Brambles

Annual Report 2020

brambles.com

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Unless otherwise specified, page references are to pages in this report. All acronyms and terminology referred to in this report are defined in the Glossary on pages 128 to 130.

Forward-Looking Statements

Certain statements made in this report are "forward-looking statements" – that is, statements related to future, not past, events. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "will", "should", and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts, but rather are based on Brambles' current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or events occurring after the date of this report, except as may be required by law or by any appropriate regulatory authority. Past performance cannot be relied on as a guide to future performance.

Brambles Limited
ABN 89 118 896 021

Brambles' purpose is to connect people with life's essentials, every day.

Through its 'share and reuse' model, Brambles moves more goods to more people in more places than any other organisation.

What Brambles does:

As a pioneer of the sharing economy, Brambles is one of the world's most sustainable logistics businesses.

Its circular business model facilitates the 'share and reuse' of the world's largest pool of reusable pallets and containers.

This enables Brambles to serve its customers while minimising the impact on the environment and improving the efficiency and safety of supply chains around the world.

Brambles' platforms form the invisible backbone of global supply chains, primarily serving the fast-moving consumer goods, fresh produce, beverage, retail and general manufacturing industries.

The world's largest brands trust Brambles to help them transport life's essentials more efficiently, safely and sustainably.

As at 30 June 2020, Brambles:

Operated in...
~60
countries

Owned...
~330 million
pallets, crates and containers

Employed...
~12,000
people

Through a network of...
750+
service centres

Financial Highlights

US$4,733.6m
Sales Revenue
Up 6% at constant currency

US$795.0m
Underlying Profit[1]
Up 4% at constant currency
Excluding the impact of AASB 16 Underlying Profit increased 1 percentage point

18.0 US cents per share
Total Dividends
Final dividend of 9.0 US cents per share

US$743.9m
Cash Flow from Operations[1]
Up US$312.1m

16.7%
Return on Capital Invested[1]
Down -2.5 percentage points at constant currency
Excluding the impact of AASB 16 ROCI decreased 0.9 percentage points

5.5
Brambles Injury Frequency Rate (BIFR)
Down from 5.9 in FY19

[1] Continuing operations.

Letter from the Chairman & CEO

The past year has been particularly challenging for Brambles, as it has been for the whole world. Never has our purpose as a company – "to connect people with life's essentials, every day" – been so important.

Faced with a global pandemic, our people rose to the challenge of delivering our essential services, enabling regional and global supply chains to remain open and ensuring the continued flow of life's essentials to communities around the world.

During this time of increased volatility and uncertainty, our teams overcame significant challenges to provide our customers with uninterrupted service and supply of pallets, crates and containers across our markets. Our success is testament to the strength of our people, the agility of our network and resilience of our 'share and reuse' business model, all of which have been critical in positioning Brambles as a trusted supply chain partner for customers around the world.

Throughout this period and as we look ahead, our highest priority is the health and safety of our employees and ensuring our facilities are well protected and managed to best support the needs of our customers and local communities.

We were swift in deploying additional hygiene and safety procedures across our global service centre network, sharing best practice and insights across more than 60 countries. For our office-based staff we quickly transitioned to working from home arrangements, providing our workforce with the necessary tools and support to successfully adapt to completely new ways of working.

While many countries are starting to ease out of lockdowns and are showing signs of recovery, the global Covid-19 pandemic continues to have a serious impact on people's health and livelihoods around the world. We therefore remain vigilant in our approach and practices in relation to the health and safety of our employees, customers and the communities in which we operate.

Strategic Priorities

The Covid-19 pandemic has reinforced the importance of our long-term strategic goals. We are committed to being the global leader in platform pooling solutions and insight-based solutions to fast-moving supply chains, delivered through our circular 'share and reuse' model.

We have refined our focus across four strategic themes to ensure we are agile and responsive to changing needs driven by increasing uncertainty and volatility. These strategic themes guide decision making across the Group and are integral to delivering superior and sustained value for customers, shareholders and employees.

We are committed to delivering customer value that enhances the sustainability and efficiency of end-to-end supply chains. We continue to invest in digital transformation, including through the Group's in-house technology hub, BXB Digital, to create distinctive new capabilities. We are constantly seeking to improve asset and network productivity, with ongoing programmes of automation and process standardisation to enhance the efficiency and resilience of our operations. In our quest for business excellence, we are re-inventing our organisation, technology and processes to be simpler, more effective and more efficient. We are confident that the heightened focus on these strategic themes will deliver benefits to shareholders over the long-term.

FY20 Results

Our FY20 result reflects the resilience of our pallet businesses and our ability to effectively manage costs and capital expenditure across our entire portfolio. At constant currency, sales revenue increased 6% as strong volume growth and price realisation in our global pallet businesses more than offset declines in our Automotive container and Kegstar businesses, which were particularly impacted by Covid-19-related lockdown measures. Underlying Profit increased 4% at constant currency (including the impact of AASB 16[2]), reflecting a one percentage point improvement in US margins and ongoing progress in addressing cost pressures in Canada and Latin America. Cash generation was strong during the Year, with Free Cash Flow after ordinary dividends of US$171.5 million driven by disciplined capital allocation and effective working capital management.

Capital Management Programme

At the time of the sale of its IFCO RPC business, Brambles announced that it intended to return A$2.8 billion (US$1.95 billion) of the sale proceeds to you, our shareholders, through two mechanisms.

The first was an on-market share buy-back of up to A$2.4 billion (US$1.65 billion). The share buy-back commenced on 4 June 2019 and has continued during FY20. At 30 June 2020, a total of 91,697,878 ordinary shares had been bought back and cancelled for a total consideration of A$1,049.7 million. The share buy-back is outlined in more detail on page 9.

The second was a 29.0 AU cents per share pro-rata cash return paid to shareholders on 22 October 2019. The cash return had two components: a capital return of 12.0 AU cents per share and a special unfranked dividend of 17.0 AU cents per share. The total cash payment for the pro-rata return was A$453.8 million.

At 30 June 2020, Brambles had completed A$1.5 billion, that is 53%, of the A$2.8 billion capital management programme.

[2] AASB 16 - New leasing standard effective for Brambles from 1 July 2019.

Dividend Policy and Capital Structure

As previously communicated, during the Year Brambles moved to a payout ratio-based dividend policy, targeting a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to Brambles' cash requirements, with the dividend per share declared in US cents and converted and paid in Australian cents. Following the introduction of the new lease accounting standard, which means operating leases are now recorded as an asset and a liability on the balance sheet, Brambles has revised its financial policy to target a net debt to EBITDA ratio of less than 2.0 times. This financial policy is consistent with Brambles' intention to retain its current investment grade credit rating of BBB+ from Standard & Poor's and Baa1 from Moody's Investor Service.

Chairman Succession and Board Renewal

On 30 June 2020, Stephen Johns retired after six years as Chairman and a sixteen-year association with the Board. We wish to express our thanks to Stephen for his contribution to Brambles both as a Non-Executive Director and Chairman. In keeping with our ongoing Board renewal plan, changes to the composition of the Board saw the retirement of David Gosnell at the 2019 AGM after twelve years' service, and the appointment of Nora Scheinkestel in June 2020 and Ken McCall in July 2020. Full Board biographies are on pages 26 to 29. Details of our Board skills matrix are in the Corporate Governance Statement on brambles.com

Safety

In last year's Annual Report, we noted with great sadness the loss of a colleague in July 2019 and our commitment to learn from this tragedy.

In 2019, we launched and implemented our 'Safety Differently' philosophy which places greater emphasis on engaging with our team members working in our service centres around the world to understand the specifics of how they work. We also enhanced our safety standards to incorporate new defence layers to the engineering and administrative controls already in place. Extensive reviews of similar operations across our network were conducted to ensure they comply with our new enhanced safety standards. During the Year we saw a 7% reduction in lost time, modified duties and medical treatments.

Sustainability

At Brambles, sustainability is core to our values and central to our operating model. By promoting the shared use of our platforms among multiple supply chain participants under our circular 'share and reuse' model, we connect people to life's essentials while making supply chains more sustainable. This defines what we do and who we are.

Our sustainability leadership position has been reinforced by our success in achieving many of our sustainability targets, which are outlined in detail on page 11. In 2015, we set a series of ambitious goals that were material to our business and extended throughout our value chain to build a better business, a better planet and better communities. Five years later, we are extremely proud of what we have achieved, including 100% sustainable sourcing of timber across our global operations and greater gender representation with 30% of Board, Executive Leadership Team and management-level roles being held by women.

Achieving our 2020 sustainability goals is just the start of our sustainability journey. As we look forward, our vision is to contribute to a more positive and regenerative future. This vision will form the basis of our 2025 sustainability targets, which will be launched as part of our 2020 Sustainability Review scheduled for publication in September 2020. These targets will demonstrate Brambles' continued commitment to lead and respond to the great environmental and social challenges of our time.

Annual General Meeting

Having regard to our health and safety priorities and associated restrictions on public gatherings relating to the Covid-19 pandemic, the Board has decided to conduct this year's Annual General Meeting as a virtual meeting. We will be sending a communication to shareholders in the near term, providing details of the meeting, including how to participate, submit questions and how to vote.

Outlook

Key assumptions and inputs for FY21 outlook include:

- No further widespread lockdowns due to Covid-19 in key markets of operation;
- A U-shaped economic recovery with economic headwinds to persist for the duration of FY21;
- A slow recovery in the Automotive and Kegstar businesses; and
- The broad continuation of current trends in input costs.

Within this context, the FY21 outlook is:

- Sales revenue growth between flat to +4% at constant currency, with improved Underlying Profit margins;
- Underlying Profit growth between flat to +5% at constant currency;
- Free cash flow expected to fund dividends and core business capex with investments to support new business opportunities within the core business and to further develop digital and efficiency objectives;
- Dividend payout ratio to be consistent with our dividend payout policy of 45% to 60%; and
- Share buy-back programme to continue subject to the ongoing assessment of the Group's funding and liquidity requirements in the context of increased volatility and economic uncertainty.

Given the unprecedented nature of the Covid-19 pandemic and resulting volatility, it is difficult to forecast with accuracy the likely impact on Brambles' business in FY21. For this reason, Brambles will update its internal FY21 forecast after the first three months of trading and review guidance in this context. While July may not be representative of the full-year, due to the phasing of government economic stimuli and the timing of known changes in customer contracts, Group revenues in July increased on a like-for-like basis 4% on the prior corresponding period, with high levels of volatility continuing across all regions.

As a company, we enter this period of uncertainty in a position of strength. We have a strong sustainable business model, which derives over 80% of its revenues from the consumer staples sector. As proven by our response to the pandemic, we have a team of exceptional people, a customer-focused strategy and a disciplined approach to financial management. As a Board, we remain committed to maintaining a conservative balance sheet and a strong funding and liquidity profile. Collectively, we believe these inherently defensive characteristics position us well to continue delivering value for our customers, our employees and for you, our shareholders, as we face the challenges which lie ahead.

On behalf of the Board, we would like to thank you for your continued support.

John Mullen
Chairman

Graham Chipchase
Chief Executive Officer

How Brambles Creates Value

Brambles uses the power of its circular business model, network advantage and expertise to leverage the key capital inputs into its business to generate significant value for customers, shareholders and employees.

For customers, Brambles' end-to-end supply chain solutions deliver operational, financial and environmental efficiencies not otherwise available through one-way, single-use alternatives. Further details are available on page 8.

For shareholders, Brambles delivers sustainable growth at returns well in excess of the cost of capital and seeks to generate sufficient cash flow through the cycle to fund dividends and support reinvestment in growth, innovation and the development of its people. Further details are available on page 9.

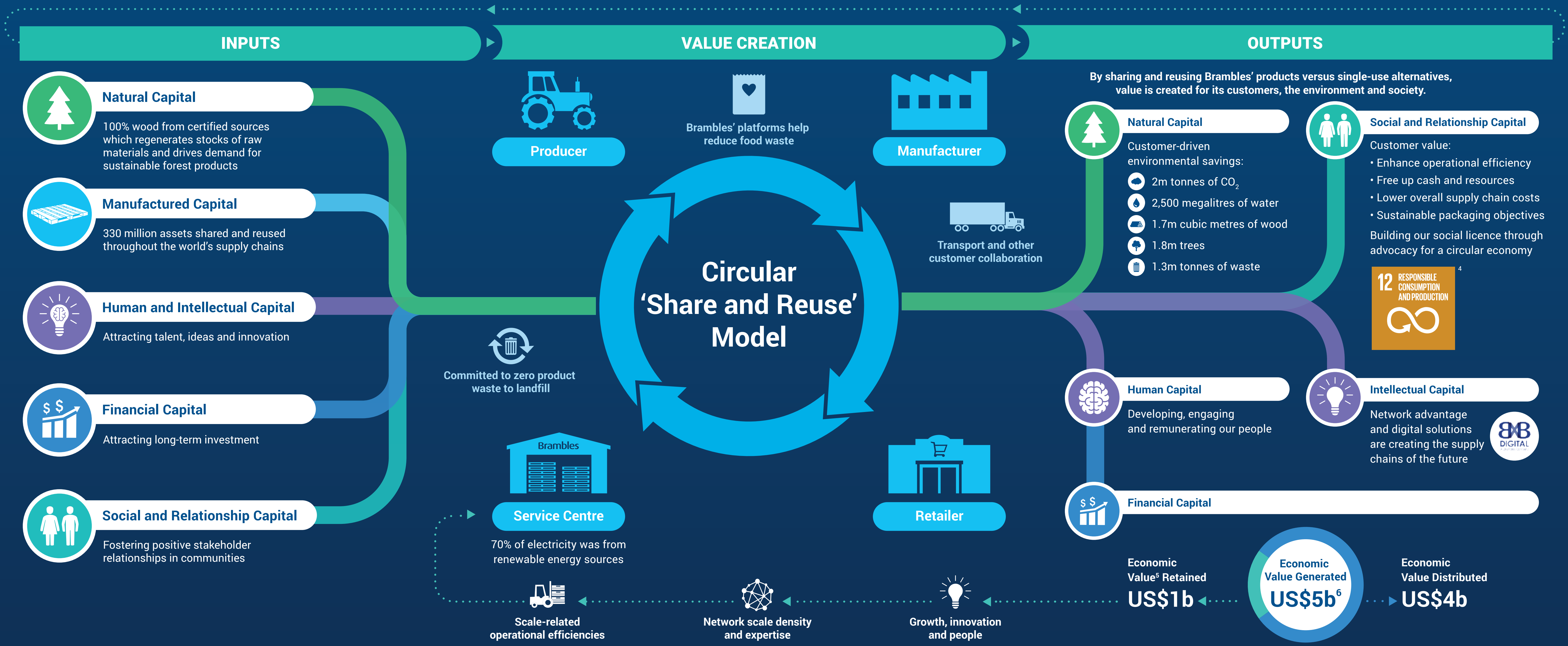
For employees, Brambles provides development and exciting career opportunities in approximately 60 countries. By fostering a culture of innovation and agility, Brambles seeks to attract and retain the talent which is integral to its success.

In a resource-constrained world, circular business models like that operated by Brambles are recognised as a practical business solution enabling the world to trade more responsibly. By regenerating what it extracts and by providing its 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 its unique position in the supply chain to enable customer collaboration and address sustainable development challenges, such as optimising transport networks, addressing food waste and promoting sustainable use of the world's forests.

In this way, Brambles strives to create a circular economy, on a global scale.

Brambles has used the Integrated Reporting <IR> 'capitals' framework[3] to illustrate the interaction and interdependencies between its sources of value, business model and ability to create value over time. This framework provides an appropriate methodology to help entities understand both their sources of value including resource dependencies as well as the positive and negative impacts of their business model on all stakeholders.



[3] The International Integrated Reporting <IR> Framework. Integrated Reporting highlights the key resources and relationships used and affected by an organisation.
[4] Brambles' circular business model aligns with the United Nations Sustainable Development Goal 12. For more information see brambles.com/sustainability.
[5] Economic value is a measure of the broader financial benefit provided by an organisation.
[6] For Additional Value Distributed as the result of the sale of IFCO please see page 10.

Operating Model

Brambles manages the world's largest pool of reusable pallets and containers.

As a pioneer of the sharing economy, Brambles promotes the shared use of its platforms among multiple supply chain participants under a circular 'share and reuse' model known as pooling.

Through its inherently sustainable operating model, superior network advantage and industry expertise, Brambles leads the market in more efficient and sustainable supply chains.

Inherently Sustainable Operating Model

Brambles' 'share and reuse' model follows the principles of the circular and sharing economies, creating more efficient supply chains by reducing operating costs and demand on natural resources. By promoting the 'share and reuse' of assets among multiple parties in the supply chain, Brambles offers customers a more efficient and sustainable alternative to the use of disposable single-use alternatives or managing their own proprietary platforms.

Network Advantage and Supply Chain Expertise

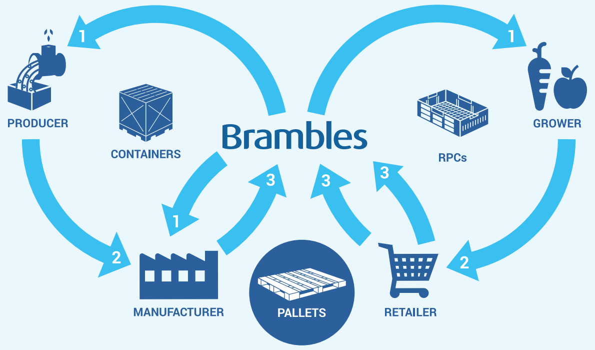
Brambles' sustainable operating model is underpinned by its superior network advantage and industry-leading supply chain expertise, developed over 70 years of managing customers' supply chains around the world. With operations in approximately 60 countries, Brambles' network advantage comprises the scale and density of its service centre network and the strength of its customer relationships in every major market in which it operates. This means Brambles can be faster and more responsive to customers' needs and in times of uncertainty and increased volatility, more resilient and more reliable.

Sustainability Strategy

Brambles' sustainability strategy organises the Group's sustainability activities and goals under three broad programmes: Better Business; Better Planet; and Better Communities.

Brambles' sustainability strategy is outlined in more detail on page 11, including the performance against the 2020 sustainability goals.

'Share and reuse': How it works



Using its network advantage and asset management expertise, Brambles seamlessly connects supply chain participants, ensuring the efficient flow of goods through the supply chain. By reducing transport distances and the number of platforms required to service the supply chain, Brambles delivers savings in which all participants share.

1. **Brambles provides standardised pallets, crates and containers to customers from its service centres as and when the customer requires.**
2. **Customers use this equipment and Brambles' support services to transport goods through the supply chain.**
3. **Customers either arrange for the equipment's return to Brambles or transfer it to another participant for reuse.**

Brambles retains ownership of its equipment at all times, inspecting, cleaning and repairing them in order to maintain appropriate quality levels.

Brambles generates sales revenue predominantly from rental and other service fees that customers pay based on their use of its platforms and services.

Strategic Priorities

Brambles is committed to being the global leader in platform pooling and insight-based solutions to fast-moving supply chains delivered through its circular 'share and reuse' model. Having introduced the platform pooling model around the world, Brambles is re-invigorating it for the supply chains of tomorrow.

Brambles seeks to:

- Achieve and maintain the number one position in each region of operation;
- Lead the industry in customer service, innovation and sustainability; and
- Be an employer of choice through best-in-class safety, diversity and talent development programmes.

Brambles' five strategic priorities guide decision making across the Group and are integral to the delivery of superior value for customers, shareholders and employees over the long-term.

Grow and Strengthen Network Advantage

Deliver Operational and Organisational Efficiencies

Disciplined Allocation of Capital and Improved Cash Flow Generation

Innovate to Create New Value

Develop World-Class Talent

To deliver against these priorities, Brambles is focused on four key areas:

Customer Value

Brambles is committed to delivering unrivalled value and exceptional service to its customers. Brambles works with its manufacturing customers and supply chain partners to enhance the sustainability and efficiency of end-to-end supply chains though collaboration on new solutions and innovative ways of working such as Zero Waste World (ZWW). Brambles is committed to improving the customer experience further through simpler processes, additional services and enhanced platform quality.

Digital Transformation

Brambles is investing to transform information and digital insights into new sources of value for itself and for its customers. Brambles sees data and technology as core strengths and sources of future competitive advantage. The Group's in-house technology hub, BXB Digital, works closely with the operating business units to translate technology into business outcomes. Brambles' goal is to combine physical assets and supply chain expertise with data-driven insights to create distinctive new capabilities as well as supporting the delivery of the other strategic themes.

Asset Efficiency and Network Productivity

Brambles constantly seeks to improve the productivity and sustainability of its assets and operations. Brambles works with its customers and partners to align physical networks and working practices in order to improve asset utilisation, reduce equipment loss and lower equipment damage rates. Ongoing programmes of automation and process standardisation enhance the efficiency and resilience of Brambles' operations, allowing the Group to transfer best practices rapidly from one market to another.

Business Excellence

Brambles is re-inventing its organisation, technology and processes to be simpler, more effective and more efficient. The Group is committed to fostering a culture of agility, innovation and continuous improvement, underpinned by the required tools and systems. Successfully attracting, retaining and empowering high calibre people is integral to Brambles' ongoing success and will become increasingly important as new skills are required in areas such as digital services and automated supply chains.

Impact of Covid-19

Brambles' strategy is focused on delivering exceptional results over a sustained period. The Covid-19 pandemic has introduced significant uncertainty, which is likely to last for an extended time and to create both threats and opportunities. The core elements of Brambles' strategy are robust against a wide range of outcomes and position the Group well to manage through near-term volatility. Nonetheless, Brambles remains agile and ready to pivot where needed in response to economic conditions and changing customer needs. Brambles is committed to supporting its customers and partners through this challenging period, to ensure the continued delivery of goods through supply chains around the world.

Customer Value Proposition

Brambles' pallets and containers form the invisible backbone of the global supply chain. This gives Brambles key insights that help customers meet evolving consumer demands while minimising their environmental impact and improving the safety and efficiency of their supply chains.

With a comprehensive suite of supply chain solutions, Brambles provides its customers with operational, financial and environmental efficiencies not otherwise available through the use of single-use disposable alternatives and proprietary models.

Supply Chain Solutions

Brambles is integral to its customers' supply chains, working closely with all participants including manufacturers, producers, growers and retailers. With end-to-end involvement, Brambles has clear insights into what impacts the safe, efficient, reliable and sustainable operation of global supply chains.

By leveraging these insights and its unmatched expertise, Brambles offers customers comprehensive solutions that improve the performance of the supply chain. This helps address the challenges associated with the increasing complexity, rapid evolution and, at times, uncertainty of modern supply chains.

Platform Solutions

Brambles offers customers the widest range of supply chain platforms including: pallets (timber and plastic); Reusable Plastic Crates (RPCs); bins; and specialised containers.

By eliminating the need for customers to purchase and manage their own platforms, Brambles reduces the capital requirements and complexity of customers' operations while simultaneously reducing waste throughout their supply chains.

System-Wide Solutions

Brambles conducts in-depth studies of customers' supply chains to map the flow of goods, information and platforms to identify the causes of network inefficiencies and product damage.

By determining the optimal mix of platforms and processes for customers' individual supply chains, Brambles can mitigate network inefficiencies and ensure the safe and sustainable transportation of goods through the supply chain.

Transportation Solutions

Brambles' superior network scale provides a unique capability to coordinate collaboration between multiple supply chain participants to deliver transport efficiencies. This includes matching and eliminating empty transport lanes, sharing transport and contracting transport for and from customers.

Retail Store Solutions

Brambles works closely with its customers to develop retail store solution strategies and consumer-facing platforms that improve the efficiency of the shared supply chain by increasing sales at lower costs to the supplier, retailer and consumer.

These merchandising and fulfilment solutions, which include full size and fractional display pallets, trays and RPCs, effectively improve safety, and reduce the time, labour and activity required to move goods from the point of production to the point of sale.

Manufacturing, Warehouse and Distribution Centre Solutions

Using its experience in managing platforms, optimising automated facilities and packaging performance testing, Brambles has developed solutions that improve the overall performance and efficiency of customers' facilities. These solutions include: customising customers' platform processes; optimising how customers configure, build and protect product loads; and providing higher quality platforms and engineering services to improve the performance of automated facilities.

Sustainability Solutions

Brambles' leadership in sustainable sourcing of materials and strong governance controls reduce risk and provide customers with confidence in their supply chain partnership.

Brambles creates value for customers by providing a sustainable alternative to single-use disposable packaging, saving customers money and significantly reducing the environmental impact of their operations.

Brambles' network resilience and its resource efficient, low-carbon solutions means it has an important role in helping customers manage through supply chain disruptions while transitioning to a low-carbon economy.

Zero Waste World

Brambles' Zero Waste World programme reinforces its commitment to collaborate with customers and create smarter and more sustainable supply chains – creating more value by using less and regenerating more resources.

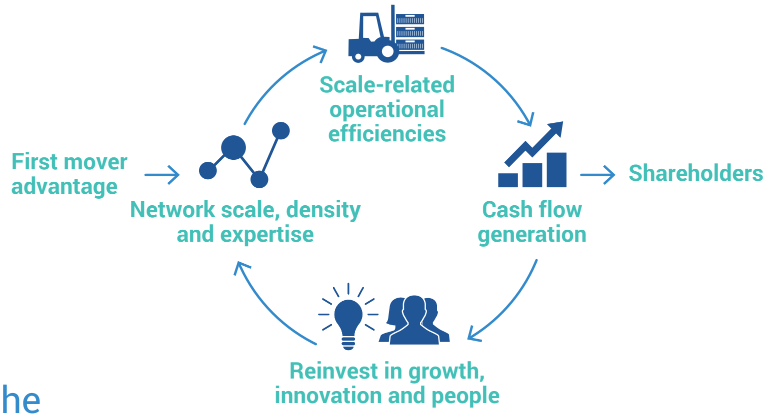
Through ZWW, Brambles seeks to use its unique position in the supply chain to help customers address three key industry challenges:

1. **Eliminating waste** by using its circular economy expertise to convert customers to more sustainable 'share and reuse' solutions which save resources and reduce costs;
2. **Eradicating empty transport miles** by using its network scale and visibility to facilitate collaborative transport solutions, bringing manufacturers and retailers together to reduce the environmental impact of their operations and save money; and
3. **Reducing inefficiencies** by using its end-to-end supply chain solutions and BXB Digital technology to enhance customers' visibility of their supply chains so they can make better decisions.

Investor Value Proposition

Brambles generates value through a 'share and reuse' model that leverages its scale, density and expertise to achieve superior operational efficiencies.

These efficiencies in turn generate cash flow that can either be returned to shareholders or reinvested in the business to fund growth, innovation, the development of its people and build a more resilient business.



Long-Term Value Creation and Sustainable Shareholder Returns

Brambles shares the efficiencies generated by its scale, density and expertise with its customers, providing a compelling value proposition compared to alternatives. By providing customers with supply chain solutions in approximately 60 countries, Brambles offers shareholders exposure to geographically diversified earnings streams, primarily from the global consumer staples sector.

The supply chains served by Brambles also provide a broad range of growth opportunities including: increasing penetration of core equipment-pooling products and services in existing markets; diversifying the range of products and services; exploring the digitisation of supply chains; and providing a resilient foundation during supply chain uncertainties.

Within this context, Brambles is committed to striking the right balance between growing its business and delivering sustainable shareholder returns over the long-term. By focusing on its core drivers of value, Brambles expects to deliver:

Sustainable growth at returns well in excess of the cost of capital

- Sales revenue growth[7] in the mid-single digits;
- Underlying Profit growth[7] in excess of sales revenue growth through the cycle; and
- Strong Return on Capital Invested.

Cash generation to fund growth, innovation and shareholder returns

- Free Cash Flow sufficient to fully fund capital expenditure and dividends.

Dividend Policy and Payment

During the Year, Brambles moved to a payout ratio-based dividend policy, targeting a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to Brambles' cash requirements, with the dividend per share declared in US cents and converted and paid in Australian cents.

This Year, the Board declared total dividends (excluding the special dividend declared as part of the capital management programme) of 18.0 US cents per share, with the Australian dollar payment equivalent to 25.92 AU cents per share. This results in a payout ratio for the Year of 53%, which is broadly in line with the prior year payout ratio, including IFCO's 2019 earnings contribution. FY19 total dividends were 29.0 AU cents per share.

The final dividend for 2020 of 9.0 US cents per share, is in line with the 2020 interim dividend and will be 30% franked. This dividend is payable in Australian dollars 12.54 AU cents per share on 8 October 2020 to shareholders on the Brambles register at 5.00pm on 10 September 2020. The ex-dividend date is 9 September 2020.

Capital Management Programme

At the time of the sale of its IFCO RPC business, Brambles announced that it intended to use the US$2.4 billion net proceeds to fund a A$2.8 billion (US$1.95 billion) capital management programme, through an on-market share buy-back of up to A$2.4 billion (US$1.65 billion) and a pro-rata return of cash of 29.0 AU cents per share, and to pay down debt.

The on-market share buy-back commenced on 4 June 2019 and to date 91,697,878 ordinary shares have been bought back and cancelled for a total consideration of A$1,049.7 million.

On 22 October 2019, Brambles paid a 29.0 AU cents per share pro-rata cash return comprising two components: a capital return of 12.0 AU cents per share and a special unfranked dividend of 17.0 AU cents per share. The total cash payment for the pro-rata return was A$453.8 million.

At 30 June 2020, Brambles had completed A$1.5 billion, that is 53% of the A$2.8 billion capital management programme.

On 5 July 2019, Brambles repaid the US$500 million April 2020 144A bond issue using part of the IFCO sales proceeds.

Dividend Reinvestment Plan

Given the on-market share buy-back programme will continue into FY21, the Board has decided to continue to suspend the Dividend Reinvestment Plan.

[7] At constant currency.

The Broader Benefits of Brambles

Through its sustainable business model, its scale and industry advocacy, Brambles creates positive outcomes for local and national economies and communities.

Economic Value Retained
US$1b

Economic Value Generated
US$5b

Economic Value Distributed
US$4b

$0.3b Dividends paid to shareholders
$0.7b Employee costs including taxes
$0.2b Income taxes paid
$0.1b Interest paid on loans
$2.7b Payments to suppliers

Additional Value Distributed
US$1b

$0.2b Special dividends paid
$0.1b Capital returns
$0.6b Share buy-back

Preserving and Enhancing Capital on which it Depends

Brambles constantly seeks to reduce the negative impacts of its business, and where possible create a more positive outcome. This section outlines the direct and indirect benefits of the business which underpin Brambles' social license to operate.

Generating and Redistributing Financial Capital

Strong financial performance enables social value for Brambles' employees, their families, communities and economies. The direct economic benefits from Brambles' businesses include employment opportunities and associated financial and non-financial benefits for ~12,000 employees, payments to local suppliers and the associated generation of indirect employment, financial donations to community groups and taxes paid to governments. More information on Brambles' tax profile, how it manages its tax obligations and the tax contributions it makes to the countries in which it operates can be found in Brambles 2020 Tax Transparency Report, available in September 2020.

Market Transformation through Certified Sourcing

Brambles has achieved its 2020 sustainability goal to purchase 100% of its timber materials from certified sustainable forests. This achievement is significant because when Brambles set this goal in 2015, certification programmes for forest products were not available in all regions of operation. Brambles has helped transform these markets by driving demand for certified forest management. Forestry certification directly supports those regions and communities connected to forestry operations while conserving the ecological processes of the forest. This supports the objective of Sustainable Development Goal (SDG) 15, Life on the Land, which aims for the sustainable use of the world's forests.

Creating Sustainable Supply Chains through the Circular Economy

Advocating for widespread adoption of a circular economy is central to Brambles' purpose and is promoted by non-government bodies, such as the World Economic Forum (WEF) and the Ellen Macarthur Foundation (EMF). A circular strategy addresses both economic inefficiencies and environmental issues that have reached a critical junction including waste and climate change. Circular strategies are being increasingly adopted by the world's leading brands as they aim to remain ahead of pending circular regulations that will require greater responsibility for their end-of-life products. Brambles' 70 years' experience operating through a circular business model positions it as a thought leader that sets a benchmark for circularity at a global scale. This unique attribute was recognised by the Ellen Macarthur Foundation in May 2020, rating Brambles with an A in its Circulytics programme.

Building Community Capital through Social Impact

2020 has been a challenging year to date with Australia's bushfire crisis quickly followed by the global Covid-19 pandemic. As a result, demand for food relief services has increased dramatically with the added difficulty of social distancing reducing the availability of volunteers to donate time safely. Brambles and its food donation partners, many of whom are customers, have needed to increase their support to food banks to ensure food relief and essentials can flow to those in need. Brambles is the backbone of food relief logistics operations and is constantly supplying in-kind platforms to help redistribute food and essentials. In early 2020, CHEP Australia provided produce bins and pallets for emergency food relief during the bushfire crisis.

Our 2020 Sustainability Goal Achievements

Brambles' global leadership position in sustainability is built on the foundation of our comprehensive sustainability programme, which covers environmental, economic and social aspects through its Better Business, Better Planet and Better Communities structure.

In 2015 Brambles launched its ambitious 2020 sustainability goals. Five years later, Brambles is happy to announce that it has achieved almost all the 2020 goals for a Better Business and Better Planet and successfully increased its contributions to the communities in which it operates. This has been made possible thanks to the whole Brambles Group and collaboration with customer and supplier communities.

	Target	2020 Result	Status
Better Planet	**Zero Deforestation**		
	100% wood from certified sources	**100%**	Achieved
	Year-on-year improvement in Chain of Custody	**63%**	Achieved
	Zero Emissions		
	20% CO_2 reduction in emissions per unit delivered	**-33%**	Achieved
	Year-on-year improvement in energy provided from renewable sources	**70% electricity**	Achieved
	Zero Waste		
	Zero Product Waste to Landfill (timber)	**100%**	Achieved
	Zero Product Waste to Landfill (plastic)	**94%**	Not achieved
Better Business	**Better Supply Chains**		
	Yearly environmental improvements in Brambles' customers' supply chains	**2m tonnes of CO_2** **1.3m tonnes of waste** **1.8m trees**	Achieved Achieved Achieved
	Better Collaboration		
	Yearly improvements in customer collaboration projects	**273 customers** **75.8 million kms** **86.2 kilotonnes of CO_2**	Achieved* Achieved* Achieved*
	Better Workplace		
	25% reduction in Brambles' Injury Frequency Rate (BIFR) from 2015 baseline	**5.5**	Achieved
	30% of leadership positions to be held by women, including 30% at Board level and 30% at management level	**> 30% in all areas**	Achieved
Better Communities	**Volunteering**		
	One day per employee per year (provision of three days per employee per year)	**1.42 hours achieved per employee in FY20**	Not achieved
	Donations		
	Contribute 0.7% of pre-tax profits annually to our Better Communities programmes	**0.8%**	Achieved*

*Pending assurance

Our 2025 Targets - Building a Regenerative Supply Chain

In a world where environmental and social issues are becoming more critical every day, Brambles' intention is to retain its position as a global leader in sustainability. Within this context, an extensive stakeholder consultation was held during FY20 to create the next phase of Brambles' sustainability programme.

The key direction of our future sustainability strategy is to evolve the successful Brambles 'Better' model into a 'Positive' model. This will help Brambles create a regenerative supply chain for its customers. As a pioneer in the circular economy, Brambles is well positioned to succeed in this new context by making 'positive' contributions to society, the environment and its stakeholders.

In the past, companies' sustainability programmes have been focused on reducing the businesses' negative impacts. Now we must go beyond that to eliminate the negative impacts and grow the positive impacts to become 'net positive'. This 'net positive' concept implies adopting a regenerative approach to our business, which means creating, restoring or replenishing more value or capital into society and the environment than it takes out.

A new set of ambitious targets has been created around this vision. The details of both Brambles' 2020 goals achievements and its 2025 sustainability targets will be featured in Brambles' FY20 Sustainability Report, which will be published at the end of September.

Brambles’ Response to Climate Change

Brambles’ sustainable ‘share and reuse’ model places the business in a strong position in a decarbonising world.

Brambles accepts climate science and recognises that climate change is influencing both short-term weather events and longer-term climatic trends. Climate-related physical impacts are also influencing society and economies, which is translating into policy and investment decisions as well as shifts in consumer behaviours. Within this context, Brambles sought to respond to the recommendations of the 2017 Task Force on Climate-related Financial Disclosures (TCFD), an initiative of the G20 Financial Stability Board, to provide its stakeholders with a consistent narrative on how these trends could positively or negatively impact the financial circumstances of Brambles’ business over different timescales.

Responding to the specific challenges of climate change is intimately linked to Brambles’ focus on its circular ‘share and reuse’ model. At their heart, circular business models design out waste and pollution, keeping products and materials in use rather than using them and seek to actively regenerate the natural systems they depend on. Through its efforts to connect people to life’s essentials, Brambles is focused on reducing demands on natural resources, regenerating forests and eliminating waste for customers.

These actions not only seek to preserve and enhance the natural capital we depend on but inherently reduce carbon emissions from the world’s supply chains. In their 2019 publication, ‘Completing the Picture: How the Circular Economy Tackles Climate Change’ the Ellen MacArthur Foundation highlighted how a circular economy is essential to global emissions reductions. As a leader in the circular economy, Brambles is well positioned to demonstrate its potential, helping to address climate change and is committed to creating a business environment more closely aligned to the Paris Agreement.

In response to the recommendations provided by the TCFD, Brambles progressed its assessment of the risks and opportunities from climate change using climate scenario analysis.

Brambles engaged in cross-functional TCFD workshops across all regions to identify climate-related risks and opportunities covering its entire value chain. Brambles selected three climate scenarios: a 1.5°C scenario to reflect government-led ‘Rapid Decarbonisation’; ‘Middle Of The Road’ (2°C) with strong leadership from industry; and a ‘No Climate Action’ (4°C) scenario reflecting weak or poorly coordinated actions in terms of global social, political and economic responses to climate change.

In Brambles’ view, the outcomes associated with a 4°C scenario are neither desirable nor beneficial for economies, society or the natural environment and represent a scenario associated with physical impact, risk and outcomes which the world should aspire to avoid. Brambles is committed to working collaboratively with all stakeholders to accelerate progress towards a circular economy so it can play its part in achieving the more positive outcomes of the decarbonising climate scenarios.

Three key climate themes have emerged for Brambles

Brambles’ Low-carbon Advantage

The immediate and ongoing opportunities related to Brambles’ low-carbon, circular business model outweigh short-term climate-related risks in the decarbonising 1.5°C and 2°C climate scenarios.

In decarbonising economies, efficient use of natural resources will become more important and the inherent advantage within Brambles’ circular business model presents clear and ongoing opportunities. This is enhanced through Brambles’ Transport Collaboration solutions and Zero Waste World programme. Brambles’ forthcoming 2025 Sustainability targets will further amplify market opportunities, help customers with their decarbonisation and circularity commitments, while preparing for future climate and waste regulation.

Brambles’ Network Resilience

The agility and scale of the Brambles network and asset pools create an inherent resilience to supply chain shock, enabling greater responsiveness to customers before and after severe climate-related weather events.

Adaptability will be increasingly important as exposure to supply chain shocks from physical climate-related weather events increases in all three climate scenarios. Brambles’ network resilience is a market differentiator and a key mitigant, enabling greater agility pre-weather event and reliability during the recovery phase. Current efficiency workstreams will further strengthen the resilience of Brambles’ networks.

Brambles’ response to the Covid-19 crisis has emphasised the ability to maintain a resilient network during a widespread supply chain crisis.

Raw Material Supply Security and Continuity

Longer-term climate-related risks relating to raw material supply security and continuity have been identified including physical impacts and carbon offsets. These risks are considered in the current strategic planning processes, including mitigations already underway as part of procurement and supply chain and asset efficiency programmes.

The price and availability of lumber supply as well as the potential impact of pests and disease were identified as climate-related risks which are expected to evolve over a five to ten-year timescale and manifest differently under the three climate scenarios considered.

The next phase of Brambles’ TCFD response will look to embed the TCFD outcomes and apply monitoring and measurement processes to ensure the benefits are realised and risks continually mitigated.

Further information on Brambles’ response to the TCFD recommendations, including more detail on the risks and opportunities of climate change, is available on brambles.com

Financial Position and Financial Risk Management

Capital Structure

Brambles manages its capital structure to maintain a solid investment grade credit rating. During FY20, Brambles held investment grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

In determining its capital structure, Brambles considers the robustness of future cash flows, the potential funding requirements of its existing business, growth opportunities and acquisitions, the cost of capital, and ease of access to funding sources.

Initiatives available to Brambles to achieve its desired capital structure include: adjusting the amount of dividends paid to shareholders; returning capital to shareholders; buying back share capital; issuing new shares; selling assets to reduce debt; varying the maturity profile of borrowings; and managing discretionary expenses.

On 31 May 2019, Brambles divested its IFCO RPC business, generating net cash proceeds of US$2.4 billion and implemented an A$2.8 billion (US$1.95 billion) capital management programme. During the course of FY20, Brambles paid a special dividend totalling A$266.0 million (US$183.2 million), returned A$187.8 million (US$129.3 million) of capital to shareholders and repurchased 85.7 million shares for a total consideration of A$972.5 million (US$645.4 million). The 'Capital Management Programme' section on page 9 further outlines the progress of the capital management programme.

Treasury Policies

Key treasury activities include: liquidity management; interest rate and foreign exchange risk management; and securing access to short- and long-term sources of debt finance at competitive rates. These activities are conducted on a centralised basis in accordance with Board policies and guidelines, through standard operating procedures and delegated authorities.

These policies provide the framework for the treasury function to arrange and implement lines of credit from financiers, select and deal in approved financial derivatives for hedging purposes, and generally execute Brambles' financing strategy.

The Group uses standard financial derivatives to manage financial exposures in the normal course of business. It does not use derivatives for speculative purposes and only transacts derivatives with relationship banks. Individual credit limits are assigned to those relationship banks, thereby limiting exposure to credit-related losses in the event of non-performance by any counterparty.

Funding and Liquidity

Brambles generally sources borrowings from relationship banks and debt capital market investors on a medium-to-long-term basis.

Bank borrowing facilities were either maintained or renewed throughout the Year. These facilities are generally structured on a multi-currency, revolving basis with maturities ranging to 2025. Borrowings under the facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements. Borrowings are also raised from debt capital markets by the issue of unsecured fixed interest notes, with interest paid either annually or semi-annually. At balance date, loan notes on issue totalled US$1,637 million and had maturities out to October 2027.

As at 30 June 2020, Brambles held $0.8 billion in cash and cash equivalents and term deposits, being the balance of cash held from the net proceeds from the sale of IFCO reduced by the capital management and debt reduction transactions over FY20.

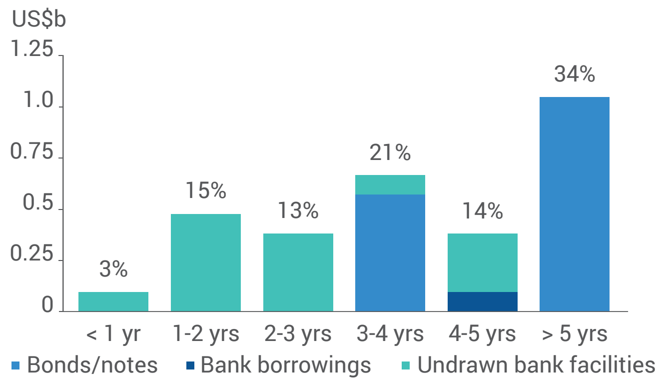
Net Debt and Key Ratios

US$m	June 2020	June 2019	Change
Current debt[8]	149.1	556.8	(407.7)
Non-current debt[8]	2,368.6	1,643.4	725.2
Gross debt	**2,517.7**	**2,200.2**	**317.5**
Less: cash and cash equivalents	(737.3)	(1,691.3)	954.0
Less: term deposits	(68.6)	(411.2)	342.6
Net debt	**1,711.8**	**97.7**	**1,614.1**
Key ratios[9,10]	**FY20**	**FY19**	
Net debt to EBITDA	1.10x	0.08x	
EBITDA interest cover	19.3x	14.6x	

With the adoption of lease accounting standard AASB 16 on 1 July 2019, Brambles' revised its financial policy to target a net debt to EBITDA ratio of less than 2.0 times, which was previously less than 1.75 times.

The ratios remain well within the financial covenants included in Brambles' major financing agreements, which exclude the impact of AASB 16.

Maturity Profile of Committed Borrowing Facilities and Outstanding Bonds (% of total committed credit facilities)



As at 30 June 2020, Brambles' total committed credit facilities were US$3.1 billion.

The average term to maturity of Brambles' committed credit facilities as at 30 June 2020 was 4.2 years (2019: 4.0 years).

In addition to these facilities, Brambles has entered into leases for office and operational locations and certain plant and equipment to achieve flexibility in the use of its assets. As at 30 June 2020, Brambles' total lease liabilities were US$0.7 billion. The rental periods vary according to business requirements.

[8] FY20 current debt comprises current borrowings (US$36.3m) and current lease liabilities (US$112.8m). FY20 non-current debt comprises non-current borrowings (US$1,777.2m) and non-current lease liabilities (US$591.4m).

[9] Brambles has redefined EBITDA as Underlying Profit adding back depreciation, amortisation and Irrecoverable Pooling Equipment Provision (IPEP) expense. FY19 comparative metrics are as reported at the FY19 result.

[10] FY20 ratios include the impact of lease liabilities and lease interest expense.

Key Performance Drivers and Metrics – Continuing Operations (Excludes IFCO in all years)

Brambles monitors its performance and value creation through a number of financial and non-financial metrics. These include:

Sales Revenue Growth

Key Drivers

- Like-for-like volume growth in line with economic/industry trend
- Expansion with new and existing customers
- Movements in pricing and changes in product/customer mix
- FY18 to FY20 reported financials include the impact of accounting standard AASB 15 Revenue from contracts with customers

5-Year Performance

Sales revenue of US$4,733.6 million in FY20 reflected a five-year compound annual growth rate ('CAGR') of 5% at fixed 30 June 2019 FX rates and excluding the impact of accounting policy changes. Growth reflects continued expansion with both new and existing customers, new market entry, expansion of the core product offering and price realisation in both mature and emerging markets in response to increased inflation and a higher cost-to-serve. FY20 growth includes the impact of Covid-19 on trading conditions, including a surge in pallet volumes in the fourth quarter, the closure of the global automotive manufacturing industry and lockdown restrictions impacting the Kegstar business. Refer to page 127 for the detailed five-year financial performance summary on a reported basis at actual FX rates.

Underlying Profit

Key Drivers

- Transport, logistics and asset management costs (including external factors such as third-party logistics and fuel prices)
- Plant operating costs in relation to management of service centre networks and the inspection, cleaning and repair of assets (including labour costs and raw material costs)
- Other operational expenses (primarily overheads such as selling, general and administrative expenses)
- Depreciation as well as provisioning for irrecoverable pooling equipment
- FY18 to FY20 reported financials include the impact of accounting standard AASB 15 Revenue from contracts with customers
- FY20 includes a US$24.2 million benefit from new accounting standard AASB 16 Leases

5-Year Performance

Underlying Profit of US$795.0 million in FY20 reflected a five-year CAGR of (1)% at fixed 30 June 2019 FX rates and excluding the impact of accounting policy changes. While sales growth was a strong contributor to profit growth, Underlying Profit growth was below the rate of sales growth due to continued direct cost pressures in the CHEP business including high inflationary pressures, higher asset charges and increased investment across the business to support growth, network efficiencies and improved commercial outcomes. These cost pressures are offset in part through pricing actions and benefits from efficiency programmes, particularly the US Automation projects with benefits progressively delivered from FY20 to FY22. Refer to page 127 for the detailed five-year financial performance summary on a reported basis at actual FX rates.

Safety

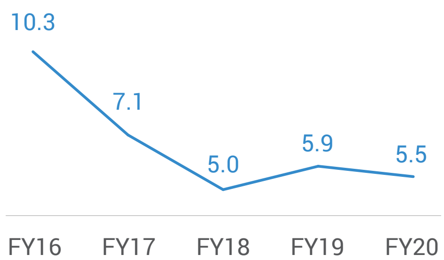
Brambles' Zero Harm Charter states that everyone has the right to be safe at work and to return home as healthy as they started the day.

5-Year Performance

Brambles gauges its safety performance through the Brambles Injury Frequency Rate (BIFR), which measures work-related incidents resulting in fatalities, lost time, modified duty or medical treatment per million hours worked.

In FY20, Brambles met its year-on-year improvement target, recording a BIFR of 5.5, which represents a 61% decrease in BIFR for the five-year period ending June 2020. Brambles remains committed to the updated strategy called 'Safety Differently', which seeks to address the residual risks across its operations.

Brambles' Zero Harm Charter and safety targets align with SDG 3: Good Health and Wellbeing.



Return on Capital Invested (ROCI)

Key Drivers

- Underlying Profit performance
- Capital expenditure on pooling equipment to support growth in the business, which is primarily dependent on the rate of sales growth. Brambles' main capital cost exposures are raw materials, primarily wood
- Asset control factors i.e. the amount of pooling equipment not recoverable or repairable each year (and therefore requiring replacement)
- Frequency with which customers return or exchange pooling equipment
- FY18 to FY20 reported financials include the impact of accounting standard AASB 15 Revenue from contracts with customers
- FY20 reported financials include the impact of new accounting standard AASB 16 Leases

5-Year Performance

The trend in Brambles' ROCI metric over the five-year period reflects the Underlying Profit performance and increased Average Capital Invested, largely to support growth and supply chain efficiency initiatives including the US accelerated automation and lumber procurement programmes. Refer to page 127 for the detailed five-year financial performance summary on a reported basis at actual FX rates.

Cash Flow from Operations

Key Drivers

- Profitability
- Capital expenditure
- Movements in working capital
- FY20 reported financials include the impact of new accounting standard AASB 16 Leases

5-Year Performance

The five years to FY20 were a period of solid overall EBITDA growth, supported by significant investment in capital expenditure to support growth, as well as improved working capital management and increased collections of asset compensations.

FY16 performance was impacted by a one-time change to payment processes that increased working capital, as well as increased capital expenditure to support high levels of growth in that year. The strong FY18 performance included strong working capital management initiatives and US$150 million cash inflow related to the repayment of the HFG joint venture shareholder loan. FY19 included increased capital investment to support strong top line growth and to deliver on a number of efficiency programmes.

Excluding the benefits from AASB 16, FY20 Cash Flow from Operations was US$603 million and included benefits from asset efficiency and procurement programmes, as well as favourable working capital movements. Refer to page 127 for the detailed five-year financial performance summary on a reported basis at actual FX rates.

Material Sourcing

Ongoing secure supply of raw materials for the production and repair of pooling equipment, in particular wood used for pallets, is critical to Brambles.

5-Year Performance

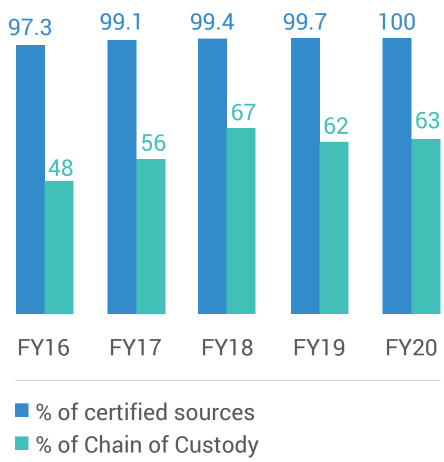
In 2015, Brambles committed to acquire 100% of its timber from certified sources by 2020. Brambles has achieved this goal, closing the remaining gap of 0.3% from the previous year.

Brambles' sustainable sourcing efforts have helped transform forest supply chains by raising the profile of sustainable certifications and building capacity with suppliers in each region. Brambles also seeks to increase the amount of timber purchased that is covered by a full Chain of Custody (CoC) traceability, which is not currently available in all regions of operation. In FY20, CoC performance improved from 62.3% to 62.7% on 2019 results.

Looking ahead, Brambles is establishing relationships and strategic agreements with suppliers in the Americas, which will result in full certification of their supply chains by FY21. While Brambles is proud of achieving its 2020 goal, its 2025 sustainability vision will look to regenerate more forests above and beyond the benefits of the certification programmes.

This commitment will ensure the regeneration of Brambles' most important raw material, but at the same time, support global efforts to improve and sustain small communities' livelihoods and economies, while increasing mitigations for the impacts of climate change.

Brambles' sustainable sourcing objectives seek to preserve and enhance the Group's key resource dependency and are directly linked to SDG 15: Sustainable Use of the World's Forests and SDG 13: Climate Action.



Material Risks

Brambles' risk management framework incorporates effective risk management into its strategic planning processes and requires business operating plans to effectively manage key risks. The key risks to Brambles' ability to achieve its strategic, financial and sustainability objectives (in no order of significance), and respective mitigating actions, including our response to the Covid-19 pandemic, are:

Risk	Implication	Mitigating Actions
Macro-economic conditions including, for FY20 and FY21, economic uncertainty arising from the Covid-19 pandemic	Macro-economic conditions, or economic conditions affecting the supply chain or industries in which Brambles' customers operate, may affect demand for Brambles' services and/or its financial performance. In addition, the impact of the Covid-19 pandemic on global and regional economic conditions could also affect the operations of its customers or demand for their products which, in turn, could affect the demand for Brambles' services	• Responded to the Covid-19 pandemic through a range of actions to enable Brambles to continue to operate through the initial phases of the pandemic and to respond to potential changes in the economic and business environment arising from the pandemic. Details of specific actions are described in various places in this table • Continued focus on driving growth through investment in expanded customer value proposition, targeted diversification in opportunities with attractive long-term characteristics and the adoption of plant automation project in CHEP Americas • Adoption of pricing and cost-recovery strategies to mitigate the impact of cost inflation, with enhanced focus on cash generation • Scenario-based strategic planning covering different recessionary scenarios, including identifying actions to further de-risk and exploit opportunities
Industry trends in the retail, grocery and consumer goods supply chains	Industry trends (e.g. fragmentation of the retail supply chain, growth of e-commerce and hard discounters, demand for different pooling equipment materials or designs) could affect demand for Brambles' current service offerings, the value of its existing assets, and/or its financial performance	Ongoing programmes to: • Drive customer intimacy throughout the supply chain and uncover opportunities to leverage the Group's unique global scale and value proposition • Create new products and service lines to meet customers' requirements • Drive innovation to identify and respond to emerging trends in platforms, material science, new technologies and sustainability practices
Maintaining the quality of pooled equipment in line with customer needs	A failure to maintain adequate quality standards may result in reduced customer satisfaction, additional costs and affect the Group's financial performance	• Strict adherence to equipment quality standards, including continuous monitoring of critical-to-quality metrics to assess and ensure quality of products issued to customers
Maintaining control of pooling equipment	The loss of pooled equipment is inherent in Brambles' business model. Failure to maintain appropriate asset control and recovery processes may result in additional costs and affect the Group's financial performance	• Dedicated asset control teams across all business units and the creation of a comprehensive system of processes to increase the timely collection of assets • Regular schedule of customer equipment inventory audits to assess key asset recovery metrics and identify potential control issues • In response to Covid-19 pressures, instituted additional field collection activities to reduce cycle times and meet volatile demand, whilst complying with local social distancing and travel restrictions

Risk	Implication	Mitigating Actions
Network capacity	The scale and strength of Brambles' network of service centre locations are inherent to its value proposition for customers and other stakeholders. A lack of capacity within the network in a major market could adversely impact service delivery, competitive position and financial performance	• As an essential service provider, Brambles continues to run operations and support customers and their consumers across all our markets despite economic uncertainty and social restrictions arising from the Covid-19 pandemic • Implemented a range of safety and contingency measures to ensure service centres remained fully operational • Due to the Covid-19 pandemic, an element of the plant automation project in CHEP Americas has been deferred to FY21 in order to maximise the level of capacity across the US service centre network and avoid any potential disruption during peaks in demand caused by the pandemic
Customers and competitors	Brambles operates in competitive markets. Unmet customer expectations or increasing intensity of competitor activity could affect Brambles' market penetration and financial performance	• Leveraged Brambles' unique global scale, network advantage and sustainable business model to support customers to meet the unprecedented volatility in consumer supply chains created by the Covid-19 pandemic • Collaborating with customers to understand and meet their evolving needs and adopting digital and other technologies to innovate products and services, enhance customer experience and strengthen competitive advantage
Retailer acceptance of pooled solutions	Retailers are integral to Brambles' operating model. A reduction or loss of retailer support for pooled solutions in their supply chains could result in a loss of customers and/or market penetration and adversely impact Brambles' financial performance	• Dedicated teams with executive-level responsibility for strengthening retailer relationships, identifying retailer-specific product requirements and ensuring retailers understand Brambles' value proposition • Improving the value proposition for retailers through the implementation of joint business plans and adopting the value sharing concept to create win-win opportunities • Implementation of programmes to facilitate manufacturer advocacy of Brambles' pooled solutions
Cyber security	The unauthorised access to or use of Brambles' IT systems could adversely impact Brambles' ability to serve its customers or compromise customer or employee data, resulting in reputational damage, financial loss and/or adverse operational consequences. The implications of this risk continue to increase as Australian institutions have become a specific focus of cyber-attacks from state actors, and ransomware attacks have increased globally	• The ongoing security programme is delivering key capabilities to protect systems and to detect and promptly respond to unauthorised or inappropriate activity. Key controls include, but are not limited to, email and internet filtering, anti-virus software, multi-factor authentication, enterprise security architecture, security awareness training, as well as the use of penetration testing across its network • In response to the Covid-19 pandemic, conducting additional risk-based assessments of Brambles' critical IT systems and services to strengthen continuity processes • Brambles continues to use the National Institute of Standards and Technologies Cyber Security Framework and the Australian Cyber Security Centre's Essential 8 advice to monitor, track and report progress to senior management

Material Risks continued

Risk	Implication	Mitigating Actions
IT data governance	Brambles relies on its IT systems, and the data stored on those systems, to operate its business. The identification and classification of Brambles' key data assets are key components of its capacity to effectively carry on its businesses and to its cyber security strategy. The proper identification and classification of data assets allows Brambles to prioritise security technology implementations that offer targeted and appropriate protection. Incomplete or unsuitable identification and classification of key data assets could result in the misuse, loss of or unauthorised access to sensitive data due to incorrect storage, processing or disposal procedures. This, in turn, could result in financial loss, operational disruption and/or reputational damage	• Data Classification and Handling Policy includes guidelines on the types of data and protection protocols for each data type • During the Year, Brambles adopted an Acceptable Use Policy which outlines the standards by which all users must use information and technology assets and service • Preventative controls are also in place to mitigate the risk of loss or misuse of data. These controls include the encryption of laptops, mobile devices. email data retention controls and the ability to store data in secure drives • Ongoing development of an Information Management Strategy to define improved data governance and security
Hard Brexit	The United Kingdom (UK) left the European Union (EU) on 31 January 2020 and entered an 11-month transition period The UK Government has publicly ruled out any form of extension to the transition period, and hence the risk remains that the UK exits the transition period without a trade deal on 31 December 2020 (Hard Brexit) A Hard Brexit could result in Brambles incurring increased capital and operating expenses relating to asset efficiency, heat treatment of pallets, raw materials, transport and customers' clearance costs as well as disruption to both Brambles' and its customers' businesses in Europe	• Brambles has continued its preparations in the event of a Hard Brexit. The risks associated with Brexit, identified by the Brexit Taskforce, in FY18 and FY19 remain largely unchanged • Mitigation plans are in place and, where necessary, budgeted for, to manage those risks
Timber supply	Access to sustainably certified sources of timber is essential for Brambles to carry on its businesses. A concentration of timber suppliers in any region, or a shortage of available certified sources of timber, could adversely impact Brambles' ability to maintain its timber pallet pool at levels that will enable it to meet customer demand for those products. This could result in loss of customers and/or market penetration and adversely impact Brambles' financial performance. Climate-related risks for forests and timber supply, including market, regulatory and physical risks, will emerge over a five-to-ten-year period	• Adoption of regional and global dedicated timber procurement teams to manage timber procurement and to mitigate timber supply risks • In line with Brambles' sustainability goals, 100% of timber is sourced from certified sources, and Brambles has continued to meet year-on-year improvement targets of sourcing Chain of Custody certified timber
Regulatory compliance	Brambles operates in a large number of countries with widely differing legal regimes, legislative requirements and compliance cultures. A failure to comply with regulatory obligations and local laws could adversely affect Brambles' operational and financial performance and its reputation	• Dedicated Chief Compliance Officer responsible for monitoring the implementation and ongoing application of compliance management systems • A Code of Conduct which provides a framework for detailed policies addressing regulatory compliance • A vendor due diligence programme to assess the compliance of suppliers with various legal and regulatory requirements, such as bribery and corruption, sanctions violations, modern slavery and human rights practices • Adoption of Group-wide online compliance training programmes to supplement face-to-face training

Risk	Implication	Mitigating Actions
Attraction and retention of talent	A failure to attract, develop and retain high performing individuals could adversely impact Brambles' ability to implement and manage its strategic objectives	• Detailed talent management and succession planning processes to identify high potential employees and prepare successors for senior executive positions • Adoption of development programmes for management, leadership and functional expertise through all employment levels • Formal mentoring programmes offered to all employees • Implemented a range of activities to support office-based personnel now working remotely due to the Covid-19 pandemic, including, but not limited to, provision of required IT, connectivity services and mental and financial wellbeing support programmes
Digital disruption	The development of cost-effective digital supply chain solutions has the potential to materially change supply chain dynamics. If a third-party was to develop such solutions before Brambles, it could adversely impact Brambles' business models. This could result in loss of customers and/or market penetration and adversely impact Brambles' financial performance	• Brambles is innovating, developing, testing and refining digital solutions which have the potential to provide commercial digital services to its customers and to assist its businesses to more effectively and efficiently manage equipment losses and asset efficiency • Through the establishment of BXB Digital, Brambles has developed unique functional capabilities and robust technical solutions to explore the role of technology in its businesses and customer offering and to engage in innovation of products and services in the digital space
Safety	Brambles is subject to inherent operational risks including industrial hazards, road traffic or transportation accidents that could potentially result in serious injury or fatality of employees, contractors or members of the public	• The Zero Harm Charter, states that everyone has the right to be safe at work and to return home as healthy as they started the day • Successfully executed a range of activities during Covid-19 to keep people safe. Established a Covid-19 global task force in February 2020 with Senior Health and Safety representation, supported by regional taskforces to establish processes and protocols in accordance with government advice in different geographies • Implemented a number of processes and protocols in service centres, such as social distancing measures, more frequent cleaning and disinfecting, thermal scanning and distribution of personal protective equipment • Continued to further enhance safety management systems, including focusing on human and organisation behavioural principles and implementing additional engineering and technology-based controls • Use of safety metrics which, measure work-related injuries, lost time, modified duties and incidents requiring medical treatment, with regular reporting and monitoring to the Brambles Board
Inclusion and diversity	Brambles has a diverse workforce and believes that an inclusive work environment allows employees to realise their full potential, regardless of gender, race, religion, age, disability, ethnicity, sexual orientation or any other factor that makes an individual unique. Any activities or practices within its operations or in its supply chains that could undermine this intent violate Brambles' values and are detrimental to the integrity and credibility of its brand	• Brambles fosters a diverse and inclusive environment to be better able to relate to customers, suppliers, communities and co-workers • Established a global Inclusion and Diversity Council with programmes and initiatives to encourage, celebrate and support all forms of diversity to ensure promoting all forms of diversity and inclusiveness are at the core of operations • Continuing progress in improving gender diversity at all levels within the organisation including Board, executive leadership and management positions

Material Risks continued

Risk	Implication	Mitigating Actions
Climate change	There are opportunities and risks from climate-related physical events and policy (transitional) developments for Brambles' businesses, including the organisation's ability to create value over the short, medium and long term	• In FY20, Brambles' 'share and reuse' circular solutions reduced more than 2 million tonnes of CO_2 emissions in our customers' supply chains • Brambles is a sustainable business because of its circular 'share and reuse' model, which reduces demand on natural resources, regenerates forests, eliminates waste for customers and reduces carbon emissions from the world's supply chains • As a leader in the circular economy, Brambles understands its potential to address climate change by focusing on both its impact on climate change and the impact of climate change on Brambles • Continued to reduce emissions impact, with 33% reduction in CO_2/unit since FY15 and 70% of electricity consumed from clean renewable sources • Brambles' demand for sustainably sourced timber addresses deforestation and its impact on climate change. Through afforestation, our 2025 strategy will increase forest cover • Brambles will adopt a Science Based Target covering its direct emissions and those in our supply chain as part of our 2025 commitments • Brambles has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework with a project to assess the risks and opportunities for the business using climate scenario analysis (further details on TCFD are on page 12 with a supporting TCFD supplement on Brambles' website)

Managing climate-related risks at Brambles

Brambles recognises its external operating context is changing in response to climate-related issues.

During 2020, Brambles continued the process of assessing its exposure to climate-change risks by reference to the recommendations of the Financial Stability Board's TCFD. Subsequent to commencing this work, the 4th Edition of the ASX Corporate Governance Principles and Recommendations was issued and included new commentary on Recommendation 7.4 suggesting that listed entities should consider reporting their exposure to climate-change risk by reference to the TCFD.

As part of this process, climate-related risk has been identified as a stand-alone risk and will be reassessed using Brambles' risk management framework and approach. In addition, Brambles is evaluating existing strategic and operating risks in the context of climate-related risk in its external operating environment. Further details on Brambles' approach to climate-related risks are set out on page 12 with a detailed TCFD disclosure on brambles.com

Financial Review

1. Financial Review

1.1 Group Overview

1.1.1 Summary of 2020 Financial Results

US$m			Change	
(Continuing operations)	FY20	FY19[1]	Actual FX	Constant FX
CHEP Americas	2,469.0	2,287.8	8%	10%
CHEP EMEA	1,827.8	1,849.1	(1)%	3%
CHEP Asia-Pacific	436.8	458.4	(5)%	1%
Sales revenue	**4,733.6**	**4,595.3**	**3%**	**6%**
CHEP Americas	342.5	298.4	15%	17%
CHEP EMEA	407.1	441.8	(8)%	(2)%
CHEP Asia-Pacific	118.0	118.3	-	6%
Corporate	(72.6)	(54.8)	(32)%	(33)%
Underlying Profit	**795.0**	**803.7**	**(1)%**	**4%**
Significant Items	(28.0)	(62.8)		
Operating profit	**767.0**	**740.9**	**4%**	**9%**
Net finance costs	(80.8)	(88.5)	9%	5%
Tax expense	(209.0)	(198.3)	(5)%	(10)%
Profit after tax from continuing operations	**477.2**	**454.1**	**5%**	**11%**
(Loss) / profit from discontinued operations	(29.2)	1,013.6		
Profit after tax	**448.0**	**1,467.7**	**(69)%**	**(68)%**
Average Capital Invested	**4,773.6**	**4,130.6**	**16%**	**19%**
Return on Capital Invested	16.7%	19.5%	(2.8)pp	(2.5)pp
Weighted average number of shares (m)	1,548.7	1,593.4		
Basic EPS (US cents)	**28.9**	**92.1**	**(69)%**	**(67)%**
Basic EPS from continuing operations (US cents)	**30.8**	**28.5**	**8%**	**14%**

Note on FX: The variance between actual and constant FX performance reflects the strengthening of Brambles' reporting currency, the US dollar, relative to other operating currencies, particularly the Australian dollar, Euro, Latin American currencies and the South African rand.

FY20 Operating Environment

Between July 2019 and February 2020, Brambles' operating environment was characterised by moderating transport inflation and increasing labour and property inflation in all regions. The macro-economic environment was stable in most regions of operation except for Europe, where deteriorating economic conditions and Brexit-related uncertainty impacted like-for-like volume growth.

Covid-19 started impacting Brambles' largest businesses in March 2020 as the pandemic spread across Europe and North America, followed by Latin America and Africa. These impacts varied across regions and Brambles' portfolio of businesses.

Approximately 80% of Brambles' revenues are derived from customers in the consumer-staples sectors, which are primarily serviced by the CHEP pallets businesses. During March and April 2020, the CHEP pallets businesses experienced unprecedented levels of customer demand across global grocery supply chains, with demand volatility continuing throughout May and June 2020.

This demand was driven by lockdown measures introduced in all major markets and subsequent changes in consumer behaviour including pantry stockpiling in developed markets and a shift to 'at-home' consumption across all regions.

While revenue growth increased in line with higher pallet volumes, servicing the additional customer demand and managing volatility and disruptions across Brambles' network led to higher supply chain costs during the period from March to June 2020. These cost increases largely related to additional transport, handling and repair costs required to ensure continuity of pallet supply while minimising the level of capital expenditure to service these temporary spikes in customer demand.

Brambles' Automotive container and Kegstar keg-pooling businesses, which account for approximately 5% of Group

[1] The comparative period does not include the impact of AASB 16 Leases. IFCO is presented in discontinued operations.

revenue, were significantly impacted by Covid-19. Customer demand in the Automotive business was impacted by the closure of the global automotive manufacturing industry while in Kegstar, lockdown laws significantly reduced 'on-premise' consumption of beer in served markets from March to June 2020.

Sales revenue from continuing operations of US$4,733.6 million increased 6% at constant currency, driven by growth in the global pallets businesses which offset Covid-19 related declines in the Automotive and Kegstar businesses.

Volume expansion contributed 3% to revenue growth and included the benefit of elevated pallet volumes in March and April 2020. Net new business growth of 2% was largely driven by new customer contract wins and lane expansion with existing customers, particularly in the European and US pallets businesses. Like-for-like volume growth was 1%. Pricing contributed 3% to revenue growth and included strong price realisation across the CHEP Americas segment, reflecting increased cost-to-serve in the region.

Underlying Profit of US$795.0 million increased 4% at constant currency and included a US$24.2 million benefit relating to AASB 16: Leases (AASB 16). Excluding the benefit of AASB 16, Underlying Profit increased 1% as the sales contribution to profit from the global pallet businesses, US supply chain programme efficiencies and lower transport and lumber inflation offset direct and indirect cost increases across the Group and Covid-19 related headwinds. These headwinds included a US$23 million profit decline due to lower demand in the Automotive and Kegstar businesses.

Net plant costs increased US$44 million, reflecting labour and property cost inflation in all regions and higher pallet repair and handling costs to support elevated pallet volumes due to Covid-19. These increases were partially offset by cost efficiency benefits from US supply chain programmes.

Net transport costs increased US$16 million driven by additional transport miles associated with the Latin American asset management programme and increased pallet collections and relocations due to Covid-19.

Depreciation expense increased US$19 million in line with pool growth and investments in US supply chain programmes while Irrecoverable Pooling Equipment Provision (IPEP) expense increased US$33 million despite an overall reduction in loss rates and increased asset efficiency. The increase in IPEP expense reflected higher First In First Out (FIFO) unit pallet costs in all major markets.

Corporate costs increased US$18 million, reflecting investments in technology and infrastructure of US$6 million, costs relating to digital transformation of US$2 million, and US$4 million relating to investments in customer experience and other Group-wide efficiency projects.

Other overhead costs increased US$30 million, reflecting investments to support growth, network efficiencies and improved asset management and commercial outcomes across the Group.

Operating profit from continuing operations of US$767.0 million increased 9% at constant currency and included a US$34.8 million decrease in Significant Items. Current-year Significant Items included a US$28.0 million non-cash impairment of the Kegstar business, reflecting uncertainty over the ongoing performance of the craft beer segment due to Covid-19. FY19 included US$62.8 million of Significant Items reflecting IFCO-related restructuring costs and asset write-offs in Latin America.

Profit after tax from continuing operations of US$477.2 million increased 11% at constant currency, reflecting operating profit growth and lower net finance costs.

Net finance costs decreased 5% at constant currency despite US$27.8 million of lease interest expenses recognised following the implementation of AASB 16. Excluding the impact of AASB 16, finance costs decreased US$35.5 million, reflecting interest income on Australian-dollar deposits and reduced interest expense from the repayment of bank borrowings and the US$500 million 144A bond funded by proceeds from the sale of the IFCO business in FY19.

Tax expense was US$209.0 million, up 10% in constant currency. The effective tax rate on Underlying Profit was 29.4% compared to 29.0% in FY19, reflecting a change in mix of global earnings.

Loss from discontinued operations of US$29.2 million, decreased from a profit of US$1,013.6 million in the prior year, which included the operating results and gain on sale of IFCO. The current-year loss reflects a US$26.8 million post-tax impairment of the deferred consideration receivable from First Reserve, reflecting current market conditions in the oil and gas industry. The receivable is due to be repaid by First Reserve in 2026 and Brambles will continue to monitor this with a view to full recovery of the balance and related interest.

Return on Capital Invested remained strong at 16.7%, down 2.5 percentage points at constant currency, largely due to the impact of AASB 16. Excluding the impact of AASB 16, Return on Capital Invested was down 0.9 percentage points at constant currency, reflecting the Underlying Profit performance and an increase in Average Capital Invested driven by capital investment to support volume growth, US supply chain efficiency programmes and prior-year investments in the European Automotive business and Brexit-related retailer stocking.

Cash Flow Reconciliation

US$m	FY20	FY19	Change
Underlying Profit	795.0	803.7	(8.7)
Depreciation and amortisation	612.2	484.3	127.9
IPEP expense	155.7	127.1	28.6
EBITDA	**1,562.9**	**1,415.1**	**147.8**
Capital expenditure	(930.1)	(989.4)	59.3
US supply chain investment	(72.7)	(73.0)	0.3
Proceeds from sale of PP&E	104.4	102.5	1.9
Working capital movement	108.7	(13.2)	121.9
Other	(29.3)	(10.2)	(19.1)
Cash Flow from Operations	**743.9**	**431.8**	**312.1**
Significant Items	(3.4)	(10.8)	7.4
Discontinued operations	(4.6)	135.4	(140.0)
Financing costs and tax	(273.7)	(317.9)	44.2
Free Cash Flow	**462.2**	**238.5**	**223.7**
Dividends paid - ordinary	(290.7)	(328.1)	37.4
Free Cash Flow after ordinary dividends	**171.5**	**(89.6)**	**261.1**
Dividends paid - special	(183.2)	-	(183.2)
Free Cash Flow after special dividends	**(11.7)**	**(89.6)**	**77.9**

Cash Flow from Operations of US$743.9 million increased US$312.1 million and included a US$140.6 million reported cash flow benefit from AASB 16. Excluding AASB 16, Cash Flow from Operations increased US$171.5 million on the prior year, reflecting increased earnings, asset efficiency gains and favourable working capital movements driven by improved debtor collections.

On a cash basis, capital expenditure (excluding US supply chain investments) of US$930.1 million decreased US$59.3 million, reflecting improved asset efficiency and disciplined capital allocation.

On an accruals basis, capital expenditure decreased US$52.1 million at constant currency as lower pooling capital expenditure was partly offset by increased investments in non-pooling capital expenditure.

Pooling capital expenditure decreased US$81.9 million in constant currency terms despite investments to support growth. The Group's primary measure of asset efficiency, the pooling capex to sales ratio, decreased 2.9 percentage points at constant currency to 17.6%. This reduction was driven by:

- US$40 million of asset efficiency improvements across the pallet businesses in North America, Latin America, Europe and Turkey;
- US$48 million of prior-year investments to support Brexit-related retailer stockpiling and a large European Automotive contract which did not recur in FY20; and
- US$16 million of benefits relating to lower per-unit pallet costs due to the US lumber procurement programme.

Non-pooling capital expenditure increased US$29.8 million in constant currency due to service centre maintenance and plant upgrades in the US, Latin America and Australia.

Free Cash Flow after ordinary dividends was a surplus of US$171.5 million and increased US$261.1 million on the prior year driven by the improvement in Cash Flow from Operations outlined above and a US$44.2 million reduction in cash financing costs and tax payments.

Cash financing costs increased US$8.1 million as the inclusion of US$26.5 million in lease payments due to AASB 16 offset financing cost savings of US$18.4 million.

Cash tax payment reduced US$52.3 million, largely reflecting a lower Australian tax instalment rate and tax payments in the prior year relating to IFCO.

These improvements partly offset the year-on-year cash flow impact of the IFCO divestment in May 2019. Prior-year cash flows included a US$137.7 million cash contribution from IFCO which was recognised in discontinued operations.

Free Cash Flow after ordinary and special dividends includes a US$183.2 million cash outflow relating to the special dividend payment in October 2019, which was funded by the IFCO sale proceeds received in the prior year.

Segment Analysis

1.1.2 CHEP Americas

US$m			Change	
	FY20	FY19	Actual FX	Constant FX
Pallets	2,412.5	2,228.9	8%	10%
Containers	56.5	58.9	(4)%	(3)%
Sales revenue	**2,469.0**	**2,287.8**	**8%**	**10%**
Underlying Profit	**342.5**	**298.4**	**15%**	**17%**
Average Capital Invested	2,369.6	1,942.6	22%	24%
Return on Capital Invested	**14.5%**	**15.4%**	**(0.9)pp**	**(0.8)pp**

Sales Revenue

Pallets sales revenue of US$2,412.5 million increased 10% at constant currency, reflecting price realisation across the region and strong volume growth which included the benefit of elevated pallet demand levels in the fourth quarter following the outbreak of Covid-19.

US pallets sales revenue of US$1,807.9 million increased 9% reflecting:

- Pricing growth of 4% driven by pricing actions to recover higher costs-to-serve. Effective price, which includes transport and lumber surcharges that are recognised as an offset to costs, increased by 3%, reflecting the lower contribution from surcharges in line with the moderation in lumber and transport rates during the Year;
- Like-for-like volume growth of 3% included the benefit of a surge in pallet volumes in March and April 2020 related to Covid-19; and

- Net new business growth of 2% included the rollover benefit of new customer contracts won in the second half of FY19.

Canada pallets sales revenue of US$279.2 million increased 7% at constant currency, reflecting strong price realisation and volume expansion with new and existing customers.

Latin America pallets sales revenue of US$325.4 million increased 15% at constant currency, driven by pricing actions initiated in the second half of FY19 and net new business wins.

Containers sales revenue was US$56.5 million, down 3% at constant currency, reflecting lower volumes in the North American IBC and Automotive businesses.

Profit
Underlying Profit of US$342.5 million improved 17% at constant currency and included a US$14.1 million benefit relating to AASB 16. Excluding this benefit, Underlying Profit increased 13% at constant currency and included the benefit of a one-percentage point improvement in US margins, in line with guidance. The US$131 million sales contribution to profit was partly offset by:

- Net plant cost increases of US$27 million, reflecting higher pallet repair and handling costs due to labour and property inflation, additional costs to service elevated levels of pallet demand due to Covid-19 and damage rate increases in Canada associated with the stringer-to-block pallet transition in that market. These cost increases were partly offset by savings from US supply chain programmes;
- Net transport cost increases of US$9 million, reflecting additional transport miles due to the Latin American asset management programme and additional pallet collections and relocations across the US network incurred to service Covid-19 related increases in customer demand while minimising capital expenditure. These additional costs were partly offset by network optimisation savings and lower third-party freight costs;
- Depreciation cost increases of US$9 million due to pool growth and investments in US supply chain programmes;
- IPEP expense increases of US$25 million driven by higher FIFO unit pallet costs despite lower pallet losses in Latin America; and
- Other cost increases of US$24 million, reflecting investments in resources to support growth, asset and network efficiencies and improved commercial outcomes.

Return on Capital Invested
Return on Capital Invested of 14.5% decreased 0.8 percentage points at constant currency due to a 1.7 percentage point adverse impact of AASB16. Excluding the impact of AASB 16, Return on Capital Invested improved 0.9 percentage points at constant currency due to increased profitability in the region and asset efficiency improvements in Latin America.

1.1.3 CHEP EMEA

US$m			Change	
	FY20	FY19	Actual FX	Constant FX
Pallets	1,571.1	1,558.9	1%	5%
RPC	27.3	30.6	(11)%	5%
Containers	229.4	259.6	(12)%	(8)%
Sales revenue	**1,827.8**	**1,849.1**	**(1)%**	**3%**
Underlying Profit	**407.1**	**441.8**	**(8)%**	**(2)%**
Average Capital Invested	1,904.0	1,776.4	7%	12%
Return on Capital Invested	**21.4%**	**24.9%**	**(3.5)pp**	**(3.0)pp**

Sales Revenue
Pallets sales revenue of US$1,571.1 million increased 5% at constant currency, reflecting the contribution from current and prior-year contract wins in the European pallets business and solid price realisation across the region. Like-for-like volume growth continued to be impacted by macroeconomic conditions, notwithstanding a surge in pallet volumes during March and April 2020 following the outbreak of Covid-19 in the region.

European pallets sales revenue of US$1,372.4 million increased 5% at constant currency, comprising:

- Net new business growth of 4%, reflecting strong contributions of current and prior-year contract wins in Southern Europe and Central and Eastern Europe;
- Price growth of 1% driven by annual contract indexation; and
- Like-for-like volumes in line with prior year as deteriorating economic conditions in the region offset the surge in pallet volumes during March and April 2020.

India, Middle East, Turkey and Africa (IMETA) pallets sales revenue of US$198.7 million increased 9% at constant currency, driven by strong price growth and contributions from net new business wins. This growth was partially offset by like-for-like volume declines due to lockdown measures and temporary restrictions of cross-border flows following the Covid-19 outbreak during the fourth quarter.

RPC and Containers sales revenue of US$256.7 million decreased 7% at constant currency, reflecting:

- Automotive sales revenue of US$152.1 million, down 7% on prior year due to the shutdown of the European automotive manufacturing industry for the duration of the fourth quarter following the outbreak of Covid-19;
- Kegstar sales revenue of US$15.7 million, down 19% on the prior year due to the introduction of lockdown restrictions in all major markets in March 2020, which impacted on-premise consumption of beer for the duration of the fourth quarter;
- IBCs sales revenue of US$61.6 million, down 9% on the prior year reflecting lower volumes; and
- RPC sales revenue of US$27.3 million, up 5% on the prior year reflecting volume growth in the South African business.

Profit

Underlying Profit of US$407.1 million decreased 2% at constant currency and included a US$4.8 million benefit relating to AASB 16. Excluding the impact of AASB 16, Underlying Profit decreased 3% at constant currency as the solid revenue contribution to profit of US$56 million was more than offset by:

- A US$23 million decline in the Automotive and Kegstar businesses driven by lower customer demand following the outbreak of Covid-19;
- Net transport cost increases of US$5 million, reflecting additional transport miles incurred in the European pallet businesses to ensure continuity of pallet supply and manage demand volatility due to Covid-19;
- Net plant cost increases of US$20 million, reflecting labour and property inflation across the region and additional pallet repair and handling costs incurred to support elevated levels of customer demand while minimising capital expenditure due to Covid-19;
- Depreciation increases of US$9 million due to pallet pool growth and prior-year automotive asset purchases to support a large contract win in Europe; and
- Other indirect cost increases of US$12 million were driven by IPEP expense increases, due to higher unit pallet costs, and overhead investments to support business growth.

Return on Capital Invested

Return on Capital Invested of 21.4% decreased 3.0 percentage points at constant currency. Excluding the impact of AASB16, Return on Capital Invested decreased 2.0 percentage points at constant currency driven by lower Underlying Profit in the Automotive and Kegstar businesses due to Covid-19 and a higher Average Capital Invested balance, reflecting investments to support growth and prior-year investments in the European Automotive business and Brexit-related retailer stocking.

1.1.4 CHEP Asia-Pacific

US$m			Change	
	FY20	FY19	Actual FX	Constant FX
Pallets	340.7	343.2	(1)%	5%
RPC	51.4	65.7	(22)%	(17)%
Containers	44.7	49.5	(10)%	(5)%
Sales revenue	**436.8**	**458.4**	**(5)%**	**1%**
Underlying Profit	**118.0**	**118.3**	**-**	**6%**
Average Capital Invested	490.6	424.5	16%	22%
Return on Capital Invested	**24.1%**	**27.9%**	**(3.8)pp**	**(3.7)pp**

Sales Revenue

Pallets sales revenue was US$340.7 million, up 5% at constant currency, reflecting moderate price realisation and like-for-like volume growth in the Australian business and the ongoing expansion of the timber pallet business in China.

RPC and Containers sales revenue was US$96.1 million, down 12% at constant currency due to the rollover impact of a prior-year contract loss in the Australian RPC business.

Profit

Underlying Profit of US$118.0 million increased 6% at constant currency and included a US$5.0 million benefit from AASB16. Excluding this benefit, Underlying Profit increased 1% at constant currency, driven by the sales contribution to profit and plant cost efficiencies in Australia which more than offset other cost increases in the region.

Return on Capital Invested

Return on Capital Invested of 24.1% decreased 3.7 percentage points at constant currency largely due to the 3.2 percentage point adverse impact of AASB 16.

Board & Executive Leadership Team

Board of Directors

John Mullen Non-Executive Chairman (Independent)

Chairman of the Nominations Committee and member of the Remuneration Committee

Joined Brambles as a Non-Executive Director and Chairman elect in November 2019 and became Chairman on 1 July 2020. He is currently a Non-Executive Director and Chairman of Telstra, and Chairman of the unlisted entity, Toll Group. Previously, John was Chief Executive Officer of Asciano, Australia's largest ports and rail operator, from 2011 to 2016. Prior to that, John had a distinguished career with the DHL Group from 1994 to 2009, ultimately becoming Chief Executive Officer of DHL Express in 2006. He also served as a Director of Deutsche Post World Net, the parent company of DHL Express. Before joining DHL, John spent 10 years with the TNT Group, culminating in the role of Chief Executive Officer of TNT Express Worldwide, which he held from 1990 to 1994. He was formerly a Non-Executive Director of Brambles (from 2009 to 2011), and has also served as a director on the boards of Brookfield Infrastructure Partners LP, Macquarie Airports Corporation, Embarq LLC (USA), Transportes Guipuzcoana (Spain) and Ducros Services Rapides (France). He was also Chairman of the US National Foreign Trade Council in Washington from 2008 to 2010. John holds a Bachelor of Science from the University of Surrey.

Graham Chipchase Chief Executive Officer

Chairman of the Executive Leadership Team

Joined Brambles at the beginning of January 2017 as Chief Executive Officer Designate and became Chief Executive Officer on 20 February 2017. Prior to Brambles, Graham was Chief Executive Officer of Rexam plc, one of the world's largest consumer packaging companies, from 2010 to June 2016. Graham had first joined Rexam in 2003 as Group Finance Director before moving to Group Director of Plastic Packaging. Graham left Rexam in June 2016, after Rexam was successfully acquired by Ball Corporation. He is also a Non-Executive Director of AstraZeneca plc and its Senior Independent Director, and was chair of its Remuneration Committee from April 2015 to July 2020. He holds an MA (Hons) Chemistry from Oriel College, Oxford, and is a Fellow of the Institute of Chartered Accountants in England and Wales.

George El-Zoghbi Non-Executive Director (Independent)

Member of the Nominations and Remuneration Committees

Joined Brambles as a Non-Executive Director in January 2016. George has extensive international consumer packaged goods and supply chain experience. He was recently appointed as the Chief Executive Officer of Arnott's Biscuits Limited. He is also a Special Advisor to and a Director of Kraft Heinz Company and a Strategic Advisor to Altimetrik, a US-based digital and IT solutions company. Previously, George was the Chief Operating Officer of US commercial businesses for Kraft Heinz Company from the merger of Kraft Foods Group and H.J. Heinz in July 2015 until October 2017. Prior to that merger, George held a number of key leadership roles at Kraft including Chief Operating Officer. Prior to joining Kraft in 2007, he held a number of executive roles with Fonterra Cooperative and various managerial and sales roles with Associated British Foods. He holds a Diploma of Business, Marketing, as well as a Master of Enterprise from the University of Melbourne and has also completed an Accelerated Development Programme at MC London Business School in the United Kingdom.

Board & Executive Leadership Team – continued

Elizabeth Fagan CBE Non-Executive Director (Independent)

Member of the Audit and Nominations Committees

Joined Brambles as a Non-Executive Director in June 2018. Elizabeth has extensive experience in the international retail sector. She is a Commander of the Order of the British Empire (CBE). Currently she is Chair of the Board of D2N2 Local Enterprise Partnership. Previously, she was the Non-Executive Chairman of Boots UK & Ireland, Senior Vice President and Managing Director of Boots, leading all Boots businesses across the UK and the Republic of Ireland. Prior to that, she was Senior Vice President, Managing Director, International Retail for Walgreens Boots Alliance, from the Company’s creation in December 2014 to 2016, Marketing Director of Boots and Managing Director of Boots Opticians, and previously worked for Boots as Group Buyer from 1983 to 1991. Before re-joining the Boots business in 2006, Elizabeth worked for DSG International plc for 10 years, where she held a number of senior positions, including Marketing Director, Group Marketing Director and Managing Director of The Link. She holds a Bachelor of Science, Biochemistry, from Strathclyde University and an Honorary Doctorate of Science from Nottingham Trent University.

Tony Froggatt Non-Executive Director (Independent)

Member of the Remuneration and Nominations Committees

Joined Brambles as a Non-Executive Director in June 2006. He is Chairman of Foodbank Australia. Previously, Tony was a Non-Executive Director of Coca-Cola Amatil, AXA Asia Pacific Holdings and Billabong International and was Chief Executive Officer of Scottish & Newcastle plc from May 2003 to October 2007. He began his career with the Gillette Company and has held a wide range of sales, marketing and general management positions in many countries with major consumer goods companies including H.J. Heinz, Diageo and Seagram. He holds a Bachelor of Law from Queen Mary College, London, and a Master of Business Administration from Columbia Business School, New York.

Tahira Hassan Non-Executive Director (Independent)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in December 2011. Tahira is a Non-Executive Director of Canada Pension Plan Investments and was previously a Non-Executive Director of Recall Holdings. She had a distinguished 26-year career with Nestlé. From 2003 to 2006, she was Senior Vice President & Head of Global Supply Chain. Based in Switzerland, this was a new role created to lead the reshaping of Nestlé’s global approach to supply chain management. Her other roles included Senior Vice President & Global Business Head for Nescafé Ready To Drink from 2006 to 2009, and Vice President, Deputy Operations, Zone Americas from 2001 to 2003. Previously, Tahira held various leadership positions in Nestlé Canada including President, Ice Cream and Executive Vice President, Consumer Demand Chain & Information Services. Tahira is a Fellow of the Chartered Institute of Management Accountants, UK, and a Certified Member of the Society of Management Accountants of Canada.

Brian Long Non-Executive Director (Independent)

Chairman of the Audit Committee

Joined Brambles as a Non-Executive Director in July 2014. Previously, Brian was a Non-Executive Director of OneMarket Limited, Commonwealth Bank of Australia, at which he was Chairman of its Audit Committee, and Ten Network Holdings Limited. He was a senior Australian audit partner at EY, retiring in 2010 after 29 years with that firm, at which he was Chairman of both the Global Advisory Council and the Oceania Area Advisory Council (respectively, its worldwide and regional partner governing bodies). Brian is a Fellow of the Institute of Chartered Accountants in Australia and has been a member since 1972.

Board & Executive Leadership Team – continued

Ken McCall Non-Executive Director (Independent)

Joined Brambles as a Non-Executive Director in July 2020. Ken's background is in global network management, international logistics and supply chain, having held leadership positions including Chief Executive, DHL Express UK & Ireland, from 2008-2010, and MD, Networks and Operations, DHL Express Europe, which consolidated his extensive experience of continental Europe. He lived and worked in China during his time with TNT NV, as CEO TNT China, 2004-2007, and CEO TNT Asia, Middle East, Africa & Indian Subcontinent, 1996-2004. More recently, Ken served as Deputy Group CEO at Europcar Mobility Group from 2016-2019, having previously held the roles of Group Chief Operating Officer and Group Managing Director for the UK. Ken has more than 10 years' experience as a Non-Executive Director. He served on the board of global fashion retailer SuperDry plc from 2010-2016 and was a member of its Audit and Remuneration Committees. He is currently Senior Independent Non-Executive Director for Post Office Limited; for which he chairs the Remuneration Committee and is a member of the Nomination and Audit, Risk and Compliance Committees. Ken is a member of the Chartered Institute of Transport and Logistics, Singapore.

Jim Miller Non-Executive Director (Independent)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in March 2019. Jim has extensive operational and cross functional supply chain experience in digital technology. He is currently Chief Technical Officer with Wayfair Inc. In addition, Jim is currently a Non-Executive Director of The RealReal, Inc., also a US e-commerce company. Jim has held a number of senior executive roles including Vice President, Worldwide Operations for Google Inc from 2010 to 2018, where he was responsible for global operations, planning, supply chain and new product introduction for Google's IT infrastructure and Google Fiber. Previously, he was Executive Vice President, Industrial, Automotive and Multi-Media for Sanmina Corporation from 2009 to 2010, where he was responsible for its industrial, clean tech, multi-media and automotive businesses. Prior to that, he held various executive roles at Cisco Systems, and was Vice President Global Supply Chain for Amazon where he was responsible for the inception of its supply chain organisation. He has also held various executive roles at IBM and Intel. Jim holds a Bachelor of Science, Aerospace Engineering, from Purdue University and a Master of Science and Engineering and a Master of Science and Management from the Massachusetts Institute of Technology.

Nessa O'Sullivan Chief Financial Officer

Joined Brambles in October 2016 and was appointed to the role of Chief Financial Officer on 17 November 2016. She became an Executive Director of Brambles in April 2017. Prior to joining Brambles, Nessa worked for ten years at Coca-Cola Amatil in a number of senior financial and operating roles, including Group Chief Financial Officer from 2010 to May 2015. She was also Group Chief Financial Officer for Operations and Chief Financial Officer for Australia and New Zealand. Nessa began her career working as an auditor at Price Waterhouse in Dublin, New York and Sydney. She spent two years at Tyco Grinnell Asia Pacific before joining PepsiCo/Yum! Restaurants in 1995. Over a 10-year period at Yum! Restaurants International, she held a number of senior finance, IT and strategy roles, including five years as Chief Financial Officer for the South Pacific Region. She is also a Non-Executive Director of Molson Coors Beverage Company. Nessa is a Fellow of the Institute of Chartered Accountants in Ireland. She holds a Bachelor of Commerce from University College Dublin and is a graduate of the Australian Institute of Company Directors.

Scott Perkins Non-Executive Director (Independent)

Chairman of the Remuneration Committee and member of the Audit and Nominations Committees

Joined Brambles as a Non-Executive Director in June 2015. Scott is a Non-Executive Director of Woolworths Group Limited and Origin Energy and was a Director of Meridian Energy from 1999 to 2002. Scott has extensive experience in corporate strategy, capital markets and investment banking. He held senior executive leadership positions at Deutsche Bank from 1999 to 2013, including as Managing Director and Head of Corporate Finance for Australia and New Zealand and as a member of the Asia-Pacific management committee. Scott is also active in the charity and public policy sector as the founder or director of a number of organisations. Scott holds a Bachelor of Commerce degree and a Bachelor of Laws with Honours degree from the University of Auckland.

Nora Scheinkestel Non-Executive Director (Independent)

Member of the Audit Committee and Audit Committee Chair Elect

Joined Brambles as a Non-Executive Director and will take over the role of Audit Committee Chair on 20 August 2020. Nora is currently the Chair of Atlas Arteria Limited and a Non-Executive Director of its stapled entity, Atlas Arteria International Ltd, a Non-Executive Director of Telstra and a Non-Executive Director of AusNet Services Limited. She is also an Associate Professor at the Melbourne Business School at Melbourne University and a Trustee of the Victorian Arts Centre Trust. Previously, Nora was a director of a number of other major ASX listed companies, where in many cases she chaired their audit committees, and was a member of the Takeovers Panel. In 2003, she was awarded a centenary medal for services to Australian society in business leadership. Nora holds a Doctor of Philosophy and a Bachelor of Law (Hons) from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

Executive Leadership Team

Graham Chipchase Chief Executive Officer

Chairman of the Executive Leadership Team

(See biography on page 26.)

Carmelo Alonso-Bernaola Senior Vice President, Global Supply Chain

Joined Brambles in 1992 and was appointed Senior Vice President Supply Chain for CHEP's global operations in February 2011. At Brambles, Carmelo has served in a range of supply chain roles, ranging from Quality Manager in Iberia, Logistics Director for South Europe, Vice President Logistics Europe, Senior Vice President Supply Chain Europe to his current global role in Supply Chain. Carmelo holds an Agro-industrial Engineering degree from the Universidad Politécnica of Madrid. He also holds a Master of Business Administration from IE Business School, Madrid, and a Diploma of Manufacturing and Production Management.

Phillip Austin President, CHEP Asia-Pacific

Joined Brambles in 1989 and became President CHEP Asia-Pacific in October 2014, having previously held the positions of President CHEP Australia and New Zealand and President CHEP Australia. Phillip has held a variety of senior roles across Brambles including Chief Financial Officer of the Brambles Transport Group; Chief Financial Officer of CHEP Australia; Operations Manager for Wreckair Hire; and executive roles in the CHEP Australia business responsible for sales, asset management and business development. Phillip is an Ambassador for the National Association for Women in Operations (NAWO). He holds a Bachelor of Economics and a Master of Logistics Management, both from the University of Sydney, and is a graduate of the Australian Institute of Company Directors.

Patrick Bradley Group Senior Vice President, Human Resources

Joined Brambles in 2018 as Group Senior Vice President, Human Resources. Before joining Brambles, Patrick was the Human Resources Director at BT Group, the UK's largest fixed communications network, responsible globally for employee relations, reward, pensions, organisational design and efficiency. Prior to that, he was the Chief Human Resources Officer at EE, the UK mobile telecommunications operator, when it was acquired by BT. He has also held human resources leadership roles at Lloyds Banking Group and Atos Origin. He has led multiple workforce and human resources programmes to improve customer service capabilities, organisational culture and employee engagement. He holds a Bachelor of Law from the University of Leeds.

David Cuenca President, CHEP Europe

Joined Brambles in 2000 and was appointed President, CHEP Europe in 2020. At Brambles, David has held several leadership roles, ranging from Country General Manager of CHEP in Central Europe; Vice President and Country General Manager in CHEP Spain and Portugal; Vice President of CHEP Southern Europe; President, CHEP Latin America; and his current role in Europe. David holds a Business Studies degree from the University of Barcelona. He has also completed a General Management Programme at the IESE Business School.

Board & Executive Leadership Team – continued

Paola Floris President, CHEP Latin America

Joined Brambles in 2001 and was appointed President, CHEP Latin America on 1 July 2020. During her time at Brambles, Paola has held several leadership roles, ranging from Customer Service Director, CHEP Italy and progressed to become Retail Director in 2009. Paola was appointed as Country General Manager, CHEP Italy in 2013 and then was promoted to Vice President and Country General Manager, CHEP Pallets Canada in 2016. Paola has a degree in Economics from the Universita' Cattolica del Sacro Cuore, and a Master of Business Administration from SDA Bocconi.

Robert Gerrard Group Vice President, Legal and Secretariat

Joined Brambles in 2003 as Senior Counsel, Brambles Group, was appointed Group Company Secretary in February 2008 and Group Vice President, Legal and Secretariat in February 2017. Prior to joining Brambles, he was General Counsel and Company Secretary of Roc Oil Company Limited; Group Legal Manager, Cairn Energy plc; General Counsel and Company Secretary of Command Petroleum Limited; and a solicitor and senior associate with Allen Allen & Hemsley. He holds a Master of Law from the University of Sydney and a Bachelor of Science and a Bachelor of Law from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales.

Alasdair Hamblin Senior Vice President, Strategy and Innovation

Joined Brambles in March 2018 as Senior Vice President, Group Strategy and became Senior Vice President, Strategy & Innovation in February 2019. Prior to Brambles, Alasdair held a number of leadership roles at General Electric from 2011 to 2018, including Strategic Marketing Director for GE Oil & Gas and led revenue synergies for its merger with Baker Hughes to form BHGE. He was previously an Associate Partner at McKinsey & Company and began his career in systems engineering with Accenture. He holds an MA in Modern History from Balliol College, Oxford, and a Master of Business Administration from INSEAD.

Rodney Hefford Chief Information Officer

Joined Brambles in June 2017 as Chief Information Officer. Before joining Brambles, Rod was Vice President, Information Technologies and Services at Ball Corporation, where he integrated the IT elements of Ball's acquisition of Rexam and led the development of an IT strategy for the combined entity. Prior to that, he was Group CIO for Rexam and held several CIO roles at Unilever. He holds a Bachelor of Materials Engineering from Monash University, Australia, and a Master of Business Administration from Warwick Business School in the UK.

Craig Jones President, CHEP India, Middle East, Turkey and Africa

Joined Brambles in December 2017 as Vice President, EMEA Emerging Markets and was appointed to his current position of President CHEP IMETA (India, Middle East, Turkey and Africa) in February 2019. Before joining Brambles, Craig worked for Rexam plc, a UK listed consumer packaging company. Craig led the Africa, Middle East & Asia region for Rexam and also spent time leading their Russian business. Craig joined Rexam in 2001 and held a number of senior finance roles across a variety of geographies. Craig holds a BA (Hons) Business Studies from Cardiff University and is a Fellow (FCMA) of the Chartered Institute of Management Accountants.

Board & Executive Leadership Team – continued

Laura Nador President, CHEP North America

Joined Brambles in 2003. Laura became President, CHEP North America in January 2018, after holding a number of leadership positions within Brambles across multiple geographies. Laura was successively Director, Distributor Sales, CHEP Europe; Vice President, RPCs, Europe; Country General Manager, CHEP Spain and Portugal; and Vice President, Supply Chain, CHEP Latin America. In July 2016, she was appointed Senior Vice President of the CHEP USA Pooled Pallets business and then President, CHEP USA in March 2017, when she took on additional responsibilities for all pallets and containers businesses in the USA. CHEP Canada was added to her responsibilities in January 2018. Prior to Brambles, Laura worked for a number of years at the Fortune 500 logistics company, Ryder. Laura holds a Master of Engineering from the University of Buenos Aires and a Master of Business Administration from the London Business School.

Nessa O'Sullivan Chief Financial Officer

(See biography on page 28.)

Sarah Pellegrini Vice President, Internal Communications

Joined Brambles in 2018 to lead Group-wide internal communications and was appointed to the Executive Leadership Team in 2019. Before joining Brambles, Sarah oversaw employee communications for Qantas' global operations, and has held corporate communications roles in international businesses including Arrium and Foster's Group in Australia and Rexam plc, SABMiller and BBC Worldwide in the UK. Sarah began her career as a journalist for News Limited after gaining a Bachelor of Arts (Journalism) from RMIT University.

Directors' Report – Remuneration Report

Executive Summary

Business Performance

This report outlines the remuneration for Brambles' Key Management Personnel (KMP) for the financial year ended 30 June 2020 (the Year). It should be read in conjunction with the information provided on Brambles' results and continued execution of Brambles' business strategy, as detailed in the Operating & Financial Review on pages 4 to 25.

Annual Short-Term Incentive

Based on performance against the corporate and personal objectives set for the Year, the annual Short-Term Incentive (STI) awards for Executive KMP (see Section 1) ranged from 31% to 112% of base salary. These STI outcomes were driven by Brambles' financial performance, each Executive KMP's achievement of specific personal objectives and after consideration of Executives' adherence to the Brambles Code of Conduct, shared values and risk appetite.

Long-Term Incentive

The Long-Term Incentive (LTI) share awards granted during September 2017 (i.e. in FY18) had a three-year performance period ending 30 June 2020. Performance against the conditions to which they were subject were:

- Brambles' total shareholder return (TSR) was ranked at 32 out of the ASX100 peer group, resulting in 87.4% vesting for this component (25% of LTI grant); and ranked at 36 out of the MCSI peer group, resulting in 80.0% vesting for this component (25% of LTI grant); and
- Brambles' sales revenue compound annual growth rate (CAGR) was 6.4% and Return on Capital Invested (ROCI) was 17.1%, resulting in 95.0% vesting for this component (50% of LTI grant).

Accordingly, 89.3% of total LTI awards granted in FY18 vested. Details of LTI vesting are provided in Section 4.3.2.

Executive Leadership Team Base Salaries

The base salaries of the Executive KMPs and other members of the Executive Leadership Team (ELT) were determined in accordance with the Company's Remuneration Policy described in Section 2. The average base salary increase for Executive Directors was 2.5%. The average increase for current ELT members for the Year was 3.0%, ranging from 2.1% to 5.1%. All increases were determined in October 2019 and effective 1 January 2020. The average increase across the broader employee population was 3.0%. Executive KMP salaries are set out in Section 5. There will be no salary increases for ELT in FY21. The next salary review, which was due to occur on 1 January 2021, has been deferred until 1 July 2021.

Non-Executive Directors' Fees

There has been no increase in Chairman and Non-Executive Director base fees since 1 July 2016. There will be no increase in fees for the Chairman or Non-Executive Directors for FY21. Non-Executive Director fees are detailed in Section 7.1. The next fee review will be carried out during FY21. Any fee increase arising from that review will take effect from 1 July 2021.

Remuneration Strategy

The Remuneration Committee carries out annual reviews of Brambles' remuneration strategy, structure and policy, including share-based incentive plans. These reviews are undertaken in order to determine whether the current approach continues to strongly align Executives' interests with those of the Company and its shareholders. A key focus of the annual review is to provide confirmation that the Company's remuneration structure and policy continue to provide alignment with the Company's strategic and business objectives, as well as Brambles' Code of Conduct, shared values and risk appetite. In March 2020, the Committee determined that no changes to the current structure or policy were required in FY21 but did recommend an administrative change to the rules of the Brambles Performance Share Plan (see Section 2 for details).

Impact of Covid-19

The STI outcomes for the Year reflect business performance against targets set at the commencement of the Year. The Board has not exercised any discretion in relation to STI outcomes, nor LTI vesting, as a result of the economic impact of Covid-19 on Brambles.

Contents

Directors' Report – Remuneration Report – continued

1. Background

This Remuneration Report provides information on Brambles' Remuneration Policy and the link between that policy and the Group's business strategy, financial performance and conduct consistent with Brambles' Code of Conduct, shared values and risk appetite. This report also provides remuneration information about Brambles' Key Management Personnel (KMP), who are its:

- Non-Executive Directors as set out in Section 7; and
- Executive Directors and Group Executives who have authority and responsibility for planning, directing and controlling the Group's activities (Executive KMP). The executives who fall within this definition are those set out in Section 5.

In this report, references to the Executive Leadership Team (ELT) include Executive KMP.

This report includes all disclosures required by the *Corporations Act 2001* (the Act), regulations made under the Act and the Australian Accounting Standard AASB 124: Related Party Disclosures. The disclosures required by section 300A of the Act have been audited. Disclosures required by the Act cover both Brambles Limited and the Group.

2. Remuneration Policy and Framework

Brambles' Remuneration Policy, approved by the Board, is to adopt a remuneration structure and set remuneration levels which:

- enables Brambles to attract, retain and motivate high-calibre executives and other talent throughout the company;
- fairly and responsibly rewards executives having regard to Brambles' performance, the performance of executives and the general remuneration environment; and
- aligns:
    - executive reward with the creation of sustainable shareholder value; and
    - executive behaviour with Brambles' strategic objectives, Code of Conduct, shared values and risk appetite.

Table 3.3.1 sets out how Brambles' Remuneration Policy is directly linked to the Company's financial performance, the creation of shareholder wealth, the delivery of strategic objectives and executive behaviour.

Corporate and personal short-term incentive objectives are agreed at the start of the financial year and approved by the Board Remuneration Committee (Committee). The Committee reviews progress against the objectives during the financial year and assesses performance at year end following a detailed review of Group, Business Unit and individual executive performance. Long-term incentive performance conditions are set out in the rules of the Brambles Performance Share Plan (PSP).

The Group's Remuneration Policy is to set target remuneration opportunity around the median level of the comparator group of companies (set out in the next paragraph) but with upper-quartile total potential rewards for outstanding performance and proven capability.

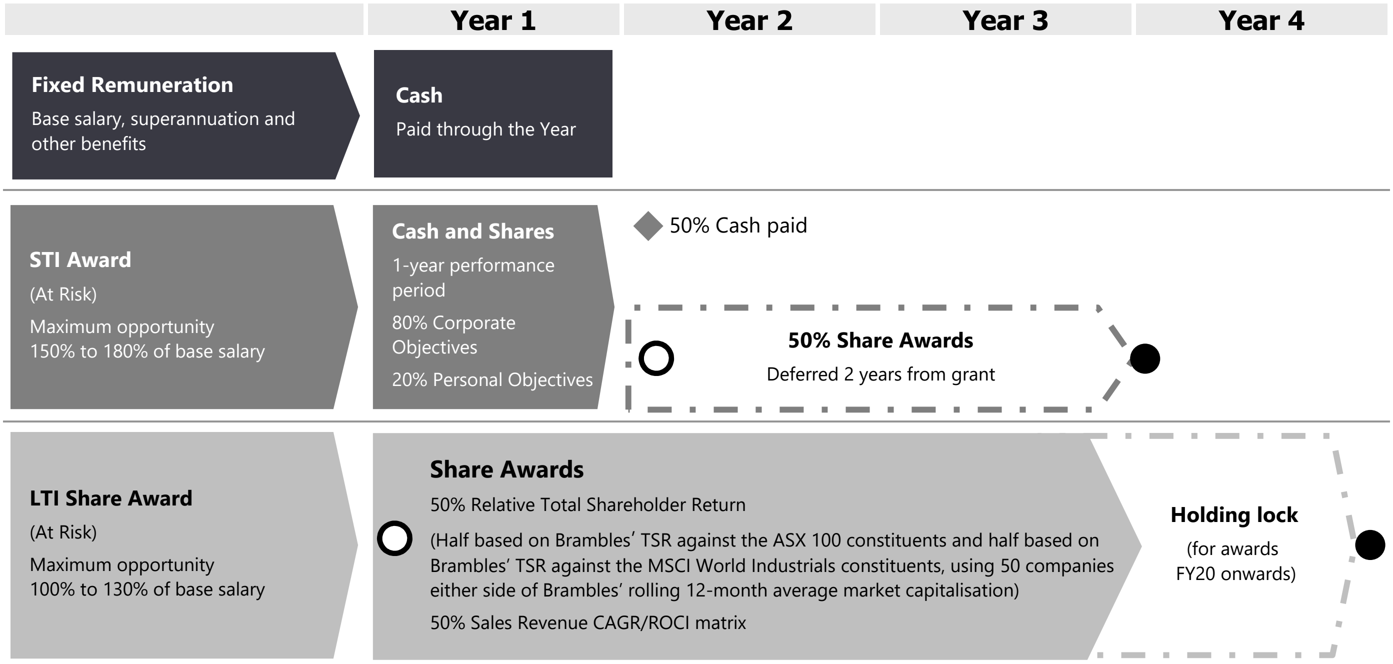
Brambles' global remuneration framework, which applies to all salaried employees, is underpinned by its banding structure. This classifies roles into specific bands, each incorporating roles with broadly equivalent work value. Pay ranges for each band are determined under the same framework globally and are based on the local market rates for the roles falling within each band. For ELT roles, comparative companies used to set pay ranges are major listed companies in the USA, Australia and UK with sales revenue and market capitalisation between 50% and 200% of Brambles' 12-month average at year end. This approach provides a sound basis for delivering a non-discriminatory pay structure, providing equal pay for equal work value, for all Group employees.

Each year, the Committee conducts a review of the Company's remuneration policy to determine that it delivers a remuneration structure and levels which are consistent with the objectives outlined at the beginning of this Section 2. As a result of the review carried out in FY20, it was determined that no changes to Brambles' remuneration structure were required in FY21. As a result of that review, however, the Board, pursuant to the power granted to it under the PSP rules, made an administrative amendment to those rules. The effect of the amendment is to grant the Board discretion to determine that vested awards granted under the PSP be settled in either cash or shares. The Board's intention is to consider exercising that discretion to settle vested PSP awards in cash for the small number of Australian-based employees who may, in the future, be categorised as "good leavers".

3. Remuneration Structure

3.1 Overview

Remuneration is divided into those components not directly linked to performance (Fixed Remuneration) and those components which are variable and directly linked to Brambles' financial performance and the delivery of corporate and personal objectives (At Risk Remuneration). The diagram below summarises the remuneration structure for Executive KMP.



Legend: ◆ Cash awarded; ○ Share Awards granted; and ● Share Awards vested/unrestricted.

Payments are made and awards are granted following the end of the financial year and finalisation of Brambles' results.

An individual's At Risk Remuneration is subject to the overarching discretion of the Board and the Committee. That discretion is informed by how individuals achieve results and the extent to which they exemplify the behaviours expected of them as leaders of the Company as set out in Brambles' Code of Conduct, shared values and risk appetite.

The proportion of Executive KMP total remuneration comprising At Risk Remuneration is illustrated in Table 3.4.2.

STI and LTI share awards are governed by the PSP rules, which have been approved by shareholders. No Brambles shares were purchased on-market during the Year to satisfy the entitlements of holders of STI share awards or LTI share awards.

The remuneration structure and the key features of Fixed and At Risk Remuneration are summarised in Table 3.3.1. The application of the At Risk Remuneration is further described in Section 4.

3.2 Basis of Valuation of STI and LTI Share Awards

The number of share awards granted is based on the market value of Brambles' shares which, under the PSP rules, is the volume weighted average share price during the five trading days up to and including the grant date. In this report, this is referred to as the "face value approach".

Details of the approach are contained in Section 9.4.

3.3 Remuneration Structure Details

Table 3.3.1: Remuneration Structure FY20

Remuneration element	Description	Purpose	Link to strategy
Fixed Remuneration			
	Base salary, superannuation and other fixed benefits.	Fixed remuneration reflects the executive's role, duties, responsibilities and level of performance, taking into account the individual's location and Brambles' size, geographic scale and complexity. Base salaries are generally referenced at the market median.	Base salaries are designed to be competitive to assist Brambles in attracting and retaining talented executives.
At Risk Remuneration			
STI Award Executive KMP are eligible to receive annual STI Awards. The Committee approves annual STI corporate and personal objectives for Executive KMP. At the end of each year, the Committee assesses Executive KMPs' performance against those objectives. The amount of an STI Award will depend on whether and, if so, to what extent those objectives are achieved. Half of the STI Award is delivered in cash following the end of the year to which the award relates. The other half is delivered in deferred STI Share Awards which vest two years from the date they are granted, subject to the relevant Executive KMP remaining employed by the Group at the end of that period. Eligibility for STI Awards is also subject to the non-financial risk assessment referred to in this table below, both at the time of the grant of the awards and, in the case of STI Share Awards, during the two-year deferral period. The achievement of objectives by Executive KMP for FY20 are set out in Section 4.2.			
Corporate Objectives (comprising 80% of the STI award)	Corporate objectives are set at a "Threshold" (the minimum necessary to qualify for the awards) and "target" (when the performance target is met). For some objectives (Underlying Profit and Asset Efficiency), there is also a "maximum" (when targets have been significantly exceeded and the award has reached its upper limit) level. For Underlying Profit, "Threshold" levels are set at or above the prior year's outcome for the relevant objective, except where extenuating circumstances exist.	Corporate objectives are set to align an executive's At Risk Remuneration to Brambles' financial and strategic objectives. For FY20, these included: Underlying Profit growth in excess of sales revenue growth through the cycle; Free Cash Flow sufficient to fully fund capital expenditure; and dividends and operational efficiency. Financial objectives are chosen to link Executives KMPs' rewards with the financial performance of the Group, the pursuit of profitable growth, the efficient use of capital and generation of cash.	FY20 corporate objectives were: - Underlying Profit provides a focus on profitable growth; - Cash Flow from Operations is used as a measure to provide a strong focus on the generation of cash; and - Asset efficiency is a key driver of business profitability and assists in maximising revenue from existing assets and reducing capital costs.
Personal Objectives (comprising 20% of the STI award)	Personal objectives relate to non-financial operating and strategic objectives.	Personal objectives provide the opportunity to tailor individual Executive KMP performance expectations, having regard to their role and function, to specific non-financial operating and strategic goals.	Personal objectives are linked to the delivery of Brambles' strategic and operating priorities such as safety, customer retention, product innovation, succession planning and talent development and specific business unit or functional projects.

Directors’ Report – Remuneration Report – continued

<table>
<tr><th>Remuneration element</th><th>Description</th><th>Purpose</th><th>Link to strategy</th></tr>
<tr><td colspan="4">LTI Share Award
Executive KMP are also eligible to receive an annual grant of LTI share awards vesting three years from the date the award is granted, subject to satisfaction of service and performance conditions. A one-year holding lock post-vesting applies to awards granted from FY20 onwards, during which executives cannot sell vested LTI awards other than to pay any tax obligations. The number of LTI share awards to which an Executive KMP is entitled is an amount, calculated using the face value approach, equal to a specified proportion of his or her base salary as shown in Section 4.3.</td></tr>
<tr><td>Relative TSR (comprising half of the LTI award)</td><td>Performance is measured over a 3-year performance period (Performance Period) against constituents of both the ASX100 and the MSCI World Industrials indices, with each component measured separately and comprising 25% of the total LTI award.
The vesting schedule for the portion of the LTI subject to TSR is outlined below.
<table><tr><th></th><th>TSR percentile</th><th>% Vesting of shares</th></tr><tr><td>Below Threshold</td><td>Below 50th</td><td>No vesting</td></tr><tr><td>Threshold</td><td>50th</td><td>50%</td></tr><tr><td>Between Threshold and Maximum</td><td>Between 50th and 75th</td><td>Pro-rata straight-line vesting</td></tr><tr><td>Maximum</td><td>75th and above</td><td>100%</td></tr></table></td><td>Relative TSR rewards the creation of shareholder value.
TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specific period.
A relative TSR performance condition means that value is only delivered to participants if the investment return received by Brambles’ shareholders is sufficiently high relative to the return they could have received by investing in a portfolio of alternative stocks over the same period.</td><td>TSR provides a direct alignment of executive rewards to the creation of shareholder value through linking executive reward with the long-term generation of returns to Brambles’ shareholders.</td></tr>
<tr><td>Sales revenue CAGR and ROCI (comprising half of the LTI share award)</td><td>Each year, a sales revenue CAGR/ROCI matrix is set by the Committee for each LTI share award, based on targets approved by the Board. This allows the Committee to set targets for each LTI share award that reward strong performance in light of the prevailing and forecast economic and trading conditions.
The FY21-23 sales revenue CAGR/ROCI matrix, pertaining to the LTI share awards to be granted in October 2020, is set out in Section 4.3.</td><td>This portion of the LTI share award incentivises both long-term sales revenue growth and ROCI. Vesting is based on achievement of sales revenue targets with three-year performance targets set on a CAGR basis. The sales revenue growth targets are underpinned by ROCI hurdles. This is designed to drive profitable business growth, to maintain quality of earnings and to deliver a strong return on capital invested. Sales revenue CAGR is measured in constant currency.</td><td>Profitable growth is emphasised by the use of sales revenue CAGR targets with ROCI hurdles as the performance conditions that must be satisfied for half of all LTI share awards to vest.
This supports the delivery of sustainable returns to shareholders.</td></tr>
</table>

<table>
<tr><th>Minimum shareholding requirements</th><th>Description</th></tr>
<tr><td>Brambles requires ELT members to hold a meaningful stake in the Company to assist in aligning their interests with those of its shareholders.</td><td>The minimum shareholding requirement for the CEO is 150% of base salary and for the other ELT members is 100% of their respective base salaries, to be built up over five years. Each year, the Committee receives a report on the progress towards the attainment of the required minimum shareholding requirement.
Whilst building their minimum shareholding requirement, ELT members are not permitted to sell Brambles shares, other than to pay tax obligations they incur by reason of STI or LTI share awards vesting, until they have achieved 100% of their shareholding requirements.
Where Executive Directors step down from their Executive Director position but continue to be employed by the Company, they will, under the Company's Securities Trading Policy, need the Chairman’s approval to sell or otherwise deal in Brambles' shares.
Executive Directors who cease to be employees of the Company are required to retain at least 50% of their minimum shareholding for the 12 months following their cessation of employment.</td></tr>
</table>

Clawback of awards	Description
Clawback provisions operate in relation to STI and LTI share awards	Under the PSP rules, the Board has discretion to reduce, cancel or lapse unvested or vested STI or LTI share awards in the circumstances set out in the PSP rules (a copy of the rules is on the Brambles website). These circumstances include to protect the financial soundness of the Group, an exceptional event which has a material impact on the value of the Group, a material inaccuracy in the assessment of the performance of a participant in the PSP (including an Executive KMP) or any subsequent or adverse development regarding the personal performance of such a participant.

Remuneration Committee discretion	Description
Remuneration Committee discretion regarding At Risk Remuneration	The Committee has discretion to adjust the level of At Risk Remuneration (both STI and LTI awards) based on the financial or share price performance of the Company and the behaviours exhibited by individual ELT members, including their adherence to the Company's Code of Conduct, shared values and risk appetite. The Committee may, at its discretion, reduce the amount of an ELT member's STI award (regardless of the achievement of corporate or personal objectives) where his or her performance or behaviour during the year has been assessed as not warranting all or part of an incentive payment to which he or she may otherwise be entitled. The Committee determines the level of LTI share award vesting following the receipt of independent TSR analysis and audited management reports on the outcome of the Sales CAGR/ROCI performance over the applicable Performance Period. The Committee's discretion can be used to increase or decrease vesting outcomes, which includes reducing vesting to zero. In April 2020, the Remuneration Committee adopted a principles-based approach to non-financial risk, with a framework which provides guidelines as to the types of events that may warrant an adjustment and guidance on what should be considered by the Committee. Advice is provided to the Committee by the Chairman of the Audit Committee, the Group Senior Vice President, Human Resources, the Group Vice President, Legal and Secretariat and Group Vice President, Risk & Internal Audit on any major or severe incidents to be considered by the Committee when deciding whether to exercise its discretion to adjust any year-end remuneration outcomes.

3.4 Remuneration Mix for Executive KMP

Brambles' Executive KMP remuneration mix is linked to performance. At Risk Remuneration represents 71% to 76% of Executive KMP maximum remuneration package.

The table below illustrates the remuneration potential for the Executive KMP, including Threshold, Target and Maximum potential.

Table 3.4.1: Remuneration Potential

Remuneration potential	CEO/CFO potential as % of base salary			President North America/Europe potential as % of base salary		
	Threshold	Target	Maximum	Threshold	Target	Maximum
STI Awards*	70%	120%	180%	60%	100%	150%
LTI Awards	46%	88%	130%	35%	68%	100%

* Half of the STI Award is delivered in deferred STI Share Awards which vest two years from the date they are granted subject to the relevant Executive KMP remaining employed by the Group at the end of that period.

The following table illustrates the level of actual remuneration received by Executive KMP compared with their respective total remuneration potential.

The respective columns labelled "Actual" comprise:

- Base salary: base salary for FY20;
- STI Awards: the STI award received in respect of FY20 performance, half of which was delivered as deferred STI share awards which vest in FY22 (see Section 4.2); and
- LTI shares: the proportion of the FY18-FY20 LTI share awards that vested at the end of the Year (see Section 4.3.2).

The Remuneration Mix represents the maximum potential value of each element of the respective Executive KMP's remuneration package mix that could be received in each case by the individual Executive KMP.

Directors' Report – Remuneration Report – continued

Table 3.4.2: Remuneration Mix

Remuneration mix	CEO/CFO maximum potential	CEO Actual	CFO Actual	President North America/ Europe maximum potential	President North America Actual	President Europe Actual
Base salary	24%	24%	24%	29%	29%	29%
STI Award	44%	23%	24%	42%	31%	9%
LTI Award	32%	29%	29%	29%	26%	0%
Total	**100%**	**76%**	**77%**	**100%**	**86%**	**38%**

3.5 Brambles' Five-Year Performance and Remuneration Outcomes

The table below sets out the dividends paid, Brambles' share price at the beginning and the end of the financial year, the financial performance conditions for the STI and LTI share awards and the Company's performance for continuing operations for the period FY16 to FY20 and the STI and LTI award outcomes for those years. In the following table:

- financial measures relating to IFCO are included in FY16 and FY17 but, due to its divestment, not in FY18 to FY20;
- the periods prior to FY20 have not been restated for the impact of new accounting standard AASB 16 Leases;
- the periods prior to FY18 have not been restated for the impact of the new accounting standards AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers;
- the Underlying Profit and Cash Flow targets and outcomes for STI purposes are adjusted figures based on budgeted FX rates at the commencement of the respective financial year; and
- financial measures related to the CHEP Recycled, Oil & Gas, Aerospace and LeanLogistics businesses have not been included in any period due to the divestment of these businesses.

Definitions for the financial metrics are provided in the Glossary on pages 128 to 130.

The numbers shown below reflect Brambles' financial statements. STI outcomes are based on adjusted outcomes.

	FY20	FY19	FY18	FY17	FY16
Dividends (cents per share)[1]	US$0.18	A$0.29	A$0.29	A$0.29	A$0.285
Share price (A$): 1 July	12.75	8.88	9.73	12.32	10.73
30 June	10.87	12.88	8.88	9.73	12.39
STI and LTI Financial Measure (US$)					
BVA[2]	-	-	-	235.1	332.9
STI financial measures (US$)					
Underlying Profit[3]	795.0	803.7	826.1	957.1	984.5
Cash Flow from Operations[4]	743.9	431.8	724.8	591.5	518.8
Group Free Cash Flow[5]	462.2	238.5	554.4	224.2	171.7
Profit after tax[6]	477.2	454.1	553.5	444.9	592.3
STI cash outcome range for Executive KMP (% base salary)[7]	31% - 112%	24% - 60%	20% - 61%	21% - 58%	55% - 78%
LTI measures					
Sales Revenue (US$)	4,733.6	4,595.3	4,470.3	5,104.3	4,900.1
ROCI[8]	17%	19%	20%	17%	19%
TSR	21.41%	6.94%	-7.53%	16.81%	64.02%
LTI outcome (% of grant)[9]	89%	0%	25%	20%	75%

1 Effective from 2020, Brambles changed to a payout ratio-based dividend policy, with the dividend per share declared in US cents and converted and paid in Australian cents. Prior to 2020, dividends were declared and paid in Australian cents.

2 LTI and STI measure in FY16 and FY17 only, calculated at fixed 30 June 2016 exchange rates.

3 STI measure used during plan years FY18 to FY20.

4 STI measure used during plan years FY17 to FY20.

5 STI measure used during plan year FY18. Free Cash Flow includes cash flows from divested businesses.

6 STI measure used during plan years FY16 and FY17. Periods prior to 2018 include IFCO and are consistent with previously published data. Refer to Five-Year Financial Performance Summary on page 127.

7 The range of outcomes for Executive KMP are provided, as some Executive KMP had business unit financial performance conditions as well as Group conditions. Financial measures comprised 70% of total STI outcome in FY16 and FY17 and 80% of total STI outcome in FY18 to FY20. The balance comprised personal objectives.

8 LTI measure used during plan years FY18 to FY20.

9 LTI outcome is for the Performance Period ending in the relevant year. For example, the FY16 LTI outcome relates to the FY14 to FY16 Performance Period.

4. Performance of Brambles and Remuneration Outcomes

4.1 FY20 STI Awards

The following table summarises the components and weighting of objectives for the FY20 STI awards for Executive KMP:

Executive KMP	Corporate objectives					Personal Objectives
	Group Underlying Profit	Segment Underlying Profit	Group Cash Flow	Segment Cash Flow	Asset Efficiency	
CEO, CFO	50%	-	20%	-	10%	20%
Presidents North America/Europe	20%	30%	10%	10%	10%	20%

Executive KMP personal objectives for FY20 are shown in the table below. Recommended targets for global metrics relating to safety and business strategy and growth objectives are set at the Group level and reviewed and approved by the Committee.

Metric	Measurement
Safety	The CEO and Executive KMP with operational responsibility have a personal objective safety measure. The objectives are zero fatalities and a specified percentage improvement in the Group or applicable region’s Brambles Injury Frequency Rate (BIFR) from FY20 BIFR.
Business strategy and growth objectives	Objectives are set for each Executive KMP which support and are aligned with the achievement of Brambles' overall business strategy and business unit objectives. FY20 objectives included: succession planning and talent development; asset protection and efficiency; capital efficiency; retention of key customer accounts; and roll out of new product lines. Quantitative metrics for achievement of each of these objectives are set, which allows the Committee to determine objectively whether they have been met.

4.2 STI Plan Structure and Performance

As detailed in Table 3.3.1, the STI Plan comprises Corporate Objectives and Personal Objectives, all components of which are assessed against their respective performance targets to provide an overall assessment.

The STI metrics comprise the following:

Metric	Weighting at Target	Payment schedule
Underlying Profit	50%	A sliding scale between the Threshold and Target, with a separate sliding scale between Target and Maximum.
Cash Flow	20%	Two Targets to be achieved: - Half-year target representing one-third of this component; and - Full-year target representing two-thirds of this component. The targets are all-or-nothing; there is no sliding scale.
Asset Efficiency	10%	- 5% at Threshold - 10% at Target - 15% at Maximum The targets are all-or-nothing; there is no sliding scale between Threshold, Target and Maximum.
Personal Objectives	20%	Personal Objectives are individually assessed by the Board Chairman, reviewed by the Committee and approved by the Board in relation to the CEO’s STI. Personal Objectives of the other Executive KMP (and all ELT members) are assessed by the Committee. There is no over-achievement above the 20%.

The following table outlines performance against Brambles' Group Financial STI metrics against the targets shown.

Brambles' Group Financial STI metrics

Metric	Performance	Outcome
Underlying Profit	Result reflects strong sales and effective management of operational costs despite the impact of Covid-19 driving higher supply chain costs in the core pallets business and loss of earnings in the Automotive and Kegstar businesses following customer shutdowns during the fourth quarter of FY20.	Between Threshold and Target
Cash Flow from Operations	Strong cash flow performance, with a successful year of working capital improvements driven by process changes improving cash collections and further progress on asset efficiency outcomes across the business with initiatives supported by improved use of data analytics.	Exceeded both First Half and Year-end targets
Asset Efficiency	Significant improvement in asset efficiency, reflecting changes to the business model in Mexico and Turkey and overall improvements in efficiency of the existing asset pool driven by improved data analytics and a range of collection and other commercial initiatives driving shorter cycle times.	Achieved Maximum results

The STI outcomes for the CEO and CFO are shown below based on performance against their STI objectives. As indicated earlier in this report, half of the STI award is delivered in deferred STI share awards which vest two years from the date of grant, subject to the applicable Executive remaining employed by the Group at the end of that period.

CEO and CFO FY20 STI performance

Performance category	Weighting at Target	STI as % of base salary at Target	Achievement: Threshold	Achievement: Target	Achievement: Maximum	Outcome	Outcome (% of base salary)
Underlying Profit	50%	60%	809.8	852.4	895.0	Between Threshold and Target	34.2%
			827.4				
Cash Flow from Operations – Full-year Cash Flow	20%	24%		567.2		Exceeded both Half and Full-year Targets	24.0%
					783.6		
Asset Efficiency	10%	12%	20.5%	19.6%	18.6%	Achieved Maximum	18.0%
					17.6%		
CEO Personal Objectives	20%	24%				Achieved 72.5% of Personals	17.4%
CEO Total	**100%**	**120%**					**93.6%**
CFO Personal Objectives	20%	24%				Achieved 87.5% of Personals	21.0%
CFO Total	**100%**	**120%**					**97.2%**

In addition to the Brambles STI metrics shown above relating to Underlying Profit and Cash Flow from Operations, the Business Unit targets and their respective personal objective outcomes, for the Presidents of North America and Europe, were as follows.

Business Unit metrics

Business Unit	Outcome	Achievement
President, North America		
CHEP North America Underlying Profit	Between Target and Maximum	104%
CHEP North America Cash Flow	Achieved both half and full-year Cash Flow measures	149% of full-year target
CHEP North America Asset Efficiency	Achieved Maximum	16%
Personal Objectives	-	71.25%
President, Europe		
CHEP Europe Underlying Profit	Below Threshold	90%
CHEP Europe Cash Flow	Achieved both half and full-year Cash Flow measures	122% of full-year target
CHEP Europe Asset Efficiency	Achieved Maximum	19%
Personal Objectives	-	73.75%

4.2.1 Actual STI Payable and Forfeited for FY20

Details of the STI award payable to Executive KMP and the STI award forfeited, as a percentage of the maximum potential STI award in respect of performance during the Year, are shown in the following table.

Name	Actual STI payable as % of base salary	Maximum STI as % of base salary	Total STI achieved (US$)	% of maximum STI payable	% of maximum STI forfeited
G Chipchase	94%	180%	1,403,196	52%	48%
N O'Sullivan	97%	180%	814,168	54%	46%
L Nador	112%	150%	510,084	74%	26%
M Pooley[10]	31%	150%	154,830	21%	79%

4.3 Executive KMP LTI Share Awards

Executive KMP are eligible to receive an annual grant of LTI share awards. The awards are made in October each year. The performance conditions to which LTI share awards are subject are set out in Table 3.3.1. The number of LTI share awards to which an Executive KMP is entitled is an amount calculated as follows:

> **[Base Salary in A$ at 30 June] x [LTI % in the table below] Divided By [Share Price calculated using the face value approach] = number of LTI Share Awards**

Role	LTI grant as % of base salary
CEO/CFO	130%
President North America/Europe	100%

4.3.1 Sales Revenue CAGR/ROCI LTI Performance Matrix for FY21-FY23[11]

The sales revenue CAGR/ROCI matrix for LTI share awards that will be made in October 2020 for the period FY21-FY23 is set out below. The sales revenue and ROCI components of the matrix are calculated on a Group basis. The prospective vesting date is in October 2023. ROCI is defined as Underlying Profit divided by Average Capital Invested.

FY21-23 Sales Revenue CAGR/ROCI LTI Performance Matrix Vesting Schedule

	ROCI %		
Sales Revenue CAGR[12]	15%	16.5%	18%
2%	-	20%	60%
3%	20%	40%	80%
4%	40%	60%	100%
5%	60%	80%	100%
6%	80%	100%	100%

[10] M Pooley resigned from the business with his last day being 30th June 2020. He was eligible for his FY20 STI cash award, but he was not eligible for the STI share award component.

[11] Financial targets set for LTI share awards do not constitute profit forecasts and the Board is conscious that their publication may therefore be misleading. Accordingly, Brambles does not publish in advance the coming year's financial targets for STI awards.

[12] Three-year CAGR over base year is used.

As a policy principle, the Committee takes into account major acquisitions, divestments, impairments and Significant Items during the applicable Performance Period in determining the final outcome of the sales revenue CAGR/ROCI matrix for that period. Acquisitions or divestments that are not material to the overall outcome are excluded from any performance assessment.

The ROCI outcome is the average ROCI over the Performance Period and is calculated by adding each year's ROCI result and dividing that sum by three.

The sales revenue CAGR and ROCI targets and vesting schedules in the FY21-FY23 LTI Matrix were set by the Committee, having regard to the Company's Remuneration Policy outlined in Section 2 (and, particularly, aligning executive rewards with the creation of shareholder value and setting challenging performance targets), as well as Brambles' three-year plan for its strategic priorities and financial objectives. (The unprecedented nature of the Covid-19 pandemic and the economic volatility it has created has added considerable uncertainty to the forecasting of the sales CAGR and ROCI metrics for the FY21-FY23 matrix. In these circumstances, the Board may consider adjusting the matrix metrics up or down to reflect more appropriate forecast economic assumptions once the impact of Covid-19 on global and regional economies is better understood.) LTI vesting schedules are not intended to be, and should not be, relied on by current or potential Brambles' shareholders as a forecast of the Group's future performance.

The matrix continues to provide an appropriate balance between growth and returns well in excess of the cost of capital.

4.3.2 Performance Testing of LTI Share Awards Under the Performance Share Plan

The Performance Period for LTI awards granted in October 2017 expired on 30 June 2020. The TSR component of these awards was tested against the TSR performance of Brambles over the Performance Period as determined by an independent consultant. The sales revenue CAGR and ROCI components of these awards were audited by Brambles' external auditors and then tested against the FY18-FY20 Matrix by the Committee. The Committee also undertook the non-financial risk assessment outlined in Table 3.3.1 and, based on that assessment, determined that no adjustment to the vesting levels for any Executive KMP was required. Based on those assessments, these awards vested as follows:

Performance condition	Performance Period	Performance condition	Vesting level
Relative TSR (ASX100)	1 July 2017 to 30 June 2020	Brambles' TSR performance against the ASX 100 TSR	87.4%
Relative TSR (MSCI)	1 July 2017 to 30 June 2020	Brambles' TSR performance against the MCSI Industrials	80.0%
Sales Revenue CAGR/ROCI	1 July 2017 to 30 June 2020	CAGR: 6.3% ROCI 17.1%	95.0%
Total LTI vesting	**1 July 2017 to 30 June 2020**		**89.3%**

4.4 Total Remuneration & Benefits for the Year

The purpose of the table below is to enable shareholders to understand the actual remuneration received by Executive KMP. The table provides a summary of the actual remuneration, before equity, received or receivable by the Executive KMP for the Year, together with prior-year comparatives. Income derived from the vesting of STI and LTI share awards during the Year has been included below as "Actual share income". The value shown is the market value at the time the income became available to the Executive. These share awards were granted in prior financial years and vested in October 2019.

Theoretical accounting values for unvested share awards are shown in Section 9.1. Those values are a statutory disclosure requirement. Unvested share awards may result in "Actual share income" in future years and, if so, the income will be reported in the table below in the Remuneration Report for the relevant year.

There were no loans or other transactions with any Executive Directors or Executive KMP during the Year.

US$'000	Short-term employee benefits				Post-employment benefits	Other			Actual share income	
Name	Year	Cash / salary / fees[13]	Cash bonus	Non-monetary benefits[14]	Super-annuation	Termination / sign-on payments / retirement benefits	Other[15]	Total before equity	STI / LTI / MyShare awards	Total
Executive Directors										
G Chipchase[16]	**FY20**	**1,726**	**702**	**2**	**-**	**-**	**10**	**2,440**	**232**	**2,672**
	FY19	1,732	817	12	-	-	10	2,571	5	2,576
N O'Sullivan[16]	**FY20**	**975**	**407**	**10**	**-**	**-**	**1**	**1,393**	**194**	**1,587**
	FY19	980	501	4	-	-	1	1,486	1	1,487
Other Executive KMP										
L Nador[16]	**FY20**	**467**	**255**	**3**	**58**	**-**	**19**	**802**	**33**	**835**
	FY19	448	104	8	57	-	18	635	109	744
M Pooley[16,17]	**FY20**	**501**	**155**	-	**28**	**-**	**2**	**686**	**97**	**783**
	FY19	482	126	17	66	-	2	693	120	813
Totals[18]	**FY20**	**3,669**	**1,519**	**15**	**86**	**-**	**32**	**5,321**	**556**	**5,877**
	FY19	3,642	1,548	41	123	-	31	5,385	235	5,620

13 Cash/Salary/Fees includes base salary and allowances.

14 Non-monetary benefits includes annual medical assessment and tax support.

15 Other includes health and salary continuance insurance.

16 The year-on-year comparison of remuneration is affected by the movement of 30 June 2020 rates from A$1=US$0.7145, €1=US$1.1404 and £1=US$1.2943 for FY19 and A$1=US$0.6692, €1=US$1.1064 and £1=US$1.2582 for FY20.

17 M Pooley resigned from the business with his last day being 30 June 2020. He was eligible for the FY20 STI cash award, but was not eligible for the STI share award component.

18 The comparative period does not include W Orgeldinger who was a KMP Executive during the period 1 July 2018 to 31 May 2019 when he left Brambles due to the sale of the IFCO RPC business.

5. Executive Key Management Personnel (Executive KMP)

5.1 Executive Key Management Personnel Changes

There were no changes to Executive Directors during the Year, namely Graham Chipchase (Chief Executive Officer) and Nessa O'Sullivan (Chief Financial Officer).

In addition to Brambles' Executive Directors, the following executives comprise the Year's Executive Key Management Personnel:

- Laura Nador, President, North America; and
- Michael Pooley, President, Europe.

Mr Pooley resigned from Brambles on 30 June 2020 to take up an opportunity elsewhere. Any unvested share awards granted to Mr Pooley lapsed on his resignation date.

Mr David Cuenca was appointed to the role of President, Europe effective from 1 July 2020 following the departure of Mr Pooley.

5.2 Service Contracts

Graham Chipchase and Nessa O'Sullivan are on continuing contracts, which may be terminated without cause by the employer giving 12 months' notice or by the employee giving six months' notice, with payments in lieu of notice calculated by reference to annual base salary.

Michael Pooley was, and Laura Nador is, on continuing contracts, which may be terminated without cause by the employer giving six months' notice or by the employee giving six months' notice, with payments in lieu of notice calculated by reference to annual base salary.

These standard service contracts state that any termination payments made would be reduced by any value to be received under any new employment and are subject to limits imposed under Australian law.

Details of Executive KMP salaries are shown in Table 5.2.1.

5.2.1 Contract Terms for Executive KMP

Name and role(s)	Base salary at 30 June 2019	Base salary at 30 June 2020
G Chipchase, Chief Executive Officer	£1,163,000	£1,192,000
N O'Sullivan, Chief Financial Officer	£650,000	£666,000
L Nador, President, North America	US$435,000	US$457,000
M Pooley, President, Europe	£360,000	£400,000

Mr Chipchase and Ms O'Sullivan received increases reflective of market movement in the UK.

Ms Nador's increase reflected both market movement in the USA and her additional experience in the role.

Mr Pooley's increase included an adjustment to his salary due to additional responsibilities, including leadership for the BXB Digital group.

All increases were determined in October 2019 and effective 1 January 2020, except for Mr Pooley whose increase was effective 1 November 2019.

6. Employee Share Plan

Brambles' employee share plan, MyShare, was launched in October 2008 and was developed as a vehicle to encourage share ownership and retention across the Group. Employees may buy up to A$6,000 of shares each year (Acquired Shares), which the Company matches (Matching Shares) on a one-for-one basis after a two-year qualifying period. The vesting and automatic exercise of Matching Shares occurs on the second anniversary of the first acquisition.

In 2020, MyShare was offered in an additional 19 countries. Together with the previous 41 countries where it operated, MyShare is now a global all-employee share plan. For the 2020 MyShare plan onwards, all permanent employees of Brambles, in any country of the world, will be eligible to join the plan.

As of 1 March 2020, 3.66 million Brambles shares were held by 4,720 MyShare participants.

Executive KMP are eligible to participate in MyShare. Shares obtained by Executive KMP through MyShare are included in Section 9.6. Matching Shares allocated but not yet vested are shown in Sections 9.5 and 9.7.

During the Year, 916,680 Brambles shares were purchased on-market under the MyShare plan, being the Acquired Shares purchased by participants in that plan, at an average price of A$11.73 per share. The accounting share value at grant ranged from A$10.45 to A$12.44 (up to 30 June 2020) based on the monthly share price value. For further details of the share grant values, refer to Section 9.8 of the Remuneration Report and Note 20 of the Financial Report.

7. Non-Executive Directors’ Disclosures

7.1 Non-Executive Directors’ Remuneration Policy

The Chairman’s fees are determined by the Remuneration Committee, with the Chairman exempting himself from the decision. The other Non-Executive Directors’ fees are determined by the Chairman and Executive Directors. In setting the fees, advice is sought from external remuneration advisors on the appropriate level of fees, taking into account the responsibilities of Non-Executive Directors in dealing with the complexity and global nature of Brambles’ affairs and the level of fees paid to Non-Executive Directors in comparable companies.

All Non-Executive Directors’ fees are set in Australian dollars and paid in local currencies.

Brambles’ base fees for Non-Executive Directors are set with reference to the comparator group of Australian companies with market capitalisation between 50% and 200% of Brambles’ 12-month average at year end, which is consistent with Brambles’ policy on executive pay.

There has been no increase in Chairman and Non-Executive Director base fees since 1 July 2016. There will not be any increase in fees for the Chairman or Non-Executive Directors for FY21.

The base fees for the Chairman and Non-Executive Directors are as follows:

- Chairman: A$627,000; and
- Non-Executive Directors: A$209,000.

The following travel allowances and Committee member fees were also not increased during the Year:

- Supplement for members of the Audit and Remuneration Committees: A$25,000. The Board Chairman does not receive the supplement if he or she is a member of either of these Committees;
- Supplement for Chair of the Audit Committee: A$50,000;
- Supplement for Chair of the Remuneration Committee: A$40,000; and
- Travel allowance of A$5,000 where a meeting involved a long-haul international trip.

The next fee review will take effect from 1 July 2021.

7.2 Non-Executive Directors’ Appointment Letters

Non-Executive Directors are appointed for an unspecified term but are subject to election by shareholders at the first Annual General Meeting after their initial appointment by the Board. The Corporate Governance Statement, available on Brambles’ website, contains details of the process for appointing and re-electing Non-Executive Directors and of the years in which the Non-Executive Directors are next due for re-election by shareholders.

Letters of appointment for Non-Executive Directors, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that Non-Executive Directors have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period served.

Non-Executive Directors do not participate in the PSP or MyShare plans.

Mr Johns retired from his role as a Non-Executive Director and Chairman of the Board on 30 June 2020. Mr Mullen was appointed to the Board on 1 November 2019 and took over as Chairman of the Board from 1 July 2020.

Dr Scheinkestel was appointed to the Board on 1 June 2020. Dr Scheinkestel is a member of the Audit Committee and will assume the role of Audit Committee Chair on 20 August 2020 (Mr Long will retire from the Board upon the conclusion of the Brambles’ Annual General Meeting on 8 October 2020).

Mr McCall was appointed to the Board on 6 July 2020.

7.3 Non-Executive Directors' Shareholdings

Non-Executive Directors are required to hold shares in Brambles, equal to their annual fees after tax, within three years of their appointment.

The following table contains details of Brambles Limited ordinary shares in which Non-Executive Directors held relevant interests, being issued shares held by them and their related parties:[19]

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
Non-Executive Directors as at 30 June 2020			
G El-Zoghbi	35,000	-	35,000
E Fagan	20,000	-	20,000
A G Froggatt	14,890	-	14,890
T Hassan	15,000	-	15,000
S P Johns[20]	61,049	-	61,049
B Long	24,000	-	24,000
J Miller	-	5,150	5,150
J Mullen	-	-	-
S Perkins	20,000	-	20,000
N Scheinkestel	7,134	-	7,134
Former Non-Executive Director			
D P Gosnell	22,910	-	22,910

[19] G El-Zoghbi: Held by The George El-Zoghbi Trust Agreement on behalf of George El-Zoghbi.
E Fagan: Held by LG Vestra, Bank of New York Mellon on behalf of Elizabeth Fagan.
A G Froggatt: Of which 7,000 shares are held by Christine Joanne Froggatt and 7,890 shares are held by Anthony Grant Froggatt.
T Hassan: Held by RBC Dexia Custodian on behalf of Tahira Hassan.
S P Johns: Of which 38,713 ordinary shares held by Canzak Pty Ltd and 22,336 ordinary shares held by Caran Pty Limited.
B Long: Held by BJ Long Investments Pty Limited.
J Miller: Held by The Miller Family Revocable Trust on behalf of James Miller.
S Perkins: Held by Perkins Family Super Pty Ltd ATF Perkins Family S/F A/C.
N Scheinkestel: Held by Nora Scheinkestel. The "Balance at the start of the Year" is as at 1 June 2020 when she was appointed as a Brambles director.
D P Gosnell: Held by Charles Stanley & Co Australia in the name of Susan Gosnell.

[20] S P Johns retired from the Board on 30 June 2020.

7.4 Non-Executive Directors’ Remuneration for the Year

Fees and other benefits provided to Non-Executive Directors during the Year and the prior year are set out in Table 7.4.1 below in US dollars. The full names of the Non-Executive Directors and the dates of any changes in Non-Executive Directors during the Year are shown in the Directors’ Report – Additional Information on page 53. Non-Executive Directors do not receive any share-based payments.

Any contributions to personal superannuation or pension funds on behalf of the Non-Executive Directors are deducted from their overall fee entitlements.

7.4.1 Table: Non-Executive Directors’ Remuneration for the Year

US$'000		Short-term employee benefits	Post-employment benefits		
Name	Year	Directors’ fees	Superannuation	Other[21]	Total
Non-Executive Directors as at 30 June 2020					
G El-Zoghbi	**FY20**	**162**	**8**	**2**	**172**
	FY19	163	8	2	173
E Fagan	**FY20**	**167**	**8**	**2**	**177**
	FY19	159	8	-	167
A G Froggatt	**FY20**	**150**	**13**	**-**	**163**
	FY19	172	16	-	188
T Hassan	**FY20**	**156**	**7**	**1**	**164**
	FY19	156	7	2	165
S P Johns[22]	**FY20**	**395**	**28**	**10**	**433**
	FY19	419	40	10	469
B J Long	**FY20**	**161**	**15**	**-**	**176**
	FY19	185	18	-	203
J Miller	**FY20**	**155**	**7**	**2**	**164**
	FY19	45	2	-	47
J Mullen[23]	**FY20**	**95**	**9**	**-**	**104**
	FY19	-	-	-	-
S Perkins	**FY20**	**165**	**7**	**-**	**172**
	FY19	156	15	-	171
N Scheinkestel[24]	**FY20**	**12**	**1**	**-**	**13**
	FY19	-	-	-	-
Former Non-Executive Director					
D Gosnell[25]	**FY20**	**53**	**3**	**4**	**60**
	FY19	156	7	2	165
Totals[26]	**FY20**	**1,671**	**106**	**21**	**1,798**
	FY19	1,611	121	16	1,748

8. Remuneration Governance

8.1 Remuneration Committee

The Committee operates under delegated authority from Brambles’ Board. The Committee’s responsibilities include:

- Recommending overall Remuneration Policy to the Board;
- Determining and implementing a process to enable the Committee to satisfy itself that the conduct of members of the ELT is consistent with Brambles’ Code of Conduct, shared values and risk appetite and reviewing and, if necessary, amending that process from time to time;
- Recommending to the Board the overall remuneration for the CEO;

21 The Other column includes tax support services, car parking and Fringe Benefits Tax.

22 S P Johns retired from the Board on 30 June 2020.

23 J Mullen was appointed to the Board on 1 November 2019.

24 N Scheinkestel was appointed to the Board on 1 June 2020.

25 D Gosnell retired from the Board on 10 October 2019.

26 The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$0.7145, €1=US$1.1404 and £1=US$1.2943 for FY19 and A$1=US$0.6692, €1=US$1.1064 and £1=US$1.2582 for FY20.

- Approving the remuneration arrangements for the other Executive KMP; and
- Reviewing the Remuneration Policy and individual remuneration arrangements for other senior executives.

During the Year, the Committee adopted the principles-based approach to non-financial risks, described in Table 3.3.1, to assist it in assessing the behaviours of executives and their remuneration outcomes. The Committee also works closely with the Audit Committee for assurance on the integrity of the financial performance outcomes underlying remuneration determination. More broadly, the Committee considers the Group’s overall performance, both financial and non-financial, in its remuneration determinations.

During the Year, members of the Committee were Mr Froggatt (Committee Chairman from July to October), Mr El-Zoghbi (Committee Chairman from November to February, when he resigned as Committee Chairman due to taking up his role as CEO of Arnott’s Biscuits Limited), Mr Perkins (Committee Chairman from March onwards), Mr Johns, Mr Mullen, Ms Hassan and Mr Miller. Other individuals are invited to attend Committee meetings as required by the Committee. This includes members of Brambles’ management team including the CEO; Group Senior Vice President, Human Resources; Group Vice President, Legal and Secretariat; and Senior Vice President, Reward, as well as Brambles’ external remuneration advisor, Ernst & Young (EY).

During the Year, the Committee held six meetings.

Details of the Committee’s Charter and the rules of Brambles’ executive and employee share plans can be found under Charters and Related Documents in the Corporate Governance section of Brambles’ website.

8.2 Securities Trading Policy and Incentive Awards

Brambles' Securities Trading Policy applies to share awards granted under the incentive arrangements described in this report. That policy prohibits designated persons (including all Executive KMP) from acquiring financial products or entering into arrangements that have the effect of limiting exposure to the risk of price movements of Brambles’ securities. It is a term of senior executives’ employment contracts that they are required to comply with all Brambles' policies (including the Securities Trading Policy). Management declarations are obtained twice yearly and include a statement that executives have complied with all policies.

8.3 Remuneration Advisor

The Committee has appointed EY as Brambles’ remuneration advisor to assist the Company with Non-Executive Director and executive remuneration matters. In performing its role, the Committee directly requests and receives information and advice from EY.

During the Year, no remuneration recommendations, as defined by the Act, were provided by EY.

9. Other Reporting requirements

9.1 Share-based Payments – Future Potential

The table below provides annual accounting values for share awards granted during years FY18 to FY20, which have been amortised over two to three years. These share awards are subject to conditions set out in Section 4. Remuneration will normally not be received as a result of the underlying share awards vesting until the conditions have been met.

US$'000			Share-based payment		
Name	Year	Total before equity	Awards	Percentage of total remuneration	Total
Executive Directors					
G Chipchase	**FY20**	**2,440**	**1,625**	**40%**	**4,065**
	FY19	2,571	1,310	34%	3,881
N O'Sullivan	**FY20**	**1,393**	**1,121**	**45%**	**2,514**
	FY19	1,486	710	32%	2,196
Other Executive KMP					
L Nador	**FY20**	**802**	**329**	**29%**	**1,131**
	FY19	635	219	26%	854
M Pooley	**FY20**	**686**	**(237)**[27]	**N/A**	**449**
	FY19	693	284	29%	977
Totals	**FY20**	**5,321**	**2,839**		**8,160**
	FY19	5,385	2,523		7,908

[27] M Pooley’s share-based payment amount for FY20 is negative as a result of the forfeiture of his unvested awards upon his departure on 30 June 2020.

9.2 LTI Share Awards Yet to be Tested

The following table provides details of the level of vesting for the TSR component of LTI share awards granted in FY19 and FY20 if the current TSR performance was to be maintained until the end of the applicable Performance Period:

Awards made during	Performance condition	Start of Performance Period	End of Performance Period	Out-performance of median company's TSR (%)[28]	Period to 30 June 2020: vesting if current performance is maintained until testing date (% of original award)
FY19	Relative TSR (ASX 100)	1 July 2018	30 June 2021	N/A	100% LTI TSR awards
FY19	Relative TSR (MSCI)	1 July 2018	30 June 2021	N/A	100% LTI TSR awards
FY20	Relative TSR (ASX 100)	1 July 2019	30 June 2022	N/A	75.25% LTI TSR awards
FY20	Relative TSR (MSCI)	1 July 2019	30 June 2022	N/A	56.0% LTI TSR awards

The following table provides details of the level of vesting for the sales revenue CAGR/ROCI component of LTI share awards granted in FY19 and FY20 if the current sales revenue CAGR/ROCI performance were to be maintained until the end of the applicable Performance Period:

Awards made during	Performance condition	Start of Performance Period	End of Performance Period	Period to 30 June 2020: vesting if current performance is maintained until testing date (% of original award)
FY19	Sales Revenue CAGR/ROCI	1 July 2018	30 June 2021	50.0% LTI Sales Revenue ROCI awards
FY20	Sales Revenue CAGR/ROCI	1 July 2019	30 June 2022	50.0% LTI Sales Revenue ROCI awards

9.3 Summary of STI and LTI Share Awards

The table below contains details of the STI and LTI awards granted in which former or current Executive KMP have unvested and/or unexercised awards that could affect remuneration in this or future reporting periods. STI and LTI share awards do not have an exercise price and carry no dividend or voting rights. The LTI share awards described as LTI TSR awards vest on the third anniversary of their grant date, subject to continued employment and meeting the relevant TSR performance condition set out in Section 4.3. The LTI share awards described as LTI ROCI vest on the third anniversary of their grant date, subject to continued employment and meeting a sales revenue CAGR/ROCI performance condition set out in Section 4.3.1.

Details pertaining to Brambles' employee share plan, MyShare, are in Section 6.

Performance Share Plan awards	Vesting condition
STI awards	100% vesting based on continuous employment
LTI TSR awards	50% vesting if TSR is equal to the median ranked company 100% vesting if at 75th percentile
FY18-FY20 LTI ROCI award	30% vesting occurs if CAGR is 4% and ROCI is 15% over three-year period 100% vesting occurs if CAGR is 6% and ROCI is 18% over three-year period
FY19-FY21 LTI ROCI award	20% vesting occurs if CAGR is 4% and ROCI is 16% over three-year period 100% vesting occurs if CAGR is 6% and ROCI is 19% over three-year period
FY20-FY22 LTI ROCI award	20% vesting occurs if CAGR is 3% and ROCI is 16.5% over three-year period 100% vesting occurs if CAGR is 4% and ROCI is 19.5% over three-year period

The terms and conditions of each grant of STI and LTI share awards affecting remuneration of Executive KMP in this or future reporting periods are outlined in the table below. Awards granted under the plans do not have an exercise price and carry no dividend or voting rights. The STI awards vest on the second anniversary of their grant date, subject to continued employment.

Performance Share Plan Awards	Grant date	Expiry date	Value at grant	Status/vesting date
STI/LTI TSR/ FY18-FY20 LTI ROCI	23 October 2017	23 October 2023	A$8.77 (STI) / A$8.51 (ROCI) / A$3.44 (TSR-ASX) / A$3.50 (TSR - MSCI)	STI - 23 October 2019 LTI - 23 October 2020
STI/LTI TSR/ FY19-FY21 LTI ROCI	2 September 2018	2 September 2024	A$10.33 (STI) / A$10.02 (ROCI) / A$6.74 (TSR-ASX) / A$7.32 (TSR-MSCI)	STI - 2 September 2020 LTI - 2 September 2021
STI/LTI TSR/ FY20-FY22 LTI ROCI	15 October 2019	15 October 2025	A$11.53 (STI) / A$10.54 (ROCI) / A$4.75 (TSR-ASX) / A$5.14 (TSR-MSCI)	STI – 15 October 2021 LTI – 15 October 2022

[28] Performance against both the ASX 100 and MSCI World Industrials indices will be based on the standard TSR ranking approach, with threshold vesting commencing at the 50th percentile and progressively vesting to full vesting at the 75th percentile.

9.4 Basis of Valuation of STI and LTI Share Awards

Unless otherwise specified, the fair values of the STI and LTI share awards included in the tables in this report have been estimated by EY Transaction Advisory Services in accordance with the requirements of AASB 2: Share-based Payments, using a Monte Carlo Simulation model and a Binomial model. Assumptions used in the evaluations are outlined in Note 20 on pages 97 and 98 of the financial statements.

This fair value is not used to calculate the number of STI and LTI share awards granted to executives. The number of share awards granted is based on the market value of Brambles' shares calculated on a five-day volume weighted average share price prior to the grant date. This is termed a "face value approach".

9.5 Equity-Based Awards

The following table shows details of equity-based awards made to Executive KMP during the Year. STI and LTI share awards were made under the PSP, the terms and conditions of which are set out in Section 3. MyShare Matching Shares were made under MyShare, the terms and conditions of which are set out in Section 6. Approval for the STI and LTI share awards and MyShare Matching Awards issued to Mr Chipchase and Ms O'Sullivan was obtained under ASX Listing Rule 10.14.

Name	Type of award	Number	Value at grant US$'000[29]
Executive Directors			
G Chipchase	STI	104,605	807
	LTI	250,521	1,933
	MyShare Matching Shares	431	3
	Totals	**355,557**	**2,743**
N O'Sullivan	STI	64,150	495
	LTI	140,016	1,080
	MyShare Matching Shares	432	3
	Totals	**204,598**	**1,578**
Other Executive KMP			
L Nador	STI	13,436	104
	LTI	56,372	435
	MyShare Matching Shares	453	4
	Totals	**70,261**	**543**
M Pooley	STI	16,158	125
	LTI	59,652	460
	MyShare Matching Shares	463	4
	Totals	**76,273**	**589**

9.6 Shareholdings

The following table shows details of Brambles Limited ordinary shares in which the Executive KMP held relevant interests, being issued shares held by them and their related parties.[30,31]

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
Executive Directors			
G Chipchase	32,722	15,490	48,212
N O'Sullivan	880	21,911	22,791
Other Executive KMP			
L Nador	14,615	3,390	18,005
M Pooley	2,092	(2,048)	44

[29] The total value of the relevant equity award(s) is valued as at the date of grant using the methodology set out in Section 3.2. The minimum possible future value of all awards yet to vest is zero and is based on the performance/service conditions not being met. The maximum possible future value of awards yet to vest is equal to the value at grant.

[30] On 31 July 2020, the following Executive KMP acquired ordinary shares under MyShare, which are held by Sargon CT Pty Ltd: G Chipchase (38); N O'Sullivan (37); and L Nador (36).
On 31 July 2020, the following Executive KMP received Matching Awards under MyShare: G Chipchase (38); N O'Sullivan (37); and L Nador (36).

[31] G Chipchase: of which 17,200 shares are held by Rathbones Nominees Ltd, 14,000 shares are held by Rathbones Investment Management Ltd and 17,012 shares are held by Sargon CT Pty Ltd.
N O'Sullivan: of which 9,000 shares are held in her own name and 13,791 shares are held by Sargon CT Pty Ltd.
L Nador: of which 3,773 shares are held in her own name and 14,232 are held by Sargon CT Pty Ltd.
M Pooley: all of his shares are held by Sargon CT Pty Ltd.

9.7 Interests in Share Rights[32]

The following table shows details of rights over Brambles Limited ordinary shares in which the Executive KMP held relevant interests: being STI and LTI share awards made on 23 September 2013, 2 November 2015, 2 September 2016, 10 October 2016, 6 March 2017, 23 October 2017, 2 September 2018 and 15 October 2019 under the PSP; and Matching Shares, being conditional rights awarded during the Year under MyShare.[33,34,35]

	Balance at the start of the Year	Granted during the Year	Exercised during the Year	Lapsed during the Year	Balance at the end of the Year	Vested and exercisable at the end of the Year	Value at exercise
Name	Number	Number	Number	Number	Number	Number	US$'000
Executive Directors							
G Chipchase	783,754	355,557	(28,257)	(168,432)	942,622	-	232
N O'Sullivan	459,768	204,598	(23,603)	(102,852)	537,911	-	194
Other Executive KMP							
L Nador	134,274	70,261	(7,288)	(11,398)	185,849	-	57
M Pooley	180,581	76,273	(33,767)	(223,087)	-	-	280

9.8 Employee Share Plan

The terms and conditions of each grant of Matching Shares affecting remuneration in this or future reporting periods are outlined in the table below. Share rights granted under the plans do not have an exercise price and carry no dividend or voting rights.

Plan	Grant date	Expiry date	Value at grant	Matching Shares / vesting date
MyShare 2018[36]	Each month from 31 March 2018 to 28 February 2019	1 April 2020	Values range per month from A$8.47 to A$11.18	31 March 2020
MyShare 2019[37]	Each month from 31 March 2019 to 28 February 2020	1 April 2021	Values range per month from A$10.75 to A$12.44	31 March 2021
MyShare 2020[38]	Each month from 31 March 2020 to 31 July 2020	1 April 2022	Values range per month from A$10.26 to A$10.93	31 March 2022

32 Of the awards detailed in Section 9.3 and Section 6, the following plans' items are relevant to Executive KMP: G Chipchase, N O'Sullivan, L Nador, M Pooley (STI, LTI TSR, LTI FY18 to FY20 ROCI, LTI FY19 to FY21 ROCI, LTI FY20 to FY22 ROCI, MyShare 2018, 2019 and 2020) and M Pooley (STI sign-on awards).
Lapses occurred for: G Chipchase, N O'Sullivan, L Nador, M Pooley (LTI FY17 to FY19 TSR) and M Pooley (LTI TSR, LTI FY18 to FY20 ROCI, LTI FY19 to FY21 ROCI, LTI FY20 to FY22 ROCI, MyShare 2019 and 2020).
Exercises occurred for: G Chipchase, N O'Sullivan, L Nador, M Pooley (STI, MyShare 2018).

33 Of the rights exercised during the Year, no monies were paid or payable on exercise. The shares issued on exercise of share rights are fully paid up.

34 During the Year, 2,694,715 equity-settled performance share rights were granted under the PSP, of which 355,126 were granted to G Chipchase and 204,166 were granted to N O'Sullivan. 916,680 Matching Shares were granted under MyShare during the Year, of which 431 were granted to G Chipchase and 432 were granted to N O'Sullivan.

35 "Lapse" in this context means that the awards were forfeited due to either the applicable service or performance conditions not being met.

36 The Matching Shares granted under the MyShare 2018 Plan vested on 31 March 2020, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

37 The Matching Shares granted under the MyShare 2019 Plan vest on 31 March 2021, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

38 The final grant under the MyShare 2020 Plan will occur on 26 February 2021. For FY20 reporting purposes, data is only available up to 31 July 2020. The remaining information will be reported in the 2021 Annual Report. The Matching Shares granted under MyShare will vest on 31 March 2022, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

Directors' Report – Additional Information

The information presented in this report relates to the consolidated entity, the Brambles Group, consisting of Brambles Limited and the entities it controlled at the end of, or during the year ended, 30 June 2020 (the Year).

Principal Activities

The principal activities of the Group during the Year were the provision of supply chain logistics solutions, focusing on the provision of reusable pallets and containers, of which Brambles is a leading global provider.

Further details of the Group's activities are set out in the Operating & Financial Review on pages 4 to 25.

There were no significant changes in the nature of the Group's principal activities during the Year.

Review of Operations and Results

A review of the Group's operations and of the results of those operations are given in the Letter from the Chairman & CEO and the Operating & Financial Review from pages 2 to 25.

Information about the financial position of the Group is included in the Operating & Financial Review and in the Five-Year Financial Performance Summary on page 127.

Significant Changes in State of Affairs

There were no significant changes to the state of affairs of the Group for the Year.

Matters Since the End of the Financial Year

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2020 up to the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Business Strategies and Prospects for Future Financial Years

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this report, are set out in the Letter from the Chairman & CEO and in the Operating & Financial Review on pages 2 to 25.

Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Dividends and Special Distributions

The Directors have declared a final dividend for the Year of 9.0 US cents per share, to be paid in Australian dollars and will be 12.54 Australian cents per share, and which will be 30% franked. The dividend will be paid on 8 October 2020 to shareholders on the register on 10 September 2020.

On 9 April 2020, an interim dividend for the Year was paid, which was 9.0 US cents per share and 30% franked.

On 10 October 2019, a final dividend for the year ended 30 June 2019 was paid, which was 14.5 Australian cents per share and 30% franked.

In addition, on 22 October 2019:

- a special dividend was paid, which was 17 Australian cents per share and 0% franked; and
- a capital return of 12 Australian cents per share was paid.

The unfranked component of each dividend paid during the Year was conduit foreign income. This means that no Australian dividend withholding tax was payable on the dividends that Brambles paid to non-resident shareholders.

Directors

The name of each person who was a Director of Brambles Limited at any time during or since the end of the Year, and the period they served as a Director during the Year, is set out below.

The qualifications, experience and special responsibilities of Directors are set out on pages 26 to 29.

Graham Andrew Chipchase	1 July 2019 to date
George El-Zoghbi	1 July 2019 to date
Elizabeth Fagan	1 July 2019 to date
Anthony Grant Froggatt	1 July 2019 to date
David Peter Gosnell	1 July 2019 to 10 October 2019
Tahira Hassan	1 July 2019 to date
Stephen Paul Johns	1 July 2019 to 30 June 2020
Brian James Long	1 July 2019 to date
Kenneth Stanley McCall	6 July 2020 to date
James Richard Miller	1 July 2019 to date
John Patrick Mullen	1 November 2019 to date
Nessa O'Sullivan	1 July 2019 to date
Scott Redvers Perkins	1 July 2019 to date
Nora Lia Scheinkestel	1 June 2020 to date

Secretary

Details of the qualifications and the experience of Robert Nies Gerrard, Group Vice President, Legal & Secretariat and Company Secretary of Brambles Limited, are set out on page 31.

Details of the qualifications and experience of Carina Thuaux, Deputy Company Secretary of Brambles Limited, are as follows: Carina joined Brambles in January 2014 as Assistant Company Secretary, and was appointed Deputy Company Secretary and Legal Counsel in April 2018. Prior to joining Brambles, she was a solicitor with King & Wood Mallesons. She holds a Bachelor of Commerce and a Bachelor of Law from the University of New South Wales. She is a Solicitor of the Supreme Court of New South Wales.

Indemnities

Under its constitution, to the extent permitted by law, Brambles Limited indemnifies each person who is, or has been, a Director or Secretary of Brambles Limited against any liability which results from facts or circumstances relating to the person serving or having served in the capacity of Director, Secretary, other officer or employee of Brambles Limited or any of its subsidiaries, other than:

- in respect of a liability other than for legal costs:
  - a liability owed to Brambles Limited or a related body corporate;
  - a liability for a pecuniary penalty order under section 1317G of the *Corporations Act 2001* (Cth) (Act) or a compensation order under section 1317H of the Act; or
  - a liability that is owed to someone (other than Brambles Limited or a related body corporate) and did not arise out of conduct in good faith; and
- in respect of a liability for legal costs:
  - in defending or resisting criminal proceedings in which the person is found to have a liability for which they could not have been indemnified in respect of a liability owed to Brambles Limited or a related body corporate;
  - in defending or resisting criminal proceedings in which the person is found guilty. This does not apply to costs incurred in responding to actions brought by the Australian Securities & Investment Commission (ASIC) or a liquidator as part of an investigation before commencing proceedings for a Court order;
  - in defending or resisting proceedings brought by ASIC or a liquidator for a Court order if the grounds for making the order are found by the Court to be established; or
  - in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

As allowed by its constitution, Brambles Limited has provided indemnities to its Directors, Secretaries or other Statutory Officers of its subsidiaries (Beneficiaries) against all loss, cost and expenses (collectively Loss) caused by or arising from any act or omission by the relevant person in performance of that person's role as a Director, Secretary or Statutory Officer.

The indemnity given by Brambles Limited excludes the following matters:

- any Loss to the extent caused by or arising from an act or omission of the Beneficiary prior to the effective date of the indemnity;
- any Loss to the extent indemnity in respect of that Loss is prohibited under the Act (or any other law);
- any Loss to the extent it arises from private or personal acts or omissions of the Beneficiary;
- any Loss comprising the reimbursement of normal day-to-day expenses such as travelling expenses;
- any Loss to the extent the Beneficiary failed to act reasonably to mitigate the Loss;
- any Loss to the extent it is caused by or arises from acts or omissions of the Beneficiary after the date the indemnity is revoked by Brambles Limited in accordance with the terms of the indemnity; and
- any Loss to the extent it is caused by or arises from any breach by the Beneficiary of the terms of the indemnity.

Insurance policies are in place to cover Directors and executive officers; however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

Employees

The 2020 Sustainability Review, which will be available on Brambles' website in September 2020, will contain details of Brambles' performance as an employer.

Environment

Brambles' Environmental Policy is set by the Board. It applies in all countries where Brambles operates. The Environmental Policy provides that Brambles will act with integrity and respect for the community and the environment and be committed to sound environmental practice in its daily operations. It is a minimum requirement that all Brambles' operations comply with all relevant environmental laws and regulations.

Brambles has set environmental performance targets as part of its sustainability strategy. Reporting of performance against those targets will be contained in Brambles' 2020 Sustainability Review, which will be available on the Brambles website in September 2020. A copy of the complete Environmental Policy is set out in Brambles' Code of Conduct, which is available at brambles.com

Occupational Health and Safety

The Board is responsible for setting Brambles' Health and Safety Policy, which states that Brambles is to provide and maintain a healthy and safe working environment and to prevent injury, illness or impairment to the health of employees, contractors, customers or the public.

Brambles has adopted a Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely and ensure human rights and environmental compliance is provided to all employees and, together with the complete Health and Safety Policy, is on the Brambles website at brambles.com

The Chief Executive Officer, together with the Group's business unit presidents, are responsible for policy implementation and safety performance.

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and provide incentives for improvement. The Financial Review on page 14, sets out the performance of the Group against its principal performance indicator, the Brambles Injury Frequency Rate. More detailed reporting on health and safety performance will be shown in the 2020 Sustainability Review, which will be available on Brambles' website in September 2020.

Directors' Meetings

Details of Board Committee memberships are given in the Directors' biographies on pages 26 to 29. The following table shows the actual Board and Committee meetings held during the Year and the number attended by each Director or Committee member.

	Board meetings											
	Regular		Special Committees		Audit Committee meetings		Remuneration Committee meetings		Nominations Committee meetings		Nominations Committee Chair Sub-Committee meetings	
Directors	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
G A Chipchase	12	12	3	3	-	-	-	-	-	-	-	-
G El-Zoghbi	12	12	-	-	-	-	6	6	6	6	2	2
E Fagan	12	12	-	-	6	6	-	-	4	4	1	1
A G Froggatt	12	12	-	-	-	-	6	6	6	6	2	2
T Hassan	12	12	-	-	-	-	6	6	-	-	-	-
B J Long	12	12	2	2	6	6	6	6	-	-	-	-
J R Miller	12	12	-	-	-	-	-	-	-	-	-	-
J P Mullen	7	8	-	-	-	-	3	3	4	4	-	-
N O'Sullivan	12	12	2	2	-	-	-	-	-	-	-	-
S R Perkins	12	12	1	1	6	6	2	2	3	4	-	-
N L Scheinkestel	1	1	-	-	1	1	-	-	-	-	-	-
Former Directors												
D P Gosnell	4	5	-	-	2	2	-	-	2	2	1	1
S P Johns	12	12	3	3	-	-	6	6	6	6	2	2

a) The number of meetings attended during the period the Director was a member of the Board or relevant Committee which the Director was eligible to attend.

b) The number of meetings held while the Director was a member of the Board or relevant Committee which the Director was eligible to attend.

Directors' Directorships of Other Listed Companies

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2017.

Director	Listed company	Period directorship held
G A Chipchase	AstraZeneca plc	2012 to current
G El-Zoghbi	The Kraft Heinz Company	2018 to current
E Fagan	None	-
A G Froggatt	None	-
T Hassan	None	-
B J Long	Commonwealth Bank of Australia	2010 to December 2018
	OneMarket Limited	2018 to December 2019
K S McCall	Post Office Limited	2016 to current
J R Miller	The RealReal, Inc.	2019 to current
	Wayfair, Inc.	2016 to May 2020
J P Mullen	Telstra Corporation Limited	2008 to current
	Brookfield Infrastructure Partners L.P.	2017 to February 2020
N O'Sullivan	Molson Coors Beverage Company	May 2020 to current
S R Perkins	Woolworths Limited	2014 to current
	Origin Energy Limited	2015 to current
N L Scheinkestel	Atlas Arteria:	
	- Atlas Arteria Limited[1]	2014 to current
	- Atlas Arteria International Limited[1]	2015 to current
	AusNet Services Ltd	2016 to current
	Telstra Corporation Limited	2010 to current

[1] Stapled entities.

Directors’ Report – Additional Information – continued

Environmental Regulation

Except as set out below, the Group’s operations in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. The operations of the Group in Australia involve the use or development of land, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or local government environmental and town planning regulations, or require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no material breaches of environmental statutory requirements and no material prosecutions during the Year. Brambles’ businesses comply with all relevant environmental laws and regulations and none were involved in any material environmental prosecutions during the Year.

The Group’s operations are subject to numerous environmental laws and regulations in the other countries in which it operates. There were no material breaches of these laws or regulations during the Year.

Corporate Governance Statement

Brambles is committed to observing the corporate governance requirements applicable to publicly listed companies in Australia. The Board has adopted a corporate governance framework designed to enable Brambles to meet its legal, regulatory and governance requirements.

The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations (CGPR), Fourth Edition (Fourth Edition) took effect, for Brambles, from 1 July 2020. During the Year, Brambles carried out a structured process of reviewing, and where necessary amending, its corporate governance policies and practices having regard to the changes affected by the Fourth Edition, although in many cases the Fourth Edition changes were already a part of Brambles' existing corporate governance framework. The amendments adopted by the Board took effect at various stages during the Year or on 1 July 2020.

During the Year, the Board believes Brambles met or exceeded all the requirements of the Third Edition of the CGPR, those parts of the Fourth Edition of the CGPR which were part of its existing corporate governance framework, and those parts of the Fourth Edition of the CGPR which Brambles adopted prior to 30 June 2020. Brambles' 2020 Corporate Governance Statement is on Brambles' website at brambles.com/corporate-governance-overview

Interests in Securities

Pages 47 and 51 of the Directors’ Report – Remuneration Report include details of the relevant interests of Directors, and other Group executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

Share Capital, Options and Share Rights

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights outstanding over Brambles Limited ordinary shares at the Year-end are given in Notes 19 and 20 of the Financial Report on pages 96 to 98.

No options, share rights or MyShare matching share rights over the shares of Brambles Limited’s controlled entities were granted during or since the end of the Year to the date of this report.

Since the end of the Year to the date of this report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place:

- 88,571 grants under the 2020 MyShare plan offer;
- 11,247 exercises resulting in the issue of fully paid ordinary shares: 2,098 under the 2019 MyShare plan; 802 under the 2020 MyShare plan; 8,347 under the PSP STI awards; and
- 247,557 lapses: 6,093 under the 2019 MyShare plan; 7,173 under the 2020 MyShare plan; 50,283 under PSP STI awards; 92,006 under the PSP LTI ROCI award; 46,001 under the PSP LTI MSCI award; 46,001 under the PSP LTI ASX award.

Share Buy-Backs

On 25 February 2019, Brambles announced that it would be selling its IFCO RPC business for US$2.5 billion (A$2.4 billion) to conduct an on-market buy-back of its ordinary shares. The sale of IFCO RPC completed on 31 May 2019 and Brambles commenced the on-market buy-back on 4 June 2019. Between that date and 10 October 2019, 29,542,722 ordinary shares were bought-back and cancelled for a total consideration of A$341,996,920.26.

At the 2019 Annual General Meeting, shareholders approved the on-market buy-back of up to 240,000,000 fully paid ordinary shares, being 15% of the Company's issued shares as at 16 August 2019, in the 12-month period following that resolution. Between that date and 22 June 2020, 62,155,156 ordinary shares were bought back and cancelled for a total consideration of A$707,730,919.54.

The on-market buy-back was paused on 22 June 2020 as Brambles entered into a blackout period, and it will recommence on 21 August 2020.

Risk Management

A discussion of Brambles’ risk profile and management and mitigation of risks can be found on pages 16 to 20 in the Operating & Financial Review and in Principle 7 of Brambles' 2020 Corporate Governance Statement, which is available on the Brambles website.

Treasury Policies

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found on page 13 in the Operating & Financial Review.

Non-Audit Services and Auditor Independence

The amount of US$21,000 was paid or is payable to PwC, the Group’s auditors, for non-audit services provided during the

Year by them (or another person or firm on their behalf). These services primarily related to compliance projects and tax consulting advice.

The Audit Committee has reviewed the provision of non-audit services by PwC and its related practices and provided the Directors with formal written advice of a resolution passed by the Audit Committee. Consistent with this advice, the Directors are satisfied that the provision of non-audit services by PwC and its related practices did not compromise the auditor independence requirements of the Act for the following reasons: the nature of the non-audit services provided during the Year; the quantum of non-audit fees compared to overall audit fees; and the pre-approval, monitoring and ongoing review requirements under the Audit Committee Charter and the Charter of Audit Independence in relation to non-audit work.

The auditors have also provided the Audit Committee with a letter confirming that, in their professional judgement, as at 7 August 2020 they have maintained their independence in accordance with their firm’s requirements, with the provisions of APES 110 – Code of Ethics for Professional Accountants and with the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.

Auditor's Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the Act is set out on page 126.

Annual General Meeting

Due to ongoing public health concerns relating to the Covid-19 pandemic and having regard to the safety and wellbeing of its shareholders, the Board has determined that Brambles' 2020 Annual General Meeting (AGM) will be a virtual meeting. The AGM will be held at 4.00pm (AEDT) on 8 October 2020. Full details of how to participate in the virtual AGM will be in a separate communication to shareholders and in the Notice of Meeting, which will be posted on brambles.com on 1 September 2020.

This Directors’ Report is made in accordance with a resolution of the Board.

John Mullen	**Graham Chipchase**
Chairman	**Chief Executive Officer**
19 August 2020	

Shareholder Information

Stock Exchange Listing
Brambles' ordinary shares are listed on the Australian Securities Exchange and are traded under the stock code "BXB".

Uncertificated Forms of Shareholding
Brambles' ordinary shares are held in uncertificated form. There are two types of uncertificated holdings:

- Issuer Sponsored Holdings: This type of holding is recorded on a subregister of the Brambles share register, maintained by Brambles. If your holding is recorded on the issuer-sponsored subregister, you will be allocated a Securityholder Reference Number, or SRN, which is a unique number used to identify your holding of ordinary shares in Brambles; and
- Broker Sponsored Holdings: This type of holding is recorded on the main Brambles share register. Shareholders who are sponsored by an ASX market participant broker will be allocated a Holder Identification Number, or HIN. One HIN can relate to an investor's shareholdings in multiple companies. For example, a shareholder with a portfolio of holdings which are managed by a broker would have the same HIN for each shareholding.

American Depository Receipts
Brambles Limited shares may be traded in sponsored American Depository Receipts form in the United States.

Dividend
Shareholders may elect to receive dividend payments in Australian dollars or pounds sterling by contacting Boardroom at the address set out in Contact Information on the inside back cover of this Annual Report.

Annual General Meeting
The Brambles Limited 2020 AGM will be virtual meeting held at 4.00pm (AEDT) on 8 October 2020. Full details of how to participate in the virtual AGM will be
in a separate communication to shareholders and in the Notice of Meeting, which will be posted on brambles.com on 1 September 2020.

Financial Calendar
Final Dividend 2020
Ex-dividend date – Wednesday, 9 September 2020
Record date – Thursday, 10 September 2020
Payment date – Thursday, 8 October 2020

2021 (Provisional)
Announcement of interim results – mid-February 2021
Interim dividend – mid-April 2021
Announcement of final results – mid-August 2021
Final dividend – mid-October 2021
AGM – October 2021

Company Secretaries
R N Gerrard
C Thuaux

Analysis of Holders of Equity Securities as at 31 July 2020
Substantial Shareholders
Brambles has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital[1]
Blackrock Group	108,920,943	7.15
The Vanguard Group, Inc.	103,785,640	6.51

Number of Ordinary Shares on Issue and Distribution of Holdings

	Holders	Shares
1 – 1,000	33,491	15,244,127
1,001 – 5,000	29,358	67,436,492
5,001 – 10,000	4,742	33,318,566
10,001 – 100,000	2,754	56,878,389
100,001 and over	103	1,332,164,942
Total	**70,448**	**1,505,042,516**

The number of members holding less than a marketable parcel of 38 ordinary shares (based on a market price of A$10.78 on 31 July 2020) is 1,864 and they hold a total of 26,850 ordinary shares. The voting rights of ordinary shares are described on page 60.

[1] Percentages are as disclosed in substantial holding notices given to Brambles Limited.

Number of Share Rights on Issue and Distribution of Holdings

	Holders	Share rights
1 – 1,000	3,292	1,088 974
1,001 – 5,000	49	137,089
5,001 – 10,000	485	332,603
10,001 – 100,000	79	2,362,621
100,001 and over	12	3,031,426
Total	**3,480**	**6,952,713**

The voting rights of performance share rights and MyShare Matching Awards are described below.

Twenty Largest Ordinary Shareholders

Name	Number of ordinary shares	% of issued ordinary share capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	652,647,454	43.36
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	288,296,278	19.16
CITICORP NOMINEES PTY LIMITED	119,516,267	7.94
NATIONAL NOMINEES LIMITED	86,842,131	5.77
BNP PARIBAS NOMS PTY LTD <DRP>	40,271,694	2.68
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	28,601,992	1.90
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	24,150,143	1.61
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	12,138,658	0.81
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	9,644,595	0.64
ARGO INVESTMENTS LIMITED	6,001,109	0.40
SARGON CT PTY LTD <BRAMBLES - MYSHARE>	4,124,030	0.27
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	3,091,672	0.21
HSBC CUSTODY NOMINEES	2,782,224	0.19
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,669,418	0.18
UBS NOMINEES PTY LTD	2,640,273	0.18
BNP PARIBAS NOMS (NZ) LTD <DRP>	2,575,477	0.17
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,524,502	0.17
AMP LIFE LIMITED	2,359,212	0.16
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	2,349,341	0.16
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS SUPER A/C>	2,052,660	0.14
Total holdings of 20 largest holders	**1,295,279,130**	**86.06**

Voting Rights: Ordinary Shares

Brambles Limited's constitution provides that each member entitled to attend and vote may do so in person or by proxy, by attorney or, where the member is a body corporate, by representative. The Directors may also determine that at any general meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in relation to that resolution. The Directors have prescribed rules to govern direct voting, which are available at brambles.com.

On a show of hands, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative, and having the right to vote on a resolution, has one vote. The Directors have determined that members who submit a direct vote on a resolution will be excluded on a vote on that resolution by a show of hands or on a poll. The Directors have determined that votes cast by members who submit a direct vote will be included on a vote by a poll, being one vote for each ordinary share held.

Voting Rights: Share Rights

Performance share rights over ordinary shares and MyShare Matching Awards do not carry any voting rights.

Consolidated Financial Report

for the year ended 30 June 2020

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	2020 US$m	2019[1] US$m
Continuing operations			
Sales revenue	2	**4,733.6**	4,595.3
Other income		**132.1**	128.7
Operating expenses	3	**(4,098.7)**	(3,983.1)
Operating profit		**767.0**	740.9
Finance revenue		**25.0**	23.9
Finance costs		**(105.8)**	(112.4)
Net finance costs	5	**(80.8)**	(88.5)
Profit before tax		**686.2**	652.4
Tax expense	6A	**(209.0)**	(198.3)
Profit from continuing operations		**477.2**	454.1
(Loss)/profit from discontinued operations	9	**(29.2)**	1,013.6
Profit for the year attributable to members of the parent entity		**448.0**	1,467.7
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension plans		**(6.0)**	(10.8)
Tax benefit on items that will not be reclassified to profit or loss	6A	**1.9**	2.7
		(4.1)	(8.1)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries[2]	21	**(143.9)**	(85.0)
Exchange differences released to profit on divestment of IFCO	21	**-**	32.2
		(143.9)	(52.8)
Other comprehensive expense for the year		**(148.0)**	(60.9)
Total comprehensive income for the year attributable to members of the parent entity		**300.0**	1,406.8
Earnings per share (EPS) - US cents	7		
Continuing operations			
- basic		**30.8**	28.5
- diluted		**30.7**	28.4
Total			
- basic		**28.9**	92.1
- diluted		**28.8**	91.8

[1] The comparative period does not include the impact of AASB 16 *Leases* and IFCO is presented in discontinued operations.

[2] Exchange differences on translation of foreign subsidiaries have been significantly impacted by the devaluation of the Australian dollar, Latin American currencies and the South African rand net assets translated into US dollars. The June 2020 spot rate relative to the US dollar weakened 2% for the Australian dollar, 21% for the Latin American currencies and 22% for the South African rand.

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 30 June 2020

	Note	2020 US$m	2019[1] US$m
Assets			
Current assets			
Cash and cash equivalents	23	**737.3**	1,691.3
Term deposits	2	**68.6**	411.2
Trade and other receivables	10	**717.2**	768.9
Inventories	11	**67.5**	59.8
Other assets	12	**95.6**	61.5
Total current assets		**1,686.2**	2,992.7
Non-current assets			
Other receivables	10	**23.3**	52.8
Property, plant and equipment	13	**4,409.3**	4,313.2
Right-of-use leased assets[2]	1G	**598.8**	**-**
Goodwill and intangible assets	14	**259.6**	286.2
Deferred tax assets	6C	**96.3**	73.6
Other assets	12	**9.7**	11.8
Total non-current assets		**5,397.0**	4,737.6
Total assets		**7,083.2**	7,730.3
Liabilities			
Current liabilities			
Trade and other payables	15	**1,226.5**	1,208.5
Lease liabilities[2]	23C	**112.8**	-
Borrowings	17	**36.3**	556.8
Tax payable		**45.8**	31.7
Provisions	16	**84.9**	75.5
Total current liabilities		**1,506.3**	1,872.5
Non-current liabilities			
Lease liabilities[2]	23C	**591.4**	-
Borrowings	17	**1,777.2**	1,643.4
Provisions	16	**76.1**	14.8
Retirement benefit obligations	18	**37.7**	37.3
Deferred tax liabilities	6C	**338.1**	353.1
Other liabilities	15	**-**	1.0
Total non-current liabilities		**2,820.5**	2,049.6
Total liabilities		**4,326.8**	3,922.1
Net assets		**2,756.4**	3,808.2
Equity			
Contributed equity	19	**5,427.2**	6,187.4
Reserves	21	**(7,464.3)**	(7,322.5)
Retained earnings	21	**4,793.5**	4,943.3
Total equity		**2,756.4**	3,808.2

[1] The comparative period does not include the impact of AASB 16 *Leases*.

[2] Refer to Note 1G for the AASB 16 impact.

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

for the year ended 30 June 2020

	Note	2020 US$m	2019[1] US$m
Cash flows from operating activities			
Receipts from customers		**5,446.8**	6,332.2
Payments to suppliers and employees[2]		**(3,786.2)**	(4,675.9)
Cash generated from operations		**1,660.6**	1,656.3
Interest received		**17.2**	5.3
Interest paid[2,3]		**(112.7)**	(92.7)
Income taxes paid on operating activities		**(178.2)**	(230.5)
Net cash inflow from operating activities	23B	**1,386.9**	1,338.4
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,002.8)**	(1,208.4)
Proceeds from sale of property, plant and equipment[4]		**104.4**	130.0
Payments for intangible assets		**(26.3)**	(21.6)
(Payments)/net proceeds from disposal of businesses[5]		**(16.0)**	2,366.2
Net cash (outflow)/inflow from investing activities		**(940.7)**	1,266.2
Cash flows from financing activities			
Proceeds from borrowings		**554.9**	1,060.9
Repayment of borrowings		**(903.9)**	(1,316.4)
Proceeds from/(transfer to) term deposits	2	**342.6**	(411.2)
Payment of principal component of lease liabilities[2]		**(114.1)**	-
Net inflow/(outflow) from derivative financial instruments		**26.5**	(34.8)
Proceeds from issues of ordinary shares		**-**	0.2
Payments for share buy-back	19	**(645.4)**	(54.1)
Repayment of capital to shareholders	19	**(129.3)**	-
Dividends paid - ordinary[6]	8	**(290.7)**	(328.1)
Dividends paid - special	8	**(183.2)**	-
Net cash outflow from financing activities		**(1,342.6)**	(1,083.5)
Net (decrease)/increase in cash and cash equivalents		**(896.4)**	1,521.1
Cash and cash equivalents, net of overdrafts, at beginning of the year		**1,690.4**	171.3
Effect of exchange rate changes		**(56.7)**	(2.0)
Cash and cash equivalents, net of overdrafts, at end of the year	23A	**737.3**	1,690.4

1 The comparative period includes cash flows from IFCO up to its divestment in 2019 (refer Note 9).

2 Under AASB 16, lease payments of US$(140.6) million in 2020 have been reclassed from Payments to suppliers and employees, to Interest paid (within operating activities) and Payment of principal component of lease liabilities (within financing activities) (refer Note 1G). The comparative period does not include the impact of AASB 16.

3 Interest paid includes early debt repayment costs of US$(11.6) million for the US$500.0 million 144A bond, which was repaid on 5 July 2019 using the IFCO sale proceeds (refer Note 4).

4 Includes compensation for lost pooling equipment of US$103.2 million in 2020 (2019: US$102.0 million, excluding US$25.0 million for IFCO).

5 Net proceeds from disposal of businesses in 2019 includes US$2,480.4 million from the sale of IFCO, with cash received on 31 May 2019.

6 IFCO earnings up to its divestment date were included in the determination of the 2019 final ordinary dividend paid out in 2020.

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	Note	Contributed equity US$m	Reserves US$m	Retained earnings US$m	Total US$m
Year ended 30 June 2019					
Opening balance at 1 July 2018		6,218.5	(7,253.7)	3,813.6	2,778.4
Profit for the year		-	-	1,467.7	1,467.7
Other comprehensive expense		-	(85.0)	(8.1)	(93.1)
FCTR released to profit on divestment of IFCO		-	32.2	-	32.2
Total comprehensive (expense)/income		-	(52.8)	1,459.6	1,406.8
Share-based payments:					
- expense recognised	20	-	17.1	-	17.1
- shares issued		-	(23.0)	-	(23.0)
- equity component of related tax		-	1.6	-	1.6
- transfer to retained earnings on divestment of IFCO		-	(0.1)	0.1	-
- other		-	(11.6)	-	(11.6)
Transactions with owners in their capacity as owners:					
- dividends declared	8	-	-	(330.0)	(330.0)
- issue of ordinary shares, net of transaction costs	19	23.0	-	-	23.0
- share buy-back	19	(54.1)	-	-	(54.1)
Closing balance as at 30 June 2019		6,187.4	(7,322.5)	4,943.3	3,808.2
Year ended 30 June 2020					
Closing balance as at 30 June 2019 as previously reported		**6,187.4**	**(7,322.5)**	**4,943.3**	**3,808.2**
Opening balance adjustment on adoption of AASB 16	1G	**-**	**-**	**(121.8)**	**(121.8)**
Revised opening balance as at 1 July 2019		**6,187.4**	**(7,322.5)**	**4,821.5**	**3,686.4**
Profit for the year		**-**	**-**	**448.0**	**448.0**
Other comprehensive expense		**-**	**(143.9)**	**(4.1)**	**(148.0)**
Total comprehensive (expense)/income		-	**(143.9)**	**443.9**	**300.0**
Share-based payments:					
- expense recognised	20	**-**	**18.4**	**-**	**18.4**
- shares issued		**-**	**(14.5)**	**-**	**(14.5)**
- equity component of related tax		**-**	**(1.8)**	**-**	**(1.8)**
Transactions with owners in their capacity as owners:					
- dividends declared	8	**-**	**-**	**(471.9)**	**(471.9)**
- issues of ordinary shares, net of transaction costs	19	**14.5**	**-**	**-**	**14.5**
- share buy-back	19	**(645.4)**	**-**	**-**	**(645.4)**
- shareholder capital return	19	**(129.3)**	**-**	**-**	**(129.3)**
Closing balance as at 30 June 2020		**5,427.2**	**(7,464.3)**	**4,793.5**	**2,756.4**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2020

Note 1. About This Report

A) Basis of Preparation

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) (Company) and its subsidiaries (Brambles or the Group) for the year ended 30 June 2020. These financial statements have been authorised for issue in accordance with a resolution of the Directors on 19 August 2020.

References to 2020 and 2019 are to the financial years ended 30 June 2020 and 30 June 2019, respectively. The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the requirements of the *Corporations Act 2001*. It presents information on a historical cost basis, except for derivative financial instruments and financial assets at fair value through profit or loss.

The financial statements and all comparatives have been prepared using the accounting policies disclosed throughout the financial statements, which are consistent with the prior year except for leases which have been impacted by the application of the new accounting standard AASB 16 *Leases* (refer Note 1G).

As Brambles is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars. Amounts in cents have been rounded to the nearest tenth of a cent.

On 25 February 2019, Brambles entered into an agreement to sell its IFCO reusable plastic containers (RPC) business, with completion of the sale occurring on 31 May 2019. Consequently, the 2019 results of IFCO have been presented in discontinued operations. The comparative period in the consolidated cash flow statement contains cash flows from IFCO up to divestment date. Comparative information has been reclassified, where appropriate, to enhance comparability.

The Covid-19 outbreak occurred in the second half of 2020 and continues beyond year end with ongoing outbreaks around the globe. Where there is a known impact in the year, the impact has been reflected in the 2020 financial statements and are disclosed in Significant Items (Note 4), Property, Plant and Equipment (Note 13) and Goodwill and Intangible Assets (Note 14).

B) Principles of Consolidation

The consolidated financial statements of Brambles include the assets, liabilities and results of Brambles Limited and all its subsidiaries. The consolidation process eliminates all intercompany accounts and transactions. The financial statements of subsidiaries are prepared using consistent accounting policies and for the same reporting period. Changes for new accounting standards (refer Note 1G) are incorporated in the financial statements of subsidiaries.

The results of subsidiaries acquired or disposed during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The trading results for business operations disposed during the year are disclosed separately as discontinued operations in the consolidated statement of comprehensive income. The amount disclosed includes any gains or losses arising on disposal.

C) Presentation Currency

Brambles uses the US dollar as its presentation currency because:

- a significant portion of Brambles' activity is denominated in US dollars; and
- the US dollar is widely understood by Australian and international investors and analysts.

D) Foreign Currency

Items included in the financial statements of each of Brambles' entities are measured using the functional currency of each entity. Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss, except where deferred in equity as qualifying cash flow hedges, qualifying net investment hedges or where they are attributable to part of the net investment in foreign subsidiaries.

The results and cash flows of Brambles Limited and its subsidiaries are translated into US dollars using the average exchange rates for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Assets and liabilities of Brambles Limited and its subsidiaries are translated into US dollars at the exchange rate ruling at the balance sheet date.

The share capital of Brambles Limited is translated into US dollars at historical rates. Exchange differences arising on the translation of Brambles' overseas and Australian entities are recognised as a separate component of equity.

Note 1. About This Report – continued

D) Foreign Currency – continued

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The principal exchange rates affecting Brambles were:

		A$:US$	€:US$	£:US$
Average	2020	0.6692	1.1064	1.2582
	2019	0.7145	1.1404	1.2943
Year end	30 June 2020	0.6860	1.1242	1.2305
	30 June 2019	0.7005	1.1372	1.2673

E) Other Income

Other income includes net gains on disposal of property, plant and equipment in the ordinary course of business, which are recognised when control of the asset has passed to the buyer. Amounts arising from compensation for irrecoverable pooling equipment are recognised only when it is highly probable that they will be received.

F) Critical Accounting Estimates and Judgements

In applying its accounting policies, Brambles has made estimates and assumptions concerning the future which may differ from the related actual outcomes.

Material estimates and judgements, including the impact of Covid-19, are found in the following notes:

- Income Tax (Note 6F)
- Property, Plant and Equipment (Note 13E)
- Irrecoverable Pooling Equipment Provision (IPEP) (Note 13D)
- Goodwill and Intangible Assets (Note 14D)

G) Changes to Accounting Standards

IFRIC 23 *Uncertainty over Income Tax Treatments*, issued by the IFRS Interpretations Committee on 7 June 2017, clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied where there is uncertainty over income tax treatments. Brambles has adopted the principles of IFRIC 23 effective from 1 July 2019, with no material impact noted.

AASB 16 *Leases* was adopted by Brambles from 1 July 2019. AASB 16 requires a lessee to recognise all qualifying leases on the balance sheet in the form of a lease liability and right-of-use leased asset, adjusted for deferred tax. The new standard mainly impacts property and equipment leases located at offices and service centres where Brambles is the lessee. The straight-lined operating lease expense recognised under AASB 117 *Leases* has been replaced by depreciation of the right-of-use leased asset and finance costs on the lease liability. Further details of the impact of AASB 16 are set out on pages 68 to 70.

The Group adopted the following approach and practical expedients:

- the modified retrospective approach was used on transition to AASB 16;
- in accordance with AASB 16 the comparative period was not restated and continues to reflect accounting policies under AASB 117;
- on transition, land and buildings right-of-use leased assets were valued as if AASB 16 had always been applied, but using the incremental borrowing rate as at the date of application; for all other assets the right-of-use leased asset equals the lease liability, adjusted for any prepaid or accrued lease payments recognised immediately before the date of initial application;
- the opening right-of-use leased assets excluded initial direct costs and were reduced by any existing onerous lease provisions;
- the use of hindsight was applied when reviewing lease terms;
- optional exemptions for short-term and low-value assets were applied; and
- a country-specific discount rate was applied to a portfolio of leases with reasonably similar characteristics.

New software was implemented to calculate the AASB 16 adjustments. The opening adjustments at 1 July 2019 are disclosed in Note 1G(i).

During 2019, Brambles entered into amendments with lenders of its major borrowing facilities to continue to apply AASB 117 for the calculation of the financial covenants post 30 June 2019. Brambles has amended its treasury policy to align with the new financial reporting requirements under AASB 16.

Notes to and Forming Part of the Financial Statements – continued

for the year ended 30 June 2020

Note 1. About This Report – continued

G) Changes to Accounting Standards – continued

(i) Adjustments Recognised on Adoption of AASB 16

On adoption of AASB 16, Brambles recognised lease liabilities in relation to leases which had previously been classified as operating leases under AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rate, calculated by geographic region, applied to the lease liabilities on 1 July 2019 was 4.3%.

Reconciliation of operating lease commitment as at 30 June 2019 to opening lease liability as at 1 July 2019

	US$m
Operating lease commitment disclosed as at 30 June 2019	626.0
Impact of discounting	(136.8)
Exempt leases and other[1]	(10.7)
Embedded lease liability[2]	26.8
Uncommitted extension options[3]	271.4
Leases committed to at 30 June 2019, not yet commenced	(16.5)
Non-lease components included in operating lease commitment but excluded from lease liability	(18.6)
Lease liability recognised at 1 July 2019	**741.6**

[1] Exempt leases consist of short-term leases (12 months or less) and leases of low-value assets which are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Low-value assets primarily comprise IT and small items of office furniture and operating equipment.

[2] AASB 16 requires service agreements that contain a right to use specified assets to be treated as embedded leases where Brambles controls the asset. The Group has numerous service centres which are outsourced to third parties and Brambles has a contractual right to use specific sites and assets as part of the overall service agreement. The estimated charge for the use of the assets is recognised as a lease liability.

[3] Extension options are included in a number of leases across the Group.

Balance sheet impact on application as at 1 July 2019

	As reported 30 June 2019 US$m	AASB 16 Adjustments US$m	Adjusted 1 July 2019 US$m
Right-of-use leased assets	-	632.0	**632.0**
Deferred tax assets[4]	73.6	210.5	**284.1**
Total assets impact		842.5	
Provisions[5]	90.3	56.3	**146.6**
Lease liabilities	-	741.6	**741.6**
Deferred tax liabilities[4]	353.1	166.4	**519.5**
Total liabilities impact		964.3	
Net liabilities impact		(121.8)	
Retained earnings	4,943.3	(121.8)	**4,821.5**
Total equity impact		(121.8)	

[4] AASB 16 adjustments are subject to tax-effect accounting. The gross adjustment is disclosed.

[5] Relates to adjustments made to dilapidation provisions, with a corresponding adjustment to right-of-use leased assets, offset by the release of lease straight-line provisions previously recognised under AASB 117.

Notes to and Forming Part of the Financial Statements – continued

for the year ended 30 June 2020

Note 1. About This Report – continued

G) Changes to Accounting Standards – continued

(ii) Net Carrying Amount and Movements during the Year

	2020 US$m		
	Land and buildings	**Plant and equipment**	**Total**
Opening balance - recognised on 1 July 2019	594.5	37.5	**632.0**
Additions	51.8	18.8	**70.6**
Remeasurement of existing leases	27.7	(0.7)	**27.0**
Depreciation	(101.2)	(15.2)	**(116.4)**
Foreign exchange differences	(11.7)	(2.7)	**(14.4)**
Closing net carrying amount	561.1	37.7	**598.8**
At 30 June			
Cost	662.3	52.9	**715.2**
Accumulated depreciation	(101.2)	(15.2)	**(116.4)**
Net carrying amount	561.1	37.7	**598.8**

(iii) Leases Exempt from AASB 16 in Accordance with the Standard

	2020 US$m
Short-term lease expense	**7.2**
Low-value assets lease expense	**0.4**
Exempt lease expense	**7.6**

The profile of short-term lease commitments is consistent with 2020.

(iv) Impact of AASB 16 on Key Financial Measures

The adoption of AASB 16 resulted in a change to the amount and presentation of lease expense. In accordance with AASB 117, operating lease expense was presented within operating expenses in 2019. Under AASB 16, the lease expense is split between depreciation of the right-of-use leased assets and finance costs on lease liabilities. This has resulted in a decrease in the operating lease expense, and an increase in depreciation and finance costs in 2020.

The change in accounting policy affected the following key financial measures:

	2020 US$m		
	Pre AASB 16	**AASB 16 impact**	**Post AASB 16**
Underlying Profit	770.8	24.2	795.0
Depreciation	(477.5)	(116.4)	(593.9)
EBITDA[6]	1,422.3	140.6	1,562.9
Interest expense[7]	(78.0)	(27.8)	(105.8)
Cash Flow from Operations	603.3	140.6	743.9
Free Cash Flow	348.1	114.1	462.2
Average Capital Invested (ACI)	4,233.1	540.5	4,773.6
Return on Capital Invested (ROCI)	18.2%	(1.5%)	16.7%
Net Debt	(1,007.6)	(704.2)	(1,711.8)
Total EPS - basic (US cents)	29.1	(0.2)	28.9

[6] EBITDA is defined as earnings before interest, tax, depreciation, depreciation-like items (irrecoverable pooling equipment provision expense) and amortisation.

[7] Interest expense is inclusive of lease interest of US$26.5 million and interest on dilapidation provisions of US$1.3 million.

Note 1. About This Report – continued

G) Changes to Accounting Standards – continued

(v) Measurement of the Right-of-use Leased Asset and Lease Liability

The Group primarily leases offices, service centres, equipment and vehicles. Rental contracts are typically made for fixed periods, but may have extension or termination options. The average contract term for 2020 is 5 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

From 1 July 2019, leases are recognised as a right-of-use leased asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Principal and interest payments are reflected in the consolidated cash flow statement as financing and operating activities respectively.

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the present value of:

- fixed lease payments less any incentives receivable;
- variable payments based on a rate or index; and
- amounts expected to be payable relating to residual value guarantees, early termination penalties, and purchase options if reasonably certain of taking place.

Lease payments are discounted using the incremental borrowing rate calculated by geographic region. The incremental borrowing rate is the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group is required to remeasure the lease liability and make an adjustment to the right-of-use leased asset if the lease terms and conditions are modified, in which case the lease liability is remeasured by discounting the revised lease payments. The remeasurement of the lease liability is also applied against the right-of-use leased asset.

Right-of-use leased assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- dilapidation costs.

The right-of-use leased asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Note 2. Segment Information – Continuing Operations

Brambles' segment information is provided on the same basis as internal management reporting to the CEO.

Brambles has four reportable segments:

- CHEP North America and Latin America (CHEP Americas);
- CHEP Europe, Middle East, Africa and India (CHEP EMEA) - including the Kegstar global business;
- CHEP Australia, New Zealand and Asia, excluding India (CHEP Asia-Pacific); and
- Corporate – corporate centre including BXB Digital (Corporate).

Segment performance is measured on sales revenue, Underlying Profit, Cash Flow from Operations and Return on Capital Invested (ROCI). Underlying Profit is the main measure of segment profit. A reconciliation between Underlying Profit and operating profit is set out on page 72.

The comparative period does not include the impact of AASB 16. Refer to Note 1G(iv) for the impact of AASB 16 on key financial measures.

Segment sales revenue is measured on the same basis as the consolidated statement of comprehensive income. Brambles has one revenue stream, which is the provision of pooling equipment to customers for a period of time. Several fees are charged to customers including issue, transfer, transport and daily hire. The predominant billing structure for these fees is either a bundled upfront fee upon issue of pooling equipment to customers, or a daily hire fee based on the number of days the pooling equipment is used in the field by a customer. Other fees, such as transport and transfer fees, are billed when the activity occurs.

The services provided by Brambles are deemed a single performance obligation relating to the provision of an end-to-end pooling solution and the performance obligation is satisfied over time. The issue and daily hire activities are not considered distinct services. Revenue from issue activities is deferred and recognised over the estimated period that the pooling equipment is utilised by customers, referred to as the cycle time, which is an output method. Revenue based on the daily hire model is also recognised over time. Consideration that is fixed or highly probable is included in the transaction price allocated to the performance obligation. This includes issue fees, daily hire fees and bundled upfront fees. Consideration that is variable or uncertain is recognised when the activity occurs.

Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the period was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the consolidated balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, term deposits, borrowings and tax balances are managed centrally and are not allocated to segments.

Note 2. Segment Information – Continuing Operations – continued

	Sales revenue		Cash Flow from Operations[1]	
	2020 US$m	2019 US$m	2020 US$m	2019[2] US$m
By operating segment				
CHEP Americas	**2,469.0**	2,287.8	**258.3**	170.4
CHEP EMEA	**1,827.8**	1,849.1	**414.1**	228.0
CHEP Asia-Pacific	**436.8**	458.4	**132.8**	101.1
Corporate	**-**	-	**(61.3)**	(67.7)
Continuing operations	**4,733.6**	4,595.3	**743.9**	431.8
By geographic origin				
Americas	**2,469.0**	2,287.8		
Europe	**1,595.8**	1,599.7		
Australia	**324.7**	350.8		
Other	**344.1**	357.0		
Total	**4,733.6**	4,595.3		

[1] Cash Flow from Operations is cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

[2] The comparative period was prior to the adoption of AASB 16.

	Operating profit[3]		Significant Items before tax[4]		Underlying Profit[4]	
	2020 US$m	2019[2] US$m	2020 US$m	2019 US$m	2020 US$m	2019[2] US$m
By operating segment						
CHEP Americas	**342.5**	261.3	**-**	(37.1)	**342.5**	298.4
CHEP EMEA	**379.1**	431.1	**(28.0)**	(10.7)	**407.1**	441.8
CHEP Asia-Pacific	**118.0**	118.3	**-**	-	**118.0**	118.3
Corporate[5]	**(72.6)**	(69.8)	**-**	(15.0)	**(72.6)**	(54.8)
Continuing operations	**767.0**	740.9	**(28.0)**	(62.8)	**795.0**	803.7

[3] Operating profit is segment revenue less segment expense and excludes net finance costs.

[4] Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items (refer Notes 3 and 4). It is presented to assist users of the financial statements to better understand Brambles' business results.

[5] Underlying Profit for the Corporate segment includes US$16.4 million of BXB Digital costs (2019: US$14.8 million) and US$12.4 million of Shaping Our Future costs (2019: nil), representing US$6.0 million for investment in sales tools and new infrastructure; US$2.0 million for incremental investment in digital agenda; and US$4.4 million relating to investment in customer experience as well as overhead and supply chain efficiency projects.

Note 2. Segment Information – Continuing Operations – continued

	Return on Capital Invested[6]		Average Capital Invested[7]	
	2020 US$m	2019[2] US$m	2020 US$m	2019[2] US$m
By operating segment				
CHEP Americas	**14.5%**	15.4%	**2,369.6**	1,942.6
CHEP EMEA	**21.4%**	24.9%	**1,904.0**	1,776.4
CHEP Asia-Pacific	**24.1%**	27.9%	**490.6**	424.5
Corporate[8]			**9.4**	(12.9)
Continuing operations	**16.7%**	19.5%	**4,773.6**	4,130.6

[6] Return on Capital Invested (ROCI) is Underlying Profit divided by Average Capital Invested. ROCI is not disclosed for the Corporate segment as this is not deemed a relevant measure for this segment. ROCI for continuing operations includes the Corporate segment.

Excluding the impact of AASB 16, ROCI for 2020 is 18.2% (refer Note 1G(iv)).

[7] Average Capital Invested (ACI) is a 12-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash, term deposits, lease liabilities and borrowings but after adjustment for pension plan actuarial gains and losses and net equity-settled share-based payments.

[8] ACI for the Corporate segment includes US$47.4 million deferred consideration receivable from First Reserve (2019: US$44.5 million). An impairment charge of US$33.0 million on the receivable has been recognised in discontinued operations in 2020, reflecting the current market conditions in the oil and gas industry (refer Note 9). ACI in 2020 includes the impact of AASB 16 (refer Note 1G(iv)).

	Capital expenditure[9]		Depreciation and amortisation	
	2020 US$m	2019 US$m	2020[10] US$m	2019[2] US$m
By operating segment				
CHEP Americas	**544.9**	551.1	**324.2**	257.2
CHEP EMEA	**358.9**	443.5	**222.7**	176.0
CHEP Asia-Pacific	**77.4**	65.1	**61.0**	48.7
Corporate	**-**	0.7	**4.3**	2.4
Continuing operations	**981.2**	1,060.4	**612.2**	484.3

[9] Capital expenditure on property, plant and equipment is on an accruals basis.

[10] Due to the impact of AASB 16, depreciation expense relating to right-of-use leased assets increased by US$116.4 million (refer Note 1G(iv)).

Note 2. Segment Information – Continuing Operations – continued

	Segment assets		Segment liabilities	
	2020 US$m	2019[2] US$m	2020 US$m	2019[2] US$m
By operating segment				
CHEP Americas	**3,205.8**	2,690.6	**1,289.1**	737.1
CHEP EMEA	**2,310.0**	2,257.4	**589.1**	466.1
CHEP Asia-Pacific	**590.1**	513.2	**204.6**	79.3
Corporate	**66.0**	84.3	**46.6**	37.7
Continuing operations	**6,171.9**	5,545.5	**2,129.4**	1,320.2
Discontinued operations	**-**	-	**-**	16.9
Total segment assets and liabilities	**6,171.9**	5,545.5	**2,129.4**	1,337.1
Cash and borrowings	**737.3**	1,691.3	**1,813.5**	2,200.2
Term deposits[11]	**68.6**	411.2	**-**	-
Current tax balances	**9.1**	8.7	**45.8**	31.7
Deferred tax balances	**96.3**	73.6	**338.1**	353.1
Total assets and liabilities	**7,083.2**	7,730.3	**4,326.8**	3,922.1
Non-current assets by geographic origin[12]				
Americas	**2,798.6**	2,322.3		
Europe	**1,716.1**	1,614.4		
Australia	**361.3**	309.6		
Other	**415.0**	405.9		
Total	**5,291.0**	4,652.2		

[11] Term deposits relate to cash deposits held with financial institutions comprising the proceeds from the divestment of IFCO. US$342.6 million was drawn down in 2020. The cash deposits cannot be used for short-term liquidity purposes, have terms less than 12 months and are measured at amortised cost.

[12] Non-current assets exclude financial instruments of US$9.7 million (2019: US$11.8 million) and deferred tax assets of US$96.3 million (2019: US$73.6 million).

Notes to and Forming Part of the Financial Statements – continued

for the year ended 30 June 2020

Note 3. Operating Expenses – Continuing Operations

	Note	2020 US$m	2019 US$m
Employment costs		**735.8**	683.3
Service suppliers:			
- transport		**1,138.7**	1,118.1
- repairs and maintenance[1]		**786.4**	757.2
- subcontractors and other service suppliers[1]		**284.8**	309.0
Raw materials and consumables[2]		**206.9**	213.1
Occupancy[1]		**40.0**	137.1
Depreciation of property, plant and equipment[1]		**593.9**	467.8
Impairment charge - Kegstar[3]	4	**28.0**	-
Irrecoverable pooling equipment provision expense[4]		**155.7**	127.1
Amortisation of intangible assets		**18.3**	16.5
Net foreign exchange gains		**(1.5)**	(1.1)
Early debt repayment costs[5]	4	**-**	11.6
Other[6]		**111.7**	143.4
		4,098.7	3,983.1

[1] Due to the impact of AASB 16 *Leases* (refer Note 1G) repairs and maintenance expense reduced by US$(4.7) million, subcontractors expense reduced by US$(30.1) million, occupancy expense reduced by US$(105.8) million and depreciation expense relating to right-of-use leased assets increased by US$116.4 million. The comparative period does not include the impact of AASB 16.

[2] Used primarily for the repair of pooling equipment.

[3] Impairment charge of US$28.0 million recognised in the Kegstar keg-pooling business in relation to goodwill US$23.0 million, plant and equipment US$3.0 million and intangible assets US$2.0 million, reflecting the impact of Covid-19 and uncertainties over on-premise consumption and performance of the craft beer segment (refer Note 4).

[4] Loss rates reduced year-on-year whilst the overall IPEP expense increased, reflecting the higher unit cost of pallets being expensed. Asset efficiency improvements were delivered in 2020, resulting in lower capital expenditure and improved cash flows.

[5] Early debt repayment costs of US$11.6 million in 2019 relate to the US$500.0 million 144A bond, which was repaid on 5 July 2019 using the IFCO sale proceeds (refer Note 4).

[6] In 2019, other expenses included net losses on disposal of assets of US$21.0 million relating to asset write-offs in Latin America and US$22.0 million of asset write-offs following the divestment of IFCO. These items were recognised within Significant Items (refer Note 4).

Note 4. Significant Items – Continuing Operations

Significant Items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Significant Items are disclosed to assist users of the financial statements to better understand Brambles' business results.

	2020 US$m			2019 US$m		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Items outside the ordinary course of business:						
- impairment charge[1]	**(28.0)**	**1.2**	**(26.8)**	-	-	-
- restructuring costs[2]	**-**	**-**	**-**	(30.2)	6.5	(23.7)
- early debt repayment costs[3]	**-**	**-**	**-**	(11.6)	-	(11.6)
- risk assessment related to asset losses in Latin America[4]	**-**	**-**	**-**	(21.0)	2.5	(18.5)
Significant Items from continuing operations	**(28.0)**	**1.2**	**(26.8)**	(62.8)	9.0	(53.8)

[1] Impairment charge of US$28.0 million recognised in the Kegstar keg-pooling business in relation to goodwill US$23.0 million, plant and equipment US$3.0 million and intangible assets US$2.0 million, reflecting the impact of Covid-19 and uncertainties over on-premise consumption and performance of the craft beer segment (refer Note 13 and 14).

[2] Restructuring costs in 2019 related to organisational changes of US$8.2 million and asset write-offs of US$22.0 million following and as a result of the IFCO divestment.

[3] Early debt repayment costs of US$11.6 million in 2019 related to the US$500.0 million 144A bond which was repaid on 5 July 2019 using the IFCO sale proceeds, with associated interest savings realised in 2020.

[4] In 2019, a detailed review of people, processes and pricing was undertaken in Latin America. Following this review, customer pricing was increased and asset recovery and asset control processes were improved. The improvements made provided additional market insight into the challenges of asset recovery in higher risk supply chains and a charge of US$21.0 million was recognised in Significant Items in 2019 to provide for assets transferred to these supply chains in prior years which were recognised to be at risk of being irrecoverable.

Note 5. Net Finance Costs – Continuing Operations

	2020 US$m	2019 US$m
Finance revenue		
Bank accounts and short-term deposits	**15.7**	6.1
Derivative financial instruments	**6.4**	15.1
Other	**2.9**	2.7
	25.0	23.9
Finance costs		
Interest expense on bank loans and borrowings[1]	**(55.7)**	(95.3)
Derivative financial instruments	**(20.2)**	(15.6)
Lease interest expense[2]	**(27.8)**	-
Other	**(2.1)**	(1.5)
	(105.8)	(112.4)
Net finance costs	**(80.8)**	(88.5)

1 The reduction in interest expense on bank loans and borrowings is due to the repayment of debt using IFCO sale proceeds.

2 Interest recognised on lease liabilities and dilapidation provisions (refer Note 1G(iv)).

Finance revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Finance costs are recognised as expenses in the year in which they are incurred.

Note 6. Income Tax

	Note	2020 US$m	2019 US$m
A) Components of Tax Expense			
Amounts recognised in the statement of comprehensive income			
Current income tax – continuing operations:			
- income tax charge		**197.8**	270.6
- prior year adjustments		**1.3**	(1.6)
		199.1	269.0
Deferred tax – continuing operations:			
- origination and reversal of temporary differences		**29.6**	(60.2)
- previously unrecognised tax losses		**(10.5)**	(6.4)
- tax rate change		**(1.2)**	1.0
- prior year adjustments		**(8.0)**	(5.1)
		9.9	(70.7)
Tax expense – continuing operations		**209.0**	198.3
Tax (benefit)/expense – discontinued operations	9	**(6.7)**	58.0
Tax expense recognised in profit or loss		**202.3**	256.3
Amounts recognised in other comprehensive income			
- on actuarial losses on defined benefit pension plans		**(1.9)**	(2.7)
Tax benefit recognised directly in other comprehensive income		**(1.9)**	(2.7)

The income tax expense or benefit for the year is the tax payable or receivable on the current year's taxable income based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Current and deferred tax attributable to other comprehensive income is recognised in equity.

Note 6. Income Tax – continued

	Note	2020 US$m	2019 US$m
B) Reconciliation Between Tax Expense and Accounting Profit Before Tax			
Profit before tax – continuing operations		**686.2**	652.4
Tax at standard Australian rate of 30% (2019: 30%)		**205.9**	195.7
Effect of tax rates in other jurisdictions		**(30.8)**	(28.8)
Prior year adjustments		**(6.7)**	(7.8)
Prior year tax losses written-off		**0.1**	1.1
Current year tax losses not recognised		**4.5**	4.1
Foreign withholding tax unrecoverable		**10.3**	9.2
Change in tax rates		**(1.2)**	1.0
Non-deductible expenses		**14.8**	12.6
Other taxable items[1]		**24.3**	18.9
Prior year tax losses recouped/recognised		**(10.5)**	(6.4)
Other		**(1.7)**	(1.3)
Tax expense – continuing operations		**209.0**	198.3
Tax (benefit)/expense – discontinued operations	9	**(6.7)**	58.0
Total income tax expense		**202.3**	256.3

[1] Includes the impact of Base Erosion and Anti-abuse Tax (BEAT) in the US, relating to foreign payments effective 1 July 2018.

	2020 US$m		2019 US$m	
	Assets	Liabilities	Assets	Liabilities
C) Components of Deferred Tax Assets and Liabilities				
Deferred tax assets and liabilities in the balance sheet are represented by cumulative temporary differences attributable to:				
Items recognised through the statement of comprehensive income				
Employee benefits	**21.6**	**-**	18.7	-
Provisions and accruals	**38.2**	**-**	37.4	-
Losses available against future taxable income	**134.3**	**-**	122.1	-
Accelerated depreciation for tax purposes	**-**	**(569.0)**	-	(531.2)
Deferred revenue	**100.1**	**-**	98.6	-
Leases	**202.0**	**(155.9)**	-	-
Other	**79.8**	**(105.8)**	73.5	(113.4)
	576.0	**(830.7)**	350.3	(644.6)
Items recognised in other comprehensive income				
Actuarial losses/(gains) on defined benefit pension plans	**7.2**	**(0.2)**	7.9	(0.3)
Share-based payments	**5.9**	**-**	7.2	-
	13.1	**(0.2)**	15.1	(0.3)
Set-off against deferred tax (liabilities)/assets	**(492.8)**	**492.8**	(291.8)	291.8
Net deferred tax assets/(liabilities)	**96.3**	**(338.1)**	73.6	(353.1)

Note 6. Income Tax – continued

	2020 US$m		2019 US$m	
	Assets	Liabilities	Assets	Liabilities
D) Movements in Deferred Tax Assets and Liabilities				
At 1 July	**73.6**	**(353.1)**	38.2	(434.9)
(Charged)/credited to profit or loss	**(105.5)**	**95.6**	22.9	28.3
(Charged)/credited directly to equity	**(0.2)**	**(0.1)**	2.9	0.7
Divestment of subsidiaries	**-**	**-**	28.2	29.3
Adoption of new accounting standards	**210.5**	**(166.4)**	-	-
Offset against deferred tax (liabilities)/assets	**(79.1)**	**79.1**	(17.7)	17.7
Foreign exchange differences	**(3.0)**	**6.8**	(0.9)	5.8
At 30 June	**96.3**	**(338.1)**	73.6	(353.1)

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, calculated using tax rates which are enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not recognised:

- where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for carried forward tax losses to the extent that the entity has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

At reporting date, Brambles has unused tax losses of US$671.6 million (2019: US$652.5 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US$536.5 million (2019: US$492.4 million) of such losses.

The benefit for tax losses will only be obtained if:

- Brambles derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- Brambles continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect Brambles in realising the benefit from the deductions for the losses.

No deferred tax asset has been recognised in respect of the remaining unused tax losses of US$135.1 million (2019: US$160.1 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US$431.1 million (2019: US$434.2 million), which have been recognised in the balance sheet, have an expiry date between 2031 and 2038 (2019: between 2022 and 2038), however it is expected that these losses will be recouped prior to expiry. The remaining tax losses of US$105.4 million (2019: US$58.2 million), which have been recognised in the balance sheet, can be carried forward indefinitely.

Note 6. Income Tax – continued

D) Movements in Deferred Tax Assets and Liabilities – continued

At reporting date, undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised in the consolidated financial statements are US$961.3 million (2019: US$944.4 million). No deferred tax liability has been recognised for these amounts because Brambles controls the distributions from its subsidiaries and is satisfied that the temporary difference will not reverse in the foreseeable future.

The majority of the deferred tax assets and liabilities are expected to be recovered/realised beyond 12 months after the balance date.

E) Tax Consolidation

Brambles Limited and its Australian subsidiaries formed a tax consolidated group in 2006. Brambles Limited, as the head entity of the tax consolidated group, and its Australian subsidiaries have entered into a tax sharing agreement in order to allocate income tax expense. The tax sharing agreement uses a stand-alone basis of allocation. Consequently, Brambles Limited and its Australian subsidiaries account for their own current and deferred tax amounts as if they each continue to be taxable entities in their own right. In addition, the agreement provides funding rules setting out the basis upon which subsidiaries are to indemnify Brambles Limited in respect of tax liabilities and the methodology by which subsidiaries in tax loss are to be compensated.

F) Tax Estimates and Judgements

Brambles is a global Group and is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Brambles recognises liabilities for uncertain tax positions in accordance with IFRS interpretation IFRIC 23. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained.

In addition, Brambles regularly assesses the recognition and recoverability of deferred tax assets. This requires judgements about the application of income tax legislation in jurisdictions in which Brambles operates. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

G) Tax Policy

Brambles Limited has a tax policy approved by the Board of Directors, which sets out the Company’s approach to tax risk management and governance, tax planning, and dealing with tax authorities. The tax policy is included in Brambles Limited’s Code of Conduct. In addition, Brambles Limited’s Sustainability Review includes a Tax Transparency Report, prepared in accordance with the Australian Taxation Office's Voluntary Tax Transparency Code, which comprises, amongst other matters, details such as the corporate income tax paid by, and effective tax rates of, Brambles' Australian and global operations. The 2020 Tax Transparency Report is scheduled for publication in the second half of calendar year 2020 and will be posted on Brambles’ website.

Note 7. Earnings Per Share

	2020 US cents	2019 US cents
From continuing operations		
- basic	**30.8**	28.5
- diluted	**30.7**	28.4
- basic, on Underlying Profit after finance costs and tax	**32.5**	31.9
From discontinued operations[1]		
- basic	**(1.9)**	63.6
- diluted	**(1.9)**	63.4
Total Earnings Per Share (EPS)[1]		
- basic	**28.9**	92.1
- diluted	**28.8**	91.8

[1] 2019 includes earnings from IFCO operations (refer Note 9).

Basic EPS is calculated as net profit attributable to members of the parent entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net profit attributable to members of the parent entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and finance costs associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenue or expenses during the year that would result from the dilution of potential ordinary shares;

and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted EPS to the extent to which they are considered to be dilutive.

EPS on Underlying Profit after finance costs and tax is calculated as Underlying Profit after finance costs and tax attributable to members of the parent entity, divided by the weighted average number of ordinary shares.

Note 7. Earnings Per Share – continued

	2020 Million	2019 Million
A) Weighted Average Number of Shares during the Year		
Used in the calculation of basic EPS	**1,548.7**	1,593.4
Adjustment for share rights	**4.7**	5.1
Used in the calculation of diluted EPS	**1,553.4**	1,598.5

	2020 US$m	2019 US$m
B) Reconciliations of Profit used in EPS Calculations		
Statutory profit		
Profit from continuing operations	**477.2**	454.1
(Loss)/profit from discontinued operations	**(29.2)**	1,013.6
Profit used in calculating basic and diluted EPS	**448.0**	1,467.7
Underlying Profit after finance costs and tax		
Underlying Profit (Note 2)	**795.0**	803.7
Net finance costs (Note 5)	**(80.8)**	(88.5)
Underlying Profit after finance costs before tax	**714.2**	715.2
Tax expense on Underlying Profit	**(210.2)**	(207.3)
Underlying Profit after finance costs and tax	**504.0**	507.9
Which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**504.0**	507.9
Significant Items after tax (Note 4)	**(26.8)**	(53.8)
Profit from continuing operations	**477.2**	454.1

Note 8. Dividends

A) Dividends Paid during the Year

	Interim[1] 2020 US cents	Special[2] 2020 Australian cents	Final 2019 Australian cents
Dividend per share	9.0	17.0	14.5
Cost (in US$ million)	133.4	183.2	157.3
Payment date	9 April 2020	22 October 2019	10 October 2019

1 Effective from 1 July 2019, Brambles changed to a US dollar payout ratio based dividend policy, targeting a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to Brambles' cash requirements, with the dividend per share declared in US cents and converted and paid in Australian cents based on an average exchange rate just prior to the dividend declaration.

2 A special dividend of 17.0 Australian cents per share was approved at the 2019 Annual General Meeting (AGM) and paid on 22 October 2019. The special dividend was funded using proceeds from the IFCO divestment.

Total dividends paid during the year of US$473.9 million (2019: US$328.1 million) per the consolidated cash flow statement differ from the amount recognised in the consolidated statement of changes in equity of US$471.9 million (2019: US$330.0 million) due to the impact of foreign exchange movements between the dividend record and payment dates.

The Dividend Reinvestment Plan (DRP) remained suspended in 2020.

B) Dividend Declared after 30 June 2020

	Final 2020
Dividend per share (in US cents)	**9.0**
Cost (in US$ million)	**135.5**
Payment date	**8 October 2020**
Dividend record date	**10 September 2020**

As this dividend had not been declared at 30 June 2020, it is not reflected in these financial statements. A provision for dividends is only recognised where the dividends have been declared prior to the reporting date.

Total ordinary dividends declared for 2020 were 18.0 US cents per share, representing a payout ratio of 53% which is broadly in line with the prior year payout ratio, including IFCO's 2019 earnings contribution. The 2019 total ordinary dividends were 29.0 Australian cents per share.

C) Franking Credits

	2020 US$m	2019 US$m
Franking credits available for subsequent financial years based on an Australian tax rate of 30%	**33.2**	30.7

The amounts above represent the balance of the franking account as at the end of the year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from dividends recognised as receivable at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The final 2020 dividend will be franked at 30%.

Note 9. Discontinued Operations

The deferred consideration receivable from First Reserve, relating to the former Hoover Ferguson Group (HFG) investment divested in 2018, has been impaired by US$33.0 million in 2020 reflecting the current market conditions in the oil and gas industry (refer Note 10).

On 25 February 2019, Brambles entered into an agreement to sell its IFCO RPC business, with completion of the sale occurring on 31 May 2019. As a consequence, the 2019 results of IFCO have been presented in discontinued operations.

Financial information for discontinued operations is summarised below:

	Note	2020 US$m	2019 US$m
Sales revenue		**-**	1,010.7
Other income		**-**	1.2
Operating expenses[1]		**(35.9)**	(898.8)
Operating (loss)/profit (excluding profit or loss on divestments)		**(35.9)**	113.1
Operating results (excluding profit or loss on divestments) relate to:			
- Impairment of receivable[2]		**(33.0)**	-
- IFCO		**(1.0)**	115.2
- other discontinued operations		**(1.9)**	(2.1)
		(35.9)	113.1
Gain on divestment of IFCO before tax		**-**	959.3
Total operating (loss)/profit for the year		**(35.9)**	1,072.4
Finance costs		**-**	(0.8)
(Loss)/profit before tax		**(35.9)**	1,071.6
Tax benefit/(expense)[3]		**6.7**	(58.0)
(Loss)/profit for the year from discontinued operations		**(29.2)**	1,013.6
Net cash (outflow)/inflow from operating activities		**(7.2)**	241.1
Net cash outflow from investing activities[4]		**(16.0)**	(191.4)
Net cash outflow from financing activities		**-**	(10.4)
Net (decrease)/increase in cash and cash equivalents		**(23.2)**	39.3

1 Depreciation and amortisation within operating expenses in 2020 is nil (2019: US$105.7 million related to IFCO operations).

2 The impairment charge on the deferred consideration receivable from First Reserve of US$33.0 million, is recognised as a Significant Item outside the ordinary course of business (2019: US$959.3 million related to the gain on sale of IFCO and other IFCO divestment costs).

3 Tax expense in 2019 included US$13.6 million tax expense in relation to the gain on divestment of IFCO and a US$44.3 million tax expense on IFCO's operating activities.

4 Net cash outflow from investing activities for 2020 include costs paid on disposal of IFCO.

Note 10. Trade and Other Receivables

	2020 US$m	2019 US$m
Current		
Trade receivables	**548.1**	604.2
Allowance for doubtful receivables	**(17.2)**	(14.7)
Net trade receivables	**530.9**	589.5
Other debtors	**74.5**	77.1
Unbilled revenue	**111.8**	102.3
Total trade and other receivables	**717.2**	768.9
Non-current		
Other receivables[1]	**23.3**	52.8
	23.3	52.8

[1] Other receivables in 2020 includes deferred consideration of US$47.4 million due from First Reserve (2019: US$44.5 million). An impairment charge of US$33.0 million on the receivable has been recognised in 2020 reflecting the current market conditions in the oil and gas industry (refer Note 9).

Trade receivables with no significant financing component are recognised when services are provided and settlement is expected within normal credit terms. Trade receivables are non-interest bearing and are generally on 30–90 day terms.

Other receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost.

The allowance for doubtful receivables has been established based on AASB 9 *Financial Instruments*. For all eligible trade and other receivables, Brambles applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade and other receivables are grouped based on region and aging. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Customers with normal credit risk are provided for in line with a provision matrix based on aging and their associated risk. A lifecycle allowance is calculated on the remaining trade and other receivables balance based on historical bad debt levels. Where there is no reasonable expectation of recovery, balances are written off. Subsequent recovery of amounts previously written off are credited against other expenses in the consolidated statement of comprehensive income. An allowance of US$7.3 million (2019: US$2.0 million) has been recognised as an expense in the current year for trade and other receivables in line with the Group accounting policy.

Other debtors primarily comprise GST/VAT recoverable and loss compensation receivables.

Note 10. Trade and Other Receivables – continued

	Trade receivables		Other debtors	
	2020 US$m	2019 US$m	2020 US$m	2019 US$m
At 30 June, the ageing analysis of trade receivables and other debtors by reference to due dates was as follows:				
Not past due	**489.2**	516.7	**60.6**	50.0
Past due 0–30 days but not impaired	**26.0**	40.4	**2.3**	6.8
Past due 31–60 days but not impaired	**7.6**	13.6	**1.3**	4.9
Past due 61–90 days but not impaired	**2.6**	6.6	**1.3**	1.8
Past 90 days but not impaired	**5.5**	12.2	**9.0**	13.6
Impaired	**17.2**	14.7	**-**	-
	548.1	604.2	**74.5**	77.1

Refer to Note 22 for other financial instruments' disclosures.

Note 11. Inventories

Raw materials and consumables	**59.2**	50.0
Finished goods	**8.3**	9.8
	67.5	59.8

Inventories on hand are valued at the lower of cost and net realisable value and, where appropriate, a provision is made for possible obsolescence.

Cost is determined on a first-in, first-out basis and, where relevant, includes an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

Note 12. Other Assets

Current		
Prepayments	**74.4**	46.8
Current tax receivable	**9.1**	8.7
Derivative financial instruments	**12.1**	6.0
	95.6	61.5
Non-current		
Derivative financial instruments	**9.7**	11.8
	9.7	11.8

Refer to Note 22 for other financial instruments' disclosures.

Notes to and Forming Part of the Financial Statements – continued

for the year ended 30 June 2020

Note 13. Property, Plant and Equipment

A) Net Carrying Amounts and Movements during the Year

	2020 US$m			2019 US$m		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Opening carrying amount	**43.3**	**4,269.9**	**4,313.2**	48.9	5,090.8	5,139.7
Additions[1]	**10.4**	**970.8**	**981.2**	8.2	1,208.2	1,216.4
Divestment of subsidiaries	**-**	**-**	**-**	(7.4)	(1,075.7)	(1,083.1)
Disposals	**(0.1)**	**(107.0)**	**(107.1)**	-	(182.7)	(182.7)
Depreciation charge[2]	**(4.5)**	**(473.0)**	**(477.5)**	(5.1)	(555.2)	(560.3)
Impairment charge[3]	**-**	**(3.0)**	**(3.0)**	-	-	-
IPEP expense[4]	**-**	**(155.7)**	**(155.7)**	-	(141.2)	(141.2)
Foreign exchange differences	**(2.3)**	**(139.5)**	**(141.8)**	(1.3)	(74.3)	(75.6)
Closing carrying amount	**46.8**	**4,362.5**	**4,409.3**	43.3	4,269.9	4,313.2
At 30 June						
Cost	**92.1**	**6,530.6**	**6,622.7**	85.8	6,371.1	6,456.9
Accumulated depreciation[5]	**(45.3)**	**(2,165.1)**	**(2,210.4)**	(42.5)	(2,101.2)	(2,143.7)
Accumulated impairment[3]	**-**	**(3.0)**	**(3.0)**	-		-
Net carrying amount	**46.8**	**4,362.5**	**4,409.3**	43.3	4,269.9	4,313.2

1 In 2020 capital expenditure related to discontinued operations is nil (2019: US$156.0 million).

2 In 2020 depreciation charge related to discontinued operations is nil (2019: US$92.5 million).

3 Impairment charge of US$3.0 million recognised in the Kegstar keg-pooling business in relation to plant and equipment, reflecting the impact of Covid-19 and uncertainties over on-premise consumption and performance of the craft beer segment (refer Note 13E and 14D).

4 In 2020 IPEP expense related to discontinued operations is nil (2019: US$14.1 million).

5 Includes the IPEP provision of US$105.7 million (2019: US$83.0 million).

The net carrying amounts above include capital work in progress of US$129.0 million (2019: US$85.9 million).

B) Recognition and Measurement

Property, plant and equipment (PPE) is stated at cost, net of depreciation and any impairment, except land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of assets and, where applicable, an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to Brambles. Repairs and maintenance are expensed in the consolidated statement of comprehensive income in the period they are incurred.

PPE is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any net gain or loss arising on derecognition of the asset is included in profit or loss and presented within other income/operating expenses in the period in which the asset is derecognised.

Note 13. Property, Plant and Equipment – continued

C) Depreciation of Property, Plant and Equipment

Depreciation is recognised on a straight-line or reducing balance basis on all PPE (excluding land) over their expected useful lives. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The expected useful lives of PPE are generally:

- buildings: up to 50 years;
- pooling equipment: 5–10 years; and
- other plant and equipment: 3–20 years.

The cost of improvements to leasehold properties is amortised over the unexpired portion of the lease, or the estimated useful life of the improvements to Brambles, whichever is shorter.

D) Irrecoverable Pooling Equipment Provision

Loss is an inherent risk of pooling equipment operations. Brambles’ pooling equipment operations around the world differ in terms of business models, market dynamics, customer and distribution channel profiles, contractual arrangements and operational details. Brambles monitors its pooling equipment operations using detailed key performance indicators (KPIs) and conducts audits continuously to confirm the existence and the condition of its pooling equipment assets and to validate its customer hire records. During these audits, which take place at Brambles' plants, customer sites and other locations, pooling equipment is counted on a sample basis and reconciled to the balances shown in Brambles’ customer hire records. The irrecoverable pooling equipment provision (IPEP) is subject to a number of judgements and estimates, which are informed by historical statistical data in each market, including the outcome of audits and relevant KPIs. The impact of Covid-19 has been considered in estimating the IPEP provision including updating the key assumptions for the latest estimated and actual loss rates. IPEP is presented within accumulated depreciation.

E) Recoverable Amount of Non-current Assets

At each reporting date, Brambles assesses whether there is any indication that an asset, or CGU to which the asset belongs, may be impaired. Where an indicator of impairment exists, Brambles makes a formal estimate of the recoverable amount. The recoverable amount of goodwill is tested for impairment annually (refer Note 14D). The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

Value in use is determined as the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognised in the consolidated statement of comprehensive income in the reporting period in which the write-down occurs.

Kegstar global has been adversely impacted by Covid-19 and uncertainties over on-premise consumption and performance of the craft beer segment. As a result the keg-pooling equipment has been written down to the recoverable amount and an impairment charge of US$3.0 million recognised in the statement of comprehensive income (refer Note 4).

Note 14. Goodwill and Intangible Assets

A) Net Carrying Amounts and Movements during the Year

	2020 US$m				2019 US$m			
	Goodwill	Software	Other[1]	Total	Goodwill	Software	Other[1]	Total
Opening carrying amount	**220.8**	**36.0**	**29.4**	**286.2**	911.7	38.1	73.0	1,022.8
Additions	**-**	**15.1**	**7.5**	**22.6**	-	14.1	7.5	21.6
Disposals	**-**	**-**	**(0.1)**	**(0.1)**	-	(1.8)	-	(1.8)
Divestment of subsidiaries	**-**	**-**	**-**	**-**	(667.1)	(3.4)	(30.0)	(700.5)
Amortisation charge[2]	**-**	**(10.1)**	**(8.2)**	**(18.3)**	-	(10.7)	(19.0)	(29.7)
Impairment charge[3]	**(23.0)**	**(0.6)**	**(1.4)**	**(25.0)**	-	-	-	-
Foreign exchange differences	**(5.3)**	**(0.1)**	**(0.4)**	**(5.8)**	(23.8)	(0.3)	(2.1)	(26.2)
Closing carrying amount	**192.5**	**40.3**	**26.8**	**259.6**	220.8	36.0	29.4	286.2
At 30 June								
Gross carrying amount	**215.5**	**176.9**	**72.9**	**465.3**	220.8	165.1	68.2	454.1
Accumulated amortisation	**-**	**(136.0)**	**(44.7)**	**(180.7)**	-	(129.1)	(38.8)	(167.9)
Accumulated impairment[3]	**(23.0)**	**(0.6)**	**(1.4)**	**(25.0)**	-	-	-	-
Net carrying amount	**192.5**	**40.3**	**26.8**	**259.6**	220.8	36.0	29.4	286.2

1 Other intangible assets primarily comprise acquired customer relationships, customer lists and agreements, and BXB Digital capitalised costs.

2 In 2020 amortisation charge related to discontinued operations is nil (2019: US$13.2 million).

3 Based on a fair value less costs to sell model used for impairment testing, goodwill and intangibles of US$25.0 million in the Kegstar keg-pooling business have been impaired, reflecting the impact of Covid-19 and uncertainties over on-premise consumption and performance of the craft beer segment (refer Note 14D).

Note 14. Goodwill and Intangible Assets – continued

B) Summary of Carrying Value of Goodwill by CGU

	2020 US$m	2019 US$m
CHEP Europe	**129.4**	131.4
CHEP Asia-Pacific	**53.0**	54.7
Kegstar Australia and New Zealand (ANZ)	**-**	23.5
CHEP Americas	**10.1**	11.2
Total goodwill	**192.5**	220.8

C) Recognition and Measurement

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Brambles' share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets and investments in joint ventures, respectively. Goodwill is carried at cost less accumulated impairment losses and is not amortised.

Upon acquisition, any goodwill arising is allocated to each CGU expected to benefit from the acquisition. On disposal of an operation, goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Other intangible assets
Intangible assets acquired are capitalised at cost, unless acquired as part of a business combination, in which case they are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less provisions for amortisation and impairment.

The costs of acquiring computer software for internal use are capitalised as intangible non-current assets where it is used to support a significant business system and the expenditure leads to the creation of an asset.

Useful lives have been established for all non-goodwill intangible assets. Amortisation charges are expensed in the consolidated statement of comprehensive income on a straight-line basis over those useful lives. Estimated useful lives are reviewed annually.

The expected useful lives of intangible assets are generally:
- customer lists and relationships: 3–20 years; and
- computer software: 3–10 years.

There are no non-goodwill intangible assets with indefinite lives.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the CGU level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Note 14. Goodwill and Intangible Assets – continued

D) Goodwill Recoverable Amount Testing

Brambles' business units undertake an impairment review process annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. This review may be undertaken more frequently if events or changes indicate that goodwill may be impaired.

The recoverable amount of goodwill is determined based on the higher of the value in use and the fair value less costs to sell calculations undertaken at the CGU level. The value in use is calculated using a discounted cash flow methodology covering a three-year period, including the impact of Covid-19, with an appropriate terminal value at the end of that period.

Based on the review performed, an impairment loss of US$25.0 million has been recognised in the consolidated statement of comprehensive income (refer Note 4) in relation to Kegstar, an Australian keg-pooling business acquired in 2014. Goodwill of US$23.0 million and intangible assets of US$2.0 million have been fully impaired. The recoverable amount of the Kegstar ANZ CGU is based on fair value less costs to sell, using a discounted cash flow. The business has been materially impacted by Covid-19 due to severe restrictions on the industry in 2020, and uncertainties over on-premise consumption and performance of the craft beer segment.

The carrying amount of goodwill in the other CGUs at reporting date is fully supported. The key assumptions on which management has based its cash flow projections were:

Cash flow forecasts

Cash flow forecasts are post-tax and based on the most recent financial projections covering a maximum period of three years. Financial projections are based on assumptions that represent management's best estimates.

Revenue growth rates

Revenue growth rates used are based on management's latest three-year plan. Three-year growth rates for CHEP Europe and CHEP Asia-Pacific CGUs were 1.4% and 7.7% respectively. Sensitivity testing was performed on these CGUs and a reasonably possible decline in these rates would not cause the carrying value of the CGUs to exceed their recoverable amount.

Terminal value

The terminal value calculated is determined using the stable growth model, having regard to the weighted average cost of capital (WACC) and terminal growth factor appropriate to each CGU. The terminal growth rate used in the financial projections was 1.9% for CHEP Europe and 2.2% for CHEP Asia-Pacific.

Discount rates (pre-tax)

Discount rates used are the pre-tax WACC and include a premium for market risks appropriate to each country in which the CGU operates. Weighted average pre-tax WACC used was 9.8% (pre-tax rates: CHEP Europe 9.0% and CHEP Asia-Pacific 12.3%). Weighted average pre-tax WACC rates used for 2019 impairment reviews were 8.7%.

Sensitivity

The Brambles pooling equipment business, excluding Kegstar, has not been materially impacted by Covid-19 in 2020 as it operates in an essential services market. Downside scenarios were prepared to sensitise the models. Reasonable changes to key assumptions in the Kegstar model do not materially impact the impairment loss recognised. For the remaining CGUs, any reasonable change to the above key assumptions would not cause the carrying value to materially exceed the recoverable amount. Consideration has also been given to climate change risk.

Note 15. Trade and Other Payables

	2020 US$m	2019 US$m
Current		
Trade payables	**438.4**	420.7
GST/VAT and other payables	**134.4**	147.4
Deferred revenue	**422.1**	410.8
Accruals	**227.3**	228.1
Derivative financial instruments	**4.3**	1.5
Total trade and other payables	**1,226.5**	1,208.5
Non-current		
Other liabilities	**-**	1.0
	-	1.0

Trade payables represent liabilities for goods and services provided to Brambles prior to the end of the financial year that remain unpaid at the reporting date. The amounts are unsecured, non-interest bearing and are paid within normal credit terms of 30–120 days.

Other payables (excluding derivatives) are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost.

Deferred revenue primarily relates to revenue that is billed on issue of pooling equipment to customers. It is recognised in the consolidated statement of comprehensive income over the cycle time (refer Note 2). As the cycle time is less than one year, all deferred revenue from 2019 was recognised in 2020. Deferred revenue in 2020 relates to the transaction price allocated to performance obligations that remain unsatisfied and will be satisfied in 2021.

Refer to Note 22 for other financial instruments' disclosures.

Note 16. Provisions

	2020 US$m		2019[1] US$m	
	Current	Non-current	Current	Non-current
Employee entitlements	**72.4**	**5.4**	61.3	3.5
Other[2]	**12.5**	**70.7**	14.2	11.3
	84.9	**76.1**	75.5	14.8

[1] The comparative period does not include the impact of AASB 16 *Leases*.

[2] Other includes US$70.9 million relating to dilapidation provisions on leases as well as other provisions relating to litigation and other known exposures.

Provisions for liabilities are made on the basis that, due to a past event, the business has a constructive or legal obligation to transfer economic benefits that are of uncertain timing or amount. Provisions are measured at the present value of management's best estimate at the balance sheet date of the expenditure required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks appropriate to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the consolidated statement of comprehensive income.

Note 16. Provisions – continued

Employee entitlements are provided by Brambles in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, sick leave, long service leave, bonuses and contract entitlements. Annual leave and sick leave entitlements are presented within other payables.

Liabilities for annual leave, as well as those employee entitlements that are expected to be settled within one year, are measured at the amounts expected to be paid when they are settled. All other employee entitlement liabilities are measured at the estimated present value of the future cash outflows to be made in respect of services provided by employees up to the reporting date.

Employee entitlements are classified as current liabilities unless Brambles has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 17. Borrowings

	2020 US$m		2019 US$m	
	Current	**Non-current**	**Current**	**Non-current**
Unsecured				
Bank overdrafts	**-**	**-**	0.9	-
Bank loans	**27.5**	**149.3**	28.8	2.6
Loan notes[1]	**8.8**	**1,627.9**	527.1	1,640.8
	36.3	**1,777.2**	556.8	1,643.4

[1] On 5 July 2019, Brambles repaid the US$500.0 million April 2020 144A bond using the IFCO proceeds.

Borrowings are primarily initially recognised at fair value net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Brambles has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial risks and risk management strategies associated with borrowings, including financial covenants, are disclosed in Note 22.

Note 18. Retirement Benefit Obligations

A) Defined Contribution Plans

Brambles operates a number of defined contribution retirement benefit plans for qualifying employees. The assets of these plans are held in separately administered trusts or insurance policies. In some countries, Brambles' employees are members of state-managed retirement benefit plans. Brambles is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund benefits. The only obligation of Brambles with respect to defined contribution retirement benefit plans is to make the specified contributions. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Note 18. Retirement Benefit Obligations – continued

A) Defined Contribution Plans – continued

US$18.0 million (2019: US$20.5 million) has been recognised as an expense in the consolidated statement of comprehensive income, representing contributions paid and payable to these plans by Brambles at rates specified in the rules of the plans, all of which relate to continuing operations.

B) Defined Benefit Plans

Brambles operates a small number of defined benefit pension plans, which are closed to new entrants. The majority of the plans are self-administered and the plans' assets are held independently of Brambles' finances. Under the plans, members are entitled to retirement benefits based upon a percentage of final salary. No other post-retirement benefits are provided. The plans are mostly funded plans.

A liability in respect of defined benefit pension plans is recognised in the balance sheet, measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension plans' assets at that date. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds.

The plan assets and the present value of the defined benefit obligations recognised in Brambles' balance sheet are based upon the most recent formal actuarial valuations, which have been updated to 30 June 2020 by independent professionally qualified actuaries and take account of the requirements of AASB 119. For all plans, the valuation updates have used assumptions, assets and cash flows as at 31 May 2020. There has been no material change in assumptions, assets and cash flows between 31 May and 30 June. The present value of the defined benefit obligations and past service costs were measured using the projected unit credit method. Past service cost is recognised immediately to the extent that the benefits are already vested.

Actuarial gains and losses arising from differences between expected and actual returns, and the effect of changes in actuarial assumptions are recognised in full through other comprehensive income in the period in which they arise.

A net expense of US$2.2 million has been recognised in the consolidated statement of comprehensive income in respect of defined benefit plans (2019: US$6.2 million), of which US$1.6 million net expense relates to continuing operations (2019: US$5.6 million). Included within the total expense recognised during the year is net interest cost of US$0.5 million (2019: a one-off Guaranteed Minimum Pension (GMP) equalisation adjustment of US$3.8 million and US$0.3 million net interest cost).

The amounts recognised in the balance sheet are as follows:

	2020 US$m	2019 US$m
Present value of defined benefit obligations	**299.6**	286.7
Fair value of plan assets	**(261.9)**	(249.4)
Net liability recognised in the balance sheet	**37.7**	37.3

Currency variations and a significant decrease in the discount rate, largely offset by an increase in the market value of plan assets, were the key drivers for the changes in the present value of defined benefit obligations and the fair value of plan assets. Benefits paid during the period were US$6.8 million (2019: US$7.7 million). There are a number of principal assumptions used in the actuarial valuations of the defined benefit obligations. These principal assumptions are the discount rate of 1.6% (2019: 2.4%) for the plans operating in the United Kingdom and 9.2% (2019: 9.3%) for the South African plan; the pension increase rate of 2.80% - 3.45% (2019: 3.30% - 3.65%) in the United Kingdom plans and the inflation rate for the South African plan of 4.75% (2019: 5.88%). A change of 25 basis points in the discount rate or other key assumptions may have a material impact on the defined benefit obligation.

Brambles has no legal obligation to settle this liability with an immediate contribution or additional one-off contributions. Brambles intends to continue to make contributions to the plans at the rates recommended by the plans' actuaries when actuarial valuations are obtained. Additional annual contributions of US$6.2 million (2019: US$6.3 million) are being paid to remove the identified deficits over a period of up to eight years (2019: nine years).

Note 19. Contributed Equity

	Shares	US$m
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2018	1,591,901,323	6,218.5
Issued during the year[1]	2,900,351	23.0
Share buy-back[2]	(6,039,299)	(54.1)
At 30 June 2019	1,588,762,375	6,187.4
At 1 July 2019	**1,588,762,375**	**6,187.4**
Issued during the year[1]	**1,928,769**	**14.5**
Share buy-back[2]	**(85,658,579)**	**(645.4)**
Shareholder capital return[3]	**-**	**(129.3)**
At 30 June 2020	**1,505,032,565**	**5,427.2**

[1] Includes shares issued on exercise of share plans and shares issued as part of the MyShare Dividend Reinvestment Plan.

[2] As announced on 25 February 2019, Brambles will perform an on-market share buy-back of up to US$1.65 billion using the proceeds from the IFCO divestment. The cumulative total of shares repurchased and cancelled to 30 June 2020 is US$699.5 million, of which US$645.4 million occurred in 2020.

[3] A capital return of 12.0 Australian cents was approved at the 2019 AGM and paid on 22 October 2019. The capital return was funded using the proceeds from the IFCO divestment.

Ordinary shares are classified as contributed equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of Brambles' own equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds of issue.

Ordinary shares of Brambles Limited entitle the holder to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of shares held.

Note 20. Share-Based Payments

The Remuneration Report sets out details relating to the Brambles share plans (pages 50 and 52), together with details of performance share rights and MyShare matching conditional rights issued to the Executive Directors and other Key Management Personnel (pages 51 to 52). Rights granted by Brambles do not result in an entitlement to participate in share issues of any other corporation.

Set out below are summaries of rights granted under the plans.

A) Grants over Brambles Limited Shares

Grant date	Expiry date	Balance at 1 July	Granted during year	Exercised during year	Forfeited / lapsed during year	Balance at 30 June
2020						
Performance share rights						
Awards granted in prior periods		5,263,284		(1,046,326)	(1,013,546)	3,203,412
15 July 2019	15 July 2025	-	11,602	-	-	11,602
15 Oct 2019	15 Oct 2025	-	2,607,326	(19,453)	(104,074)	2,483,799
4 Nov 2019	4 Nov 2025	-	1,606	-	-	1,606
14 Nov 2019	14 Nov 2025	-	112,225	-	-	112,225
MyShare matching conditional rights						
2018 Plan Year	31 Mar 2020	1,026,459	-	(968,256)	(58,203)	-
2019 Plan Year	31 Mar 2021	339,268	717,127	(15,915)	(79,558)	960,922
2020 Plan Year	31 Mar 2022	-	463,101	(489)	(7,233)	455,379
Total rights		**6,629,011**	**3,912,987**	**(2,050,439)**	**(1,262,614)**	**7,228,945**
2019 (summarised comparative)						
Total rights		7,457,199	3,543,412	(3,048,036)	(1,323,564)	6,629,011

Of the above grants, 160,807 were exercisable at 30 June 2020.

		2020	2019
Weighted average data:			
- fair value at grant date of grants made during the year	A$	**10.26**	9.71
- share price at exercise date of grants exercised during the year	A$	**11.37**	11.29
- remaining contractual life at 30 June	years	**3.8**	4.0

The cost of equity-settled share rights is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

Note 20. Share-Based Payments – continued

A) Grants Over Brambles Limited Shares – continued

Executives and employees in certain jurisdictions are provided cash incentives calculated by reference to the awards under the share-based compensation schemes (phantom shares). These phantom shares are fair valued on initial grant date and at each subsequent reporting date.

The cost of cash-settled share rights is charged to the consolidated statement of comprehensive income over the relevant vesting periods, with a corresponding increase in provisions.

B) Fair Value Calculations

The fair values of performance share rights and MyShare matching conditional rights were determined as at grant date, using a Monte Carlo Simulation and Binomial valuation methodology, and exclude the impact of non-market vesting conditions. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as Brambles revises its estimate of the number of shares and performance rights expected to vest at each reporting date.

The significant inputs into the valuation models for the grants made during the year were:

	2020	2019
Weighted average share price	**A$11.59**	A$11.01
Expected volatility	**20%**	20%
Expected life	**2 – 3 years**	2 – 3 years
Annual risk-free interest rate[1]	**0.68%**	1.94 – 2.00%
Expected dividend yield	**3.00%**	3.00%

[1] The decline in the annual risk-free interest rate is reflective of the movement in the yield on Australian government bonds.

The expected volatility was determined based on a four-year historic volatility of Brambles' share prices.

C) Share-Based Payments Expense

Brambles recognised a total expense of US$18.4 million (2019: US$17.1 million) relating to equity-settled share-based payments and US$1.7 million (2019: US$1.6 million) relating to cash-settled share-based payments. Of these amounts, nil (2019: US$2.1 million) related to discontinued operations.

Note 21. Reserves and Retained Earnings

A) Movements in Reserves and Retained Earnings

	Reserves					
	Share-based payments US$m	Foreign currency translation US$m	Unification US$m	Other US$m	Total US$m	Retained earnings US$m
Year ended 30 June 2019						
Opening balance	80.3	(333.4)	(7,162.4)	161.8	(7,253.7)	3,813.6
Actuarial loss on defined benefit plans	-	-	-	-	-	(8.1)
Foreign exchange differences	-	(85.0)	-	-	(85.0)	-
FCTR released to profit on divestment of IFCO	-	32.2	-	-	32.2	-
Share-based payments:						
- expense recognised	17.1	-	-	-	17.1	-
- shares issued	(23.0)	-	-	-	(23.0)	-
- equity component of related tax	1.6	-	-	-	1.6	-
- transfer to retained earnings on divestment of IFCO	(0.1)	-	-	-	(0.1)	0.1
- other	(11.6)	-	-	-	(11.6)	-
Dividends declared	-	-	-	-	-	(330.0)
Profit for the year	-	-	-	-	-	1,467.7
Closing balance as at 30 June 2019	64.3	(386.2)	(7,162.4)	161.8	(7,322.5)	4,943.3
Year ended 30 June 2020						
Opening balance as previously reported	**64.3**	**(386.2)**	**(7,162.4)**	**161.8**	**(7,322.5)**	**4,943.3**
Opening balance adjustment on adoption of AASB 16	**-**	**-**	**-**	**-**	**-**	**(121.8)**
Revised opening balance	**64.3**	**(386.2)**	**(7,162.4)**	**161.8**	**(7,322.5)**	**4,821.5**
Actuarial loss on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**(4.1)**
Foreign exchange differences[1]	**-**	**(143.9)**	**-**	**-**	**(143.9)**	**-**
Share-based payments:						
- expense recognised	**18.4**	**-**	**-**	**-**	**18.4**	**-**
- shares issued	**(14.5)**	**-**	**-**	**-**	**(14.5)**	**-**
- equity component of related tax	**(1.8)**	**-**	**-**	**-**	**(1.8)**	**-**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**(471.9)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**448.0**
Closing balance as at 30 June 2020	**66.4**	**(530.1)**	**(7,162.4)**	**161.8**	**(7,464.3)**	**4,793.5**

[1] Exchange differences on translation of foreign subsidiaries have been significantly impacted by the devaluation of the Australian dollar, Latin American currencies and the South African rand net assets translated into US dollars. The June 2020 spot rate relative to the US dollar weakened 2% for the Australian dollar, 21% for the Latin American currencies and 22% for the South African rand.

Note 21. Reserves and Retained Earnings – continued

B) Nature and Purpose of Reserves

Share-based payments reserve
This comprises the cumulative share-based payment expense recognised in the statement of comprehensive income in relation to equity-settled options and share rights issued but not yet exercised. Refer to Note 20 for further details.

Foreign currency translation reserve
This comprises cumulative exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of qualifying net investment hedges. The relevant accumulated balance is recognised in the consolidated statement of comprehensive income on disposal of a foreign subsidiary.

Unification reserve
On Unification, Brambles Limited issued shares on a one-for-one basis to those Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) shareholders who did not elect to participate in the Cash Alternative. The Unification reserve of US$15,385.8 million was established on 4 December 2006, representing the difference between the Brambles Limited share capital measured at fair value and the carrying value of the share capital of BIL and BIP at that date. In the consolidated financial statements, the reduction in share capital of US$8,223.4 million on 9 September 2011 by Brambles Limited in accordance with section 258F of the *Corporations Act 2001* was applied against the Unification reserve.

Other
This comprises a merger reserve created in 2001 and the hedging reserve. The hedging reserve represents the cumulative portion of the gain or loss of cash flow hedges that are determined to be effective hedges. Amounts are recognised in the statement of comprehensive income when the associated hedged transaction is recognised or the hedge or the forecast hedged transaction is no longer highly probable.

Note 22. Financial Risk Management

Brambles is exposed to a variety of financial risks: market risk (including the effect of fluctuations in interest rates and exchange rates), liquidity risk and credit risk.

Brambles' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Brambles. Financial risk management activities are carried out centrally by Brambles' treasury function in accordance with Board policies and guidelines, through standard operating procedures and delegated authorities.

Brambles uses interest rate swaps and forward foreign exchange contracts to manage its market risk and does not trade in financial instruments for speculative purposes.

A) Financial Assets and Liabilities

Financial assets are recognised when Brambles becomes a party to the contractual provisions of the instrument and are classified in the following two categories: financial assets at fair value through profit or loss; and amortised cost, as disclosed in the respective notes.

Derecognition occurs when rights to the asset have expired or when Brambles transfers its rights to receive cash flows from the asset together with substantially all the risks and rewards of the asset.

Refer to Note 17 for the recognition of interest bearing financial liabilities. Refer to Note 1G for the recognition of lease liabilities.

The fair values of all financial assets and liabilities held on the balance sheet as at 30 June 2020 equal the carrying amount, with the exception of loan notes, which have an estimated fair value of US$1,708.9 million (2019: US$2,264.7 million) compared to a carrying value of US$1,636.7 million (2019: US$2,167.9 million). Financial assets and liabilities held at fair value (other than loan notes) are estimated using Level 2 estimation techniques, which uses inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The fair value of loan notes has been calculated using Level 1 valuation techniques, which uses directly observable unadjusted quoted prices in active markets for identical assets or liabilities.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturities at the balance sheet date. The fair value of interest rate swap contracts is calculated as the present value of the forward cash flows of the instrument after applying market rates and standard valuation techniques.

B) Derivative and Hedging Activities

For the purposes of hedge accounting, hedges are classified as either fair value hedges, cash flow hedges or net investment hedges.

For fair value hedges, any gain or loss from remeasuring the hedging instrument at fair value is adjusted against the carrying amount of the hedged item and recognised in profit or loss.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Hedges for net investments in foreign operations are accounted for similarly to cash flow hedges.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Note 22. Financial Risk Management – continued

C) Market Risk

Brambles has the following risk policies in place with respect to market risk.

Interest rate risk

Brambles' exposure to potential volatility in finance costs, is predominantly in euros and US dollars on borrowings. This is managed by maintaining a mix of fixed and floating-rate instruments within select target bands over defined periods. In some cases, interest rate derivatives are used to achieve these targets synthetically. As at 30 June 2020, Brambles also has exposure to variability in finance revenue through its holdings of cash and term deposits in Australian dollars.

The following table sets out the financial instruments exposed to interest rate risk at reporting date:

	Note	2020 US$m	2019 US$m
Financial assets (floating rate)			
Cash at bank		**204.7**	357.7
Short-term deposits		**463.9**	836.5
		668.6	1,194.2
Weighted average effective interest rate at 30 June		**0.6%**	1.7%
Financial assets (fixed rate)			
Short-term deposits		**68.7**	497.1
Term deposit	2	**68.6**	411.2
Other receivables	10	**23.3**	52.8
		160.6	961.1
Weighted average effective interest rate at 30 June		**1.5%**	**2.3%**
Financial liabilities (floating rate)			
Bank overdrafts		**-**	0.9
Bank loans		**161.6**	28.8
Interest rate swaps (notional value) – fair value hedges		**168.6**	170.6
Net exposure to cash flow interest rate risk		**330.2**	200.3
Weighted average effective interest rate at 30 June		**1.1%**	**2.2%**
Financial liabilities (fixed rate)			
Loan notes		**1,636.7**	2,167.9
Bank loans		**15.2**	2.6
Lease liabilities		**704.2**	-
Interest rate swaps (notional value) – fair value hedges		**(168.6)**	(170.6)
Net exposure to fair value interest rate risk		**2,187.5**	1,999.9
Weighted average effective interest rate at 30 June		**3.0%**	**3.3%**

Note 22. Financial Risk Management – continued

C) Market Risk – continued

Interest rate swaps – fair value hedges

Brambles entered into interest rate swap transactions with various banks, swapping €150.0 million of the €500.0 million 2024 Euro medium-term fixed-rate notes (EMTN) to variable rates. The interest rate swaps and debt have been designated in a hedging relationship at a hedge ratio of 1:1. The fair value of the interest rate swaps are adjusted for credit risk, measured by reference to credit default swaps for the interest rate swap counterparties, which is a source of ineffectiveness. Movement in credit risk does not dominate the hedge relationship. The credit valuation adjustment to the swaps at 30 June 2020 is US$0.1 million (2019: US$0.1 million).

In accordance with AASB 9, the carrying value of the loan notes has been adjusted to increase debt by US$12.9 million (2019: US$15.1 million) in relation to changes in fair value attributable to the hedged risk. The fair value of interest rate swaps at reporting date was US$12.6 million (2019: US$14.8 million).

The terms of the swaps match the terms of the fixed-rate bond issue for the amounts and durations being hedged.

Fair value hedge	Hedged item	Hedging instrument
Description	€150m of the €500m EMTN	€150m interest rate swaps
Nominal amount (US$m)	168.6	168.6
Carrying amount (US$m)	171.6	12.6
Change in fair value (US$m)	12.9	12.9
Hedge ineffectiveness (US$m)	Nil	Nil
Balance sheet account impacted	Non-current borrowings	Other assets
Statement of comprehensive income account impacted		Finance revenue/finance costs

The gain or loss from remeasuring the interest rate swaps at fair value is recorded in profit or loss together with any changes in the fair value of the hedged asset or liability that is attributed to the hedged risk. For 2020, all interest rate swaps were effective hedging instruments.

Sensitivity analysis

Based on the Australian dollar floating rate financial assets and floating rate financial liabilities outstanding at 30 June 2020, if Australian interest rates were to increase or decrease by 50 basis points with all other variables held constant, profit after tax for the year would have been US$2.2 million higher/lower (2019: US$5.3 million higher/lower).

Foreign exchange risk

Exposure to foreign exchange risk generally arises in either the value of transactions translated back to the functional currency of a subsidiary or the value of assets and liabilities of overseas subsidiaries when translated back to the Group's reporting currency.

Foreign exchange hedging is used when a transaction exposure exceeds certain thresholds and as soon as a defined exposure arises. Within Brambles, exposures may arise with external parties or, alternatively, by way of cross-border intercompany transactions. Forward foreign exchange contracts are primarily used to manage exposures from normal commercial transactions such as the purchase and sale of equipment and services, intercompany interest and royalties. Given that Brambles both generates income and incurs expenses in its local currencies of operation, these exposures are not significant.

Brambles generally mitigates translation exposures by raising debt in currencies where there are matching assets.

Note 22. Financial Risk Management – continued

C) Market Risk – continued

Foreign exchange risk – continued

Currency profile

The following table sets out the currency mix profile of Brambles' financial instruments at reporting date. Financial assets include cash, term deposits, trade receivables and derivative assets. Financial liabilities include trade payables, lease liabilities, borrowings and derivative liabilities:

	US dollar US$m	Aust. dollar US$m	Sterling US$m	Euro US$m	Other US$m	Total US$m
2020						
Financial assets	**301.8**	**643.8**	**14.5**	**155.3**	**266.5**	**1,381.9**
Financial liabilities	**1,234.9**	**105.8**	**76.4**	**1,280.2**	**263.1**	**2,960.4**
2019						
Financial assets	712.3	1,538.8	43.9	201.8	265.8	2,762.6
Financial liabilities	1,159.5	14.0	31.6	1,256.2	161.1	2,622.4

Forward foreign exchange contracts – cash flow hedges

During 2020, Brambles entered into forward foreign exchange transactions with various banks in a variety of cross-currencies for terms ranging up to eight months.

For 2020 and 2019, all foreign exchange contracts were effective hedging instruments. The fair value of these contracts at reporting date was nil (2019: nil).

Other forward foreign exchange contracts

Brambles enters into other forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas subsidiaries. In this case, the forward foreign exchange contracts provide an economic hedge against exchange fluctuations on foreign currency loan balances. The face value and terms of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loans and foreign exchange contracts to spot rates are offset in the consolidated statement of comprehensive income. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading. The fair value of these contracts at reporting date was a net asset of US$4.9 million (2019: net liability of US$1.5 million).

Hedge of net investment in foreign entity

At 30 June 2020, €350.5 million (US$394.0 million) of the 2024 EMTN has been designated as a hedge of the net investment in Brambles' European subsidiaries and is being used to partially hedge Brambles' exposure to foreign exchange risks on these investments. For 2020 and 2019, there was no ineffectiveness to be recorded from such partial hedges of net investments in foreign entities.

Sensitivity analysis

Based on the financial instruments held at 30 June 2020, if exchange rates were to weaken/strengthen against the US dollar by 10% with all other variables held constant, the transaction exposure within profit after tax for the year would not have been material. However, the impact on equity would have been US$27.8 million lower/higher (2019: US$28.3 million lower/higher) as a result of the incremental movement through the foreign currency translation reserve relating to the effective portion of a net investment hedge.

Note 22. Financial Risk Management – continued

D) Liquidity Risk

Brambles' objective is to maintain adequate liquidity to meet its financial obligations as and when they fall due. Brambles funds its operations through existing equity, retained cash flow and borrowings. Funding is generally sourced from relationship banks and debt capital market investors on a medium-to-long-term basis.

Bank credit facilities are generally structured on a committed multi-currency revolving basis and at balance date had maturities ranging out to January 2025. Borrowings under the bank credit facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

Borrowings are raised from debt capital markets by the issue of unsecured fixed-interest notes, with interest payable semi-annually or annually. At balance date, loan notes had maturities out to October 2027.

Brambles also has access to further funding through overdrafts, uncommitted and standby lines of credit, principally to manage day-to-day liquidity.

The average term to maturity of the committed borrowing facilities and the loan notes is equivalent to 4.2 years (2019: 4.0 years). These facilities are unsecured and are guaranteed as described in Note 31B.

Borrowing facilities maturity profile

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	>4 years US$m	Total US$m
2020						
Total facilities	**376.9**	**471.3**	**404.4**	**663.3**	**1,500.6**	**3,416.5**
Facilities used[1]	**(27.8)**	**(1.5)**	**-**	**(562.1)**	**(1,216.5)**	**(1,807.9)**
Facilities available	**349.1**	**469.8**	**404.4**	**101.2**	**284.1**	**1,608.6**
2019						
Total facilities	765.0	637.6	475.7	183.7	1,983.5	4,045.5
Facilities used[1]	(530.7)	(5.6)	-	(2.1)	(1,638.4)	(2,176.8)
Facilities available	234.3	632.0	475.7	181.6	345.1	1,868.7

1 Facilities used represent the principal value of loan notes and borrowings of US$1,802.3 million and letters of credit of US$5.6 million drawn against the relevant facilities to reflect the correct amount of funding headroom. The loan note and borrowings amount differs by US$11.2 million (2019: US$29.0 million) from loan notes and borrowings as shown in the balance sheet, which are measured on the basis of amortised cost as determined under the effective interest method and include accrued interest, transaction costs and fair value adjustments on certain hedging instruments.

Note 22. Financial Risk Management – continued

D) Liquidity Risk – continued

Maturities of financial liabilities

The maturities of Brambles' contractual cash flows on non-derivative financial liabilities (for principal and interest) and contractual cash flows on net and gross settled derivative financial instruments, based on the remaining period to contractual maturity date, are presented below. Cash flows on interest rate swaps and forward foreign exchange contracts are valued based on forward interest and exchange rates applicable at reporting date.

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	>4 years US$m	Total contractual cash flows US$m	Carrying amount (assets)/ liabilities US$m
2020							
Non-derivative financial liabilities							
Trade payables	438.4	-	-	-	-	438.4	438.4
Bank loans	30.1	3.5	1.9	1.9	151.1	188.5	176.8
Loan notes	42.4	42.4	42.4	604.5	1,126.8	1,858.5	1,636.7
Lease liabilities	135.0	118.5	107.5	98.0	365.4	824.4	704.2
	645.9	164.4	151.8	704.4	1,643.3	3,309.8	2,956.1
Financial guarantees[2]	27.4	-	-	-	-	27.4	-
	673.3	164.4	151.8	704.4	1,643.3	3,337.2	2,956.1
Derivative financial (assets)/liabilities							
Net settled interest rate swaps							
- fair value hedges	(2.9)	(3.5)	(3.3)	(3.1)	-	(12.8)	(12.6)
Gross settled forward foreign exchange contracts							
- (inflow)	(462.3)	-	-	-	-	(462.3)	(4.9)
- outflow	457.4	-	-	-	-	457.4	-
	(7.8)	(3.5)	(3.3)	(3.1)	-	(17.7)	(17.5)

Note 22. Financial Risk Management – continued

D) Liquidity Risk – continued

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	>4 years US$m	Total contractual cash flows US$m	Carrying amount (assets)/ liabilities US$m
2019							
Non-derivative financial liabilities							
Trade payables	420.7	-	-	-	-	420.7	420.7
Bank overdrafts	0.9	-	-	-	-	0.9	0.9
Bank loans	30.6	0.3	0.3	2.3	1.4	34.9	31.4
Loan notes	560.9	42.7	42.7	42.7	1,744.9	2,433.9	2,167.9
	1,013.1	43.0	43.0	45.0	1,746.3	2,890.4	2,620.9
Financial guarantees[2]	28.9	-	-	-	-	28.9	-
	1,042.0	43.0	43.0	45.0	1,746.3	2,919.3	2,620.9
Derivative financial (assets)/liabilities							
Net settled interest rate swaps							
- fair value hedges	(3.0)	(3.5)	(3.1)	(3.0)	(2.6)	(15.2)	(14.8)
Gross settled forward foreign exchange contracts							
- (inflow)	(673.2)	-	-	-	-	(673.2)	(1.5)
- outflow	671.7	-	-	-	-	671.7	-
	(4.5)	(3.5)	(3.1)	(3.0)	(2.6)	(16.7)	(16.3)

[2] Refer to Note 25 a) for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. Brambles does not expect these payments to eventuate.

Note 22. Financial Risk Management – continued

E) Credit Risk Exposure

Brambles is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, term deposits, trade and other receivables and derivative financial instruments. The exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments, including the mark-to-market of hedging instruments where they represent an asset in the balance sheet. Brambles has short-term deposits with maturities between one to four months totalling US$377.4 million. A total of US$308.8 million is deposited with banks rated AA- by Standard & Poor's and US$68.6 million is deposited with banks rated A+ by Standard & Poor's. All remaining short-term deposits are at-call. Other than the term deposits described above and non-current receivables due from First Reserve totalling US$47.4 million (refer Note 10), there is no concentration of credit risk.

Brambles trades only with recognised, creditworthy third parties. Collateral is generally not obtained from customers. Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Credit limits are set for individual customers and approved by credit managers in accordance with an approved authority matrix. These credit limits are regularly monitored and revised based on historic turnover activity and credit performance. In addition, overdue receivable balances are monitored and actioned on a regular basis.

Brambles transacts derivatives with prominent financial institutions and has credit limits in place to limit exposure to any potential non-performance by its counterparties.

F) Capital Risk Management

Brambles' objective when managing capital is to ensure Brambles continues as a going concern as well as to provide a balance between financial flexibility and balance sheet efficiency. In determining its capital structure, Brambles considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital and ease of access to funding sources.

Brambles manages its capital structure to be consistent with a solid investment-grade credit rating. At 30 June 2020, Brambles held investment-grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

Initiatives available to Brambles to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying-back share capital, issuing new shares, selling assets to reduce debt, varying the maturity profile of its borrowings and managing discretionary expenses.

Brambles considers its capital to comprise:

	2020 US$m	**2019 US$m**
Total borrowings	**1,813.5**	2,200.2
Total lease liabilities	**704.2**	-
Less: cash and cash equivalents	**(737.3)**	(1,691.3)
Less: term deposits	**(68.6)**	(411.2)
Net debt	**1,711.8**	97.7
Total equity	**2,756.4**	3,808.2
Total capital	**4,468.2**	3,905.9

Under the terms of its major borrowing facilities, Brambles is required to comply with the following financial covenants:

- the ratio of net debt (excluding term deposits) to EBITDA is to be no more than 3.5 to 1; and
- the ratio of EBITDA to net finance costs is to be no less than 3.5 to 1.

Loan covenant ratios are calculated excluding the impact of AASB 16 *Leases* and on a 12-month rolling basis. EBITDA for the purpose of loan covenant calculations is Underlying Profit before interest, tax, depreciation and amortisation.

Brambles has complied with these financial covenants for 2020 and prior years.

Note 23. Cash Flow Statement – Additional Information

A) Reconciliation of Cash

	2020 US$m	2019 US$m
For the purpose of the consolidated cash flow statement, cash comprises:		
Cash at bank and in hand	**204.7**	357.7
Short-term deposits[1]	**532.6**	1,333.6
Cash and cash equivalents	**737.3**	1,691.3
Bank overdraft (Note 17)	**-**	(0.9)
	737.3	1,690.4

[1] Short-term deposits recognised within cash and cash equivalents have maturities of three months or less and are measured at amortised cost.

Cash and cash equivalents include deposits with financial institutions and other highly liquid investments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value. Bank overdrafts are presented within borrowings in the balance sheet.

Cash and cash equivalents include balances of US$0.2 million (2019: US$0.2 million) used as security for various contingent liabilities and are not readily accessible.

Brambles has various master netting and set-off arrangements covering cash pooling. An amount of US$2.3 million has been reduced from cash at bank and overdraft at 30 June 2020 (2019: US$1.2 million).

Note 23. Cash Flow Statement – Additional Information – continued

B) Reconciliation of Profit After Tax to Net Cash Flow from Operating Activities

	2020 US$m	2019 US$m
Profit after tax	**448.0**	1,467.7
Adjustments for:		
- depreciation and amortisation	**612.2**	590.0
- IPEP expense	**155.7**	141.2
- net gain on divestments	**-**	(959.3)
- net (gain)/loss on disposal of property, plant and equipment	**(2.3)**	56.3
- impairment of goodwill, intangibles and plant and equipment	**28.0**	-
- other valuation adjustments	**(7.0)**	(4.1)
- equity-settled share-based payments	**18.4**	17.1
- finance revenues and costs	**(14.7)**	1.9
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- decrease/(increase) in trade and other receivables	**43.9**	(132.6)
- increase in prepayments	**(33.0)**	(8.6)
- increase in inventories	**(9.6)**	(1.0)
- increase/(decrease) in deferred taxes	**15.1**	(36.1)
- increase in trade and other payables	**107.3**	122.7
- increase in tax payables	**9.3**	61.9
- increase in provisions	**12.8**	18.8
- other	**2.8**	2.5
Net cash inflow from operating activities	**1,386.9**	1,338.4

Note 23. Cash Flow Statement – Additional Information – continued

C) Reconciliation of Movement in Net Debt

	2020 US$m	**2019 US$m**
Net debt at beginning of the year	**97.7**	2,308.1
Adjust for AASB 16 opening lease liabilities	**741.6**	-
Net cash inflow from operating activities	**(1,386.9)**	(1,338.4)
Net cash outflow from investing activities	**924.7**	1,100.0
Net payments/(proceeds) from disposal of businesses, net of cash disposed	**16.0**	(2,366.2)
Payments for share buy-back less proceeds from share issues	**645.4**	53.9
Return of capital to shareholders	**129.3**	-
Dividends paid - ordinary	**290.7**	328.1
Dividends paid - special	**183.2**	-
Net (inflow)/outflow from derivative financial instruments	**(26.5)**	34.8
Interest accruals, lease capitalisation and other	**58.9**	13.5
Foreign exchange differences	**37.7**	(36.1)
Net debt at end of the year	**1,711.8**	97.7
Being:		
Current borrowings	**36.3**	556.8
Current lease liabilities	**112.8**	-
Non-current borrowings	**1,777.2**	1,643.4
Non-current lease liabilities	**591.4**	-
Cash and cash equivalents	**(737.3)**	(1,691.3)
Term deposits	**(68.6)**	(411.2)
Net debt at end of the year	**1,711.8**	97.7

D) Non-cash Financing or Investing Activities

Apart from the MyShare Dividend Reinvestment Plan and the adoption of AASB 16 *Leases,* there were no financing or investing transactions during the year which had a material effect on the assets and liabilities of Brambles that did not involve cash flows.

Note 24. Commitments

Capital Expenditure Commitments

Capital expenditure, principally relating to property, plant and equipment, contracted for but not recognised as liabilities at reporting date was as follows:

	2020 US$m	**2019 US$m**
Within one year	**74.0**	106.8
Between one and five years	**-**	-
	74.0	106.8

Note 25. Contingencies

a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to leases, workers compensation insurance and other obligations totalling US$27.4 million (2019: US$28.9 million), of which US$21.1 million (2019: US$22.5 million) is also guaranteed by Brambles Limited and US$5.6 million (2019: US$5.6 million) is also guaranteed by Brambles Limited and certain of its subsidiaries under a deed of cross-guarantee and is included in Note 31B.

b) Brambles guarantees certain Iron Mountain (formerly Recall) lease obligations. To the extent any claims or liabilities arise under those guarantees and are caused by an Iron Mountain Group company, Iron Mountain has indemnified Brambles under the Demerger Deed relating to the demerger of Brambles' former Recall business.

c) Environmental contingent liabilities

   Brambles' activities have previously included the treatment and disposal of hazardous and non-hazardous waste through subsidiaries and corporate joint ventures. In addition, other activities of Brambles entail using, handling and storing materials which are capable of causing environmental impairment.

   As a consequence of the nature of these activities, Brambles has incurred and may continue to incur environmental costs and liabilities associated with site and facility operation, closure, remediation, aftercare, monitoring and licensing. Provisions have been made in respect of estimated environmental liabilities at all sites and facilities where obligations are known to exist and can be reliably measured.

   However, additional liabilities may emerge due to a number of factors including changes in the numerous laws and regulations which govern environmental protection, liability, land use, planning and other matters in each jurisdiction in which Brambles operates or has operated. These extensive laws and regulations are continually evolving in response to technological advances, scientific developments and other factors. Brambles cannot predict the extent to which it may be affected in the future by any such changes in legislation or regulation.

d) Brambles continues to defend a consolidated class action raised on behalf of certain shareholders who acquired shares during the period between 18 August 2016 and 20 February 2017. Brambles has filed its defence in the consolidated action. It is not possible to determine the ultimate impact, if any, of the action upon Brambles, and it continues to vigorously defend the proceedings.

   In the ordinary course of business, Brambles becomes involved in litigation. Provisions have been made for known obligations where the existence of the liability is probable and can be reasonably quantified. Receivables have been recognised where recoveries, for example from insurance arrangements, are virtually certain.

   As the outcomes of these matters remain uncertain, contingent liabilities exist for any potential amounts payable.

Note 26. Auditor's Remuneration

	2020 US$'000	2019 US$'000
Audit and review services:		
- PwC Australia	**1,987**	2,521
- Other PwC network firms	**2,528**	3,773
Total audit and review services[1]	**4,515**	6,294
Other assurance services (which could be performed by other firms):		
- PwC Australia	**83**	-
- Other PwC network firms	**9**	9
Total other assurance services	**92**	9
Total remuneration for audit, review and other assurance services	**4,607**	6,303
Other services:		
- IFCO divestment related - PwC Australia	**-**	188
- IFCO divestment related - other PwC network firms	**-**	2,099
- Tax advisory services - other PwC network firms	**4**	37
- Other - PwC Australia	**11**	9
- Other - other PwC network firms	**6**	36
Total other services[2]	**21**	2,369
Total auditor's remuneration	**4,628**	8,672

1 During 2019, US$961,000 was spent on the audit and review of IFCO financial statements relating to the divestment process, of which US$244,000 was paid to PwC Australia and US$717,000 was paid to other PwC network firms.

2 Other services during 2020 primarily related to compliance projects and tax consulting advice. Other services during 2019 primarily related to due diligence and other financial reporting procedures associated with the dual-track separation of IFCO through a demerger or sale of the business.

From time to time, Brambles employs PwC on assignments additional to its statutory audit duties where PwC, through its detailed knowledge of the Group, is best placed to perform the services from an efficiency, effectiveness and cost perspective. The performance of such non-audit related services is always balanced with the fundamental objective of ensuring PwC's objectivity and independence as auditors. To ensure this balance, Brambles' Charter of Audit Independence outlines the services that can be undertaken by the auditors and requires that the Audit Committee approves any management recommendation that PwC undertakes non-audit work (with approval being delegated to the Chief Financial Officer within specified monetary limits).

Note 27. Key Management Personnel

A) Key Management Personnel Compensation

	2020 US$'000	2019 US$'000
Short-term employee benefits	**5,203**	6,491
Post-employment benefits	**86**	130
Other benefits	**32**	35
Share-based payment expense[1]	**2,839**	3,523
	8,160	10,179

[1] 2019 includes US$1.0 million related to Key Management Personnel who were designated good leaver status following the divestment of IFCO.

B) Other Transactions with Key Management Personnel

Other transactions with Key Management Personnel are set out in Note 28A.

Further remuneration disclosures are set out in the Directors' Report on pages 33 to 52 of the Annual Report.

Note 28. Related Party Information

A) Other Transactions

Other transactions entered into during the year with Directors of Brambles Limited, with Director-related entities, with Key Management Personnel (KMP, as set out in the Directors' Report), or with KMP-related entities were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment, service agreements with Non-Executive Directors and reimbursement of expenses. Any other transactions were trivial in nature.

B) Other Related Parties

A subsidiary has a non-interest bearing advance outstanding as at 30 June 2020 of US$979,164 (2019 US$999,860) to Brambles Custodians Pty Limited, the trustee under Brambles' employee loan scheme. This scheme enabled employees to acquire shares in Brambles Industries Limited (BIL) and has been closed to new entrants since August 2002.

Note 28. Related Party Information – continued

C) Material Subsidiaries

The principal subsidiaries of Brambles during the year were:

Name	Place of incorporation	% interest held at reporting date	
		2020	2019
CHEP USA	USA	**100**	100
CHEP Canada Corp	Canada	**100**	100
CHEP UK Limited	UK	**100**	100
CHEP Equipment Pooling NV	Belgium	**100**	100
CHEP España SA	Spain	**100**	100
CHEP Deutschland GmbH	Germany	**100**	100
CHEP South Africa (Proprietary) Limited	South Africa	**100**	100
CHEP Australia Limited	Australia	**100**	100
CHEP Mexico SRL	Mexico	**100**	100
Brambles USA Inc.	USA	**100**	100
Brambles Finance plc	UK	**100**	100
Brambles Finance Limited	Australia	**100**	100

In addition to the list above, there are a number of other non-material subsidiaries within Brambles.

Investments in subsidiaries are primarily by means of ordinary or common shares. Shares in subsidiaries are recorded at cost, less provision for impairment.

Material subsidiaries which prepare statutory financial statements report a 30 June balance date, with the exception of CHEP Mexico SRL, which reports a 31 December balance date.

Note 29. Events After Balance Sheet Date

Other than those outlined in the Directors' Report or elsewhere in these financial statements, no other events have occurred subsequent to 30 June 2020 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

Note 30. Net Assets Per Share

	2020 US cents	2019 US cents
Based on 1,505.0 million shares (2019: 1,588.8 million shares):		
- Net tangible assets per share[1]	**165.9**	221.7
- Net assets per share[1]	**183.1**	239.7

[1] The movement primarily reflects reduced cash and term deposit balances used to fund the capital management programme.

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets, by the number of shares on issue at year end.

Net assets per share is calculated by dividing total equity attributable to the members of the parent entity by the number of shares on issue at year end.

Note 31. Parent Entity Financial Information

A) Summarised Financial Data of Brambles Limited

	Parent entity	
	2020 US$m	2019 US$m
(Loss)/profit for the year	**(18.0)**	1,428.8
Other comprehensive expense for the year[1]	**(167.7)**	(281.7)
Total comprehensive (expense)/income	**(185.7)**	1,147.1
Current assets	**1.6**	3.0
Non-current assets	**5,338.1**	7,662.3
Total assets	**5,339.7**	7,665.3
Current liabilities	**6.0**	-
Non-current liabilities	**-**	921.9
Total liabilities	**6.0**	921.9
Net assets	**5,333.7**	6,743.4
Contributed equity	**5,427.2**	6,187.4
Share-based payment reserve	**54.4**	46.3
Foreign currency translation reserve	**(952.9)**	(785.2)
Retained earnings	**805.0**	1,294.9
Total equity	**5,333.7**	6,743.4

[1] Comprises foreign currency translation movements.

Note 31. Parent Entity Financial Information – continued

A) Summarised Financial Data of Brambles Limited – continued

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements except for investments and receivables from subsidiaries. In the parent entity financial information, investments in subsidiaries are accounted for at cost and receivables from subsidiaries are held at amortised cost. Where appropriate, receivables from subsidiaries have been adjusted for expected credit losses. Dividends received from investments in subsidiaries are recognised as revenue.

B) Guarantees and Contingent Liabilities

Brambles Limited and certain of its subsidiaries are parties to a deed of cross-guarantee which supports global financing credit facilities available to certain subsidiaries. Total facilities available amount to US$1,500.2 million (2019: US$1,613.7 million), of which US$140.6 million (2019: US$5.6 million) has been drawn.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which supports notes of US$500.0 million (2019: US$1,000.0 million) issued by a subsidiary to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which supports notes of €1,000.0 million (2019: €1,000.0 million) issued by two subsidiaries in the European bond market.

Brambles Limited has guaranteed repayment of certain facilities and financial accommodations made available to certain subsidiaries. Total facilities and financial accommodations available amount to US$449.6 million (2019: US$464.8 million), of which US$64.9 million (2019: US$57.1 million) has been drawn.

Brambles Limited was served with class action proceedings in 2018 which has been disclosed as a contingent liability (refer Note 25d).

C) Contractual Commitments

Brambles Limited did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2020 or 30 June 2019.

Directors' Declaration

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 61 to 117 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the financial position of Brambles Limited as at 30 June 2020 and of its performance for the year ended on that date;

(b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

A statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board is included within Note 1 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

J P Mullen

Chairman

G A Chipchase

Chief Executive Officer

19 August 2020

pwc

Independent auditor's report

To the members of Brambles Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Brambles Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Materiality

- For the purpose of our audit we used overall Group materiality of $33 million, which represents approximately 5% of the Group's profit before tax from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax from continuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and it is a generally accepted benchmark.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group's financial results comprise the consolidation of a network of pooled pallet, crate and container businesses which are geographically widespread. We tailored the scope of our audit so that we performed sufficient work to be able to provide an opinion on the financial report as a whole, taking into account the structure of the Group, the significance and risk profile of each business, the accounting processes and controls, and the industry in which the Group operates.

Audit of locations, transactions and balances

- Separate PwC firms in the relevant locations ("local PwC audit firms") performed an audit of the financial information prepared for consolidation purposes for eleven components of the Group. The components were selected due to their significance to the Group, either by individual size or by risk. Certain components in the Group are selected every year due to their size or nature, whilst others are included on a rotational basis.
- In addition, local PwC audit firms performed risk focused targeted audit or specified procedures on selected transactions and balances for a further fourteen components.
- The remaining components were financially insignificant and comprise more than one hundred and fifty entities. Those entities are considered as part of Group analytical procedures and other specified procedures.

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Audit of shared services functions

- Our procedures on IT, tax and certain finance processes were performed by local PwC audit firms based in various territories, reflecting the location of the Group's shared services functions. This included some audit procedures performed at the Group's finance process outsourced services provider. The PwC Australia Group audit team (the Group audit team) performed audit procedures over centrally managed areas such as the impairment assessment of goodwill, share based payments, retirement benefit obligations, treasury and the consolidation process.

Direction and supervision by the Group audit team

- The audit procedures were performed by PwC Australia and local PwC audit firms operating under the Group audit team's instructions. The Group audit team determined the level of involvement needed in the audit work of local PwC audit firms to be satisfied that sufficient audit evidence had been obtained for the purpose of the opinion. The Group audit team kept in regular communication with the local PwC audit firms throughout the year through phone calls, discussions and written instructions. Senior members of the Group audit team visited certain businesses and met with management and local PwC audit teams including the two largest locations during the year.
- The audit team both at Group and at local component levels were appropriately skilled and competent to perform an audit of a complex global business. This included specialists and experts in areas such as IT, actuarial, tax and valuations.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	***How our audit addressed the key audit matter***
Accounting for pooling equipment assets *(Refer to Note 13)* Brambles' pooling equipment is accounted for as depreciable fixed assets, classified within plant and equipment. The accounting for pooling equipment was a key audit matter due to the assets' financial size and judgement involved. As disclosed in Note 13 of the financial report, there is inherent risk in accounting for pooling equipment due to the high volume of asset movements through a complex network, and a limitation on the Group's ability to physically verify the quantity of the pallets, crates and containers due to access and cost prohibitions. The largest category of pooling equipment is pallets. The key area of judgement in relation to pooled pallets is the quantity of lost pallets. The estimation of the provision for lost pallets (called the irrecoverable pooling equipment provision, or	We performed the following procedures: • Evaluated the design effectiveness and tested a selection of key asset management controls including attending pallet audits and assessing the results of the Group's counts. • Tested key reconciliations between the numbers of pallets in the accounting records compared to the operations system. • To challenge the IPEP provision calculation methodology and assumptions we: – assessed key assumptions and judgements, with a particular focus on distributors who are not customers of CHEP, as losses from such distributors are historically higher; – assessed provision estimates for significant customers where CHEP has no access to physically count the pallets;

Key audit matter	*How our audit addressed the key audit matter*
"IPEP") involves significant estimates and the Group's judgement. The provision is calculated by considering the results of the Group's pallet audits, historical experience of pallet loss, and flows analysis as reported through the asset management system.	– evaluated how historical pallet loss rates and flows analysis are used to estimate future losses; and – tested the calculations and extrapolations of provision estimates across pallet locations.
Impairment assessment of goodwill *(Refer to Note 14)* The Group recognised goodwill of $192.5m as at 30 June 2020. Australian Accounting Standards require an annual impairment assessment. In order to assess the recoverability of goodwill, the Group prepared financial models at 30 June 2020 for cash generating units to which the goodwill is ascribed to determine if the carrying value of goodwill was supported by forecast future cash flows, discounted to present value ("the models"). The assessment of impairment was a key audit matter due to the financial size of the goodwill balance and the impairment charge recognised of $23m as well as the judgements and assumptions applied in estimating forecasted cash flows, growth rates and discount rates.	We performed the following procedures: • Assessed whether the division of the Group's goodwill and other assets and liabilities into Cash Generating Units (CGUs) to assess impairment, was consistent with our knowledge of the Group's operations and internal Group reporting. • Considered if the impairment models used to estimate the recoverable amount of the assets were consistent with the requirements of Australian Accounting Standards. • Considered if estimating 'value in use' or 'fair value less costs to sell' was the best basis upon which to infer value of the CGUs. • Considered whether the forecast cash flows used in the impairment models were reasonable and based on supportable assumptions by comparing to economic and industry forecasts and actual cash flows for previous years. • Assessed the Group's ability to forecast future cash flows for the business by comparing previous forecasts with reported actual results from recent history. • Tested the mathematical accuracy of the impairment models' calculations. • Assessed the reasonableness of the discount rate assumptions by comparing to market data, comparable companies and industry research, with the assistance of our valuation experts. • Considered the Group's sensitivity analysis on the key assumptions used in the impairment model to assess which changes in assumptions would cause

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Key audit matter	*How our audit addressed the key audit matter*
	an impairment to occur and whether these were reasonably possible. • Evaluated the adequacy of the disclosures made in Note 14, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.
Calculation of current and deferred taxation balances *(Refer to Note 6)* The calculation of taxation balances was a key audit matter because the Group operates in a large number of jurisdictions with different laws, regulations and authorities resulting in complex tax calculations. Judgement is involved in a number of aspects of the tax calculations, including the assessment of recorded tax losses for recoverability. The calculation of income taxes is disclosed in Note 6 of the financial report including the key judgements made in the assessment of the taxation provision.	We performed the following procedures: • Assessed the rationale on which current tax was calculated and deferred tax assets and liabilities were recognised. • Tested the Group tax analysis prepared by management, with the assistance of PwC tax specialists, who liaised directly with local PwC tax experts and specialists in other territories where required. • For significant transactions undertaken during the year, we assessed whether the supporting tax analysis was in accordance with the tax legislation in the relevant jurisdiction and the related impact on the tax calculation. • Challenged whether the Group had sufficient taxable temporary differences to recognise tax losses by considering when these temporary differences will become taxable income compared to the expiry of the losses. We also assessed the rationale for and calculation of unrecognised deferred tax assets which are disclosed. • Considered and challenged the assumptions made by the Group in making judgemental tax provisions.
Impairment assessment of deferred consideration receivable *(Refer to Note 9)* The Group has recognised a provision for impairment loss of $33m against the deferred consideration of $47.4m due from First Reserve in connection with the	We performed the following procedures: • Evaluated the Group's ECL methodology by assessing the reasonableness of the scenarios developed and mathematical accuracy of the calculation.

Key audit matter	*How our audit addressed the key audit matter*
sale of the Group's interest in Hoover Ferguson Group in April 2018. Due to the decline in oil and gas prices caused by the Covid-19 pandemic and other market factors, the Group has recognised an expected credit loss (ECL) against the deferred consideration receivable during the year. This was a key audit matter because the determination of the provision for impairment loss on the deferred consideration was driven by subjective judgments made by the Group in estimating the expected credit loss.	• Challenged the Group's key assumptions applied in determining the expected credit loss on the deferred consideration. • Considered selected available financial information in assessing the recoverability of the deferred consideration. • Evaluated selected external industry data specific to the oil and gas industry as a key input to the ECL assessment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 33 to 52 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Brambles Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horl

Susan Horlin
Partner

Sydney
19 August 2020

E Penny

Eliza Penny
Partner

Sydney
19 August 2020

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Auditor's Independence Declaration

As lead auditor for the audit of Brambles Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brambles Limited and the entities it controlled during the period.

S. Horl

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
19 August 2020

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Five-Year Financial Performance Summary

US$m	2020	2019	2018	2017	2016
Continuing operations					
Sales revenue - CHEP	**4,733.6**	4,595.3	4,470.3	4,133.5	4,018.4
Sales revenue - IFCO[1]	**-**	-	-	970.8	881.7
Total sales revenue[1]	**4,733.6**	4,595.3	4,470.3	5,104.3	4,900.1
EBITDA[1,2,3]	**1,562.9**	1,415.1	1,392.3	1,573.4	1,561.3
Depreciation and amortisation[1,2]	**(612.2)**	(484.3)	(464.3)	(526.7)	(502.1)
IPEP expense[1,3]	**(155.7)**	(127.1)	(101.9)	(89.2)	(74.7)
Underlying Profit - CHEP[2]	**795.0**	803.7	826.1	823.1	879.1
Underlying Profit - IFCO[1]	**-**	-	-	134.4	105.4
Total Underlying Profit[1,2]	**795.0**	803.7	826.1	957.5	984.5
Significant Items[1]	**(28.0)**	(62.8)	(47.4)	(186.1)	(39.2)
Operating profit[1,2]	**767.0**	740.9	778.7	771.4	945.3
Net finance costs[1,2]	**(80.8)**	(88.5)	(103.4)	(98.7)	(112.9)
Profit before tax[1,2]	**686.2**	652.4	675.3	672.7	832.4
Tax expense[1,2]	**(209.0)**	(198.3)	(121.8)	(227.8)	(240.1)
Profit from continuing operations[1,2]	**477.2**	454.1	553.5	444.9	592.3
(Loss)/profit from discontinued operations[1,2,4]	**(29.2)**	1,013.6	139.2	(262.0)	(4.6)
Profit for the year[1,2,4]	**448.0**	1,467.7	692.7	182.9	587.7
Weighted average number of shares (millions)	**1,548.7**	1,593.4	1,591.2	1,588.3	1,577.6
Earnings per share (US cents)					
Basic	**28.9**	92.1	43.5	11.5	37.3
From continuing operations[1,2,4]	**30.8**	28.5	34.8	28.0	37.5
On Underlying Profit after finance costs and tax[1,2,4]	**32.5**	31.9	33.0	38.5	39.2
ROCI[1,2,4]	**17%**	19%	20%	17%	19%
Capex on property, plant and equipment[1,4]	**981.2**	1,060.4	1,012.5	1,023.5	1,060.8
Balance sheet					
Capital employed	**4,468.2**	3,905.9	5,086.5	5,419.4	5,576.9
Net debt[2]	**1,711.8**	97.7	2,308.1	2,572.7	2,621.8
Equity	**2,756.4**	3,808.2	2,778.4	2,846.7	2,955.1
Average Capital Invested[1,2,4]	**4,773.6**	4,130.6	4,115.4	5,646.4	5,096.4
Cash flow					
Cash Flow from Operations[1,2,4]	**743.9**	431.8	724.8	591.5	518.8
Free Cash Flow[2]	**462.2**	238.5	554.4	224.2	171.7
Ordinary dividends paid, net of Dividend Reinvestment	**290.7**	328.1	352.0	348.0	205.1
Free Cash Flow after ordinary dividends	**171.5**	(89.6)	202.4	(123.8)	(33.4)
Net debt ratios					
Net debt to EBITDA (times)[1,2,3]	**1.1**	0.1	1.5	1.7	1.7
EBITDA interest cover (times)[1,2,3]	**19.3**	14.6	15.0	15.2	13.5
Average employees	**11,647**	10,896	10,441	13,882	13,816
Dividend declared[5] (cents per share)	**18.0 US**	29.0 AU	29.0 AU	29.0 AU	29.0 AU

1 IFCO is presented within discontinued operations in 2019 and 2018. Periods prior to 2018 include IFCO within continuing operations and are consistent with previously published data.

2 Periods prior to 2020 have not been restated for the impact of new accounting standard AASB 16 Leases. Periods prior to 2018 have not been restated for the impact of the new accounting standards AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers.

3 Effective from 2020, EBITDA has been redefined as Underlying Profit from continuing operations after adding back depreciation, amortisation and IPEP expense. Prior periods have been restated to align with the revised definition. The net debt ratios for periods prior to 2020 have not been restated to align with the revised EBITDA definition and are consistent with previously published data.

4 Discontinued operations include the CHEP Recycled business in 2018 to 2016; Oil & Gas and Aerospace businesses in 2017 and 2016; and LeanLogistics business in 2016.

5 Effective from 2020, Brambles changed to a payout ratio-based dividend policy, with the dividend per share declared in US cents and converted and paid in Australian cents. Prior to 2020, dividends were declared and paid in Australian cents.

Glossary

Acquired Shares	Brambles Limited shares purchased by Brambles' employees under MyShare
Actual currency/actual FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period
AGM	Annual General Meeting
ACI (Average Capital Invested)	A 12-month average of capital invested; capital invested is calculated as net assets before tax balances, cash, term deposits, borrowings and lease liabilities, but after adjustment for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments
AU cents	Australian cents
BIFR (Brambles Injury Frequency Rate)	Safety performance indicator that measures the combined number of fatalities, lost-time injuries, modified duties and medical treatments per million hours worked
BIL	Brambles Industries Limited, which was one of the two listed entities in the previous dual-listed companies structure
BIP	Brambles Industries plc, which was one of the two listed entities in the previous dual-listed companies structure
Board	The Board of Directors of Brambles Limited, details of which are on pages 26 to 29
BVA (Brambles Value Added)	The value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2019 exchange rates as: Underlying Profit; plus Significant Items that are part of the ordinary activities of the business; less Average Capital Invested, adjusted for accumulated pre-tax Significant Items that are outside the ordinary course of business, multiplied by 12%
CAGR (Compound Annual Growth Rate)	The annualised percentage at which a measure (e.g. sales revenue) would have grown over a period if it grew at a steady rate
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business
Circular economy	A circular economy regenerates and circulates key resources, ensuring products, components and materials are at their highest utility and value, at all times
CGPR	The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Third Edition
Company	Brambles Limited (ACN 118 896 021)
Constant currency/constant FX	Current period results translated into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods
Continuing operations	Continuing operations refers to CHEP Americas, CHEP EMEA and CHEP Asia-Pacific (each primarily comprising pallet and container pooling businesses in those regions operating under the CHEP brand), and Corporate (corporate centre including BXB Digital)
Discontinued operations	Operations which have been divested/demerged, or which are held for sale
DRP (Dividend Reinvestment Plan)	The Brambles Dividend Reinvestment Plan, under which Australian and New Zealand shareholders can elect to apply some or all of their dividends to the purchase of shares in Brambles Limited instead of receiving cash
Economic value	A measure of the broader financial benefit provided by an organisation
EPS (Earnings Per Share)	Profit after finance costs, tax, minority interests and Significant Items, divided by the weighted average number of shares on issue during the period
EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)	Underlying Profit from continuing operations after adding back depreciation, amortisation and IPEP expense
ELT	Brambles' Executive Leadership Team, details of which are on pages 30 to 32
Free Cash Flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals

Glossary – continued

FY (Financial Year)	Brambles' financial year is 1 July to 30 June; FY20 indicates the financial year ended 30 June 2020
Group or **Brambles**	Brambles Limited and all of its related bodies corporate
IBCs (Intermediate Bulk Containers)	Palletised containers used for the transport and storage of bulk products in a variety of industries including the food, chemical, pharmaceutical and transportation industries
IPEP (Irrecoverable Pooling Equipment Provision)	Provision held by Brambles to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation
Key Management Personnel	Members of the Board of Brambles Limited and Brambles' Executive Leadership Team
KPI(s)	Key Performance Indicator(s)
LTI	Long-Term Incentive
Matching Awards	Matching share rights over Brambles Limited shares allocated to employees when they purchase Acquired Shares under MyShare; when an employee's Matching Awards vest, Matching Shares are allocated
Matching Shares	Shares allocated to employees who have held Acquired Shares under MyShare for two years, and who remain employed at the end of that two-year period; one Matching Share is allocated for every Acquired Share held
MyShare	The Brambles Limited MyShare plan, an all-employee share plan, under which employees acquire ordinary shares by means of deductions from their after-tax pay and must hold those shares for a two-year period. If an employee holds those shares and remains employed at the end of the two-year period, Brambles will match the number of shares that employee holds by issuing or transferring to them the same number of shares they held for the qualifying period, at no additional cost to the employee
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (earnings before interest and tax)
Performance Period	A two-to-three-year period over which the achievement of performance conditions is assessed to determine whether STI and LTI share awards will vest
Performance Share Plan or PSP	The Brambles Limited Performance Share Plan (as amended)
Profit after tax	Profit after finance costs, tax, minority interests and Significant Items
RPCs	Reusable/returnable plastic/produce container/crate, generally used for shipment and display of fresh produce items
ROCI (Return on Capital Invested)	Underlying Profit divided by Average Capital Invested
Sharing economy	An economic system in which assets or services are shared between different agents, either free or for a fee
Significant Items	Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant re-organisations or restructuring); or part of the ordinary activities of the business but unusual because of their size and nature
STI	Short-Term Incentive
TSR (Total Shareholder Return)	Measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified performance period
Underlying EPS	Profit after finance costs, tax and minority interests but before Significant Items, divided by the weighted average number of shares on issue during the period
ULP (Underlying Profit)	Profit from continuing operations before finance costs, tax and Significant Items

Unification	The unification of the dual-listed companies structure (between Brambles Industries Limited and Brambles Industries plc) under a new single Australian holding company, Brambles Limited, which took place in December 2006
Year	Brambles' 2020 financial year

Notes

Notes

Contact Information

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Email: investorrelations@brambles.com

Share Registry

Access to shareholding information is available to investors through Boardroom Pty Limited

Boardroom Pty Limited

GPO Box 3993, Sydney NSW 2001, Australia

Telephone: 1300 883 073 (within Australia)
+61 (0) 2 9290 9600 (from outside Australia)

Facsimile: +61 (0) 2 9279 0664

Email: bramblesesp@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

Share Rights Registry

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

Performance share rights under the performance share plans;

Matching share rights under MyShare; or

Shares acquired under MyShare or other share interests held through Sargon CT Pty Ltd, may contact Boardroom Pty Limited, whose contact details are set out above.

American Depository Receipts Registry

Deutsche Bank Shareholder Services
American Stock Transfer & Trust Company Operations Centre
6201 15th Avenue Brooklyn NY 11219 USA

Telephone: +1 866 706 0509 (toll free)
+1 718 921 8124

ESG Recognitions

Barron's	Rated #1 most sustainable international company
Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM	96th percentile in industry category
CIRCULYTICS™	Rated A in Circular Economy Assessment by Ellen MacArthur Foundation
MSCI	Maximum AAA rating