

Brambles

Task Force on Climate-related Financial Disclosures
2021 Annual Disclosure

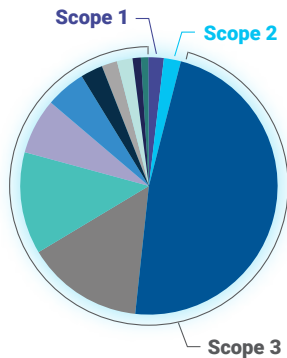


**Pioneering
Regenerative
Supply Chains**

Brambles' Climate Change Strategy

Brambles has embraced the low-carbon transition, leveraging its circular 'share and reuse' model to decarbonise its own and customers' supply chains.

Brambles' Carbon Profile by spend category covering Scope 1, 2 and 3



Scope 1

■ Onsite Fuel + Fleet Fuel 2%

Scope 2

■ Electricity 2%

Scope 3

■ Logistics Truck 49%

■ New Pallets 15%

■ Outsourced Service Centres 13%

■ Timber Boards & Blocks, Nails & Paint 7%

■ Goods & services 5%

■ Waste 3%

■ Industrial Machinery & Equipment 2%

■ Logistics Rail 2%

■ Other transport 1%

■ Business travel & Commuting 1%

Brambles' Scope 3 emissions accounting approach follows best practice and meets the requirements outlined in the Greenhouse Gas Protocol. Scope 3 emissions will be assured for Brambles' Sustainability Review due for release September 2021. The method takes a hybrid approach based on economic modelling using input/output analysis, direct spend data matched to physical purchases, e.g. metres cubed of wood, and indirect spend data mapped to a detailed multi-regional input/output database.

Climate-related impacts, including the financial risks and opportunities of a low-carbon economic transition, continue to lead the narrative from governments, customers, and investors in Brambles' key regions of operation. This context reinforces Brambles' sustainable business model and its newly adopted 2025 targets' ambition to Pioneer Regenerative Supply Chains as the appropriate strategy for its stakeholders as they pursue business-ready, sustainable solutions to their supply chain challenges in an environment of constant change.

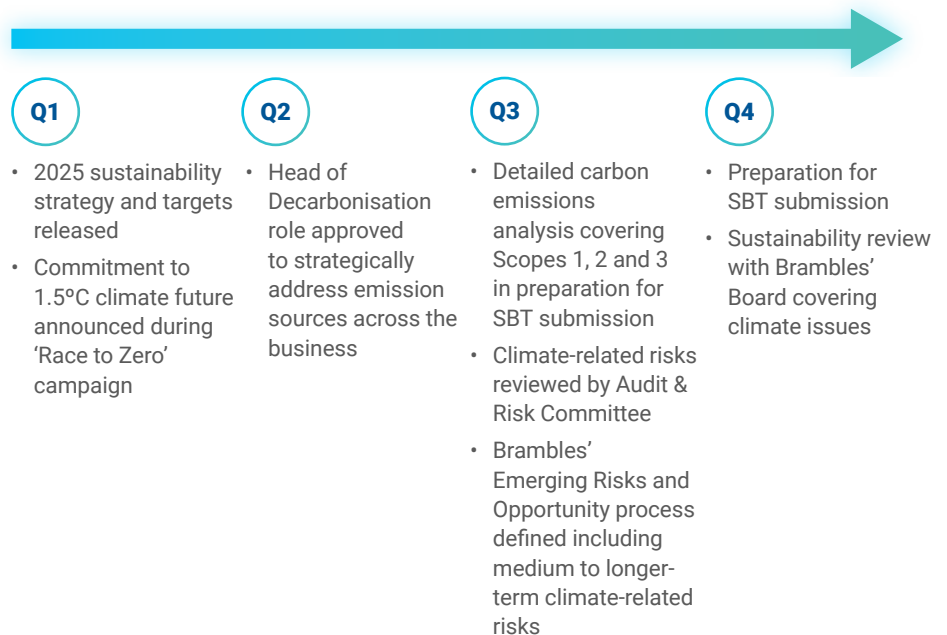
The inherent low-carbon nature of circular business models is increasingly viewed as the complementary measure to decarbonising the world's energy systems in line with the 2015 Paris Climate Agreement (['Completing the Picture: How the Circular Economy Tackles Climate Change'](#)).

In essence, circular business models design out waste and pollution, keeping products and materials in use rather than using them up, and regenerating the natural systems they depend on.

Brambles' new sustainability targets strive for a sustainable equilibrium between the business' requirement for natural resources and nature's ability to regenerate this value. Beyond equilibrium is where additional value is created and is the territory where Brambles' 2025 sustainability targets seek to deliver more positive outcomes such as accelerating the transition to a low-carbon, circular economy.

During FY21, Brambles built upon its 2020 Task Force for Climate-related Financial Disclosure (TCFD) by further integrating the TCFD recommendations into its governance, risk and strategy functions and strategic business projects. Brambles' finance function has also established links from its accounting systems to Brambles' carbon emissions SBT processes laying the foundations for robust monitoring and measurement of emissions performance across its supply chain.

FY21 TCFD Timeline



Brambles' FY20 TCFD outlined 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. Its progress throughout FY21, against these themes, is provided below.



Brambles' Low-Carbon Advantage

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

The focus on ESG throughout FY21, specifically climate issues, has never been higher, and Brambles' sustainability leadership position has created more collaboration opportunities with customers and cultivated positive interactions with its investors. For its customers, this has led to practical environmental outcomes, cutting carbon and waste from their supply chains. For its investors, the clear advantages of Brambles' model as well as its strategy to capitalise on the accelerating decarbonisation plans driven by governments and industry in Brambles' key regions of operation has been better understood. Brambles' ZWW programme increased its impact and expanded into the Asia-Pacific region through the CHEP Australia business.

Brambles also deployed its first regenerative product made from 100% post-consumer recycled plastic, demonstrating the tenacity of its innovation teams to deliver platform solutions that address multiple problems for its customers.

As more governments, customers and industry sectors adopt strategies for an increasingly climate-conscious marketplace, Brambles will continue to educate, advocate, and lead on the virtues of circular models to deliver business value and address climate change while creating more positive value for society.



Brambles' Network Resilience

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.

The vital role of circular business models is accentuated in times of scarcity, and the continuation of elevated and unpredictable levels of consumer demand in FY21 provided real-world stress testing of the value Brambles brings to global supply chains. Brambles' service centre and logistics teams have not only mitigated this risk but redefined it as a climate-related opportunity, uniquely characteristic of its circular model and distributed network. Brambles' asset productivity measures combined with continued investment in automation have accelerated the efficiency of the pallet repair process. Brambles' well-established transport collaboration programme delivered heightened value in the face of cost inflation, which also serves as an essential Scope 3 transport emissions decarbonisation strategy. Looking ahead, Brambles will continue to integrate climate-related considerations across its networks and the business planning processes that underpin them. FY22 will see a deeper assessment of the resilience against potential physical climate-related risks for key service centres and related infrastructure, and linking climate assessments to our investment processes.



Raw Material Supply Security and Continuity

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.

The challenges of the pandemic have impacted global timber supply chains as increased demand from housing construction combined with capacity constraints in timber mills impacted both price and availability of raw materials. Consequently, the effectiveness of Brambles' mitigation actions against the medium- to longer-term materials supply risks were tested as wood supply became constrained. Brambles' steadfast commitment to sustainable sourcing of timber has safeguarded our businesses from uncertified materials in forest product markets while improving our suppliers' efficiencies and costs. Strategic procurement programmes, including more Forest Stewardship Council certified forest acquisitions in South Africa, leveraging our scale for price, and developing new sources of materials, helped create a reliable pathway for ongoing sustainable materials supply and security. Furthermore, our partnerships with critical tier-one suppliers have delivered a step-change in sawmill yield, maximising the outputs of our increasingly valuable materials. As a carbon neutral business, Brambles closely monitors carbon offset markets and the role of carbon offsetting in potential government policies.

Brambles' Climate Change Strategy continued



Brambles is a carbon neutral operations company

Brambles' Progress on Climate

Brambles made solid progress in the first year of its regenerative strategy. Brambles' Climate Positive and Forest Positive programmes aim to decarbonise its own operations and the carbon emissions within its supply chain. Brambles' Business Positive targets are designed to cut carbon and waste from its customers' supply chains.

In October 2020, as part of the 'Race to Zero' campaign, Brambles announced its commitment to contribute to global efforts to limit global heating to 1.5°C above pre-industrial levels. This is the highest level of climate ambition and is supported by a commitment to align its carbon targets to the SBT initiative, including addressing its suppliers' emissions. Brambles' total emissions across Scope 1, 2 and 3 sources are visualised on page 22, which illustrates that 95% of our emissions are embodied in goods and services purchased from our suppliers. Action on its operational emissions includes a commitment to source 100% of its electricity from certified renewable sources by 2025 and becoming carbon neutral across its Scope 1 and 2 emissions, which was achieved in 2021.

Governance

Climate issues, including the risks and opportunities for Brambles under different climate scenarios, are part of Brambles' Audit & Risk Committee and the Brambles Board agenda. The focus of discussions included assessing emission sources in Brambles' supply chain and the new Head of Decarbonisation role within its supply chain function, tasked with developing a decarbonisation plan in FY22.

Risk Management

Climate change and carbon emissions risks are fully integrated into Brambles' Risk Management process and regularly reviewed as part of the Sustainability, Risk and Compliance Committee and the Audit & Risk Committee processes. In FY21, Brambles also developed its process for managing emerging risks and opportunities, which aims to articulate the issues driving the most relevant potential future scenarios for its business. The climate-related risks concerning carbon pricing for transport fuels and the opportunities regarding transport collaboration were assessed in this process.

Strategy

Climate considerations continue to be integrated into Brambles' strategic processes. As the market for low-carbon and circular solutions accelerates, this approach will leverage the advantages of Brambles' sustainable model and also factor in climate impacts from its regional business investment activity.

Finance

Brambles' finance function has updated Brambles' financial statement to increase climate disclosure in relevant categories. This will foster best practice transparency as its business continues to understand and integrate climate considerations.



Brambles' TCFD disclosures available at:

brambles.com/tcfd

