

Brambles

Task Force on Climate-related Financial Disclosures
2020 Annual Review



Addressing climate change through the circular economy

Brambles' sustainability credentials are founded in its circular 'share and reuse' model, which is inherently low carbon. Circular business models design out waste and pollution, keep products and materials in use, rather than using them up, and actively regenerate the natural systems they depend on.

Through its efforts to connect people to life's essentials, Brambles reduces demand on natural resources, regenerates forests, eliminates waste for customers and reduces carbon emissions from the world's supply chains. In its 2019 publication '[Completing the Picture: How the Circular Economy Tackles Climate Change](#)', the Ellen MacArthur Foundation (EMF) highlights how a circular economy is essential for global emissions reductions. In 2020, Brambles was rated A in EMF's circular economy tool, Circulytics. The tool provides a comprehensive picture of circular performance across an entire organisation and has formalised the key elements of a circular strategy. Brambles' rating has set a global benchmark and importantly, provides an example for other businesses to broaden the scope of their climate action using a circular approach. As a leader in the circular economy, Brambles understands its potential to address climate change and, if more broadly adopted, the vision for a low-carbon future outlined in the 2015 Paris Climate Agreement, which Brambles supports, is far more probable.

2020 is a defining year for Brambles as the ambitious sustainability commitments set back in 2015 have, on the whole, been achieved. Most notably, reaching 100% sustainable sourcing of timber across all regions of operation underscores Brambles' commitment to fighting deforestation and taking action on a global scale. Brambles was also named the most sustainable international company by Barron's Magazine, whose assessment confirmed our strong performance in all financially material Environmental, Social and Governance (ESG) indicators.

Brambles will communicate its 2025 sustainability vision and supporting targets in September 2020 with the release of the Sustainability Review. The vision will define a pathway where the resources Brambles depends on are regenerated, creating value by establishing more forests and drawing down more carbon than generated by the business. Brambles' commitment to a low-carbon future and how it plans to reduce carbon emissions through its entire value chain is central to our strategy.

Brambles' response to the Task Force for Climate-related Financial Disclosures (TCFD)

Brambles accepts climate science and recognises that climate change is influencing both short-term weather events and longer-term climatic trends. Climate-related physical impacts are also influencing society and economies, which is translating into policy and investment decisions as well as shifts in consumer behaviours. Responding to the specific challenges of climate change is intimately linked to Brambles' focus on its circular 'share and reuse' model.

Within this context, Brambles has responded to the recommendations of the 2017 TCFD, an initiative of the G20 Financial Stability Board. This document provides our stakeholders with a consistent narrative on how these trends could positively or negatively impact the financial circumstances of the business under a range of possible climate scenarios and over different timescales.

In FY20, Brambles has progressed its assessment of the risks and opportunities of climate change. This involved engaging cross-functional TCFD teams across each region and using climate scenario analysis to identify climate-related risks and opportunities specific to Brambles' value chain. Brambles selected three climate scenarios: a 1.5°C scenario to reflect government-led 'Rapid Decarbonisation'; 'Middle Of The Road' (2°C) with strong leadership from industry; and a 'No Climate Action' (4°C) scenario reflecting weak or poorly coordinated actions in terms of global social, political and economic responses to climate change.

In Brambles' view, the outcomes associated with a 4°C scenario (see page 2) are neither desirable nor beneficial for economies, society or the natural environment and represent a scenario associated with physical impact, risk and outcomes which the world should aspire to avoid. Brambles is committed to working collaboratively with all stakeholders to accelerate progress towards a circular economy so it can play its part in achieving the more positive outcomes of the decarbonising climate scenarios.

Brambles' circular business model is inherently low carbon. Our network provides resilience and value-add carbon efficiencies. Our 2025 vision defines our decarbonisation pathway.



In FY20, Brambles' '**share and reuse' circular solutions** reduced more than 2 million tonnes of carbon emissions in our customers' supply chains



In FY20, Brambles has achieved a **33% reduction in carbon emissions** per unit delivered, exceeding our 20% goal set in 2015



70% of the electricity used at our service centres was from **certified renewable sources**

The TCFD project has revealed three key climate-related themes for Brambles.



Brambles' low-carbon advantage

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

In decarbonising economies, efficient use of natural resources will become more important and the low-carbon advantage inherent within Brambles' circular business model presents a clear opportunity. This is enhanced through Brambles' transport collaboration solutions and the Zero Waste World (ZWW) programme. Brambles' forthcoming 2025 sustainability targets will further amplify market opportunities and help customers with their decarbonisation and circularity commitments while remaining prepared for future climate and waste regulation.



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.

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

Brambles' response to the COVID-19 crisis has emphasised our ability to maintain a resilient network during a widespread supply chain crisis.



Raw material supply security and continuity

Longer-term climate-related risks relating to materials, specifically timber for pallets, is considered in the strategic planning process, including mitigations already underway as part of procurement, supply chain and asset efficiency programmes.

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

Brambles' timber supply was identified as an area of risk under each scenario. It could be exposed to transitional risks such as a price on carbon (in the decarbonising 1.5°C and 2°C climate scenarios) or exposed to physical risks such as biome¹ shift in the 4°C scenario. Brambles' sustainable timber sourcing practices and current efficiency workstreams, combined with regeneration commitments including both afforestation and reforestation within the 2025 sustainability targets, represent a resilience building strategy that will both mitigate risks and enhance Brambles' sustainability reputation.



Brambles' transport collaboration programme

eliminates carbon and empty transport miles by optimising our own and our customers' networks



Brambles' demand for sustainably sourced timber addresses deforestation and its impact on climate change.

Through afforestation, our 2025 strategy will increase forest cover



Brambles will adopt a **Science Based Target (SBT)** covering our direct emissions and those in our supply chain as part of our 2025 commitments

¹ A biome is a major and distinct regional element of the biosphere, typically consisting of several ecosystems and characterised by typical communities of plants and animals.

Brambles' approach to climate scenario analysis

In understanding and responding to the TCFD recommendations, including development of climate scenarios, Brambles has engaged with climate change experts, and relevant advisors, ASX peers and industry and investor bodies.

This engagement included development of climate scenarios, which connect the political, business and social responses to climate change to associated global carbon budgets and emission pathways as well as the expected physical climate-related impacts.

One recommended disclosure from the TCFD is to take into consideration different climate-related scenarios, including a 2°C or lower scenario. The TCFD does not recommend a specific scenario and indeed, there is no global scenario that includes the detail required to test the key elements of the Brambles business model. For scenario modelling, Brambles started with the Intergovernmental Panel on Climate Change (IPCC²) Representative Concentration Pathways (RCP³) and Shared Socioeconomic Pathways (SSP⁴), bringing together information from these sources and overlaying other relevant sources in order to construct three scenarios that achieve the TCFD five principles of plausible, distinctive, consistent, relevant and challenging.

As a result, average global temperature scenarios of 'Rapid decarbonisation (1.5°C)', 'Middle of the road (2°C)' and 'No climate action (4°C)' were selected to test Brambles' business model over the short-, medium- and longer-term. Importantly, each scenario included a narrative of relevant industry indicators to enable potential insights into possible futures that could be strategically advantageous for Brambles' business model and/or present business risks with potential financial implications. A summary of the scenarios is provided below.

Climate scenarios

1.5°

Rapid decarbonisation

Ave. temp. range 0.9°C - 2.3°C

The world shifts gradually, but pervasively, towards a sustainable path. This focuses on increasing commitment to achieving United Nations Sustainable Development Goals like improved education, health investments to accelerate demographic transition and reduced inequality.

- Government-led change
- Strong, very fast curtailment of emissions, which peak around 2022
- Energy system is rapidly transitioned to zero emissions via the uptake of renewables
- Carbon taxes rise to US\$250/tonne
- Carbon sequestration increases – driven by high carbon price
- High carbon industries are closed
- Less overall consumption of non-essential items such as luxury goods
- The worst physical impacts of climate change are avoided although there are still significant changes to ecosystems

2°

Middle of the road

Ave. temp. range 1.7°C – 3.2°C

The world follows a path where social, economic and technological trends do not shift considerably from historical patterns, where overall development and incomes continue to proceed unevenly.

- Business-led, supportive government
- Fast reductions in emissions, which peak around 2030
- Market-led transition, with favourable policy environment
- Global trade is high, though resource use is decoupled from growth
- Circular economy focus
- Rapid technology development, with shared R&D
- Decentralised energy system, dominated by renewable energy
- US\$100/tonne carbon price
- The frequency and severity of extreme weather increases, and crop growing areas shift

4°

No climate action

Ave. temp. range 3.2°C – 5.4°C

A nationalist environment concerned about competitiveness and security, that motivates countries to increasingly focus on domestic and regional issues.

- Little leadership
- Some minor reduction in emissions
- Inaction on emissions reductions prevails
- GDP growth continues and then starts to decline in line with ecosystem collapse, which severely impacts local agriculture
- Increasing nationalism and international trade flows reduce
- Characterised by both acute (extreme) and chronic (long-term) physical impacts of climate change, which create devastating cumulative impacts across the environment and, subsequently, economies
- Fossil fuels are maintained at ~50% of the global energy mix
- Resource depletion is high, with companies impacted by food and water scarcity, and resulting global conflict
- High challenges to mitigation and adaptation

² https://ar5-syr.ipcc.ch/topic_summary.php

³ https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_Low_Res.pdf

⁴ https://unfccc.int/sites/default/files/part1_jiiasa_rogelj_ssp_poster.pdf

TCFD approach

The TCFD workshops that were undertaken in each region were an important internal collaborative step and necessary to achieve the following objectives:

- Educate participants on climate issues and build capability in each key function;
- Engage relevant functions and senior leaders on the potential financial implications of climate issues; and
- Understand how these climate issues can impact areas of network vulnerability, resilience and market opportunity in relation to different customer sectors.

Brambles initiated the TCFD project in late FY19, with the first workshop combining key functional representatives from the Asia-Pacific Leadership and CHEP Australia Leadership teams. This workshop laid the foundations for subsequent regional workshops in the Americas, Europe, and India, Middle East, Turkey and Africa (IMETA) throughout FY20. This enabled consistency in the workshop process and facilitated discussion about how each risk and opportunity could manifest in each local network and regional market context.

Prior to each regional workshop, Brambles engaged the senior leaders of the relevant functions to participate in a series of pre-workshop calls to ensure all participants understood the intention of the TCFD project and could contribute constructively. The calls provided an overview of the TCFD framework, including why it is financial in nature and how it is distinct from, but related to, other sustainability frameworks. The climate scenarios and how these link to the concept of carbon budgets was explained as well as records of recent severe weather events in each region. The weather events included the human and economic consequences, prompting discussion about how each Brambles business has managed its asset pools during severe supply chain disruptions in the past and how this could be effectively managed as weather events become more frequent and severe and in the future.

Brambles' Risk Management Process facilitated the workshop outcomes and included pre- and post-response risk ratings and the expected timeframes for each risk or opportunity to eventuate. The responses included a mix of existing programmes or potential actions to either develop or increase risk mitigations. Leveraging the clear and immediate opportunities for Brambles' sustainable business model presented in the decarbonising scenarios of 1.5°C and 2°C was a consistent conclusion in all regions. A high level summary of the results is included on page 4.

Capacity building on climate change

The TCFD workshops provided the forum for educating and capacity building around climate change amongst senior leaders in each business. This process is important for the next stage of the TCFD project in FY21, which will involve integrating aspects of the TCFD recommendations into the strategy and planning, including CAPEX and OPEX allocations over the next two-to-three financial periods.

Brambles' approach to identifying climate-related risks and opportunities

TCFD timeline FY19, FY20 outlook, for FY21

June-August 2019

- TCFD workshop Asia-Pacific
- Climate scenario development
- Identify risks and opportunities specific to Brambles' operations

April-June 2020

- Aggregate results from regional TCFD workshops
- Develop regional narratives
- Condense TCFD themes for Brambles

September 2019-March 2020

- Create cross-functional teams of senior leaders for each region
- Pre-TCFD workshop calls to determine regional variances
- TCFD workshops Americas, EU and IMETA
- Test responses and current mitigations to risks and opportunities

July-September 2020

- Review regional reports including further participant feedback
- Develop external disclosures including summary and short report
- FY21 TCFD engagements

Summary of climate-related risks and opportunities

The climate-related risks and opportunities specific to Brambles' business that were assessed during the workshops are summarised below.

Each risk or opportunity is categorised according to the TCFD definitions (shown below) and as it relates to Brambles' value chain. Also included is the relevant climate scenario(s), and the estimated timeframes for the risk or opportunity to eventuate. The risks and opportunities are likely to vary in impact across different regions of Brambles' operations.

<p><3 years</p>	 <p>OPPORTUNITY: Circular economy focus and Life Cycle Assessment (LCA)⁵ competitiveness Transitional: Technology and reputational Climate scenarios: 1.5° 2°</p>	 <p>OPPORTUNITY: Supply chain resilience to shock Transitional: Market and resilience Physical: Acute risk Climate scenarios: 1.5° 2°</p>	 <p>RISK: Physical impact of severe weather events on assets, pallet pooling and logistics Physical: Acute risk Climate scenarios: 1.5° 2°</p>	
	 <p>OPPORTUNITY: Transport lane efficiency, minimising energy, fuel and emissions Transitional: Policy/legal Climate scenarios: 1.5° 2°</p>	 <p>OPPORTUNITY/RISK: Increased cost of diesel fuel for transportation Transitional: Market Climate scenarios: 1.5° 2°</p>	 <p>OPPORTUNITY/RISK: Identification of alternative routes post climate-related weather event Physical: Acute risk Climate scenarios: 2°</p>	
<p>3-5 years</p>	 <p>RISK: Timber supply constraints from physical climate-related impacts (supply side) Physical: Acute and chronic risk Climate scenarios: 1.5° 2° 4°</p>	 <p>RISK: Impairment to trading flows of pallets (disease and pests) Physical: Acute and chronic risk Climate scenarios: 1.5° 2° 4°</p>	 <p>RISK: Increased price of timber (demand side e.g. carbon offset markets) Transitional: Policy, legal and market Climate scenarios: 1.5° 2°</p>	 <p>RISK: Socio-economic disruption Physical: Acute risk Transitional: Market Climate scenarios: 1.5° 2° 4°</p>
<p>5-10 years</p>				

Climate Scenarios: 1.5° Rapid decarbonisation 2° Middle of the road 4° No climate action

TCFD definitions

The Task Force divided climate-related risks into two major categories:

1. Risks related to the transition to a lower-carbon economy; and
2. Risks related to the physical impacts of climate change.

Transitional risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, reputation and market changes to address mitigation and adaptation requirements related to climate change.

Physical risks

Physical risks resulting from climate change can be **acute** or longer-term shifts (**chronic**) in climate patterns.

Acute Risk: Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes or floods.

Chronic Risk: Chronic physical risks refer to longer-term shifts in climate patterns, e.g. sustained higher temperatures, that may cause sea level rise or severe heat waves.

⁵ LCAs are fundamental to Brambles' sustainability messaging as they credibly and objectively define the environmental differences between two product choices.

It is important for Brambles' stakeholders to understand that the TCFD analysis undertaken to this point is one of multiple phases, with further analysis to be completed throughout FY21 and beyond as necessary.

Brambles considers the risks and opportunities presented in this report as 'active' and 'dynamic', meaning they will change overtime subject to a range of social, economic, political and ecological factors.

For example, the physical risks of climate change will become more severe as average temperatures increase. The acute risks from more frequent and extreme weather events coupled with the longer-term chronic risks of droughts, water shortages and heatwaves will increasingly and adversely impact the natural systems upon which society and economies depend.

Additionally, the way the natural systems will respond will change; for example, Earth's feedback systems may reach tipping points that accelerate the heating process. Therefore, the decarbonising scenarios that stand the most chance of limiting global temperature rises to below 2°C and aim to avoid the worst predictions of climate change, are in the best interest of Brambles and all its stakeholders.

The following table provides a more detailed summary of the climate-related risks and opportunities assessed in the TCFD workshops, including a description of the risk or opportunity, the current programmes that either maximise the opportunity or mitigate the risks, and the residual risk assessment.

TCFD risk or opportunity	Risk or opportunity description	Brambles' strategic planning and mitigating actions	Residual risk assessment
Brambles' low-carbon circular business model			
 <p>OPPORTUNITY: Circular economy focus and LCA competitiveness Transitional: Technology and reputational</p> <p>1.5° 2°</p>	<p>Transition to a low-carbon economy will require rapid emissions reductions across all sectors of all economies. This will be driven by both government policy, business innovation and supported by changes in consumer consumption patterns and behaviour. Low or zero carbon products and services will capitalise on this opportunity</p>	<ul style="list-style-type: none"> • Leadership position in circular economy including LCA and therefore lower-carbon intensity of products • Resource efficiency and experience of 'share and reuse' business model increase cost competitiveness against alternatives • Ahead of compliance regarding waste/circular economy regulations • ZWW programme makes circular solutions more accessible to customers 	<p>Significant and ongoing opportunity in developed markets and first mover opportunities in developing markets</p>
Brambles' asset pools + network advantage			
 <p>OPPORTUNITY: Supply chain resilience to shock Physical: Acute Transitional: Market and resilience</p> <p>1.5° 2°</p>	<p>Vulnerability to supply chain shock from climate-related weather extremes increases in all three climate scenarios e.g. storms, flooding and bush/wildfires with each event exacerbating supply chain uncertainty</p>	<ul style="list-style-type: none"> • Network resilience provides an inherent advantage • Largest coordinated network of service centres in all markets • Largest asset pools • Extensive transport data and supplier relationships • Supply chain agility allowing flexible asset management strategies during disruptions e.g. short-term sprint, relocations, increased repair and issue activity, asset purchase, increased TPM⁶ capability • Business continuity planning and experience 	<p>Considered to be a significant and ongoing opportunity in all markets</p>
 <p>RISK: Physical impact of severe weather events on assets, pallet pooling and logistics Physical: Acute</p> <p>1.5° 2°</p>	<p>Due to severe weather events, freight carriers will adapt working methods, such as no driving 24 hours before or after a severe event. This will disrupt asset movements for returns and issues to customers</p>	<ul style="list-style-type: none"> • Business continuity planning and experience 	<p>Considered to have potential for severe impacts during weather events but manageable due to network adaptability</p>

⁶ Total Pallet Management – allows CHEP additional storage nodes at customer/supplier facility.

Summary of climate-related risks and opportunities continued

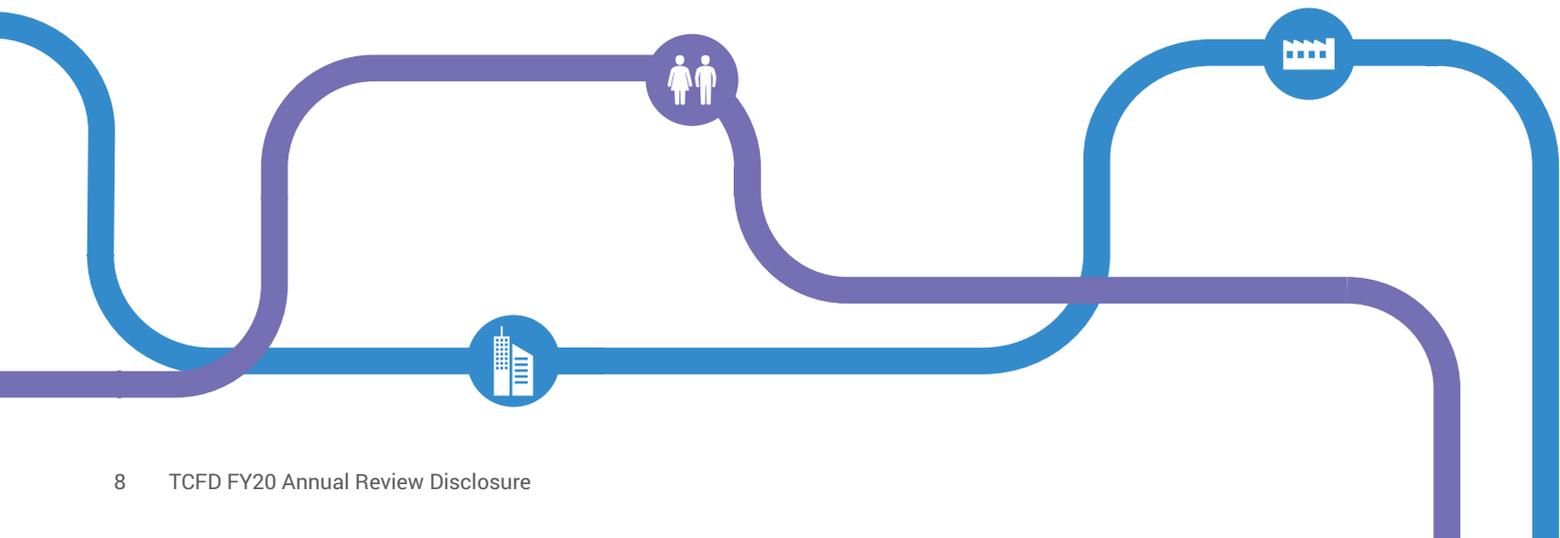
TCFD risk or opportunity	Risk or opportunity description	Brambles' strategic planning and mitigating actions	Residual risk assessment
Brambles' logistics + network capability			
 OPPORTUNITY: Transport lane efficiency, minimising energy, fuel and emissions Transitional: Policy/legal 	Under the faster decarbonisation climate scenarios of 1.5°C and 2°C a price on emissions for transport fuels could become a reality, increasing cost of transport for customers	<ul style="list-style-type: none"> • Brambles' Supply Chain Network Optimisation and Design team works across all regions to maximise efficiencies which inherently reduce cost and carbon within the networks • Transport collaboration (TC) programme is unique to Brambles • TC occurs with and between customers, logistics partners and suppliers, capitalising on empty lanes and/or alternative (multi-modal) transport solutions 	Considered a significant and ongoing opportunity in developed markets, with first mover opportunities in developing markets
 OPPORTUNITY/RISK: Increased cost of diesel fuel for transportation Transitional: Market 	The increased cost of diesel for transportation due to carbon pricing	<ul style="list-style-type: none"> • Plant Network Optimisation (PNO) • Capitalising on more empty lanes for asset returns • Expanding empty lane opportunities to customers through CHEP's 'orchestration' programme 	Considered to have a moderate impact for affected markets
 OPPORTUNITY/RISK: Identification of alternative routes post climate-related weather event Physical: Acute 	Ports across the European coastline, particularly in the Atlantic region, are highly exposed to extreme weather events such as storms or floods, whilst Southern Europe is expected to experience greater road damage as the climate heats	<ul style="list-style-type: none"> • Brambles is well placed to assist with the logistics opportunities that arise from the disruption of main logistics routes caused by the increased frequency of extreme weather events and natural disasters • Brambles already monitors potential weather crises, whilst also having a deep understanding of available routes/lanes to enable flows of pallets and goods - minimising the impact on customers in affected regions 	Considered a moderate opportunity in developed markets

TCFD risk or opportunity	Risk or opportunity description	Brambles' strategic planning and mitigating actions	Residual risk assessment
Brambles' materials			
 <p>RISK: Timber supply constraints from physical climate-related impacts (supply side) Physical: Acute and chronic 1.5° 2° 4°</p>	<p>Decreases in the supply of timber related to both acute and chronic physical climate-related impacts could increase costs</p> <p>Physical risks include storm damage, bush/wildfires, drought, pests & disease</p>	<ul style="list-style-type: none"> Asset design increases durability, enabling maximum utility Repair capabilities increase asset lifespan Timber reclamation will increase materials efficiency and reduce purchase costs 	<p>Considered to have a moderate impact</p>
 <p>RISK: Impairment to trading flows of pallets (disease and pests) Physical: Acute and chronic 1.5° 2° 4°</p>	<p>Currently, cross-border agreements allow the passage of pallets between the UK and EU member states without treatment (with certain constraints). There is a risk that as the climate warms and pests become more prevalent, these agreements may not remain in place</p>	<ul style="list-style-type: none"> Heat treatment infrastructure already in place at key service centres Innovation with alternative materials e.g. composites, already underway 	<p>Impact considered insignificant</p>
 <p>RISK: Increased price of timber (demand side e.g. carbon offset markets) Transitional: Policy/legal, market 1.5° 2°</p>	<p>The implementation of a carbon price and international trading of carbon permits is expected to increase as economies decarbonise</p> <p>Carbon offsets generated by forests and purchased by industries that have high technology and cost barriers to decarbonisation could compete with forestry products</p> <p>Forestry products used in construction could also increase demand</p>	<ul style="list-style-type: none"> Timber supply is an existing strategic operating risk with mitigations in place Brambles has a coordinated global approach to materials procurement including sourcing certified sustainable timber This is supported by dedicated teams in each region to mitigate risks associated with demand/supply Brambles' scale and consistent demand enable positive contract negotiations Diversity of supplier relationships globally increases adaptability Innovation with alternative materials 	<p>Considered to have a moderate impact</p>



Summary of climate-related risks and opportunities continued

TCFD risk or opportunity	Risk or opportunity description	Brambles' strategic planning and mitigating actions	Residual risk assessment
Business environment			
 <p>RISK:</p> <p>Socio-economic disruption</p> <p>Physical: Acute</p> <p>Transitional: Market</p> <p>1.5° 2° 4°</p>	<p>Climate change is expected to both directly initiate or exacerbate existing socio-economic issues and lead to more disruption. Extreme and compounding climate change impacts will gradually diminish the efficacy of local, regional and national markets and governments. This is particularly true for high-inequality and developing countries that are more vulnerable to the physical impacts of climate change due to the cost of recovery after natural disasters</p>	<ul style="list-style-type: none"> • Brambles' commitment to collaboration and its 2025 sustainability targets will serve to help build or participate in alliances which aim to limit global heating. Partnerships will be critical to avoid a 4°C world and ensure this remains a hypothetical scenario • The COVID-19 pandemic has tested the ability of Brambles to respond in a crisis. Asset demand increased to record levels across all regions, simultaneously and Brambles continued to issue and recover and repair assets while all office-based employees worked from home • Brambles' connection to consumer staples has emphasised the importance of delivering life's essentials as well as the adaptability and resilience of regional networks. This highlights the practicalities the defensive nature of stock 	<p>Considered to have severe impacts in affected regions. Despite our resilience features, a 4°C or above world, as outlined in the climate scenarios, would not be conducive to operating a business and/or globally</p>



Climate-related risk management at Brambles

Brambles' Board and Executive Leadership Team (ELT) have oversight of climate-related issues through Brambles' Sustainability, Risk and Compliance Committee (SRCC).

Brambles' SRCC, formed in 2016, is responsible for assisting the Chief Executive Officer (CEO) and ELT with sustainability strategies, targets and activities, including climate-related issues, which are part of the ELT agenda on a regular basis. The SRCC is a management committee comprising Group Vice President (VP) Legal and Secretariat (Brambles ELT), Group Senior VP Human Resources (Brambles ELT), Group VP Risk and Internal Audit, VP Global Head of Sustainability, VP Chief Compliance Officer and Senior Director, Global Health, Safety and Environment and a cross section of senior Brambles' corporate and business unit executives with relevant and applicable functional expertise. A full list of SRCC participants for FY20 is provided in the table below.

Brambles' Board is regularly updated on sustainability issues, including climate-related issues, either by the CEO, CFO or members of the SRCC. For example, in FY20 this included review and approval of Brambles' 2025 sustainability targets, which included aligning the new carbon emissions reductions to the 2015 Paris Climate Agreement and integrating TCFD recommendations into relevant business functions. The ELT, through the CEO, prepares a risk report for the Board twice yearly. Further information on Brambles' risk management is outlined each year in its Corporate Governance Statement. This approach elevates oversight of climate issues to both Executive Management and Board level and ensures appropriate understanding of climate-related risks and opportunities for Brambles.

Throughout FY20, the climate-related risks identified through the TCFD were integrated into Brambles' Risk Management Process. Short-term climate-related risks have been assigned ownership. These risks are reviewed biannually by the SRCC. The medium to long-term climate-related risks have been assigned to the Vice President, Global Head of Sustainability, as the risk custodian, with the oversight of Brambles' Chief Financial Officer, and Brambles' Board member, as the risk sponsor. The opportunities identified during the TCFD process have also been captured appropriately and will be integrated into the relevant strategic planning processes throughout FY21.

Sustainability, Risk and Compliance Committee members, FY20

- Group VP Legal and Secretariat (Executive Leadership Team)
- Group VP Risk and Internal Audit
- VP Chief Compliance Officer
- Group Senior VP Human Resources (Executive Leadership Team)
- Senior Director, Global Health, Safety and Environment
- VP Global Head of Sustainability and Government Affairs EMEA
- Director, Global Risk
- Director, Sustainability APAC
- Group Risk Manager
- Procurement Manager

Brambles' TCFD approach

During FY20, Brambles sought to increase its understanding of the climate-related risks and opportunities using scenario analysis. This included considering the strategic responses to risk mitigation while leveraging the inherent and ongoing sustainable advantages of the business model. Disclosure of progress is included below.

TCFD recommendation	Brambles' disclosure	FY19	FY20	FY21
Governance				
a) Describe the organisation's oversight of climate-related risks and opportunities	Increase Board oversight on climate-related issues		●	
	Board and ELT member as TCFD sponsor		●	
	Approval of 2025 sustainability strategy and targets including plans for TCFD integration in FY21 and support for Science Based Target aligned to 2015 Paris Climate Agreement		●	
b) Describe management's role in assessing and managing climate-related risks and opportunities	SRCC to review climate-related issues via risks through Brambles' Risk Management Process	●	●	
	Supported and participated in cross-functional, multi-regional working groups to support Brambles, SRCC and Board in identifying and managing climate-related risks and opportunities		●	
	Continue to strengthen the understanding and experience of climate-related issues with senior leadership		●	
	Brambles externally supports TCFD with statement of commitment to disclose in FY19 and subsequent annual reports	●	●	
Strategy				
a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term	Assess the physical and transitional climate-related risks and opportunities across all Brambles' regions over the short-, medium- and longer-term		●	
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Understand how climate-related risks and opportunities align with regional business strategies			●
	Analysis of potential financial impacts associated with key risks and opportunities identified through workshops			●
	Identify further actions to mitigate risk and enhance opportunities in each region			●
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Evaluated the resilience of Brambles' businesses considering trends related to 1.5°C, 2°C and 4°C climate scenarios		●	
	Defined range of current risk mitigations already in place that confirm business resilience		●	
	Defined current range of programmes and actions that can be leveraged in decarbonising climate scenarios		●	
	Continue to develop scenario analysis approach and monitor key risks and opportunities. Integrate signposts from scenario analysis into planning processes across the businesses			

TCFD recommendation	Brambles' disclosure	FY19	FY20	FY21
Risk management				
a) Describe the organisation's processes for identifying and assessing and managing climate-related risks	Brambles' risk management process informed by climate scenario analysis used to identify and assess climate-related risks		●	
	Allocate climate-related risks into appropriate categories and assign ownership		●	
	SRCC to integrate TCFD signposts ⁷ into risk management processes to monitor risk status		●	
Metric and targets				
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Evaluate regional business strategies regarding opportunities identified during TCFD workshops including financial estimates			●
	Evaluate appropriate metrics including financial analysis for managing risks and opportunities and embed within strategy			●
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Disclosure of scope 1, 2 (operational) and material scope 3 (supply chain) greenhouse gas emissions has been included as part of the sustainability reporting for a number of years	●	●	
	Disclose verified SBT aligned to latest IPCC assessment, including scope 3 emissions			●
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Key climate-related targets embedded in Brambles' 2025 sustainability strategy e.g. SBT aligned to 2015 Paris Climate Agreement			●
	Assess supporting programmes and targets for climate change metrics, including monitoring of movement of risks and opportunities as identified above			●

Brambles' commitment to the TCFD

Responding to the TCFD recommendations has clarified Brambles' understanding of how climate issues could present both opportunities for our low-carbon solutions and create risk or exacerbate existing risk in Brambles' context for raw material supply security and continuity.

The participants of Brambles' TCFD workshops all arrived at the conclusion that the regional businesses are in a good position in relation to a decarbonising market and have a strong incentive to help make our customers' supply chains more sustainable. All Brambles' regions will benefit from coordinated global integration of climate-related risks and opportunities and in doing so, strengthen the resilience of regional networks and leverage competitiveness with market opportunities.

This is Brambles' first detailed disclosure in response to the TCFD and the business considers this to be an iterative process amongst our stakeholders. Brambles is committed to continue to improve our processes and disclosures. If you have any feedback, please contact the Investor Relations Team investorrelations@brambles.com

⁷ TCFD signposts is an internal term used in the Brambles regional TCFD reports to indicate the potential movement of a risk or opportunity. For example, external signposts that could trigger the risk or opportunity to move from a medium- to long-term consideration to a short-term consideration.

ESG Recognitions

Barron's

Rated #1 most sustainable international company

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

96th percentile in industry category

 **CIRCULTICS™**

Rated A in Circular Economy Assessment
by Ellen MacArthur Foundation

MSCI 

Maximum AAA rating