



Linfox Energy Efficiency Opportunities Act Public Report 2010

Environment and Climate Change



GreenFox

The Linfox commitment to the environment

vision
ZERO

- ZERO** Fatalities
- ZERO** Injuries
- ZERO** Motor Vehicle Accidents
- ZERO** Net Environmental Emissions
- ZERO** Tolerance of Unsafe Behaviour & Practices

Statement from the Board:

I am pleased to present our Annual, Public Energy Efficiency Opportunities report for 2010. This programme has assisted Linfox focus on increasing efficiency in energy use throughout the company.

Since 2007, when we set a target to reduce our rate of greenhouse gas emissions, predominantly by reducing energy use we have developed and implemented a strategy that has helped Linfox achieve remarkable improvements in our wise use of energy.

Our policy continues to predominantly rely on improved operator use of equipment and minimising energy use. At this stage there is not significant improvement in technology for our major energy consumption requirement – road transport. Despite utilising the latest technology in our fleet, energy use derived from technological improvements has been minimal.

The energy intensity of the business remains at 18 Gigajoules per thousand kilometres, a reduction of 28% on the trigger year, 2005-06 which continues to deliver both environmental and business benefits.

We commend this report to interested readers and invite your comments.



Peter D. Fox
Chairman
December 21, 2010





Linfox has grown from humble beginnings to become the largest privately owned supply chain solutions company in the Asia Pacific region. Lindsay Fox began his business in Melbourne in 1956 with one truck, delivering soft drinks in the summer months and solid fuel in winter. Today the massive Linfox Logistics business operates more than 1.8 million square metres of warehousing and nearly 5,000 vehicles across 11 countries. More than 15,000 people deliver sophisticated supply chain services to a wide range of leading businesses.

Across the Asia Pacific region, Linfox Logistics provides logistics services to the world's largest mining company, delivers more than 4.5 billion litres of fuels, more than 15 million pallets of goods to retailers and serves nine of the region's top 10 Fast Moving Consumer Goods producers.

Summary of Approach and Outcomes to Energy Efficiency

The process adopted by Linfox has followed the six key elements of the assessment framework.



Linfox is a large, Australian, privately owned Logistics company operating in all states of Australia and 10 other countries.

The predominant business by activity is road transport, although the company also maintains significant responsibility for Warehouses and has subsidiary companies involved in Cash Management and Property related activities.

The energy sources used by the Linfox Group in the 2009-10 year are Transport Fuels (94%) and electricity (6%).

Strong leadership has been provided by the Board and CEO of Linfox Australia to improve energy efficiency throughout the Linfox group of companies.

Regular reporting to the Board on a monthly basis in written reports and biannual presentations to the Board has ensured that the leadership of Linfox is informed and strongly supportive of the process of increasing energy efficiency.

We have continued our staff engagement policy initiative of a cultural change project of energy awareness and energy use under the name "GreenFox". This is now well known and enthusiastically supported by staff and is a strength of our energy efficiency improvements in an industry where, at present, operator behaviour is much more significant than technological innovation.

This project has focussed on individual actions and behaviours to inform, educate and change behaviours to more energy efficient patterns, both at work and at home. The programme has been initiated and managed by the People working group convened by Michelle Joy, Group Manager, Organisational Development Asia Pacific.

The programme is supported with a variety of newsletters, weekly tips, publications and other items all designed to focus on reductions in energy use. A more comprehensive outline of these strategies is included later in the section, Cultural Change.

Consistent with the pattern of energy consumption, actions to maximise efficiencies in energy use in this reporting period have concentrated on the two major areas of energy consumption. This work has highlighted a number of deficiencies and additional opportunities for improvement.

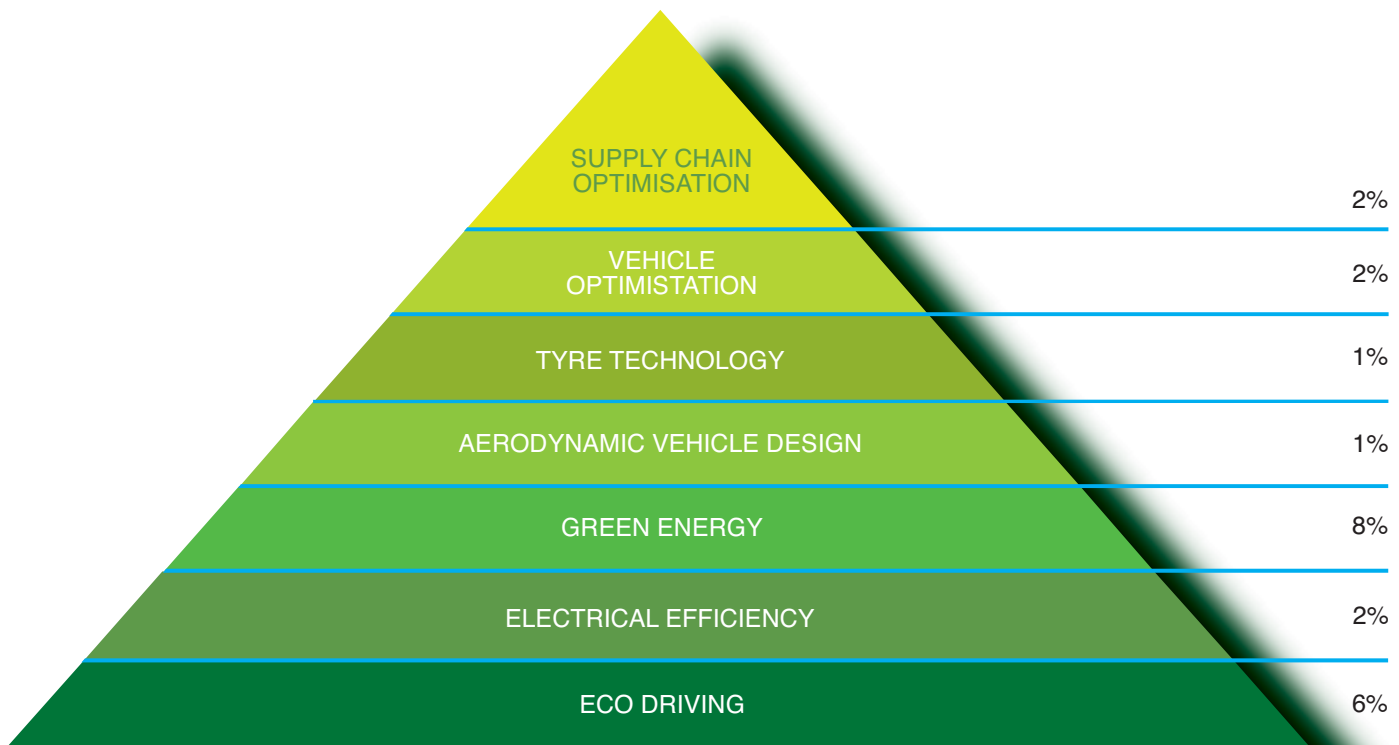
Following our activities in 2008-09 we identified the following areas for improvement in energy efficiency which have been the focus of attention in the current reporting year, 2009-10.



Energy Efficiency Opportunities Identified **2009-2010**

The process of identifying and quantifying these opportunities involved both external and internal investigation programmes last year. We trialed a number of initiatives such as Eco-Driving, Improved Vehicle Utilisation, Supply Chain Optimisation and Electricity Saving.

The pyramid diagram below estimates the areas of activity that will contribute to a further 22% reduction in our rate of greenhouse gas emissions.



Detailed Approach

In 2007 Linfox commissioned PriceWaterhouse Coopers to assist in the development of Strategies to address the issue of Greenhouse Gas Reduction mainly through the reduction of Energy Use.

This process involved extensive consultation with Managers, Staff, Customers and External suppliers. The attached report “Linfox – Carbon Footprint Review” has provided much of the basis for our approach to fulfilling the requirements of the EEO Legislation.

The review identified a number of opportunities for reduction in Carbon Emissions.

They related directly to reduction in the rate of

energy use and they are reported on in the following summary.

Activities carried out under the Energy Efficiency Opportunities Legislation are closely related to Linfox efforts to reduce Carbon Emissions.

The process of evaluation and implementation has been organised through a number of working groups with representation drawn from across the organisation.

The working groups report to a Project Team, convened by the President, Human Resources, Leonard Vary and supported by the Group Manager, Environment and Climate Change, David McInnes.





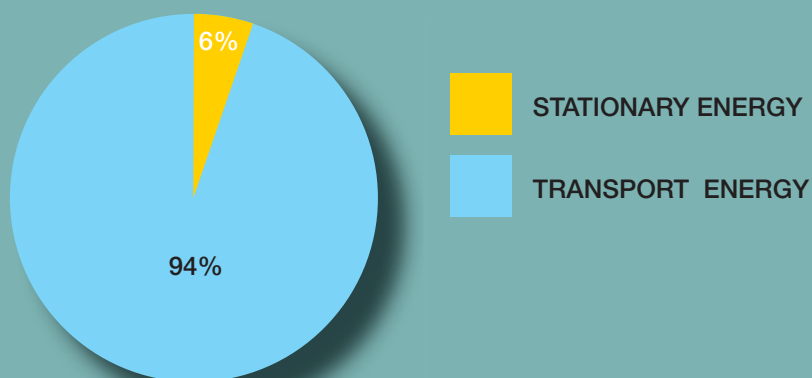
This diagram provides a description of the role, through project definition, of each of the working groups and their relationship to our approach.

ONE PLANET ACTION PLAN Linking a One Team Approach & the Green Fox's Strategy to the Linfox's Vision		LINFOX SUSTAINABILITY PLAN IMPLEMENTATION, 2011										50% CARBON REDUCTION BY 2015 50 BY 2015	
AUSTRALIA		January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
People	Rollback all activities as Sustainability	LKCOEExp New Zealand	LKCOEExp Malaysia	Earth Hour LKCOEExpThailand	LKCOEExp Malaysia	Standards Briefing Pack for Managers	LKCOEExp India	NSW-Sydney	LKCOEExp Vietnam	LKCOEExp China, Indonesia	LKCOEExp India	LKCOEExp Carpentaria Australia 7-9 Nov	
Framework				Site Habits Launch Country Based Carbon Reporting				Enkline Park Annual Carbon Accounts					
Business Units	600 Eco-Drive Book	600 Site Environment Plans Completed for all Australian Sites	700 B20 Metrics	700 Acceptance	800 Case Studies for Solutions Magazine Major Site Audit Major Site Audit Completed	900 Green Elec. Neg. Major Site Audit Major Site Audit Completed	1000 drivers trained Eco-Drive	New Target Eco-Drive					
Fleet													
Supply Chain Solutions													
Electricity													
Recycling													
CHINA	Eco-Drive Maintain	Eco-Drive Delivery	Recycling Targets Est. Delivery	Recycling Targets Communicated to all sites for 2011-12 year Eco-Drive training proceeding for existing employees and included as part of standard induction for new employees									
MALAYSIA	Eco-Drive Bahasa	Eco-Drive Delivery	Eco-Drive Delivery	Eco-Drive training proceeding for existing employees and included as part of standard induction									
THAILAND	Eco-Drive Thailand	Eco-Drive Delivery	Eco-Drive Delivery	216-226 Sustainability training Site EMS Completed									
VIETNAM	Eco-Drive Vietnam	Eco-Drive Delivery	Eco-Drive Delivery	Eco-Drive training proceeding for existing employees and included as part of standard induction of new employees 373-873 Sustainability training Eco-Drive training proceeding for existing employees and included in inductions									
INDIA	Eco-Drive India	Eco-Drive Delivery	Eco-Drive Delivery	Eco-Drive training proceeding for existing employees and included as part of standard induction of new employees									
NEW ZEALAND	Eco-Drive Delivery	Eco-Drive Delivery	Eco-Drive Delivery	Eco-Drive training proceeding for existing employees and included as part of standard induction of new employees									
INDONESIA	Eco-Drive Bahasa	Eco-Drive Delivery	Eco-Drive Delivery	Eco-Drive training proceeding for existing employees and included as part of standard induction of new employees									
PLANNED		COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED	COMPLETED



In the trigger year chosen for Energy Efficiency Opportunities reporting (2005-06) the energy distribution was predominantly Transport Energy and this relativity is consistent with the pattern for the 2009-10 year.

2009 Energy Consumption %





Reduction in Greenhouse Gas Emissions arising from reductions in Energy Use

Announcement from Michael Byrne, CEO Linfox Logistics



New 50 per cent greenhouse reduction target

I am delighted to announce Linfox's new greenhouse gas reduction target.

The new '50 per cent by 2015' goal builds on our tremendous success in the last three years. The new goal to reduce the rate of greenhouse gas emissions by 50 per cent by 2015 is based on our emissions in 2006-07.

In 2007 Linfox established its carbon reduction strategy and set an initial goal to reduce the rate of emissions by 15 per cent by 2010. A wide range of measures were developed and, with the commitment of our people, we achieved a massive 28 per cent reduction by 2009, an outstanding result well ahead of plan.

I congratulate everyone in the business for helping us achieve this great outcome. Linfox's strategy, led by David McInnes and

the environment working groups across the business, will continue to evolve and I believe the new 50 per cent target is achievable if we remain committed and open to new initiatives.

Eco-driver training, better warehouse design and use of electricity, route planning and better vehicle utilisation will continue to reduce emissions. The use of new vehicle technologies, fuels, improved aerodynamics and a range of innovations will help us achieve our new 50 per cent reduction target. We can all contribute.

Our commitment to caring for the environment is one of Linfox's key competitive advantages. The transport sector is a significant contributor to greenhouse gas emissions and Linfox leads the supply chain industry in reducing its impact on the environment. This is an important goal for the community, our customers and everyone at Linfox.

Major Areas of Energy Savings

1 Supply Chain optimisation

Supply Chain Optimisation refers to the configuration of distribution patterns across and between the links in a supply chain and the opportunity to deliver goods from point of production to point of consumption within predetermined parameters.

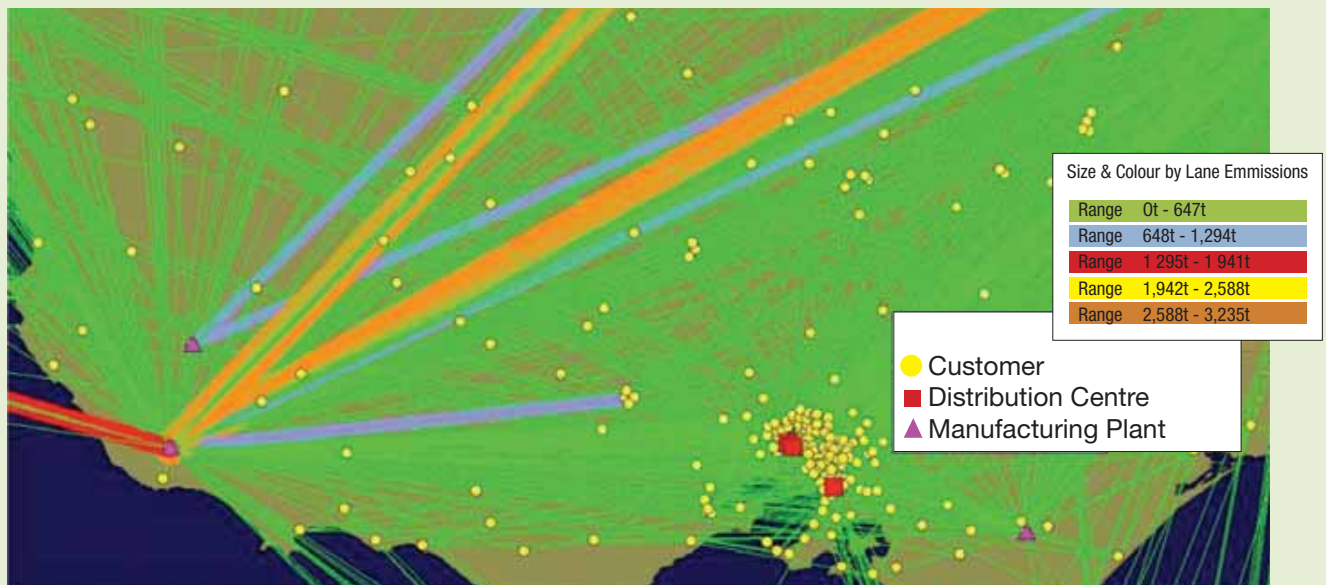
Prior to consideration of Energy Use (and Carbon Emissions) this was predominantly on the criteria of price and timeliness. In late 2007 Linfox had the opportunity to be one of the first organisations in Australia to trial Carbon Footprint software which tracked carbon emissions (as an outcome of Energy use). We have found this a powerful tool to take into account energy use and have trialled it with a national customer with some surprising results. Our analysis has shown that with our trial

customer a 10% reduction in energy use could be achieved with no increase in cost through three main actions:

- Changing the source of freight
- Changing the mode of transport
- Change the transport route

Not all of the above actions are within the control of Linfox, implementation of these changes also requires customer capacity and willingness to change. However this powerful analytical tool provides significant opportunities for reductions in energy use, although it is very time consuming in the data capture and analysis stages.

Linfox's Supply Chain Solutions experts are designing new operating efficiencies. Linfox's Supply Chain Solutions (SCS) team plays a key role in developing continuous improvement efficiencies.





Major Areas of Energy Savings

2

Aerodynamic Vehicle Design

A joint study involving Linfox and Monash University has investigated the potential for truck and trailer aerodynamics to help the transport industry lower carbon emissions.

Why aerodynamics?

“Fuel and engine technologies ultimately promise to transform transport into a very low emissions sector. However, these technologies have very long lead times and need huge investment. Aerodynamics represents a much more immediate opportunity,” said Leonard Vary, Linfox President HR and the Heavy Vehicle Aerodynamic Working Party Convenor.

Linfox now evaluates aerodynamic efficiency as a part of the investment evaluation for new road transport equipment.



Major Areas of Energy Savings

3 Improved Vehicle Utilisation

Improved Vehicle Utilisation refers to the elimination of vehicles travelling empty without freight on board.

Providing customers with specialised solutions builds efficiencies in their supply chains, but finding further efficiencies is an ongoing opportunity for Linfox in reducing energy use.

One of the greatest challenges in transport operations is reducing 'empty running' of vehicles by finding opportunities to backload trucks after their initial delivery.



4 Tyre pressure monitoring

Maintenance of correct tyre pressures can have a significant impact on environmental as well as safety performance of fleet vehicles. Linfox is trialling Tyre pressure monitoring technology to reduce fuel use and emissions and improve safety.





Major Areas of Energy Savings

5 Eco Driving



Eco Driving refers to a system of driving where maximum fuel economy is achieved by the vehicle operator. This achievement is attained by observing a range of behaviours in driving that have been codified by Linfox and translated into a curriculum document suitable for instructional purposes.

In the absence of significant technological advances Eco Driving represents the single largest opportunity for improvement in energy use in the road transport sector.

The biggest barrier to adoption of the principles of Eco Driving is acceptance by vehicle operators of changed driving habits.

To overcome this barrier within Linfox a variety of strategies and materials have been developed to improve acceptance.

These include delivery modes, learning materials, such as the Linfox Energy Efficiency Guidebook, coaching, monitoring and recognition programmes.



Cultural Change



Launch of the Linfox Energy Efficiency Guidebook.



GreenFox learning materials.





Major Areas of Energy Savings

6 Electricity Savings

The majority of Electricity use in Linfox is in either Office or Ambient Temperature Warehouse environments. From a total of 215 sites throughout Australia, Linfox does not have control over electricity metering, regulation or payments in 99 of these. In such cases Linfox operates as a Logistics tenant often as part of a premises controlled by a manufacturer or distributor. Of the remaining 116 sites 71 are Logistics sites and 45 Armaguard sites.

The results of energy Audits, conducted by 2 Site representatives and a staff member of the Environment and Climate Change office identified many opportunities for Energy Saving through:

- Changed Practices within the site
- Installation of new lighting mechanisms
- Changing control systems
- Greater awareness of electricity use

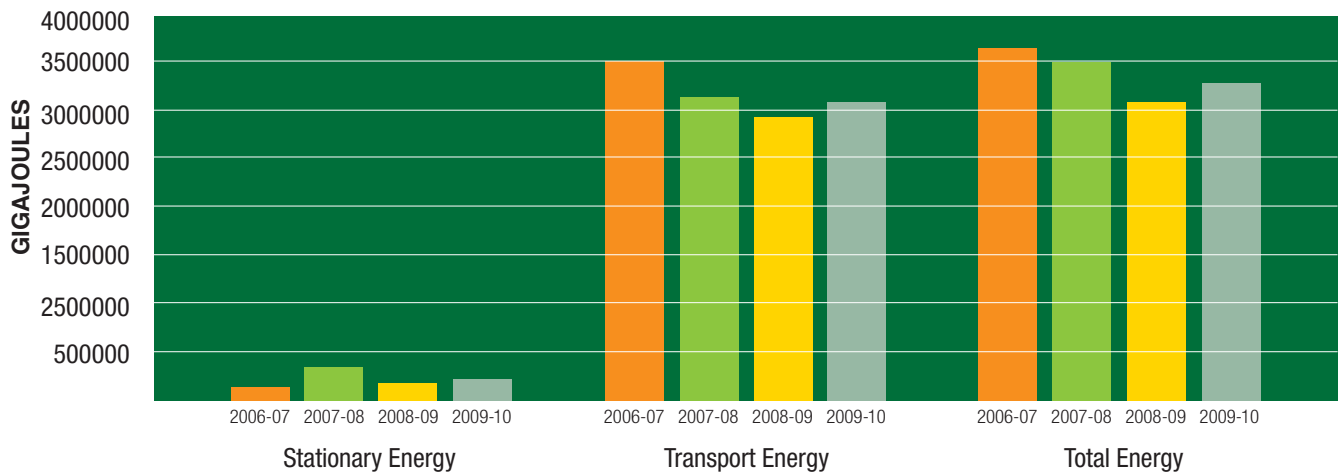


Outcomes

Since the introduction of Energy Efficiency Opportunities Act and the trigger year of 2005-06 Linfox has grown significantly as a company. Turnover since 2006-07 has increased by approximately 50% and the index used as a basis for energy intensity, one thousand kilometres of fleet travelled has increased since 2006-07 by 23.5%.

The composition of Energy consumption has, in the 2009-10 year, shown the preponderance of road transport as an energy user with 94% of energy use relating to the consumption of transport energy.

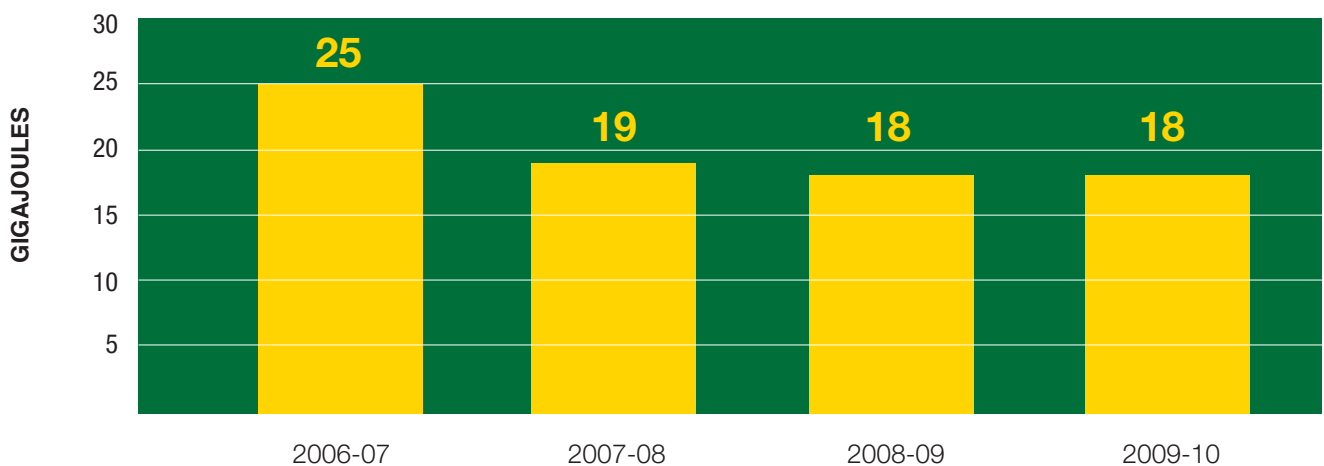
Energy Use - Linfox Group (Aust)



Linfox Group (Australia) consumption of energy use in the 2009-10 year represents a 10% reduction against the base year of 2006-07. This is a very positive achievement in energy efficiency, particularly where total kilometres travelled has increased by 24% since 2006-07. It reflects a continuing maintenance of reduced energy intensity as a result of the actions identified in this report consistent with the provisions of the Energy Efficiencies Opportunities Act.

Energy intensity (measured by whole of company kilometres travelled) has decreased from 25 Gigajoules/1000 km in the base year to 18 Gigajoules/1000 km in the current reporting year.

Energy Intensity (GJ/1000 km)





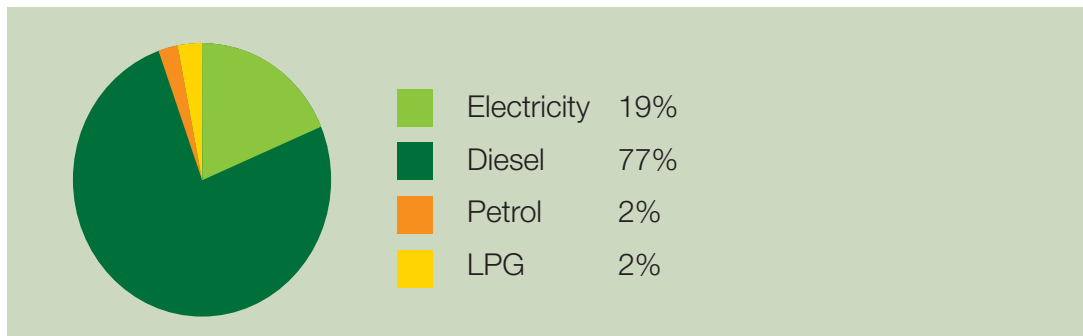
These trends are very positive in reflecting reduced energy consumption intensity. It is a trend that we hope to continue as we upgrade our recording and monitoring systems, access superior technology and most importantly as our employees embrace the behaviours that deliver improved energy efficiency.

The Impact of Reduced Energy Use on Carbon Emissions

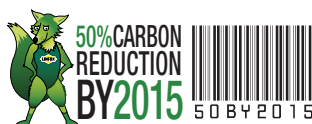
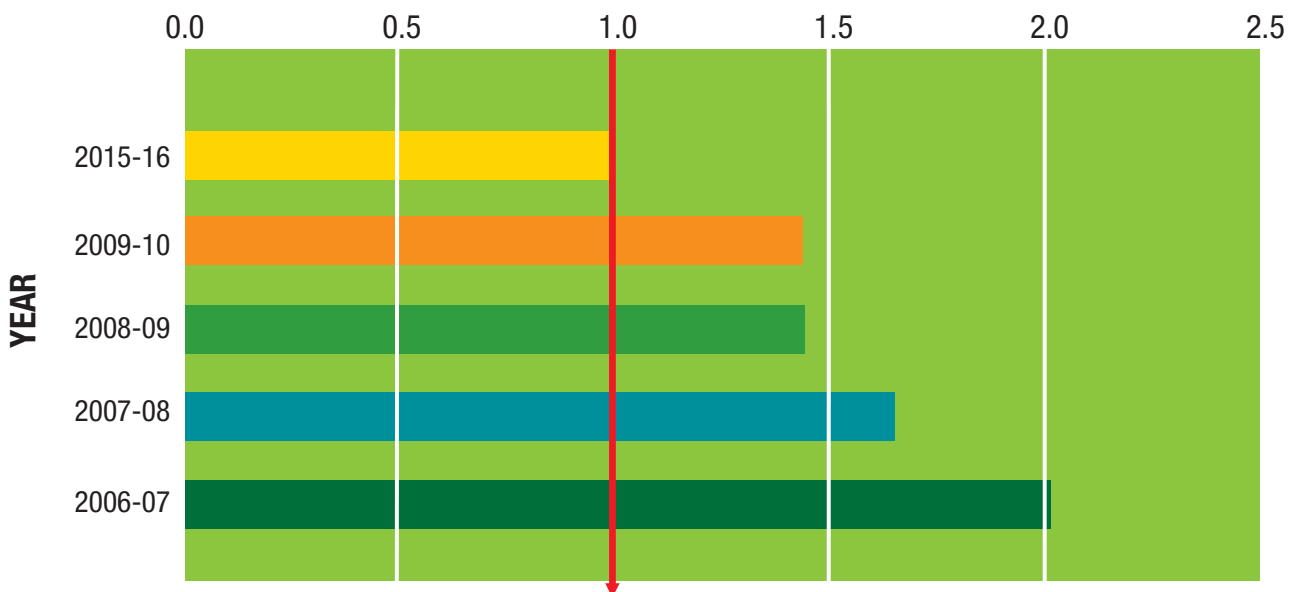
The impact of reduced energy use has seen a related decrease in Carbon emissions. In 2007 Linfox Chairman, Peter Fox, set a 15% reduction target in the rate of carbon emissions based on the 2006-07 level. The measure of the rate of Carbon Emissions is the amount of carbon dioxide equivalent emitted per 1000 kilometres of fleet distance travelled.

The source of Greenhouse Emissions is not precisely the same as the energy mix due to the fact that some sources of energy have a higher carbon dioxide emission factor per unit. This is particularly so with electricity, which represents only 6% of energy use but 19% of Carbon Dioxide emissions.

Carbon Dioxide Emissions 2009-2010



Carbon Emissions per 1000 kilometres (CO₂-e Tonnes/1000 kilometres)





GreenFox

The Linfox commitment to the environment



For further Information regarding this Linfox Report or any matter concerning Sustainability, Environment and Climate Change contact:

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This publication may also be viewed at www.linfox.com



PUBLIC REPORT TEMPLATE

Controlling Corporation

Linfox Pty Ltd

Period to which this report relates

Start July 1, 2009

End June 30, 2010

Part 1 – Information on assessments completed to date

Table 1.1 – Description of the way in which the Corporate Group (or part of it) has carried out its assessments

No additional assessments were carried out during 2009-10, with 98% of group energy being assessed by the conclusion of the 2008-09 year. The remaining 2% of group energy is consumed by a joint venture company where we have not yet been able to implement sufficiently rigorous processes to include as part of this report. The majority of Linfox energy is used in motor vehicles, particularly heavy vehicles throughout Australia. Energy from fuel in the 2009-10 year represented 94% of energy consumed by the group and has been the major focus of attention and investigation. The major opportunity, in the absence of technology improvement is in the operational practices and skills of driving operators. Linfox has therefore embarked on a programme of Driver Assessment and Training of all company employed, heavy vehicle drivers. Assessment and Training occurs over a one day period or online and up to 30/06/2010 826 drivers have been assessed and trained. This will be the major focus of activity for the next 12 months with a plan to train another 1000 drivers by 30/06/2011. Other implementation of audits from 2008-09 have progressed, mainly relating to lighting and control systems as well as education in energy saving behaviours by staff.

Table 1.2 – Energy use assessed

Group member and/or business unit and/or key activity and/or site that has had an assessment completed by the end of this reporting period.	Period over which assessment was undertaken ¹	Energy use per annum in GJ ² in the current reporting year
Linfox Australia (Group Member)	Feb 2008 – June 2009	3022871
Linfox Armaguard (Group Member)	July 2008 – June 2009	183361
Integrated Technology Services (Group Member)	July 2008 – June 2009	1768
BEVCHAIN (Group Member)	July 2008 – June 2009	73257
Total energy assessed		3016621
Total energy use of the group in the current reporting year		3281256
Total energy assessed expressed as a percentage of total current energy use		92%



1. This should be the start and finish date (month and year) for the assessment (planned assessment dates were nominated in Table 3.1 of the approved ARS).
2. Energy Bandwidth may only be used if approved in the Assessment and Reporting Schedule.

Part 1 – Information on assessments completed to date (continued)

Table 1.3 – Accuracy of energy use data		
Entity	% achieved	Reasons for not achieving data accuracy to within ±5%
Linfox Australia Pty Ltd (2007-08) Group Member	+/- 5%	
Linfox Armaguard Pty Ltd (2008-09) Group Member	+/- 5%	
Integrated Technology Services Group Member	+/- 5%	
BEVCHAIN PTY LTD Group Member	+/- 5%	

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2A - New Assessments completed during the reporting period

Name of Group member or business unit or key activity or site: Linfox Armaguard Pty Ltd

Energy use of the entity during the current reporting period

183361	GJ
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Table 2.1 – Opportunities assessed to an accuracy of ±30% or better						
Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified					
	Business Response*	Under Investigation				
		To be Implemented				
		Implementation Commenced				
		Implemented				
		Not to be Implemented				

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2B - Update of assessments originally reported in previous reporting periods

Name of Group member or business unit or key activity or site: Linfox Australia Pty Ltd

Energy use of the entity during the current reporting period

3022871

GJ

Table 2.3 - Opportunities assessed to an accuracy of $\pm 30\%$ or better

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 - < 2 years	2 - ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified	84				
Business Response*	Under Investigation	71				
	To be Implemented					
	Implementation Commenced	7		45975	76625	122600
	Implemented	4	30650			30650
	Not to be Implemented	2				



Part 2B - Update of assessments originally reported in previous reporting periods

Name of Group member or business unit or key activity or site: BEVCHAIN Pty Ltd

Energy use of the entity during the current reporting period

73257	GJ
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Table 2.3 - Opportunities assessed to an accuracy of ±30% or better

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified	0				0
	Business Response*					
	Under Investigation					
	To be Implemented					
	Implementation Commenced					
	Implemented					
	Not to be Implemented					

Part 2B - Update of assessments originally reported in previous reporting periods

Name of Group member or business unit or key activity or site: Integrated Technology Services Pty Ltd

Energy use of the entity during the current reporting period

1768	GJ
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Table 2.3 - Opportunities assessed to an accuracy of $\pm 30\%$ or better

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified	0				0
Business Response*	Under Investigation					
	To be Implemented					
	Implementation Commenced					
	Implemented					
	Not to be Implemented					

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2C - Details of at least three significant opportunities found through EEO assessment

Table 2.5 – Description of 3 significant opportunities

Opportunity 1
Ecodriving: trials conducted by the company have demonstrated energy savings of up to 14%. As a consequence the company has developed curriculum to train drivers in the skills of eco driving. This material has been developed to provide instructor based training and also online training. Eight hundred and twenty six drivers had been trained to June 30, 2010 and it is planned to train another 1000 drivers by June 30 2011.
Opportunity 2
Electrical efficiency initiatives are being implemented at a number of Linfox sites.
Opportunity 3
Tyre technology in the form of reduced rolling resistance by using automated tyre pressure inflation systems is being adopted across the Linfox fleet to improve fuel efficiency.
Opportunity 4

Part 3 - Voluntary Contextual Information

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Part 4 - Declaration

Table 4.1 - Declaration of accuracy and compliance (mandatory information)

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.

Insert Title of Signatory here

Date

1ST MARCH 2011.