and FY17 performance to reflect comparable year on year results. The factors contributing to the results include:

- Divestment of CHEP Recycled from the network
- Increased quantities of renewable energy procured
- Business growth and improved energy productivity
- Implementation of data management system resulting in improved collection, accuracy and estimation of data gaps.

In absolute terms, Brambles experienced a 3% reduction in scope 1 and 2 emissions, on a like-for-like basis which excludes the divestment of CHEP Recycled. More detail can be sourced in our 5-year performance summary.

### Scope 1 and 2 covered by assurance

**Scope 1**
- Onsite Energy use and Fleet fuel
  - 49.6 kilotonnes CO₂-e

**Scope 2**
- Electricity for Facilities
  - 40.6 kilotonnes CO₂-e

**Scope 3**
- Outsourced Service Centres
  - 188.9 kilotonnes CO₂-e

**Scope 3**
- Transport
  - 862.0 kilotonnes CO₂-e

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### CASE STUDY

UoN and CHEP have installed the world’s largest printed solar photovoltaic array to test the cutting-edge technology in a commercial environment.

The panels were manufactured from scratch at UoN with the panel installation taking one day to complete. The energy produced is being live streamed on the UoN website to share the system’s performance globally.

If successful, CHEP and UoN hope to expand the Newcastle installation and will assess viability for other CHEP locations.

While this project is small and novel, the potential for rapid application on large warehouse facilities is exciting.

**Phillip Austin**
President, CHEP Asia Pacific

**Professor Paul Dastoor**
UoN

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All data, definitions and calculation methodologies are available in our supplementary information document at brambles.com/sustainability.

2018 Sustainability Review
**Timber or plastic? Reuse!**

A common question from stakeholders regards the choice for different materials, specifically the sustainability attributes when comparing timber or plastics for pallets.

There are some advantages of certain materials in specific supply chains. For example, the high hygiene demands of food preparation suit plastic pallets; however, Brambles’ approach to product solutions is ‘material agnostic’.

Brambles’ share and reuse model is fundamental to how we create value irrespective of products’ materials, as demonstrated in the infographic on page 3.

Brambles currently manages the world’s largest pool of both plastic and timber pallets, providing our business with unmatched experience with both materials and enabling our sales teams to offer a broader suite of solutions for customers.

The choice of material is less important than the way it is used. Brambles’ business model maximises the use, sharing, reuse and collection of our products, regardless of the material.

Our approach to managing materials both upstream and downstream is important to our sustainability narrative. For example, our sustainable sourcing activity ensures the raw materials are regenerated and our zero waste goals ensure end-of-life products are recycled for new Brambles products or via a responsible third party.

Our life cycle assessment (LCA) studies conclude that the environmental benefits of reusing materials over an extended period far outweigh the initial impacts of the selected raw materials. Furthermore, the LCAs clearly show the superior environmental benefits of reuse over single use alternatives. The important message is that managing any material including plastic and wood in the world’s most extensive circular economy is the most sustainable choice for our customers.

### Brambles’ zero waste goal

Our zero waste to landfill goals focus on our key product materials (wood and plastic) as well as our most material service centres. In FY19, we aim to recognise the great efforts from service centres that achieve 90% or more product waste diverted from landfill. The aim is to encourage continuous improvement while recognising that the availability of cost effective recycling options can change.

<table>
<thead>
<tr>
<th>Wood reclaimed pallets (metric tonnes)</th>
<th>FY18</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reused in repair and manufacture of pallets – own sites</td>
<td>3,878</td>
<td>3,912</td>
</tr>
<tr>
<td>Reused in other ways (fuel and recycled) – own sites</td>
<td>55,977</td>
<td>47,828</td>
</tr>
</tbody>
</table>

All data, definitions and calculation methodologies are available in our supplementary information document at brambles.com/sustainability.
Better Communities

By sharing Brambles’ sustainability story and through our advocacy for a circular economy, we foster more positive interactions with society. This builds social and relationship capital with our customers, our communities and our broader stakeholder network, enhancing our brand and social licence to operate in over 60 countries.

Brambles to contribute 0.7% of pre-tax profits to community programmes

Three days volunteering per employee per year with interim target of one day per employee per year

Brambles’ Better Communities 2020 sustainability goals directly align with the United Nations Sustainable Development Goals.
Brambles’ Better Communities programme provides unique opportunities to give back to society

We do this in three ways:

1. We provide financial donations to charity partners with a purpose that aligns to our business and that strive to create lasting social change.
2. Our in-kind equipment donations help facilitate critical food rescue and redistribution operations right around the globe.
3. Our expert volunteering efforts create value for partners, including supply chain, transportation and safety expertise, as well as collaborating within fast moving consumer goods (FMCG) networks.

In return, Brambles cultivates engaged employees, and builds stronger teams that have more effective working relationships.

Food banks have a social and environmental mission

Nothing connects people to their communities more than the production and consumption of food. However, approximately one third of all food raised or prepared does not make it from farm or factory to fork. Unfortunately, hunger is a daily condition for nearly 800 million people worldwide and the food we waste contributes 4.4 gigatonnes of carbon dioxide to the atmosphere each year, equating to 8% of anthropogenic greenhouse gas emissions.

Brambles’ embedded position in the world’s food supply chains affords a unique responsibility to help reduce food waste with our product solutions, assist to rescue food surpluses through in-kind donations and provide enthusiastic volunteers.

Supporting the Food Bank Leadership Institute (FBLI)

Brambles’ commitment to supporting over 300 food banks around the world has been enhanced with a financial contribution to the Global Food Banking Network’s (GFN) Food Bank Leadership Institute (FBLI). The FBLI is the signature professional development event and is proven to accelerate and strengthen food security leaders’ ability to serve those who are hungry through food banking.

This four-day Institute hosts high-level discussions and best-practice sharing on key topics such as:

• Designing effective supply chain and inventory management
• Collecting data and measuring impact
• Advancing nutrition
• Forging multi-stakeholder partnerships
• Strengthening food banks’ capacity to serve recipients.

In 2018, GFN expects more than 100 food bank leaders from over 30 countries to attend. Brambles’ strategic partnership with GFN and the FBLI will help develop the effectiveness of the organisations and the people serving those in need.

Donating to Atlanta Community Food Bank

CHEP North American executives in Atlanta recently helped sort more than 16,612 pounds of food and donated US$10,000 to the Atlanta Community Food Bank.

300 food banks

300 food banks around the world are supported by Brambles, including the professional development of tomorrow’s food bank leaders.

Community Investment

**OUR APPROACH**

Brambles’ Better Communities’ goals leverage our products, position and experience to create positive impact through strategic partnerships. We focus on food waste and food security programmes, environmental restoration and increasing sustainability awareness and education. Brambles aims to contribute 0.7% of pre-tax profits to creating Better Communities by 2020.

In FY18, Brambles’ contributed 0.59% of pre-tax profit and increased volunteer hours per employee per year by 25% reaching over 17,000 hours.

**Food banks have a social and environmental mission**

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around the world are supported by Brambles, including the professional development of tomorrow’s food bank leaders.
Coinciding with World Environment Day on 5 June 2018 Brambles hosted our inaugural Sustainability Day across all regions. The aim was to recognise and celebrate our sustainability successes, improve our progress towards the 2020 goals and encourage our employees to learn more about their role in Brambles’ unique sustainability story. Our CEO, Graham Chipchase, opened the day with a dedicated newsletter explaining the purpose of the event as well as key activities arranged for the day. Graham also delivered this message: “As an international organisation and a pioneer in the circular economy, Brambles has a leading role to play in sustainable supply chains. Thanks to our unique business model and the efforts of our employees, we are already making a significant contribution to a smarter, more sustainable future.”

World Environment Day
The UN World Environment Day theme ‘if you can’t reuse it, refuse it!’ perfectly aligns with Brambles’ business model. Borrowing this theme, a range of posters were created for our offices and service centres showing Brambles’ reusable solutions versus typical single use alternatives. This was a simple way to remind our people of their role in our share and reuse business model and how they contribute to more sustainable supply chains, every day.

Sustainability Day activities unite Brambles’ employees worldwide
As sustainability defines not just what we do but who we are, it’s no surprise that our offices and service centres held many different activities to commemorate this important event.

Sustainability education
Our service centres learnt 10 facts about sustainability at Brambles including an online sustainability quiz. Most offices around the globe organised sustainability training sessions and invited external partners. For example, the Madrid office hosted the Sustainability Director from Mahou San Miguel who shared their sustainability journey. Sustainability seminars also occurred at Rome, Orlando and the London office.

Volunteering
Our local communities received a boost from volunteering activities on Sustainability Day. Employees from Vancouver and Brazil helped at their local food banks, while teams from UK and Argentina helped locals with gardening, painting and education sessions on healthy eating habits for children. CHEP India undertook tree planting, waste collection, made handbags from old newspapers and some even donated blood. Our Cape Town service centre built new homes with Habitat for Humanity for disadvantaged communities, and teams from Middle East and North Africa held an upcycling competition making useful products from waste. The CHEP team in Kuala Lumpur celebrated Sustainability Day by helping their local university plant 200 tropical hardwood saplings and CHEP and IFCO teams from Finland created walking paths in a National Park and even squeezed in a good tree hugging.

We thank all our employees for their creativity and enthusiasm for Brambles’ first Sustainability Day. Taking a moment to celebrate our positive sustainability message was an energising process for our employees as they continue to make the world’s supply chains more sustainable, every day.

Sustainability Day Awards
The 2018 sustainability awards recognise the innovative ideas arising from our engaged and industrious workforce. The awards are categorised around our Better Business, Better Planet and Better Communities framework and are submitted for review by the regional executive management teams. For 2018, the winning projects for each ‘Better’ category demonstrated value creation across our service centres network, within our customers’ supply chains and for our employees.

**Better Business:** An Automotive Team in India led by DK Rai developed over 300 different solutions to help our customers ship automotive parts in reusable containers instead of single use packaging.

**Better Planet:** A team from Asia-Pacific led by Gordon Morrison developed a solution to effectively and safely reclaim timber from CHEP pallets for use in the repair process.

**Better Communities:** Anna Karpinska works tirelessly to arrange volunteer opportunities each year in Canada. As a result, CHEP Canada has one of the highest volunteer participation rates across Brambles with six events in 2018.
Thank you

Brambles’ employees are an essential part of our sustainability story. Their enthusiasm helps make our share and reuse model better everyday, which helps our customers deliver life’s essentials more sustainably. Each year we like to apportion the annual environmental savings of our share and reuse model on a per employee basis. This connects our people to an intrinsic purpose and celebrates our collective impact while we connect global supply chains for a more sustainable future.

J.J. Freijo
Global Head of Sustainability

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**On average, this year each Brambles’ employee has saved:**

- **216 tonnes** of carbon emissions
  - Equivalent to carbon emissions produced by **23 homes** in the US in one year

- **347 kilolitres** of drinking water
  - Equivalent to enough fresh water to fill **17 water tank trucks**

- **116 tonnes** of waste to landfill
  - Equivalent to enough waste to fill **17 garbage trucks**

- **134m³** of wood
  - Enough wood to conserve **138 trees**

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