

Brambles

Task Force on Climate-related Financial Disclosures
2022 Annual Disclosure



**Step into
the future**



Brambles' Climate Change Strategy

Brambles' circular business model and resilient network combined with its 1.5-degree climate-aligned targets and net-zero by 2040 commitment define a leading climate transition plan that generates financial returns from a sustainable business model.

Addressing climate change is part of Brambles' regenerative vision, which aims to replenish the resources we need while creating more positive outcomes for society and the planet.

Advancing the circular economy is an enabling strategy to address climate change and biodiversity loss while allowing businesses to grow and thrive within the decarbonising economic transition. Circular models require a sound understanding of the supply chains that support them, including direct visibility of the natural capital, the stocks of resources, and the climate systems they depend on. Brambles' core strategy reflects all these elements. Circular models are also inherently resilient – throughout FY22, Brambles and its customers experienced climate-related and other supply chain disruptions that have stress-tested the operations, the materials supply chains and its response. Brambles advocate a broader adoption of circular models for other industries and sectors to accelerate a wider transition to a climate and nature-positive economy.

FY22 has been a period of rapid integration of climate considerations into Brambles building upon its last two TCFD. This has involved further embedding the TCFD recommendations into its governance, finance, risk and strategy functions, including the Shaping Our Future transformation programme. Brambles' finance function has been integrating climate and sustainability mechanisms into its processes and developed the connections from its accounting systems to support the monitoring and measuring of carbon emissions and performance across its supply chain.

Decarbonisation continues to be a megatrend. Public and private net-zero emissions commitments have rapidly moved to the mainstream, from covering 16% of the global economy in 2019 to 90%¹⁹ today. During the Year, governments worldwide have taken steps to use their legislative power to put their jurisdictions on a path to net-zero emissions. An example of this is the recently published proposal by the European Commission for a Directive²⁰ on corporate sustainability due diligence.

Amongst other requirements, affected companies²¹ will need to have a plan to ensure their business strategy is compatible with limiting global warming to 1.5°C in line with the Paris Agreement.

Brambles' pledge to a 1.5°C climate future was an essential driving force behind its five-year sustainability targets published in 2020. In June 2022, Brambles announced its pledge to net-zero GHG emissions by 2040. By pledging to align with the goals of the Paris Climate Agreement, Brambles was already committed to achieving net-zero GHG emissions by no later than 2050. With this new roadmap to net-zero emissions, the company is bringing its ambition forward by ten years. Accelerating Brambles' transition to a net-zero business will also help its customers advance decarbonisation goals. These ambitious targets and the actions Brambles is pursuing to achieve them are available on pages 24 to 25.

Brambles has a track record of delivery on its climate commitments, achieving carbon-neutral operations across its Scope 1 and 2 emission sources. The business has also increased the quantity of renewable electricity each year, replenished more trees than required for pallets and has communicated its third TCFD disclosure. These achievements have been positively received by Brambles' stakeholders and reinforced its sustainability credentials and leadership on climate.

Brambles' initial TCFD communicated three climate-related themes that define its response to addressing climate change and its role in accelerating the transition to a low-carbon, circular economy. Progress for FY22 against these themes is provided here.

¹⁹ Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. The Net Zero Tracker.

²⁰ https://ec.europa.eu/info/publications/proposal-directive-corporate-sustainable-due-diligence-and-annex_en Proposal for a Directive on corporate sustainability due diligence and annex | European Commission (europa.eu)

²¹ Includes non-EU companies with EUR 150 million+ in net turnover generated in the EU.



Brambles' Low-Carbon Advantage – A climate-related opportunity

Brambles' core business and 2025 sustainability targets define a leading climate strategy. 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.

The markets in which Brambles operates indicate an increasing preference for more sustainable climate-conscious solutions, especially for its customers that have a direct interface with activated consumers. This is evidenced by strengthening consumer preferences for low or zero-waste and carbon consumption models. Brambles effectively supports its customers by managing its supply chain risks, highlighting the low-carbon, no-waste advantages of a circular model, and offering innovative value-creating partnerships that deliver against its customers' sustainability goals.

Brambles' direct sustainability messaging to customers capitalises on this trend with an increase in Sustainability Certificates issues in FY22. The Sustainability Certificates quantify the environmental (low-carbon) advantages of Brambles' 'share and reuse' circular model for customers by calculating the carbon emissions, waste and materials savings over typical single-use or one-way alternatives. They have been used in externally-facing customer communications to indicate climate action in their own supply chains. The customer-centric Step into the Positive marketing campaign also elevated the brand as a sustainability leader. More information on the Sustainability Certificates and the Step into the Positive campaign will be shared in Brambles' FY22 Sustainability Review, due for release in September.

Brambles' consistently high performance in credible third-party ESG indices, including Dow Jones Sustainability Indexes and MSCI, Ethical Supply Chain Surveys such as Eco Vadis and SEDEX, and new climate-leadership initiatives such as inclusion in the inaugural [Terra Carta Seal](#), confirm its sustainability leadership status.

Science-based Targets, net-zero by 2040 and a leading decarbonisation strategy

Brambles' circular 'share and reuse' model is inherently climate-adapted, placing the business and its partners at an advantage for the low-carbon transition. In addition to the new science-based target (SBT) and net-zero targets, climate considerations continue to be integrated into Brambles' strategic processes. During FY22, bottom-up regional and global decarbonisation roadmaps were developed, including 2030 mid-term science-based targets, to identify the levers and initiatives to achieve Climate Positive progress. Many of these initiatives are already underway as part of Brambles Shaping Our Future transformation.

Brambles transformation and decarbonisation programmes are complementary

Brambles has implemented a carbon calculation feature to estimate the carbon benefits or impacts from the Shaping Our Future transformation projects. This feature helps integrate transformation initiatives and the 2025 sustainability targets, highlighting how decarbonisation can support business performance and increase Brambles' resilience for the low-carbon transition. Sustainability elements, including our Climate Positive commitments, are also integrated into the Shaping Our Future Scorecard and are part of the Digital, Customer, Asset Efficiency and Network Productivity and Business Excellence Transformation workstreams.

Integrating climate considerations into strategic processes

Brambles is integrating climate considerations into relevant business systems, including its procurement and product innovation processes. The intent is to improve Brambles' Scope 3 emissions reporting and build the capabilities and climate awareness of the supplier base. Brambles' product pipeline is inherently sustainable because all its platforms are designed for its low-environmental impact 'share and reuse' system.



Brambles' Network Resilience – Climate-related risk and opportunity

The agility and scale of 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.

FY22 presented many opportunities for Brambles to test and demonstrate the resilience of its network. In addition to ongoing heightened demand from customers for its pool of assets, incidences of climate-related weather events impacted both its plants and critical pieces of transport infrastructure. Australia has been identified as particularly exposed to the physical impacts of climate change, and the CHEP Australia business was able to display all the elements that support the position of network resilience. Two service centres located in the Brisbane suburbs of Rocklea and Oxley were inundated with flood waters due to the Brisbane flooding event, with 1380mm and 1050mm of flood water entering each premise, respectively. This included an immediate response to ensure the safety and wellbeing of its people during the shutdown and rapid response in asset relocation to a nearby location to ensure the business could continue serving its customers.

Physical climate risk and hazard impact assessment for Brambles' service centres

Brambles initiated the next phase of physical risk analysis for its operations to gain a deeper understanding of potential exposure to various physical risks. This stage has focused on the risks and potential impacts on the service centres and their vulnerability to acute weather-event-related and chronic physical disruptions.

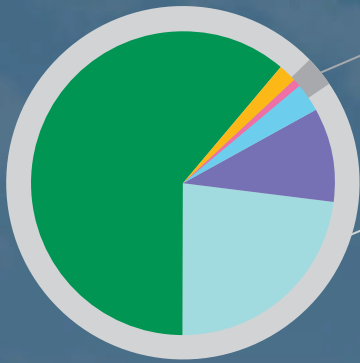
Raw Material Supply Security and Continuity – Climate-related risk



Longer-term climate-related risks relating to materials, specifically timber for pallets, are considered in Brambles' strategic planning processes. This includes extensive mitigations already underway as part of procurement, supply chain and asset efficiency programmes.

In a year of continued disruption, including ongoing materials shortages, Brambles remained steadfast in its commitment to 100% sustainable sourcing of its wood and expanded the supply base for CoC forest certification. Delivering on these outcomes required extensive collaborations to rapidly onboard certified suppliers in new markets and bring its customers along the sustainability materials journey. This is in addition to the significant contributions of value chain efficiencies, specifically, the Shaping Our Future transformation initiatives that improve asset efficiency and network productivities. These experiences have provided real-world stress-testing for Brambles' systems and processes, confirming its resilience in the face of future climate-related impacts.

Brambles' Roadmap to Net-Zero Emissions



	FY21 Emission by source t(ktCO ₂ -e)	Change since FY20
Scope 1 & 2		
CHEP fleet fuel	7	-6.5%
CHEP site fuel	22	9.7%
CHEP electricity	13	-13.7%
Scope 3		
Waste	41	-3.7%
3PLs	151	1.1%
Capital goods	380	4.7%
Logistics	887	-6.7%
Total emissions	1,502	-3.1%

Accelerate

- 100% renewable electricity at CHEP locations and 3PLs
- 100% FLT electrification at CHEP locations and 3PLs
- Zero product waste to landfill
- Zero waste CHEP locations
- Improve asset recovery rates
- Plant network & logistics optimisation²³
- Extend vertical transport collaboration
- Carrier & customer collaborations to pilot lower-emissions fuels & emerging transport technologies
- Wood waste to energy (e.g. biomass)
- Embed CO₂ considerations into procurement policies & contracts
- Transition small and medium-duty CHEP-owned recovery fleets to ZEV²²
- Supplier engagement programme to support vendors with target setting
- Increase recycled/upcycled content in products
- Accelerate multimodal opportunities
- Accelerate carbon insetting nature-based projects (e.g. forestry)
- Pilot carbon insetting technical projects (e.g. wood waste to biochar)
- Pallet durability

1,550
ktCO₂-e

By 2025, we will achieve
**100% renewable electricity and
carbon neutrality for our operations**

By 2030, we will achieve
**42% reduction in Scope 1 & 2
and 17% reduction in Scope 3²⁴**

1,275
ktCO₂-e

2020

2025

2030

²² Zero Emissions Vehicles, including battery electric vehicles (BEVs) and hydrogen fuel cell electric vehicles (FCEVs).

²³ Logistics optimisation includes reduced empty miles, stack height, transport occupancy rate, mega-trucks, and onsite solutions.

²⁴ Emissions sources in-scope for Brambles' science-based targets. Excludes other purchased goods and services, business travel and employee commuting on the basis of materiality.

↓ **42%**

absolute reduction by 2030 (on FY20 levels)


↓ **17%**

absolute reduction by 2030 (on FY20 levels)




2030 targets verified by SBTi

For more information, visit Brambles' Net-Zero Roadmap



brambles.com/net-zero-roadmap



Scale up

- Maximise multimodal opportunities
- Contribute to establishing charging infrastructure to enable the deployment of zero emissions transport technologies (electric, hydrogen)
- Scale procurement of low/zero emissions transport services
- Maximise carrier & customer collaborations to adopt lower-emissions fuels and zero emissions transport technologies
- Maximise vertical transport collaboration to reduce empty lanes through digital solutions
- Maximise asset recovery and productivity through the Digital Strategy
- 100% zero emissions CHEP-owned recovery fleets
- Scale up the use of renewable fuels for heating (locations and pallets)
- Maximise recycled/upcycled content in products
- Maximise carbon insetting opportunities (nature-based and technical solutions)

Net 0 ktCO₂-e

Net-Zero
by 2040

Carbon removals

2040

- Existing solution
- Emerging solution
- Business as usual
- Emissions reduction pathway
- Removals pathway

Brambles' Climate Change Strategy (continued)

FY22 Progress Against the Recommendations of the TCFD

Brambles' previous disclosures against the TCFD recommendations are available on [Brambles' website](#). Progress against the key recommendations for FY22 is provided below.

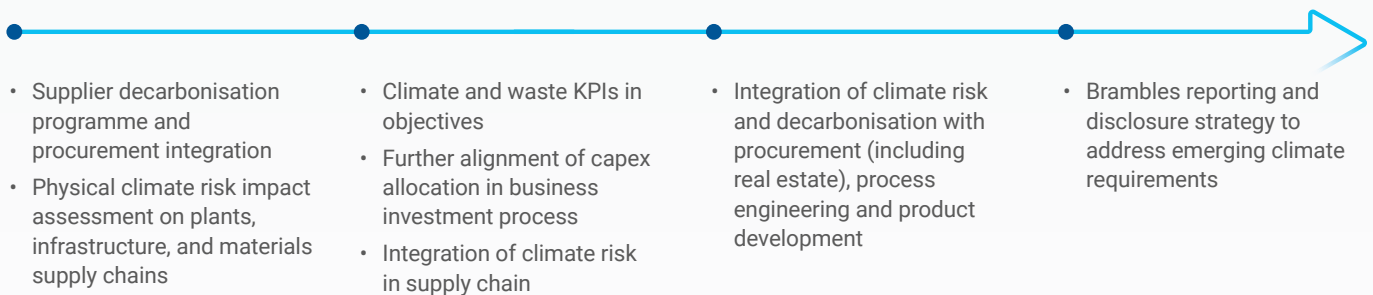
Governance

Climate issues, including the risks and opportunities for Brambles under different climate scenarios, are integrated into Brambles' Audit & Risk Committee (ARC) and the Brambles Board agendas. The Sustainability Risk and Compliance Committee (SRCC), comprised of executive leaders and relevant functions specialists, assists the ARC and Board concerning all risks, including climate-related risks and Brambles' decarbonisation plans. Brambles established a new Global Head of Decarbonisation role reporting to the Chief Operating Officer (COO) to develop global and regional strategies to meet our climate targets. This is in addition to the existing Chief Sustainability Officer (CSO) role reporting to the Chief Financial Officer (CFO) supporting integrated reporting and governance. A Global Decarbonisation Governance Framework encompassing Climate Positive and Waste Positive targets was established, which is provided below.

Brambles' Global Decarbonisation Governance Framework Established in FY22



FY23 TCFD Roadmap



Finance

The financial and sustainability reporting and disclosure landscape is changing rapidly with shifting expectations. These new and emerging standards aim to connect financial materiality to relevant climate and sustainability-related issues. The intent is to offer clearer, more consistent and comparable information to assist investors in understanding the risks and opportunities and, therefore, prospects of different sectors as social, economic and regulatory pressures stimulate the sustainable transition.

The continuing focus has been on integrating climate and sustainability-related considerations into key strategic and financial decision-making processes by identifying appropriate intervention points and embedding suitable process architecture to ensure priorities align.

For example, Brambles' validated SBT and longer-term net-zero target will require higher visibility of the carbon impacts of Capex expenditure initiatives on the Scope 1, 2 and 3 emissions profiles. This is especially important in the context of the transformation programme.

Many of these integration initiatives are in development with active workstreams within the Financial Planning and Analysis, Treasury, Group Financial Control, Asset Productivity, and Investor Relations teams.

Risk

Brambles' integrated approach to managing business risks, including climate-related risks, elevates oversight of climate issues to both the executive management, the ARC and the Board. This ensures an appropriate level of knowledge and resourcing of climate-related risks and opportunities. For example, the risks associated with achieving our Climate Positive targets, including the SBT and net-zero commitment, are assigned to the Head of Decarbonisation, with oversight from the COO and close collaboration with the CSO. As a result, the SRCC revised Brambles' Scope 1, 2 and 3 risk profiles in light of its science-based targets and net-zero commitment. This included developing risk appetite statements for both profiles, and a list of mitigating actions to maintain our performance to outline a pathway to achieving our risk appetite.

Metrics and Targets

Brambles' verified SBT and new net-zero by 2040 commitment confirm a leadership position on addressing climate change and rapid adaption to the new low-carbon economy. To support tracking against these targets, Brambles initiated various data-related improvement projects within the business. The purpose is to consistently improve the timely provision, quality, and completeness of data. This will help drive proactive decision-making, compliment our third-party data assurance process and support progress towards financial quality status for our carbon reporting programme.

In addition to Brambles' reporting suite, which includes the Annual Report, Climate Change Update and TCFD Disclosure, and Sustainability Report with associated supporting resources on our website, Brambles responds to a range of external sustainability ESG and climate-related reporting frameworks. More information is available at brambles.com/esg-navigator



More information on Brambles' response to the TCFD recommendations is available at brambles.com/tcfd

