

# Brambles

Corporate Governance  
Statement 2021



**Pioneering  
Regenerative  
Supply Chains**

# Corporate Governance Statement

## Introduction

Brambles Limited (Brambles) is a global provider of supply chain logistics solutions and operates in approximately 60 countries. It is therefore subject to an extensive range of legal, regulatory and governance requirements. Brambles is committed to observing the requirements applicable to publicly listed companies in Australia. The Board is conscious that best practice in the area of corporate governance is continuously evolving, and will therefore continue to anticipate and respond to further corporate governance developments.

This Corporate Governance Statement (Statement) outlines the key components of Brambles' governance framework in place during the year ended 30 June 2021 (Year), by reference to the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations, Fourth Edition (CGPR).

During the Year, the Board believes Brambles met all the requirements of the CGPR. The information provided in this Corporate Governance Statement is current as at 17 August 2021 and has been approved by the Board of Directors.

Unless otherwise specified, the documents referred to in this Statement as being on Brambles' website are located in the Corporate Governance section of the Brambles website. Brambles' 2021 Annual Report is also posted on its website at [brambles.com/results-centre](http://brambles.com/results-centre). In this Statement, Group means Brambles and the entities it controlled during the Year.

## Principle 1: Lay Solid Foundations for Management and Oversight

### 1.1 Board Charter

#### 1.1.1 Role of the Board and Executive Management

The Board Charter sets out the roles and responsibilities of the Board and Executive Management. During the Year, the Board Charter was amended as a result of the Board's decision to expand the remit of the Audit Committee to include the oversight of risk (and for it to be re-named as the Audit & Risk Committee) and the consequent reallocation of roles and responsibilities relating to the monitoring of risk (see Section 7 below for further details).

The role of the Board is to:

- Instil and reinforce a culture throughout Brambles of behaving lawfully, ethically and responsibly including approving a statement of values which reflects that culture;
- Approve the purpose, strategic objectives and risk appetite of Brambles;
- Review, approve and monitor the adequacy of the Group's risk management framework;
- Oversee executive management's conduct of Brambles' affairs in achieving its strategic objectives in a manner aligned with its purpose, values and risk appetite; and
- Instilling Brambles' values throughout its businesses and operations.

The role of Executive Management, led by the Chief Executive Officer and with the support of Brambles' Executive Leadership Team (ELT), is to:

- Carry out the day to day management of the business and affairs of Brambles to achieve its strategic objectives in a manner aligned with its purpose, values and risk appetite; and
- Provide the Board with accurate, timely and clear information on Brambles' operations to enable the Board to perform its responsibilities, including information about the financial performance of Brambles, compliance with its material legal and regulatory requirements and conduct in relation to its values or Code of Conduct.

A copy of the Board Charter can be found on Brambles' website.

#### 1.1.2 Responsibilities of the Board

The Board Charter sets out the responsibilities of the Board. These include:

- The Group's overall strategic direction and strategic plans for its major business units, key business and financial objectives and dividend policy;
- Acquisitions or disposals of assets which exceed the authority limits delegated to the Chief Executive Officer and Chief Financial Officer;
- Annual operating and capital expenditure budgets;
- The Group's treasury policies;
- Brambles' annual report and financial statements, corporate governance statement and sustainability review and other significant statements to the press, stock exchange and/or shareholders relating to those statements or reports;
- Overseeing the integrity of the Group's accounting and corporate reporting systems and reviewing the effectiveness of those systems to provide adequate, accurate and timely information to the Board;
- The overall levels of insurance for the Group;
- The Group's risk appetite and its risk management framework (which covers both financial and non-financial risk) and systems of internal control;
- For specific risks which the Board reserves to itself from time to time, monitoring managements' performance against the risk management framework in relation to those risks;
- The conduct of a bi-annual review of the risk appetite and the effectiveness of the risk management framework and internal control systems and whether any changes should be made to them (having regard to any recommendations of the Audit & Risk Committee) as well as emerging and sustainability risks;
- Changes to the Group's capital structure (other than changes resulting from established employee share plans);
- The Group's remuneration policy;
- The authority, and any changes to it, delegated to the Chief Executive Officer, Chief Financial Officer and other levels of executive management;

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- The appointment and termination of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary and, where appropriate, ratifying the appointment and termination of other senior executives;
- The Group's Policies including its purpose, statement of values and Code of Conduct, Speaking Up Policy, Anti-Bribery and Corruption Policy, Continuous Disclosure and Communications Policy and Diversity Policy; and
- The Board Skills Matrix.

In carrying out their responsibilities, Non-Executive Directors constructively challenge the development of strategy. They review the performance of management in meeting agreed objectives and monitor the reporting of performance. They have a prime role in appointing and, where necessary, recommending the removal of Executive Directors, and in their succession planning.

The structure of the Board means that no individual or group of individuals dominates the Board's decision-making process.

The Board receives accurate, timely and clear information so that it may effectively discharge its duties and responsibilities. Where necessary, Directors seek clarification or request the provision of further information to assist with their decision-making processes. Presentations to the Board are frequently made by senior executives.

The Board has delegated some of its functions to the Audit & Risk, Nominations and Remuneration Committees, although overall responsibility for those functions remains with the Board. The charters of the Board Committees also require certain matters to be approved by the Board including the executive remuneration policy and the appointment of the external auditors. The charters also document the Committees' unrestricted rights to seek information from any Group employee or from any other source. Details of the Board Committees are set out in Sections 2.1, 4.1 and 8.1 and the Committee charters can be found on Brambles' website. From time to time, the Board establishes special committees to consider and approve specific matters.

### 1.1.3 Responsibilities of Executive Management

Executive management, led by the Chief Executive Officer, Graham Chipchase, has been delegated responsibility for the day to day management of the business and affairs of the Group subject to the levels of authority set by the Board and the matters reserved for the decision of the Board as set out in the Board Charter (see Section 1.1.2). The authority delegated to the Chief Executive Officer, the Chief Financial Officer and the Executive Leadership Team (ELT) are periodically reviewed by the Board and are documented.

The Chief Executive Officer is assisted by the ELT, which is a management committee.

The ELT has a range of responsibilities, which include:

- Reviewing business and corporate strategies;
- Implementing Brambles' strategic objectives and ensuring its resources are well managed;
- Formulating major policies in areas such as succession planning and talent management, human and capital

resources management, information technology, development of strategy, risk management and communications;

- Monitoring safety performance and the effectiveness of the Group's safety management systems and reviewing safety targets;
- Leading the implementation of change processes; and
- Providing overall leadership in instilling and reinforcing the Group's values, Code of Conduct and risk appetite.

ELT members participate in Board meetings where the Group's strategic objectives are set and reviewed. They also make regular presentations to the Board on their respective business unit or functional area. Where applicable, those presentations include business unit financial performance, risk reviews, safety management and performance, status of specific projects against project timelines and milestones, personnel matters and key issues facing the business. Biographical details for the members of the ELT are shown on pages 42 to 44 of Brambles' 2021 Annual Report.

### 1.2 Undertake Appropriate Checks

The Nominations Committee Charter (see Section 2.1.3) sets out the Board selection process. It includes a requirement for the Committee to cause appropriate checks to be carried out on Director candidates and for those checks to include the candidates' character, experience and education as well as any criminal record and bankruptcy history.

Notices of Meeting for Annual General Meetings (AGMs) contain all material information known to Brambles which is relevant to a decision whether or not to elect or re-elect a Director including whether the appropriate checks required by the Nominations Committee Charter have been carried out and, if applicable, any information of concern arising from those checks. Non-Executive Directors standing for election or re-election are required to provide details of their other commitments, an indication of the time involved and specifically acknowledge that they will have sufficient time to fulfil their responsibilities as Brambles' Directors.

Brambles also has in place Human Resource policies which require appropriate checks to be carried out on candidates for senior executive roles. These checks include character, experience and education and criminal record.

### 1.3 Written Agreements with Directors and Senior Executives

Formal letters of appointment, which are contracts for service but not contracts of employment, have been put in place for all Non-Executive Directors. In all cases, those letters are with each Non-Executive Director personally.

The letters set out the key terms and conditions of their engagement, which include, among other things, expected time commitments, specifying that the Director should consult with the Board Chair before accepting any additional commitments that may impact their role, expectations with regard to conduct that is in accordance with Brambles' values and Code of Conduct and, if appropriate, any special duties or assignments. The Non-Executive Directors' letters of appointment also set out their right to obtain independent advice (see Section 2.3.1) and confirm that the Non-Executive

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Directors have no right to compensation on termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

A template letter of appointment for a Non-Executive Director is available on Brambles' website.

Senior executives, including the Chief Executive Officer and Chief Financial Officer, have employment contracts setting out, among other things, their term of office, rights, responsibilities and entitlements on termination, and job descriptions setting out their duties.

### 1.4 Company Secretary

The role and responsibilities of the Company Secretary are set out in the Board Charter and include advising the Board and its Committees on governance matters, monitoring whether Board and Committee policies and procedures are followed, ensuring Board and Committee papers are provided in a timely matter, ensuring that the minutes are an accurate reflection of business at Board and Committee meetings and assisting in the coordination of the induction and the ongoing professional development of all Directors.

All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board, to whom the Company Secretary is directly accountable, through the Chair, on all matters to do with the proper functioning of the Board. The biography of Robert Gerrard, the Group Vice President, Legal & Secretariat and Company Secretary, is set out on page 43 of Brambles' 2021 Annual Report and of Carina Thuaux, the Deputy Company Secretary, is set out on page 65 of the Brambles' 2021 Annual Report.

### 1.5 Diversity Policy and Measurable Objectives

#### 1.5.1 Policy

The Board has had a Diversity Policy since 2010. It forms part of Brambles' Code of Conduct. The Diversity Policy is reviewed by the Board on an annual basis and was last amended on 1 July 2020. A copy of the Policy is on Brambles' website.

When adopting the Policy, the Board believed that it should deal with diversity across a range of issues and not be solely limited to gender.

Brambles' vision statement for diversity, set out in the Policy, is:

- Brambles is committed to creating and maintaining a culture which delivers outstanding performance and results;
- Diversity is essential to Brambles' long-term success; and
- Brambles values and fosters diversity because it allows:
  - Customers' needs, both today and in the future, to be recognised and addressed;
  - All employees to feel valued and able to perform to their best; and
  - Brambles to have access to the widest possible talent pool.

The Diversity Policy provides, among other things, that:

- Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional capability and qualifications, irrespective of gender, ethnicity, nationality, class, colour, age, sexual identity, disability, religion or religious beliefs, marital or family status, political opinion, culture or socio-economic background;
- Brambles selects, retains and develops the best people for the job on the basis of merit and job-related competencies – without discrimination and from the widest pool of talent;
- Recruitment and selection practices at all levels are structured so that a diverse range of candidates are considered. To assist in that process, where appropriate, Brambles will engage external agencies to assist it in the identification, selection and assessment of candidates;
- Brambles will continue to design talent management programmes to assist in developing a broader and more diverse pool of employees such as:
  - Development programmes for senior executives;
  - Development programmes for next-generation leaders; and
  - Mentoring programmes;
- Adoption of flexible workplace policies to assist employees at all levels who may have domestic responsibilities; and
- On an annual basis, the Board reviews a report on the:
  - Relative proportion of women and men in the workforce at all levels;
  - Statistics and trends in the age, nationality and professional backgrounds of Brambles' executive population;
  - Measurable objectives for achieving gender diversity; and
  - Progress towards achieving those objectives.

The Remuneration Committee also monitors remuneration by gender relativities and reports to the Board on any matters arising from that monitoring (see Section 8.1.3).

#### 1.5.2 Gender Diversity Objectives

The Board Charter includes the following as Board responsibilities:

- Setting measurable objectives for achieving diversity and annually assessing both the objectives and the progress towards achieving them; and
- Annually reviewing and reporting on the relative proportion of women and men in the workforce at all levels of the Group.

The gender diversity measurable objectives adopted by the Board are published in each year's Sustainability Review, which is published on the Sustainability page of Brambles' website. That review also includes a report on the progress against the objectives.

Brambles had previously committed to establishing gender diversity targets during 2011 in its 2010 Sustainability Review.

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In 2015, Brambles set five year gender diversity measurable objectives of maintaining female representation on the Board of at least 30% and for women to represent at least 30% of ELT and management positions by 30 June 2020. These objectives were achieved during or prior to the 2020 financial year.

Management is defined as the positions of manager, director, vice president and senior vice president grades. With the exception of the ELT, broadly speaking, each of these grades reports to the grade immediately above it in the table in Section 1.5.3. All members of the ELT, except the CEO, report to the CEO.

During the 2020 financial year, Brambles set diversity measurable objectives for the next five years. These objectives are to have 40% of women on the Board, ELT and in management positions (as defined above) by 2025 and to double the number of female employees in Brambles' plant roles (from 6% to 12%) by 2025.

Brambles has adopted a number of policies to assist in developing its leadership talent towards achieving both its previous and current objectives:

- The pool of non-executive director candidates for vacant Board roles to include qualified persons who would fill an existing diversity gap having regard to Brambles' Diversity Policy and the diversity objectives adopted by the Board from time to time;
- Where external executive search agencies are engaged to assist in recruiting for Board or management positions, Brambles requires that female candidates are presented;
- Brambles has a number of leadership development programmes which focus on creating an inclusive environment;
- To that end, Brambles adopted, and continues to achieve or exceed, a target of having women represent at least 30% of participants in its graduate and leadership development programmes with the objective of having 50% of women participate in those programmes by 2025. During the Year, of the 147 participants in its various development programmes, 59 (40%) were women (with women representing 50% of participants in the development programmes for Manager and Director level roles);
- Brambles held diversity workshops to address issues such as unconscious bias and #GetUncomfortable open panel discussions; and
- Established a global Inclusion and Diversity Council with ELT and regional representation with the objective of engaging Brambles employees and customers with their experiences on diversity matters.

### 1.5.3 Gender Diversity Reporting

The composition of Brambles' Board, ELT, Management and Plant Roles against the 2025 objectives referred to in Section 1.5.2, and the composition of each management grade at 31 July 2020 and 31 July 2021 is set out in the following table (in calculating the percentages in the table, Brambles included each permanent employee on the payroll but excluded casual employees and contractors):

	2025 Objective	% Females at 31 July 2021	% Females at 31 July 2020
Board	40%	36%	33%
ELT	40%	35.7%	30.8%
Management	40%	32%	31.5%
Senior Vice President		10%	17.4%
Vice President		19.6%	20.4%
Director		29.5%	28.2%
Manager		32.9%	32.7%
Plant Roles	12%	7.53%	6%

Women represent 22.8% of Brambles' total workforce at 31 July 2021 (22.4% at 31 July 2020).

### 1.6 Performance Evaluation of Board, Committees and Directors

Performance reviews of the Board, its Committees and Non-Executive Directors are conducted each year. The form of evaluation is reviewed and determined each year but, generally, external evaluations are conducted every three years with internal evaluations carried out in each other year. (Annual performance reviews of the Chief Executive Officer and the Chief Financial Officer are carried out under the senior executive evaluation performance process, see Section 1.7.)

As the previous external evaluation was last carried out during 2018, the Board decided to conduct an external evaluation for the Year and that, in addition to the usual annual performance reviews referred to in the previous paragraph, the Chief Executive Officer and Chief Financial Officer would be included in that external review.

The Board, Committee and Director reviews were conducted by an independent consultant. It involved the completion of a detailed on-line survey by each Director and member of the ELT as well as selected senior executives who regularly interact with the Board or its Committees on matters relevant to their respective performance. This was followed by an in-depth interview conducted by the consultant with each Director and member of the ELT.

A report on the results from the survey and interviews was prepared by the consultant and provided to the Board and each Committee. The findings in the report were reviewed and discussed by the Board and Committees (in the former case with the facilitation of the consultant) and key issues arising from the evaluations were identified for further action.

The results of each Director evaluation (other than his own) were provided by the consultant to the Chair. A private meeting was held between the Chair and each Director to

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review their respective performance evaluations. The results of the Chair's evaluation were provided by the consultant to the Audit & Risk Committee Chair who held a private meeting with the Chair to discuss that evaluation.

Non-Executive Directors are appointed for an unspecified term but are subject to election by shareholders at the first general meeting after their initial appointment by the Board. No Director (other than the Chief Executive Officer) may serve for more than three years without being re-elected by shareholders. Re-appointment is not automatic. The Board reviews whether retiring Directors should stand for re-election, having regard to their performance, the outcome of their evaluation as outlined above and the contribution of their individual skills and experience to the desired overall composition of the Board and the Board's skills matrix (see Section 2.2).

### 1.7 Performance Evaluation of Senior Executives

Brambles has a well-established performance management and development planning process, which is used throughout the Group. The process involves objective setting consistent with Brambles' strategic objectives and its remuneration policy and targets for cash and equity-based incentive plans set by the Remuneration Committee. Personal development planning, half-year reviews and full-year appraisals feed into a performance rating, leading to the assessment of annual bonuses. Senior executives (including Executive Directors and the ELT) all participate in this process, which is overseen by the Remuneration Committee.

Performance evaluations for senior executives, including the Chief Executive Officer, the Chief Financial Officer and the other ELT members, were carried out during the Year in accordance with this process.

### Principle 2: Structure the Board to be Effective and Add Value

The Brambles Board consists of eleven members, with two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and nine Non-Executive Directors.

In accordance with the Board approved succession plan for Brambles' longer serving Non-Executive Directors:

- Mr John Mullen, who was appointed to the Board on 1 November 2019, took over the role as Chair of the Board on 1 July 2020 upon the retirement of previous Chair Mr Stephen Johns on 30 June 2020;
- on 6 July 2020 Mr Ken McCall was appointed as a Non-Executive Director;
- Mr Brian Long stepped down as Audit Committee Chair on 20 August 2020 (and was replaced in that role by Dr Nora Scheinkestel) and subsequently retired from the Board on 8 October 2020 at the conclusion of Brambles' 2020 AGM); and
- Mr Tony Froggatt and Ms Tahira Hassan will retire from the Board on 19 October 2021 at the conclusion of the 2021 AGM.

Recruitment for Mr Froggatt's and Ms Hassan's replacements on the Board has been initiated, and Brambles' expects to

appoint two new directors over the course of the next six months. Whilst the Board considers that its current composition reflects both an appropriate balance of Executive and Non-Executive Directors and the range of skills, knowledge and experience appropriate for governing Brambles, in recruiting for the two new directors, the Board, will look to enhance its skills and experience in the digital, technology and innovation areas.

The table on page 8 sets out the names of the Directors in office at the date of this Statement, the years of their appointment and, where applicable, their most recent election by shareholders, their status as Executive or Non-Executive Directors, whether they are independent and when they are next due for re-election.

### 2.1 Nominations Committee

#### 2.1.1 Objective

Brambles has a Nominations Committee whose objective is to support and advise the Board in fulfilling its responsibilities to shareholders for the Board to have an appropriate balance of skills, knowledge, experience, independence and diversity and that it be comprised of individuals who are best able to discharge the responsibilities of Directors.

#### 2.1.2 Composition

During the Year, the Board considered the composition of the Nominations Committee and determined that all Directors should be members of that Committee. It did so on the basis that the roles and responsibilities of the Committee were matters upon which the views of all Directors were relevant and that it could utilise a sub-committee of the Nominations Committee to manage the process of identifying suitable candidates to fill Board vacancies (see Section 2.1.3).

From 1 July 2020 to 31 March 2021, members of the Committee were John Mullen (Committee Chair), Tony Froggatt, George El-Zoghbi, Elizabeth Fagan and Scott Perkins. From 1 April 2021, all Directors were members of the Nominations Committee. Throughout the Year, therefore, all or a majority of the Committee's members were independent Non-Executive Directors.

Details of Nominations Committee meetings held during the Year, and attendance at those meetings, is set out on page 67 of Brambles' 2021 Annual Report.

#### 2.1.3 Nominations Committee Charter

The Nominations Committee has a Charter a copy of which is on Brambles' website.

The Charter sets out details of the Committee's duties and responsibilities. These include:

- Assessing periodically the Board Skills Matrix to determine that it includes the skills and diversity required to discharge competently the Board's duties, having regard to the strategic direction of the Group, and making recommendations to the Board on any changes which should be made to that matrix;
- Having regard to the Board Skills Matrix, assessing the skills currently represented on the Board to determine

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- whether those current skills meet the required skills identified;
- Reviewing the structure, size and composition (including the mix of skills, knowledge, experience, independence and diversity, having regard to the Board Skills Matrix) of the Board and the effectiveness of the Board as a whole, and keeping under review the leadership needs of Brambles, both executive and non-executive, with a view to ensuring the continued ability of Brambles to compete effectively;
  - Preparing a description of the role, capabilities and skills required for a Board appointment (Role Specification), identifying suitable candidates to fill Board vacancies, and nominating candidates for the approval of the Board;
  - In identifying suitable candidates for a Board appointment, if necessary, causing:
    - A search to be undertaken by an appropriately qualified independent third party acting on a brief prepared by the Nominations Committee, which includes the Role Specification;
    - The search to be international, extending to those countries in which candidates with the necessary skills would ordinarily be expected to be found;
    - The pool of candidates to include qualified persons who would fill an existing diversity gap having regard to the Board Skills Matrix, Brambles' Diversity Policy (see Section 1.5.1) and the diversity objectives adopted by the Board from time to time; and
    - Appropriate checks to be carried out on candidates and for the checks to include the candidate's character, experience, education, criminal record and bankruptcy history;
  - Developing a programme for the induction of Directors, as well as providing appropriate professional development opportunities for Directors to enable them to have the skills and knowledge required to perform their role effectively;
  - Ensuring that, on appointment, Non-Executive Directors receive a formal letter of appointment, setting out the time commitment and responsibilities envisaged in the appointment;
  - On any re-appointment of a Non-Executive Director on the conclusion of their specified term of office,

undertaking a process of review of the retiring Non-Executive Director's performance during the period from their appointment or most recent re-appointment, as the case may be, to the Board;

- Reviewing annually the time commitment required of Non-Executive Directors and carrying out performance evaluations to assess whether the Non-Executive Directors are devoting enough time to fulfilling their duties; and
- Giving full consideration to whether succession plans are in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board, and satisfying itself that processes and plans are in place in relation to both Board (particularly for the key roles of Board Chair and Chief Executive Officer) and other senior executive appointments.

The Nominations Committee's Charter also sets out its composition, structure, membership requirements and the procedures for inviting non-members to attend meetings. The Committee is authorised to seek any information it requires from any Group employee or from any other source, including obtaining outside legal or other independent professional advice.

### 2.2 Board Skills Matrix

The biographies for each of the current Directors are on pages 38 to 41 of Brambles' 2021 Annual Report. These indicate the breadth of their business, financial and international experience. This gives the Board the range of skills, knowledge and experience essential to govern Brambles, including an understanding of the health, safety, environmental and community-related issues it faces.

Brambles first adopted a Board Skills Matrix in 2011. The Nominations Committee conducts an annual review of that matrix and, if necessary, makes recommendations to the Board on any changes which should be made to it (see Section 2.1.3). The Nominations Committee conducted such a review during the Year and recommended to the Board that no changes to the matrix were required. The Board subsequently reviewed the matrix and adopted the Nominations Committee's recommendation but noted that, in recruiting for new directors to replace Mr Froggatt and Ms Hassan, it should look to enhance its skills and experience in the digital, technology and innovation areas.

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The Board Skills Matrix is set out below and summarises the mix of skills and experience of the Directors. The Board Skills Matrix also identifies special skills which individual directors bring to the Board. These include experience in manufacturing, mergers and acquisitions, strategy development, digital and data analytics, IT infrastructure, corporate and project finance, risk management, remuneration policy and global and domestic networks.

Skill and Experience		No. of Directors
Functional	Finance	5
	Accounting	5
	Operations	10
International Management	Americas	8
	Europe	8
	Asia	10
Industry	FMCG	6
	Logistics	6
	Retail	9
	Supply Chain	7
	IT/Data	3
Public Company Experience	Australia	5
	International	10
Institutional Investor Profile	Australia	5
	International	7
Board History (other than Brambles)	Chair	3
	Committee Chair	7
	Non-Executive Director	11
Experience as Pooling Customer		5

### 2.3 Independent Directors

#### 2.3.1 Independent Decision-Making

The Board recognises the importance of independent judgement and constructive debate on all issues under consideration. With the approval of the Board Chair, Directors may take independent professional advice at Brambles' expense in the furtherance of discharging their duties and responsibilities. None of the Directors availed themselves of this right during the Year.

#### 2.3.2 Independent Directors

The Board has considered the independence of each of the Directors in office as at the date of this Statement and concluded that all Non-Executive Directors are independent. Therefore, the Board has a majority of independent Directors. In reaching this conclusion, the Board had regard to the matters set out in Box 2.3 of the CGPR. It noted that one of those matters exist as set out below.

#### Tenure

The Board has a tenure policy which provides that:

- Non-Executive Directors will ordinarily serve for a maximum of three terms of three years so that he or she serves no more than ten years.
- The Board retains discretion to invite a Non-Executive Director to serve beyond ten years:
  - If it considers it necessary having regard to the composition and blend of experience on the Board at that time; or
  - To properly manage Board succession; or
  - Where that Non-Executive Director is the Board Chair and, having regard to all the circumstances, it is appropriate for the Chair to serve for a period longer than 10 years from the date he or she was first appointed as a Non-Executive Director; or
  - If it otherwise considers that such an extension would benefit the Company.
- The annual assessment of the independence of Non-Executive Directors will continue to include an assessment of the independence of any Non-Executive Director who has served more than 10 years.



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Having regard to that policy, the Board has assessed the independence of one Non-Executive Director who has served for more than 10 years: Tony Froggatt.

Mr Froggatt has served as a Non-Executive Director for 15 years, having commenced on 1 June 2006. In considering his independence, the Board noted that, as part of its succession plans and to assist in both the smooth transition of the new Board Chair and to provide continuity having regard to the number of Non-Executive Directors with two years or less of tenure on the Board, Mr Froggatt stood for and was re-elected at the 2019 AGM. In doing so, he indicated that he would retire during his next term of office and he subsequently decided to retire at the conclusion of the 2021 AGM.

The Board considers Mr Froggatt to be independent in character and judgement and free from relationships with the Group's management or its businesses or substantial holders that could interfere with the exercise of independent judgement by him. The Board does not, therefore, believe that his length of service will materially interfere with his ability to exercise independent judgement or to act in the best interest of the Group.

Name	Year appointed	Year last elected	Executive or Non-Executive		Next due for election/re-election
			Independent		
G Chipchase	2017	N/A	Executive	No	N/A <sup>1</sup>
G El-Zoghbi	2016	2019	Non-Executive	Yes	2022
E Fagan	2018	2018	Non-Executive	Yes	2021
T Froggatt	2006	2019	Non-Executive	Yes	2022 <sup>2</sup>
T Hassan	2011	2020	Non-Executive	Yes	2023 <sup>3</sup>
K McCall	2020	2020	Non-Executive	Yes	2023
J Miller	2019	2019	Non-Executive	Yes	2022
J Mullen	2019	2020	Non-Executive	Yes	2023
N O'Sullivan	2017	2020	Executive	No	2023
S Perkins	2015	2018	Non-Executive	Yes	2021
N Scheinkestel	2020	2020	Non-Executive	Yes	2023

### 2.3.3 Regular Assessments

Directors are required to complete a declaration of interest form prior to their appointment. This form is tabled at the Board meeting to consider the appointment of the relevant Director. If their circumstances change or they acquire any office, property or interest that may conflict with their office as a Director of Brambles or the interests of Brambles, Directors are required to disclose the character and extent of that conflict in writing at the next Board meeting. The Board also makes an annual assessment of the independence of each Non-Executive Director. If the Board concludes that a Director has lost their status as an independent Director, that conclusion will be advised to the Australian Securities Exchange in a timely manner.

Directors are generally not entitled to attend any part of a Board meeting, or to vote on any matter, in which they have a material personal interest, unless the other Directors unanimously decide otherwise. In appropriate cases, Directors may be required to absent themselves from a meeting of the Board while such a matter is being considered.

### 2.4 Majority of Board Independent

The above table and the discussion at Section 2.3.2 shows that the Board has a majority of independent Directors.

### 2.5 Independent Chair

The Board has concluded that the Board Chair, John Mullen, is independent and that his other positions do not prevent him from devoting sufficient time to perform the role effectively. The Board does not, therefore consider it necessary to appoint a lead independent Director.

The role and responsibilities of the Board Chair are set out in the Board Charter. They include being responsible for leading the Board, facilitating the effective contribution of all Directors, promoting constructive and respectful relations between Directors and between the Board and management, setting the Board's agenda and managing meetings so that there is sufficient time for the Board to discuss agenda items, chairing shareholder meetings and facilitating effective communication with shareholders.

The Board Chair holds meetings with the Non-Executive Directors from time to time, including meetings at scheduled sessions, without the presence of the Executive Directors or other executives. The Non-Executive Directors meet without

<sup>1</sup> Following an amendment to Brambles' constitution which was approved by shareholders at the 2010 AGM, it is no longer necessary for the managing director of Brambles to stand for election or re-election. Graham Chipchase holds the role of managing director, but is referred to by the title of Chief Executive Officer.

<sup>2</sup> Mr Froggatt will retire as a Non-Executive Director at the conclusion of the 2021 AGM.

<sup>3</sup> Ms Hassan will retire as a Non-Executive Director at the conclusion of the 2021 AGM.

## Corporate Governance Statement – continued

the Chair present on such occasions as they consider appropriate.

The roles of Board Chair and Chief Executive Officer are exercised by two different individuals and are clearly documented (see above and Section 1.1.3). Mr Mullen does not have a history of employment with Brambles.

### 2.6 Induction and Professional Development

Under its Charter, the Nominations Committee has responsibility for developing a programme for the induction of Directors, as well as providing appropriate professional development opportunities for Directors to enable them to have the skills and knowledge required to perform their role effectively.

Newly appointed Directors receive appropriate induction and training, specifically tailored to their existing skills, knowledge and experience. Appointees are provided with an information pack including governance policies and business information, taken to visit operating sites and receive presentations on Brambles' businesses and functions by its business unit leaders and functional heads (including Human Resources, Information Technology, Treasury, Risk & Internal Audit, Legal and Secretarial, Supply Chain and Tax).

On an ongoing basis, Directors participate in various seminars and conferences held by industry and professional bodies. In addition, Board meetings regularly include sessions on recent developments in governance and corporate matters, significant accounting matters, operational site visits (although, during the Year, due to Covid19 restrictions, no Board site visits were able to be made) and meetings with local staff and major customers.

### Principle 3: Culture of Acting Lawfully, Ethically and Responsibly

#### 3.1 Values

Brambles' Code of Conduct (see Section 3.2) includes a statement of the Group's values.

Brambles' purpose, set out on its website and in the Code of Conduct 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. That's how Brambles contributes to a more sustainable future.*

The Code describes how this purpose is to be achieved through a set of Shared Values. Those values are:

- all things begin with the customer;
- we have a passion for success;
- we are committed to safety, diversity, people and teamwork;
- we believe in a culture of innovation; and
- we always act lawfully, ethically and with integrity and respect for the community and the environment.

A copy of the Code of Conduct, which includes a more detailed description of Brambles' Shared Values, is on Brambles' website.

### 3.2 Code of Conduct

Brambles has had a Code of Conduct since 2002. The current Code of Conduct was approved by the Board in October 2019 and took effect on 1 January 2020. The Code is reviewed annually by the Board. That review took place during the Year and the Board determined that no changes were required to be made to it.

The Code provides a foundation for the ethical conduct of Brambles. It is one of the ways in which Brambles incorporates its Shared Values (see Section 3.1) into its businesses. The Code describes how Brambles relates to its employees, customers and suppliers, shareholders and the communities in which it operates and in which its employees and key stakeholders live and work.

The Code of Conduct provides an ethical and legal framework for all employees in the conduct of Brambles' business.

The Code applies to all Brambles' Directors, officers and employees and requires them to ask of themselves "Is what I'm doing lawful; am I behaving ethically; am I acting with integrity and displaying the courage I need to build a better, more sustainable future?"

The Code of Conduct includes the suggestions set out in Box 3.2 of the CGPR. It also adopts the following policies, which are set out in schedules to the Code (and were part of the previous Code of Conduct):

- Corporate Social Responsibility;
- Speaking Up (i.e. whistleblowing, see Section 3.3);
- Continuous Disclosure & Communications;
- Group Guidelines for Serious Incident Reporting;
- Environmental;
- Competition Compliance;
- Health & Safety;
- Diversity;
- Securities Trading;
- Anti-Bribery and Corruption (see Section 3.4);
- Supplier;
- Human Rights (including modern slavery);
- Risk Management;
- Tax;
- Guidelines for Document Management; and
- Social Media.

Brambles implements the Code of Conduct through a variety of induction and training programmes. New employees must complete compliance induction training within their first thirty days of employment, which includes modules on the Code of Conduct, certain policies adopted by the Code (include Competition Compliance, Anti-Bribery and Corruption and Modern Slavery). Current employees must regularly complete refresher courses on the Code of Conduct.

The Code of Conduct requires Brambles' contractors to adhere to Brambles' health and safety, environmental and serious incident reporting standards and requires consultants or professional advisors who are engaged to undertake work for the Group to comply with the Continuous Disclosure & Communications Policy (see the Sections 5 and 6).

## Corporate Governance Statement – continued

At each of its meetings, the Board receives a report from the Group Vice President, Legal & Secretariat on any material breaches of the Code of Conduct, the investigation carried out in relation to that breach, the results of that investigation, any disciplinary action taken and any changes to policies or procedures which are considered necessary or desirable arising from the investigation.

### 3.3 Whistleblower Policy

Brambles has had a whistleblower policy (called the Speak Up Policy) since 2002. The current policy took effect from 1 July 2020. The policy is reviewed annually by the Board. That review took place during the Year and the Board determined that no changes were required to be made to it. A copy of the Speak Up Policy is on Brambles' website. It includes the suggestions set out in Box 3.3 of the CGPR.

At each of its meetings, the Board receives a Speak Up report from the Group Vice President, Legal & Secretariat. The report provides statistics on speak up matters including matters raised since the previous report by number, category, region and country, the number of speak up matters closed since the previous report by category and disciplinary action taken and rolling 12 month numbers of speak up matters by category and for sites which had five or more matters raised during the relevant 12 month period. The Speak Up report also provides details on material speak up matters including the investigation carried out, the result of the investigation, any disciplinary action taken and any changes to policies or procedures which are considered necessary or desirable arising from the investigation.

Under its Charter, the Board is responsible for monitoring the communication and compliance with the Speak Up Policy throughout Brambles, and monitoring the provision of appropriate protection against victimisation and dismissal of employees who make disclosures pursuant to that policy.

### 3.4 Anti-Bribery and Corruption Policy

Brambles has had an Anti-Bribery and Corruption Policy since 2014. The current policy took effect on 1 January 2020. The policy is reviewed annually by the Board. That review took place during the Year and the Board determined to make some minor amendments to the policy to provide further clarification on the prohibition of facilitation payments under the policy. Those amendments took effect on 1 July 2021. A copy of the Anti-Bribery and Corruption Policy incorporating those amendments is on Brambles' website. It includes the suggestions set out in Box 3.4 of the CGPR.

As a part of the report on the Code of Conduct and Speak Up Policy referred to in Sections 3.2 and 3.3, the Group Vice President, Legal & Secretariat reports to the Board on any breaches of the Anti-Bribery and Corruption Policy.

## Principle 4: Safeguard Integrity of Corporate Reports

### 4.1 Audit Committee

During the Year the Board reviewed its governance structures for its oversight of Brambles' risks. As a result of that review, the Board determined that, with effect from 1 March 2021, the role of the Audit Committee should be expanded to include

the oversight of risk and it was re-named the Audit & Risk Committee. Where applicable, this section deals with the roles and responsibilities of the Audit & Risk Committee relating to corporate reports. Detail of the Audit & Risk Committee's roles and responsibilities for the oversight of risks are in Section 7 below.

#### 4.1.1 Objective

Brambles has an Audit & Risk Committee whose objective and purpose includes assisting the Board in fulfilling its corporate governance and oversight responsibilities by:

- Monitoring and reviewing:
  - The integrity and adequacy of external financial statements;
  - Internal financial controls and business processes;
  - The objectivity and effectiveness of the internal auditors;
  - The effectiveness of the management of the Group's material risks; and
  - The independence, objectivity and effectiveness of the external auditors; and
- Making recommendations to the Board in relation to the appointment and removal of the external auditors, the approval of their remuneration and the terms of their engagement, including the rotation of external audit engagement partners.

#### 4.1.2 Composition

The Audit & Risk Committee has five members and is chaired by Nora Scheinkestel, an independent Non-Executive Director.

The Audit & Risk Committee is comprised entirely of Non-Executive Directors, all of whom the Board considers to be independent.

The members of the Audit & Risk Committee during the Year and as at the date of this Statement are Nora Scheinkestel (Committee Chair from 20 August 2020), Scott Perkins, Elizabeth Fagan, Tahira Hassan (from 1 March 2021) and Ken McCall (from 1 March 2021). Brain Long was Chair of the Committee until 20 August 2020 and a member of the Committee until his retirement from the Board on 10 October 2020.

Details of the number of Audit & Risk Committee meetings held during the Year, and attendance at those meetings, are set out on page 67 of Brambles' 2021 Annual Report.

#### 4.1.3 Technical Expertise

The qualifications and experience of the current members of the Audit & Risk Committee are set out in their respective biographies on pages 39 to 41 of Brambles' 2021 Annual Report.

The Board considers that each member of the Audit & Risk Committee has recent and relevant financial and accounting experience and an understanding of accounting and financial issues relevant to Brambles and, between them, have an understanding of the industry in which Brambles operates.

## Corporate Governance Statement – continued

### 4.1.4 Charter

The Audit & Risk Committee has a Charter, a copy of which is on Brambles' website. The Charter, which is reviewed annually, sets out the Committee's duties and responsibilities, composition, structure, membership requirements, authority and access rights, and sets out a procedure for inviting non-members to attend its meetings. During the Year, the Charter was reviewed and amended to incorporate the expansion of its role to include the oversight of risk (see Section 7 below for details). These amendments took effect on 1 March 2021.

The Charter requires the Audit & Risk Committee to meet with internal and external auditors at least once a year without executive management being present.

The Audit & Risk Committee discharges its responsibilities in relation to corporate reporting by meeting regularly throughout the year and, among other matters:

- Reviewing, and challenging where necessary, the actions and judgement of management in relation to proposed full-year and half-year financial reports before recommending to the Board whether the financial reports should be signed;
- Reviewing and making recommendations to the Board in relation to the adequacy of the Group's internal financial reporting processes;
- Reviewing and approving the audit plans of the internal auditors, including the scope, adequacy and materiality level of their audits; monitoring compliance with the audit plans of the internal auditors and the effectiveness of the execution of those plans; reviewing reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings, and reports from the internal auditors on the implementation of those action plans; and facilitating an open avenue of communication between the internal auditors, the external auditors and the Board, approving the appointment or removal of the head of internal audit and monitoring the adequacy of resourcing of the internal audit function and their objectivity and independence from executive decision making;
- Reviewing the audit plans of the external auditors, including the nature, scope, materiality level and procedures of their audits; monitoring compliance with, and the quality and effectiveness of, the audit plans of the external auditors; and reviewing reports from the external auditors in relation to their half-year and full-year financial report audit findings, management responses and action plans in relation to those findings, and reports from the external auditors on the implementation of those action plans, overseeing the process for selecting and removing the external auditors; and
- Reviewing and recommending to the Board for approval the fees payable to the external auditors, monitoring compliance with the Charter of Audit Independence (a copy of which is on Brambles' website) and pre-approving the performance by the external auditors of any non-audit related work and any proposed fees to be

paid to the external auditors for that work, for which its approval is required by the Charter of Audit Independence. The Charter divides non-audit work into three categories: work which must be approved by the Chief Financial Officer (if fees will fall below specified limits); work which must be approved by the Audit & Risk Committee; and work which is prohibited. Prior consultation with, and approval of, the Chief Financial Officer or Audit & Risk Committee, as prescribed by the Charter, is required whenever management recommends that the external auditors undertake non-audit work. Internal accounting, valuation services, actuarial services, internal audit services, the design, development or implementation of financial information or control systems, financial advisor services and certain personal tax services for Brambles employees must not be performed by the external auditors.

### 4.2 CEO and CFO Declaration

Prior to approving Brambles' financial statements for each half- and full-year reporting period, the Board receives a declaration from the Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements for the applicable reporting period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group. The declaration also provides that the opinion is founded on a sound system of risk management and internal control and that the system is operating effectively.

### 4.3 Periodic Corporate Reports

Under its Charter, the Board is responsible for monitoring the process for verifying the integrity of Brambles' periodic corporate reports which it releases to the market. These reports include those parts of its annual and half-year directors' and financial reports not audited or reviewed by an external auditor and its sustainability review. The verification process requires a review and sign off by the relevant business unit and functions which, in the latter case, includes Finance, Treasury, Tax, Legal & Secretariat, Sustainability and Risk & Assurance.

## Principle 5: Make Timely and Balanced Disclosure

### 5.1 Continuous Disclosure Policy

Brambles is committed to the promotion of investor confidence by taking all steps within its power to enable trading in its securities to occur in an efficient and informed market. Brambles recognises the importance of effective communication as a key part of building shareholder value, and that to prosper and grow, it must earn the trust of shareholders, employees, customers, suppliers and communities, by being open in its communications and consistently delivering on its commitments. In order to achieve this, Brambles is committed to providing market communications which are accurate, balanced and expressed in a clear and objective manner that allows investors and other stakeholders to assess the impact of that information

## Corporate Governance Statement – continued

The Board has a Continuous Disclosure & Communications Policy. The Policy is a Schedule to the Code of Conduct. The policy is reviewed annually by the Board. That review took place during the Year and the Board determined that no changes were required to be made to it. The Policy includes the suggestions set out in Box 5.1 of the CGPR. A copy of the Policy is on Brambles' website.

In relation to Brambles' continuous disclosure obligations, the Policy:

- Reinforces Brambles' commitment to the continuous disclosure obligations;
- Sets out the processes Brambles implements to manage compliance with its continuous disclosure obligations;
- Sets up a Disclosure Committee (comprising the Board Chair or in his or her absence the Audit & Risk Committee Chair or in his or her absence a Non-Executive Director), the Chief Executive Officer, the Chief Financial Officer and the Group Vice President, Legal & Secretariat to manage compliance with the Policy;
- Outlines the responsibilities of the Disclosure Committee, which is to review whether information is required to be disclosed under Brambles' continuous disclosure obligations and, where Board approval for authorising such disclosure is not possible, to authorise the disclosure;
- Outlines Brambles' corporate governance standards and related processes to ensure that timely, balanced and accurate information about Brambles is provided equally to all shareholders and market participants;
- Sets out those persons who are authorised to communicate with the media and investors; and
- Outlines Brambles' policy on rumours and market speculation.

### 5.2 Copies of Market Announcements to Board

Brambles has processes in place to provide all Directors with copies of all material market announcements promptly after they have been made (although in most cases the Board will have reviewed and approved such announcements prior to them being lodged with the market).

### 5.3 Investor and Analysts Briefings

Brambles conducts investor and analyst briefings as a part of its investor relations programme. These comprise both general briefings open to the analyst and investment community (e.g. on half and full year results and investor days) as well as private briefings with investors and analysts. Under its Continuous Disclosure and Communications Policy:

- no new materials or price-sensitive information is provided at either of those types of briefings unless it has been previously or is simultaneously released to the market; and
- during the period from seven days before the end of a reporting period until the announcement of half-year or full-year results, as the case may be, or the two-week period prior to any pre planned trading update, Brambles will not meet with analysts or investors.

Brambles also posts all presentation materials on its website and, for general briefings, webcasts of the briefing are also posted. Investors and analysts can participate in general briefings by dial in or webcast facilities, details of which are provided prior to the briefing. The Continuous Disclosure and Communications Policy sets out the protocols which must be followed in private briefings with investors and analysts. These include requiring at least two Brambles representatives to attend the briefings and maintaining a record of the briefings which includes a summary of the issues discussed, a record of those present (names or numbers where appropriate) and the time and place of the meeting.

## Principle 6: Respect the Rights of Security Holders

### 6.1 Information on Website

Brambles' website contains detailed information about the Company, its businesses and their respective operations and its governance practices. It contains the information which the CGPR commentary on this recommendation says should be included on a listed entities corporate governance area and other appropriate areas of its website.

### 6.2 Investor Relations Programme

Brambles has a structured investor relations programme.

Brambles follows a calendar of regular disclosure of its financial and operational results. The Investor Centre page on Brambles' website includes advance notice of the dates for the release of half-year and full-year results, other financial information, shareholder meetings and major analyst and investor briefings. Brambles webcasts all significant briefings and retains these webcasts and transcripts on its website.

Beneficial owners of shares, investors or members of the public are encouraged to register for free email alerts, so that they may stay up to date on major news announcements made by Brambles. The Email Alerts registration area is on the homepage of Brambles' website. Users of the email alerts service may customise the types of announcements they receive. Shareholders may also ask questions via an enquiry page on Brambles' website.

Brambles posts a copy of all announcements made to the ASX on its website. On release, significant announcements are highlighted in the News Updates area on the website's homepage. These announcements are also made available in public channels such as Twitter and LinkedIn.

Presentations to investors, analysts or media during briefings and copies of speeches and presentations made by the Board Chair and Chief Executive Officer at general meetings are released as regulatory announcements and posted on Brambles' website after release. Shareholder meetings and, where possible, investor and analyst briefings are webcast live on Brambles' website. All of the ASX regulatory releases and notices of meetings Brambles Limited has published since it was listed in December 2006, as well as all webcasts since that time, are available on Brambles' website.

The Board Chair meets major investors from time to time to understand their issues and concerns and discuss particular

matters relating to Brambles' governance and strategy. The Remuneration Committee Chair also meets investors to understand their issues and concerns relating to Brambles' remuneration policy and practices. The Chief Executive Officer, Chief Financial Officer and other senior executives regularly meet investors and other market participants to understand their issues and concerns and discuss Brambles' performance and strategy. No new material or price-sensitive information is provided at such meetings. Other Non-Executive Directors attend meetings with major investors from time to time. The Board Chair reports to the Board on the matters discussed at meetings with major investors and copies of relevant correspondence are provided to the Board. Executive management provides information on shareholder activity and trading to the Board, along with shareholder feedback and copies of analysts' reports.

### 6.3 Shareholder Meetings

AGMs provide an opportunity for the Board to communicate with investors, through presentations on Brambles' businesses and current trading. Shareholders are encouraged to attend AGMs and to participate and use the opportunity to ask questions on any matter. Shareholder meetings are also webcast live on Brambles' website. After a successful virtual AGM held in 2020, and subject to any Covid19 public health order restrictions and health and safety requirements more generally, Brambles will consider holding hybrid meetings for future AGMs.

To make better use of the limited time available, shareholders are invited to register questions and issues of concern prior to AGMs. This can be done either by completing the relevant form accompanying the notices convening the meetings or by emailing Brambles at [shareholderquestions@brambles.com](mailto:shareholderquestions@brambles.com). Answers to frequently asked questions are given during presentations to AGMs. Shareholders may also ask questions at AGMs without having registered their questions in this manner.

### 6.4 Shareholders Resolutions

Brambles has adopted a policy since 2002 of having all resolutions at its shareholder meetings decided on a poll.

### 6.5 Electronic Communications

Shareholders are encouraged to provide an email address to Brambles' share registry so that they can be sent an electronic notification when a communication is available on Brambles' website, rather than a hard copy. Brambles believes shareholders benefit from electronic communication as they receive information promptly and have the convenience and security of electronic delivery. Electronic communication is also environmentally friendly and generates cost savings which benefit all shareholders. Shareholders who provide an email address but do not specify a preferred method of communication are provided with all shareholder communications electronically by email.

Shareholders may electronically appoint proxies and lodge proxy instructions for items of business to be considered at general meetings, or have the option of lodging direct votes.

## Principle 7: Recognise and Manage Risk

### 7.1 Risk Oversight

The Board has adopted a risk management framework.

The objectives of the risk management framework are:

- To incorporate effective risk management as part of Brambles' strategic planning process;
- To require business operating plans to address the effective management of key risks;
- To develop internal audit plans to concentrate efforts on providing assurance on the viability and value of risk mitigation and management processes;
- To embed a stronger risk management culture;
- To improve allocation of capital to reflect business risks;
- To seek competitive advantage through increased certainty of achieving agreed organisational and business objectives; and
- To continue to fulfil governance requirements for risk management.

To achieve these objectives, the risk management framework sets out:

- Clear roles and responsibilities for the Board, Audit & Risk Committee, CEO and Executive Leadership Team, Risk & Compliance Committees (RCC) and Internal Audit function;
- A process for timely review, analysis and evaluation of risks;
- A process for development of mitigation plans for each material risk with specific timeline and accountability assigned for execution; and
- A process for monitoring risk management via appropriate measures and indicators.

As mentioned in Sections 1.1.1 and 4.1 above, during the Year the Board reviewed its governance structures for its oversight of Brambles' risks. Prior to that review, Brambles did not have a separate risk committee. Rather, the Board was responsible for overseeing Brambles' risk management framework but had delegated part of that responsibility to the Audit Committee. As a result of that review the Board determined that it should delegate the oversight of Brambles' risk management framework to the Audit Committee and reconstitute the Audit Committee as an Audit & Risk Committee. Both the Board's and the Audit Committee's Charters were amended to give effect to these changes, which applied from 1 March 2021.

Under those amendments, the Board is responsible for:

- Approving the Group's risk appetite and its risk management framework, which covers both financial and non-financial risks and systems of internal control;
- For any specific risks which the Board reserves to itself from time to time, monitoring managements' performance against the risk management framework including whether it is operating with the risk appetite approved by the Board in relation to those risks; and
- Conducting a bi-annual review of: the risk appetite and the effectiveness of the risk management framework and internal control systems; whether any changes should be

## Corporate Governance Statement – continued

made to the risk appetite or that framework and systems (having regard, where applicable, to any recommendations of the Audit & Risk Committee) and emerging and sustainability risks; and

- Conducting an annual review of the Group's insurance programme.

The specific risks which the Board has reserved to itself are high impact Cybersecurity, Safety and people related risks (e.g. attraction and retention of talent and inclusion and diversity). A description of these risks is set out on pages 29, 31 and 32 of Brambles 2021 Annual Report.

Under its amended Charter, the Audit & Risk Committee is responsible for:

- overseeing the implementation of Brambles' risk management framework;
- conducting a bi-annual review of the effectiveness of the risk management framework and making recommendations to the Board on its effectiveness and, if appropriate, any changes which should be made to it;
- except for any specific risks the Board reserves to itself, reviewing Brambles' material contemporary risks, emerging risks and sustainability risks and the trends in Brambles profile of those risks;
- monitoring managements' performance in managing the Group's material contemporary, emerging and sustainability risks against the risk appetite set by the Board; and making recommendations to the Board on whether the Group's material risks are being managed within the risk appetite approved by the Board and any changes which should be made to the risk appetite; and
- reviewing any material incident involving fraud or a break-down of the Group's risk controls and the implementation of changes in processes or procedures arising from that incident.

The members of the Audit & Risk Committee are set out in Section 4.1.2 above. Details of the number of Audit & Risk Committee meeting held during the Year, and attendance at those meetings, are set out on page 67 of Brambles' 2021 Annual Report.

The Board and Audit & Risk Committee are supported in their respective roles by management (in particular by the Chief Executive Officer and Chief Financial Officer, through the ELT, and the Group Vice President Risk, Internal Audit & Insurance) and the Group's internal audit function.

Brambles' Headquarters and each of its business units have a RCC. Brambles also has an Information Technology (IT) RCC, a Global Supply Chain (GSC) RCC and a Sustainability Risk Committee (see Section 7.4). In addition, the ELT acts as a Group RCC (see below).

The Brambles Headquarters RCC is chaired by the Chief Financial Officer and its members include key functional heads. The IT RCC is chaired by the Chief Information Officer and its members include executives from the IT Department. The GSC RCC is chaired by the Senior Vice President, Global Supply Chain and its members include executives from the GSC function. Each RCC conducts an in-depth review on a

regular basis of the risk profile of the relevant business unit, Headquarters, IT or GSC systems and operations, as the case may be, including their respective material environmental and social risks (see Section 7.4). The Business Unit Presidents review the risk profile and accompanying mitigation plans of their respective business units before they are consolidated into the Group-level risk profile. The risk profiles and mitigation plans for Brambles' Headquarters, IT, GSC, the sustainability risk profile submitted by the Sustainability Risk Committee (see Section 7.4), the business units and the Group as a whole are evaluated by the ELT, acting as the Group RCC, with support from the Group Vice President Risk, Internal Audit & Insurance. The ELT, through the Chief Executive Officer, prepares the risk reports to the Board and Audit & Risk Committee described in Section 7.2.

A description of the nature of the Group's material strategic and operating risks and how those risks are mitigated is set out in the Operating & Financial Review on pages 28 to 32 of Brambles' 2021 Annual Report.

### 7.2 Review of Risk Management Framework

The Audit & Risk Committee oversees the implementation of the risk management framework by:

- conducting a "deep dive" of key strategic risks from the relevant risk owners which include their assessment of the risk, the status of key mitigants and whether the risks are operating within the risk appetite approved by the Board;
- receiving assurance from Brambles' internal audit function (see Section 7.3 below) on the controls to mitigate key risks;
- critically reviewing twice-yearly reports from the ELT on the Group's risk profile and mitigation factors, performance against the risk management framework, whether risks are operating within the risk appetite approved by the Board and on new and emerging sources or risk and the risk control and mitigation measures that management has put in place to deal with those risks; and
- making recommendation to the Board on the effectiveness of the risk management framework and any changes which should be made to it or to the risk appetite approved by the Board.

The Board reviews the effectiveness of the internal control and risk management framework on an ongoing basis by:

- Receiving and critically reviewing twice-yearly reports from the ELT on the effectiveness of the Group's risk management framework in relation to the risks specifically reserved to the Board, whether Brambles' key risks are within the Board approved risk appetite and, where that is not the case for a specific risk, the action plan to return that risk to within that appetite;
- receiving and reviewing reports from the Audit & Risk Committee on the effectiveness of the risk management framework;

## Corporate Governance Statement – continued

- reviewing the risk appetite for key risks and whether any changes to that appetite should be made having regard to any recommendations of the Audit & Risk Committee;
- Considering and approving the budget and forward plan of each business;
- Reviewing detailed monthly reports on business performance and trends;
- Setting limits on delegated authority;
- Receiving regular reports on Brambles' treasury activities, and reviewing treasury guidelines, limits and controls;
- Receiving twice-yearly written assurances from the Chief Executive Officer and Chief Financial Officer, as described in Section 4.2; and
- Conducting an annual review of the Group's insurance programme.

These reviews took place during the Year.

### 7.3 Internal Audit Function

Brambles has an internal audit function which is independent of the external auditor and management. Brambles' internal audit function carries out risk-based audits under an annual plan approved by the Audit & Risk Committee. The internal audit team makes an independent appraisal of the adequacy and effectiveness of Brambles' risk management and internal control system, to provide assurance to the Audit & Risk Committee and the Board.

The Group Vice President, Risk, Internal Audit & Insurance has direct access to the Chair of the Audit & Risk Committee and the Chair of the Board. Both the Audit & Risk Committee and the internal audit team have unrestricted access to management and the right to seek information and explanations.

### 7.4 Environmental and Social Risks

In 2015, economic, environmental and social sustainability risks were incorporated into the Group's risk management framework. In 2016, this framework was further enhanced with the establishment of a Sustainability Risk Committee (SRC).

The SRC is a management committee comprising Brambles' Group Senior Vice President, Human Resources, Group Vice President, Legal & Secretariat, Global Head of Sustainability, Group Vice President, Risk, Internal Audit & Insurance and a cross-section of senior Brambles corporate and business unit executives with relevant and applicable functional expertise.

The objectives of the SRC are, amongst others, to assist the ELT and the Board to fulfil their corporate governance and oversight responsibilities relating to sustainability risks by identifying, assessing, monitoring and reporting on the Group's exposure to sustainability (which includes environmental and social risks) and climate change risks, determining whether the Group has a material exposure to any sustainability or climate change risks, and monitoring new and emerging sustainability and climate change risks.

The SRC supplements the role of the Group RCCs, which continue, as a part of their regular review of their respective risk profiles and material risks, to identify, assess and, if applicable, adopt mitigation plans for sustainability risks. The SRC receives and reviews that part of the bi-annual risk

reports prepared by the Group RCCs to the ELT that relate to their respective sustainability risks and the risk mitigations plans for those risks. It assesses and reports to the ELT on whether the Group has a material exposure to those risks. Any such risks, and their associated mitigation steps, are included in the bi-annual report from the ELT to the Board (see Section 7.2).

The SRC also reviews and approves on a bi-annual basis a sustainability risk matrix for the Group.

During the Year, and following the process outlined above, Brambles identified timber supply, inclusion and diversity, climate change and safety as material environmental and social risks. A description of the implications of these risks, and the actions being taken to mitigate them, are set out on pages 30 to 32 of Brambles' 2021 Annual Report. Page 32 of the Brambles 2021 Annual Report also provides details on how Brambles manages climate change risks.

In addition, during the Year, Brambles assessed the risks and opportunities from climate change by reference to the recommendations of the Financial Stability Board's Task Force on Climate Related Financial Disclosures. A report on that assessment and its approach on climate change risks is on pages 22 to 24 of Brambles 2021 Annual Report.

## Principle 8: Remunerate Fairly and Responsibly

### 8.1 Remuneration Committee

#### 8.1.1 Objective

Brambles has a Remuneration Committee whose objective and purpose is to assist the Board in establishing remuneration policies and practices that:

- enable Brambles to attract, retain and motivate executives and Directors who will create value for shareholders;
- align with the Group's Code of Conduct (including Brambles' Shared Values), strategic objectives and risk appetite;
- fairly and responsibly reward executives having regard to the performance of Brambles, the performance of the executive and the general remuneration environment;
- prevent executive incentive plans from rewarding conduct that is contrary to the Code of Conduct, strategic objectives and risk appetite; and
- comply with current corporate governance requirements and the provisions of the ASX Listing Rules and the Corporations Act.

#### 8.1.2 Composition

The Remuneration Committee is comprised entirely of Non-Executive Directors, all of whom the Board considers to be independent. The members of the Committee during the Year were Scott Perkins (Committee Chair), Tony Froggatt, George El-Zoghbi, Tahira Hassan (up to 1 March 2021, when she retired from the Committee to join the Audit & Risk Committee), John Mullen and Jim Miller. (Elizabeth Fagan will join the Remuneration Committee on 19 October 2021, when Tony Froggatt retires from the Committee and the Board.)



## Corporate Governance Statement – continued

Details of the number of Remuneration Committee meetings held during the Year, and attendance at those meetings, are set out on page 67 of Brambles' 2021 Annual Report.

### 8.1.3 Charter

The Remuneration Committee has a Charter, a copy of which is on Brambles' website. The Charter sets out the Committee's duties and responsibilities, composition, structure, membership requirements, authority and access rights, and a procedure for inviting non-members to attend its meetings.

The Remuneration Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- determining and agreeing with the Board the broad policy for the remuneration of the Board Chair of the Board, the Chief Executive Officer and other members of the ELT, and reviewing the ongoing appropriateness and relevance of the executive remuneration policy;
- determining and implementing a process to enable the Committee to satisfy itself that the conduct of members of the ELT is consistent with the Code of Conduct and risk appetite and reviewing and, if necessary, amending that process;
- reviewing and recommending to the Board for approval the entire specific remuneration of the Chief Executive Officer;
- reviewing and determining the remuneration for the Executive Directors, other than the Chief Executive Officer, and reviewing the proposed remuneration for the ELT;
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and Brambles, that failure is not rewarded and that the duty to mitigate loss is fully recognised, and, in determining such packages and arrangements, giving due regard to all relevant regulations and associated guidance;
- insofar as they impact on the Executive Directors and the ELT, approving the design of, and determining targets for, all cash-based executive incentive plans, and:
  - recommending to the Board for approval the total proposed payment to the Chief Executive Officer; and
  - approving the total proposed payments for all other Executive Directors, members of the ELT and other participants, from all such plans;
- in conducting reviews of the Chief Executive Officer's, other Executive Directors' and ELT members' remuneration outcomes, satisfying itself that the outcomes under cash-based and equity-based incentive plans will not reward conduct that is contrary to the Code of Conduct, strategic objectives or risk appetite and, if applicable, making recommendations to the Board on whether any such remuneration outcomes should be modified;
- keeping all equity-based plans under review in light of legislative, regulatory and market developments; determining each year whether awards will be made under such plans and whether there are exceptional

circumstances that allow awards at other times; approving total proposed awards under each plan; recommending to the Board for approval the proposed awards to the Chief Executive Officer and approving awards to all other Executive Directors, members of the ELT and other participants in those plans;

- annually reviewing and taking account of the remuneration trends across Brambles in its main markets, reviewing and making recommendations to the Board on whether there is any gender or other discriminatory bias in relation to directors, senior executives or other employees; and
- selecting, appointing and setting the terms of reference for external remuneration consultants who advise the Committee or Brambles in respect of the remuneration of the Executive Directors and other key management personnel.

### 8.2 Remuneration Policy

Details of Brambles' remuneration policy can be found in the Directors' Report – Remuneration Report on pages 46 and 58 of Brambles' 2021 Annual Report. The policy provides for a clear distinction between the structure of Non-Executive Directors' remuneration and that of the Executive Directors and executive management. For example, Non-Executive Directors do not receive performance or equity-based remuneration and do not receive retirement benefits other than superannuation.

The remuneration of the Board Chair is determined by the Remuneration Committee. The Board Chair does not participate in that part of Remuneration Committee meetings during which his remuneration is discussed. The remuneration of the other Non-Executive Directors is determined by the Executive Directors and the Board Chair, with the other Non-Executive Directors taking no part in the discussion or decision relating to their remuneration. In setting remuneration, advice is sought from external remuneration consultants.

The Remuneration Committee may seek input from certain members of executive management on remuneration, but no members of executive management are directly involved in deciding their own remuneration.

The minimum shareholding requirements for Executive Directors and other members of the ELT and for Non-Executive Directors are set out in the Directors' Report – Remuneration Report on pages 49 and 59 respectively of Brambles' 2021 Annual Report.

### 8.3 Policy on Limiting Economic Risk of Equity-Based Remuneration

Brambles' Securities Trading Policy sets out its policy on hedging its equity-based remuneration. It provides that senior executives may not enter into any hedging arrangements or acquire financial products (such as equity swaps, caps and collars or other hedging products) over unvested equity awards which have the effect of reducing or limiting exposure to risks associated with the market value of Brambles shares. It

## **Corporate Governance Statement** – continued

also prohibits senior executives from using Brambles shares as security for loans, including margin loans.

The Securities Trading Policy is a Schedule to Brambles' Code of Conduct, a copy of which is on the Company's website.

In addition, the rules of Brambles' Performance Share Plan (the plan under which equity awards are granted) give the Board discretion to cancel unvested equity awards where a participant has hedged the value of, or entered into derivative arrangements in respect of, any equity award granted to the participant.