

Brambles

Addressing Climate Change
through the Circular Economy

Task Force on Climate-related Financial Disclosures
2023 Annual Disclosure



Resilience & Regeneration

Brambles at a Glance

Brambles’ circular business model and its ambitious 2025 sustainability targets are helping reduce greenhouse gas emissions in its customers’ supply chains. Its model facilitates the ‘share and reuse’ of the world’s largest pool of reusable pallets and containers, enabling Brambles to serve customers while minimising the impact on the environment and improving the efficiency and safety of supply chains around the world.

Brambles’ sustainability vision is to pioneer regenerative supply chains and help deliver life’s essentials every day in a nature and people-positive way. Moreover, Brambles’ transformation programme is enhancing the capabilities of its circular model, which in turn, improves its positive sustainability impact.

About this Report

This is Brambles’ fourth climate-related disclosure, communicating its efforts to address climate change through its circular business model. The report covers Brambles’ progress against its climate change strategy over the FY23 period. Relevant changes that occurred between 1 July 2023 and the release of this disclosure, will be clearly marked.

The purpose of this disclosure is to update Brambles’ stakeholders on how the business is addressing climate risks and opportunities, and its strategy to reduce its contribution to climate change. The report provides further detail to the climate disclosure summaries provided in Brambles’ 2023 Annual Report and Sustainability Review. Embracing the low-carbon future and building resilience through its circular model, the disclosure details how Brambles considers governance, risk management, strategy, metrics and targets in relation to climate change and physical climate-related risks. It also includes a summary of its progress against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



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Other Resources

- [→ Brambles Annual Report 2023](#)
- [→ Brambles 2023 Sustainability Review](#)
- [→ Brambles 2023 Sustainability Review - Supplementary Information](#)
- [→ \[www.brambles.com/TCFD\]\(http://www.brambles.com/TCFD\)](#)
Brambles’ previous Climate Disclosures from 2020-2022
- [→ \[www.brambles.com/net-zero-roadmap\]\(http://www.brambles.com/net-zero-roadmap\)](#)
- [→ \[www.brambles.com/esg-navigator\]\(http://www.brambles.com/esg-navigator\)](#)

Forward-Looking Statements

Certain statements made in this report are “forward-looking statements” – that is, statements related to future, not past, events. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will”, “should”, and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts, but rather are based on Brambles’ current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecast in the forward- looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect circumstances or events occurring after the date of this report, except as may be required by law or by any appropriate regulatory authority. Past performance cannot be relied on as a guide to future performance.

Brambles Limited

ABN 89 118 896 021

Introduction from the CEO

Resilience & Regeneration



Events of the past year have given us a preview of the significant risk that a changing climate poses through the disruption of weather systems, including more frequent and sustained extreme weather events. In Brambles' own operations, we have begun to feel the impact of these events across some regions and are attuned to the challenges that weather events can bring to materials sourcing supply chains for ourselves and our customers.

Beyond adverse financial consequences for businesses, more frequent and destructive weather events could also impact societies and communities, particularly those least able to cope with housing displacement, loss of livelihood and longer-term impacts such as rising food production costs.

Brambles' strong sustainability programme helps our business understand the risks presented by climate change while emphasising the opportunities that our low-carbon circular business model contributes to global supply chains. In addition, our people appreciate that the Company's sustainability programme and circular business model can be an enabler for change, which, in turn, motivates them to understand how their roles can positively contribute towards mitigating climate change risks and achieving better environmental outcomes.

This underscores the imperative for Brambles to understand climate risks, develop and deploy appropriate mitigation and, where relevant, activate adaptation measures to protect our service centre networks and enhance resilience in timber supply chains.

In parallel, we can leverage our sustainable business model to create value for our business and share relevant climate transition strategies with stakeholders to help strengthen supply chain resilience and cultivate collaborative pathways to a cleaner, more sustainable business environment.

The purpose of this climate-related disclosure is to share further details about Brambles' value-chain-wide approach to addressing climate change. This includes presenting relevant risks and opportunities as they relate to the work we are doing to integrate climate and sustainability considerations throughout our governance and decision-making processes.

The case studies will demonstrate how our management teams are supporting the implementation of our climate mitigation and adaptation strategies across our global business.

Importantly, we hope to show stakeholders how Brambles' circular business model provides the enabling architecture for our decarbonisation programme, agility for a more resilient supply chain and the building blocks for a secure supply of certified timber for our business.

Brambles' low-carbon circular business model provides a foundation to develop its comprehensive climate adaptation and mitigation programmes, which not only supports the company to thrive today but also build resilience within the network for the future. Compared to single-use alternatives, Brambles' circular business model provides superior resource efficiency, carbon intensity, and waste reduction outcomes which align with its customers' sustainability objectives. Brambles' circular model forms the core of its regenerative ambition and is the driving force in addressing both climate change and nature and biodiversity concerns.

Climate Adaption Strategies



Network Resilience
(Risk and opportunity assessment)

Brambles initiated a series of stress tests to evaluate the resilience of its networks against a range of severe weather events. These stress tests are helping to validate assumptions about the climate resilience of the network and lead to a better understanding of how to adapt to these risks.



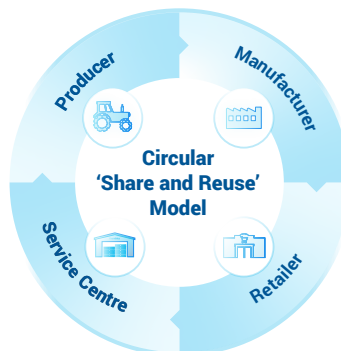
Raw Material Supply Security
(Timber sourcing: risk and opportunity assessment)

In FY23, Brambles increased its understanding of the physical climate risk to its timber supply chain. A Timber Sourcing tool was developed to identify forestry related climate risks relevant to Brambles' timber supply chain, over different time frames.



Low-Carbon Advantage
(Opportunity assessment)

Low-carbon circular business model provides the foundation for our climate strategy



Environmental savings in our customers' supply chains in comparison to non-pooled solutions

- 1.9 million tonnes of CO₂-e
- 4,276 megalitres of water
- 3.1 million cubic metres of wood which is equivalent to 3 million trees
- 1.2 million tonnes of waste

Climate Mitigation Strategies



Decarbonisation

Brambles' decarbonisation programme builds on the low-carbon advantage of the circular business model. Each emissions reduction initiative will improve the most emissions intensive aspects of the circular model, including transport, new pallets and repair timber, and outsourced service centres. In FY23, Brambles set 2030 targets for each decarbonisation lever across each region, supported by yearly milestones that are embedded in employees' personal objectives.

Section 1: Governance

Brambles' Climate Governance Structure

Brambles' Board of Directors, directly and through authority delegated to the Audit and Risk Committee (ARC), oversees the Executive Leadership Team's (ELT) strategy delivery, developed to mitigate and adapt to the increasing risks and opportunities associated with climate change. Brambles' circular business model has enabled the rapid integration of climate change risks and opportunities into its processes. In FY23, the ELT sought to increase decarbonisation efforts and test key parts of the network and timber-sourcing supply chain for resilience against potential climate risks. The Board is informed about the upcoming International Sustainability Standards Board (ISSB) sustainability and climate-related disclosure changes and has been briefed on progress in climate risk assessments and decarbonisation.

Integrated Risk Management

Brambles' ARC reports to the Board. The Chief Executive Officer (CEO) oversees the strategic response to climate change, while the day-to-day management falls under the Chief Operations Officer (COO) and the Chief Financial Officer (CFO). The COO is responsible for the decarbonisation portfolio and the operational implementation of risk and opportunity management. From August 30, 2023, Brambles' Chief Sustainability Officer's (CSO) reporting line changed from the CFO to the Brambles' CEO. The Sustainability Risk and Compliance Management Committee (SRCMC), comprised of executive leaders and relevant functional specialists, carries out sustainability risk assessments and reviews risk management initiatives which are incorporated into the risk reviews presented to the ARC and Board. In FY22, Brambles established a Global Decarbonisation Governance Framework encompassing Climate Positive and Waste Positive targets, which has delivered strong outcomes through FY23.

Brambles' Climate Governance



Brambles Global Decarbonisation Governance Framework Established in FY22



Section 2: Risk and Opportunity Assessment

The Board and Management are focused on the creation and protection of value, and how Brambles' current business model and ways of working may need to adapt, to be resilient in various scenarios.

As part of Brambles' integrated approach to risk management (see Section 1: Governance), it maintains a Sustainability Risk Profile, which is accompanied by risk appetite statements and mitigation plans to guide performance and outline a pathway to achieving its optimal risk profile. All risk profiles are reviewed and approved by executive leadership, the ARC and the Board to promote an appropriate level of knowledge and resourcing for climate-related risks and opportunities.

Brambles' Risk Management

Brambles is exposed to a range of strategic, operational, compliance and financial risks, associated with operating in ~60 countries. Brambles' risk management framework incorporates effective risk management into its strategic planning processes and requires a combination of business operating plans, processes and other risk mitigation activities to manage key risks effectively. The material climate-related risks to Brambles' ability to achieve its strategic, financial and sustainability objectives, and respective mitigating actions, can be found on pages 26 - 33 of the [2023 Annual Report](#).

Brambles' Approach to Climate Scenario Analysis

Brambles first completed a climate scenario analysis as part of the first TCFD disclosure in FY20. The scenarios are used as a foundational element for testing resilience and identifying opportunities. Brambles utilises three purposely divergent scenarios that estimate the average temperature increases relative to quantities of greenhouse gas concentration in 2100.

Further information about these scenarios and the Risks and Opportunities identified through the testing can be found at brambles.com/TCFD. Brambles will seek to update these scenarios as the relevant information evolves.

1.5°

Rapid decarbonisation

Avg. 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

Avg. 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

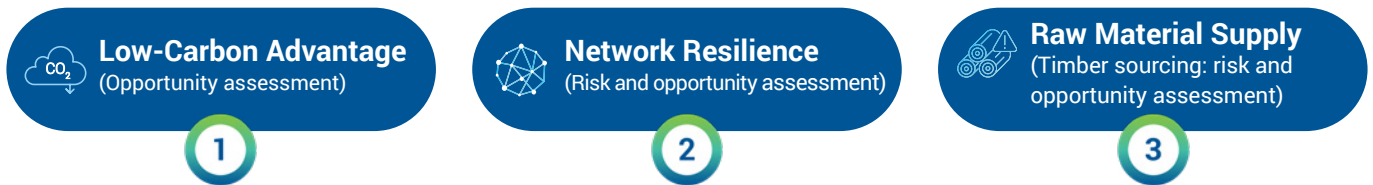
Avg. temp. range 3.2°C – 5.4°C

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

- Little leadership or co-operation
- Prevailing inaction on targets and pathways, leading to only minor emissions reduction
- 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
- 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

Section 3: Strategy

Three key climate themes emerged from the 2020 TCFD analysis in response to examining a strategic direction for resilience and to maximise opportunities.



Brambles responded to the TCFD recommendations in 2020 and identified three themes that define its climate change strategy. These themes include key opportunities around the advantages of its existing low-carbon circular business model and the inherent adaptability and resilience of its diverse share and reuse circular network. During the assessment, risks were identified concerning increasing impacts of severe weather events that could affect Brambles' service centre network and timber materials supply chains. Additionally, specific forestry-related climate impacts that could occur over a longer-term were identified. The information in this report is supported by information assets available on Brambles' website which will be referenced in the relevant section of this report.

1 Low-Carbon Advantage (Opportunity assessment)

The Executive Director of the UN Environment Programme, Inger Andersen, emphasised the importance of circularity and sustainable consumption and production in achieving the Paris Climate Agreement, the Sustainable Development Goals (SDGs), and the Global Biodiversity Framework². Circular business models, such as Brambles' help accelerate the development of low-carbon supply chains that can help break the link between resource consumption and harm to the environment and society. Brambles' circular business model provides sustainability benefits such as resource, greenhouse gas emissions and waste reduction for its customers when compared to single-use or one-way alternative models. Brambles' circular foundation has enabled comprehensive climate adaptation and mitigation plans that help decarbonise the supply chain and increase the resilience of the network in the face of increasing climate-related disruption.

Brambles' Sustainability Value Proposition for Customers

The benefits of Brambles' low-carbon circular business model combined with its 2025 sustainability targets offer its customers a unique Sustainability Value Proposition. This begins with low GHG intensities and waste reductions from the circular model in their supply chains. Additionally, Brambles' consistently positive results in external sustainability risk and governance assessments supports its credibility to customers. New value is created by Brambles' ambitious sustainability programme that provides opportunities to collaborate and innovate on shared sustainability objectives.

Brambles' sustainability credentials

Brambles demonstrates strong results in sustainability risk management, including the procurement of 100% sustainable timber certification for its operations, and leading performance in credible ESG assessments, see page 6 in [Brambles' FY23 Sustainability Review](#) for more information. Brambles has also adopted 2030 Science based target (SBT) verified by the SBT Initiative (SBTi) and an ambitious net-zero GHG emissions by 2040 target.

Circular economy benefits

Brambles' circular economy benefits are delivered to customers through Brambles' Supply Chain Positive programme (refer to page 10 of [Brambles' FY23 Sustainability Review](#)) which is the foundation of its low-carbon, circular model. The commercial teams leverage product Life Cycle Assessment (LCA) research and circular measurement tools to demonstrate the environmental benefits of 'share and reuse' solutions. These solutions provide a positive impact on customer sustainability targets by using fewer natural resources, producing less waste and GHG emissions compared to single-use alternatives and white-wood pallet exchange models operating in Europe and the UK. Brambles' circular business model is also at the forefront of new packaging legislation in Europe, which will help customers to comply with the reuse mandate.

Decarbonisation and waste

Reductions are achieved by collaborating to drive progress against customers' goals. Asset recovery, specifically pallets, is the most material factor for improving decarbonisation outcomes for customers. Brambles' Circularity Index, outlined below and on page 13 of [Brambles' FY23 Sustainability Review](#), was developed to improve the circular cycle of its products by engaging and educating customers about more efficient circular practices. Transport collaboration helps to reduce greenhouse gas emissions across the logistics networks and when post-consumer recycled and upcycled plastic is used as an input material for product manufacturing, the overall product life cycle is less emissions intensive.

Introducing the Circularity Index

In FY23, CHEP Europe developed the Circularity Index to showcase the circular performance of its customers. The Index calculates a greenhouse gas emission per pallet metric, in order to highlight inefficiencies while encouraging users to achieve an optimum CO₂-e per pallet score. It leverages Brambles' extensive history of LCA expertise and encourages customers to keep pallets cycling in CHEP's circular networks. The engagement efforts have been well received, leading to plans for expansion in other regions. See page 13 in [Brambles' FY23 Sustainability Review](#) for more information.

² [Circularity | UNEP - UN Environment Programme](#)

Customer engagement

Brambles’ innovative use of Sustainability Certificates allows customers to demonstrate their sustainability credentials. The certificates quantify the environmental advantages of Brambles’ circular model for customers by calculating the greenhouse gas emissions, waste and material savings over typical single-use or one-way alternatives. Sustainability Certificates are based on independently verified studies in accordance with the ISO 14040 and ISO 14044 Life Cycle Assessment (LCA) Standards. They are used by customers for internal and external communications to demonstrate sustainable actions in their own supply chains.

Number of Sustainability Certificates in FY23 by region

Asia-Pacific	713
Europe	660
Latin America	150
India, Middle East and Africa	60
North America	230
Total	1,813

52.7%

increase in Sustainability Certificates issued in FY23 compared to FY22



A sample of the Sustainability Certificate in LATAM.

Brambles’ Decarbonisation Strategy

Whilst Brambles’ circular business model is inherently low carbon intensive, further actions will be required by the broader supply chain, specifically the logistics and transport sectors, to reduce GHG in absolute quantities. Brambles is contributing to the collective effort through the adoption of a net-zero emissions by 2040, inclusive of Scope 1, 2 and 3, and has developed 2030 (SBT) to achieve a 42% absolute reduction of Scope 1 and 2 emissions by 2030 (on 2020 levels), and a 17% absolute reduction of Scope 3 emissions by 2030 (on 2020 levels). These targets were released in FY22, together with Brambles’ roadmap to net-zero emissions by 2040 (it can be found on the website <https://www.brambles.com/sustainability>).

Our targets +

SBTs to 2030 covering our Scope 1, 2 and 3 emissions

100% renewable electricity in our own operations by 2025

Carbon neutrality in our own operations (Scope 1 and 2) by 2025

Net-zero greenhouse gas emissions (Scope 1, 2 and 3) by 2040



WATCH VIDEO

Brambles has created a dedicated decarbonisation function that is integrated within the supply chain function to effectively manage the strategic implementation of decarbonisation initiatives. Working with internal and external stakeholders across multifunctional initiatives, the team has created an actionable roadmap with targets to ensure that this strategic vision becomes a reality across five continents and 60 countries.

Since the launch of the 2030 SBTs and 2040 net-zero target in FY22, significant progress has been made in further defining and delivering on our decarbonisation strategy.

SET AMBITION & DEVELOP TOOLS

Brambles plans to achieve net-zero carbon emissions by 2040 through its SBTs. The Supply Chain team developed an interactive tool, the Decarbonisation Pathways Model, to help meet Scope 1, 2 and 3 targets.

CASCADE TARGETS & IDENTIFY MILESTONES

The model has established regional targets for each key decarbonisation lever, with internal annual milestones set to ensure progress.

INTEGRATE INTO METRICS & ASSIGN ACCOUNTABILITY

This process has been integrated into relevant regional supply chain leadership remuneration scorecards, including operational and logistics functions. Team members have been appointed to support delivery of the strategy³.

INTEGRATE INTO DECISION-MAKING PROCESSES

During FY23, Brambles made progress integrating decarbonisation into its financial decision making, including capital allocation and supplier selection processes.

In parallel with the intensive work carried out in-house, Brambles continues to engage with relevant industry initiatives such as the Smart Freight Centre’s Sustainable Freight Buyers Alliance and the World Economic Forum’s Road Freight Zero. Proactively seeking further opportunities to advocate for a supportive policy environment is also a focus of the Decarbonisation team, especially in the road freight industry, given subcontracted trucking emissions account for almost 60% of Brambles’ global GHG emissions.

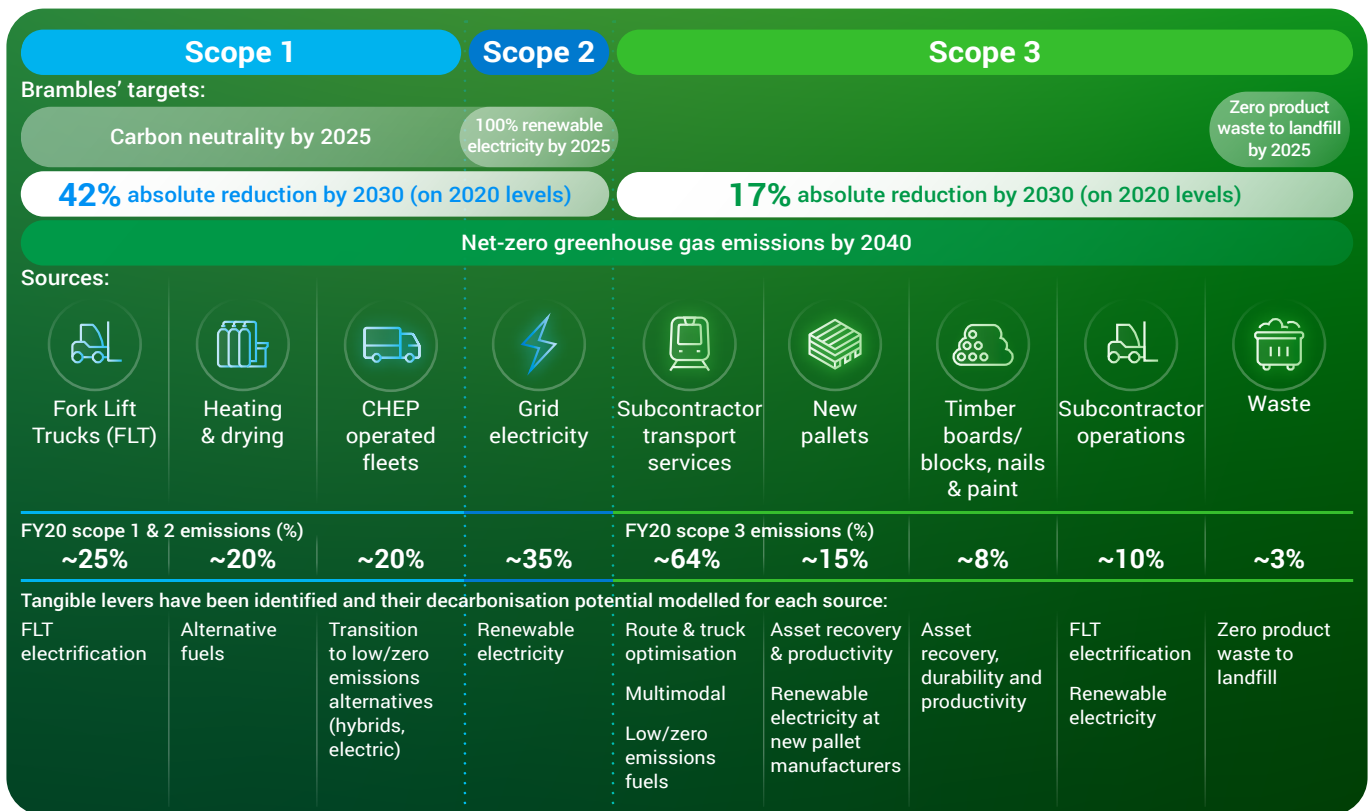
³ At Brambles’ Annual General Meeting held in October FY24, it was communicated that Brambles’ ELT will have a sustainability modifier as part of their remuneration structure. Further information is available in Brambles’ Annual General Meeting transcript.

Decarbonisation Pathways Model

Comprehensive modelling work was undertaken to project Brambles’ greenhouse gas emissions under a ‘business-as-usual’ trajectory and to define flexible decarbonisation pathways to achieve our Scope 1, 2, and 3 targets by 2030. This work resulted in the development of the Brambles’ Decarbonisation Pathways Model, an interactive, decision-useful tool that allows the Group to define and test how much effort is required from each region to reduce operational, logistics and procurement-related greenhouse gas emissions. Through this model regional targets were established for each key decarbonisation lever, with internal annual milestones set to monitor progress.

Enablers

Importantly, Brambles is integrating decarbonisation and waste milestones into the personal objectives of key leaders. For the first time in Brambles’ history, quantitative year-on-year reduction targets have been introduced into personal objectives for Supply Chain Leadership. This includes the respective leaders, and their teams in the operations and logistics functions, across Brambles’ regions. This integration will incentivise performance from leadership in key areas critical for driving decarbonisation efforts across Brambles⁴.



⁴ At Brambles’ Annual General Meeting held in October FY24, it was communicated that Brambles’ ELT will have a sustainability modifier as part of their remuneration structure. Further information is available in Brambles’ Annual General Meeting transcript.

Delivering on the strategy

During FY22 and FY23, the regional decarbonisation teams developed six decarbonisation and zero waste roadmaps comprised of specific initiatives to reduce emissions across their regional value chains. This process identified approximately 120 decarbonisation and zero waste initiatives across the globe. Examples of initiatives implemented in FY23 are shown below.



Heavy-duty and medium-duty electric trucks

The US team secured CHEP's first heavy-duty EV truck in California in partnership with Uber Freight. In addition, three new heavy-duty EV trucks were secured to run dedicated trips for CHEP in Missouri, in partnership with Artur Express. Brambles also incorporated a new medium-duty EV truck in the Cuiabá region, bringing it to a total of three medium-duty EV trucks running loads for CHEP in Brazil.



Forklift truck electrification roadmaps to 2030 for every region

The US achieved over 25% conversion of its forklift truck fleet to electric in FY23. The rest of Brambles' regions developed roadmaps to phase the progressive electrification of their forklift truck fleets from now until 2030, in line with Brambles' regional targets.



Increasing the adoption of renewable diesel for trucking

The UK team worked in partnership with one of the top UK carriers to progressively transition 80% of its fleet to Hydrotreated Vegetable Oil (HVO).



Renewable electricity

Brambles is seeking to progressively decrease its reliance on Energy Attributable Certificates (EACs) by pursuing onsite and offsite renewable electricity opportunities. Over the past four years, Australia has installed solar panels at eight service centres. In FY23, solar panels were installed at our Darica service centre in Türkiye, Bhiwandi service centre in India, and Bellpuig service centre in Spain. New Zealand also entered into a 3-year 100% renewable electricity contract.

Integrating climate change considerations

Brambles' Shaping Our Future transformation programme

Building from strong foundations, Brambles is transforming its business through its Shaping Our Future transformation programme to meet its strategic ambition of reinventing pooling solutions for the supply chains of tomorrow and further strengthen its value proposition with stakeholders. Brambles is taking a twin-track approach to transformation to unlock value for customers and shareholders: optimising the existing circular business as well as building the foundations for 'Brambles of the Future', by designing enhanced circular systems leveraging integrated thinking, digital technologies, and extensive experience in supply chain operations. In addition to the Sustainability and ESG metrics, Brambles' stakeholders will see sustainability integrated into relevant initiatives including Asset Efficiency and Network Productivity and Business Excellence in the Shaping Our Future scorecard. See page 12 - 13 of Brambles FY23 Annual Report.

In FY23, the sustainability and transformation teams collaborated to create and implement a carbon calculation feature for the transformation project tracking platform. This feature allows project owners to include an estimation of the greenhouse gas emissions impact associated with their initiatives as part of their business case. These potential impacts include plant costs, transport efficiencies, asset efficiency, recovery and waste reductions. This new feature helps integrate the transformation initiatives and Brambles' 2025 sustainability targets and highlights how decarbonisation can enhance Brambles' circular business model, support business performance, and increase resilience in the transition to a low-carbon economy.

Strategic procurement controls for a low-carbon supplier base

Brambles is taking steps to achieve a low-carbon supplier base, including embedding climate-related considerations into their procurement processes. This will improve Scope 3 GHG data provision and measurement, while aligning the capabilities of the supplier base with the desired low-carbon transition. In addition, Brambles' logistics function is embedding decarbonisation questions in their engagement with carriers. For example, CHEP Australia's logistics team has included data and reporting requirements in recent line-haul agreements, while CHEP Europe has created a supplier sustainability survey. In FY23, Brambles launched its first Supplier Academy to introduce key suppliers to Brambles' Sustainable Procurement Programme. Further work on supplier decarbonisation engagement will continue in FY24.

Product portfolio

Brambles' product innovations are designed for reuse, making them resulting in lower environmental impact than single-use alternatives. Peer-reviewed LCA studies support these more positive environmental outcomes and is outlined on page 10 of Brambles' FY23 Sustainability Review. Brambles' Waste Positive target aims to achieve 30% recycled or upcycled content in new plastic products by 2025. Brambles has approved business cases for 13 products containing recycled content and is constantly innovating in material design and function. To reduce the amount of new wood used, Brambles has expanded its timber reclamation initiatives, reducing the amount of pallets that need to be scrapped by remanufacturing them. For example, the CHEP USA Pallet Remanufacturing Project saved 2.4 million pallets, showcasing Brambles' commitment to resource efficiency and circular leadership.

Financial planning and capital allocation

Brambles is adapting to sustainability-related financial considerations by enhancing its data and accounting systems to improve the measurement of greenhouse gas emissions. A new role, Global ESG Finance Lead, has been created to integrate and streamline data and reporting processes, while preparing for upcoming sustainability standard disclosure changes. Brambles is working towards integrating climate and sustainability factors into its strategic and financial decision-making processes to align with its SBTs and net-zero target. This involves initiatives across multiple teams, such as Financial Planning and Analysis, Treasury, Group Financial Control, Asset Productivity, Transformation, and Investor Relations.

For example, in FY23:

- A new category was added to the budget approval process to identify, and appropriately consider investments associated with decarbonisation;
- Multiple projects across the globe have been assessed taking into account their decarbonisation impact, as part of the approval process within our transformation programme; and
- FY24 capital and operational expenses have been budgeted to continue progress against regional 2030 targets.

A working group co-led by Supply Chain Decarbonisation, Finance and Sustainability has also been established to assess the formal alignment of spend decision-making with Brambles' sustainability targets. This work, which will continue throughout FY24, will seek to identify and design additional alignment mechanisms that can further the integration of sustainability considerations into financial planning and capital allocation.

Brambles' first Green Bond offering

During FY23, Brambles completed its first green bond finance offering, the first by an Australian company to be fully dedicated to the circular economy. The eight-year €500 million green bond, with a coupon rate of 4.25%, was issued under Brambles' European Medium Term Note programme and recently published Green Finance Framework which is aligned with the International Capital Market Association's Green Bond Principles and the Loan Market Association's Green Loan Principles.

Sustainability-linked credit facility

Brambles secured a US\$1.35 billion sustainability-linked credit facility during FY23. The 5-year facility is linked to our sustainability targets, including Brambles' Forest, Climate, Workplace and Waste Positive programmes. ANZ Bank acted as joint sustainability and joint documentation coordinator on the facility, which includes two one-year extension options subject to the banks' consent.

Brambles' approach to carbon offsetting

Brambles has a well-established approach to carbon offsetting, which initially started through carbon-neutral product solutions for customers in Europe and the US under its 2015-2020 sustainability strategy. As part of its 2020-2025 sustainability strategy, Brambles adopted a target to achieve carbon-neutral operations by covering greenhouse gas emissions from Scope 1 and 2 sources. This target was met in June 2021 and maintained since then, demonstrating early action on Brambles' Climate Positive goals. More information on Brambles' Climate Positive programme is available at brambles.com/2025-sustainability-targets.

Reducing value chain greenhouse gas emissions through direct investment and partnerships with its supplier base is a priority for Brambles' decarbonisation programme, in line with the requirements of the SBTi Corporate Net-Zero Standard. In addition to these efforts, in order to achieve net-zero emissions by 2040, there will be an amount of residual emissions that will need to be neutralised. In recognition of this, Brambles' decarbonisation programme includes a strategic pillar centred on carbon removals and guided by the SBTi Standard.

In FY23, Brambles undertook an initial carbon offsetting scoping study to understand potential opportunities to generate carbon removal credits within its own value chain through different commercial mechanisms. The business is taking a holistic approach by exploring both nature-based forestry-related climate solutions and technical solutions.

Brambles will continue to refine its carbon removal strategy for the short, medium and long-term consistent with its sustainability programme, and vision to become a regenerative business.

Brambles' trial of Draft GHG Protocol Land Sector and Removals Guidance

Brambles has trialed the draft GHG Protocol Land Sector and Removals Guidance⁵ to better understand biogenic flows of carbon throughout our entire business value chain. The draft guidance, developed to explain how companies should report greenhouse gas (GHG) emissions in land use sectors, was released for review in September 2022. It covers CO₂ removal and storage in biogenic products such as pallets and is, therefore, applicable to Brambles.

In the Brambles context, this analysis included:

- Carbon sequestration (removals) from tree growth;
- Carbon emissions from forestry harvesting, processing and manufacturing activities;
- Carbon storage in products (pallets); and
- Carbon emissions from end-of-life treatment of products.

The analysis revealed the estimated quantities of carbon stored in Brambles' asset pool and from our South African timber farms. Initial findings support clear environmental advantages of circular business models that use renewable materials. The final standard is expected to be released in late 2023 and Brambles will offer feedback to help improve the process.



⁵ The draft Land Sector and Removals Guidance which Brambles' has tested, is available here, ghgprotocol.org/land-sector-and-removals-guidance.

Building Climate Resilience through Brambles' Circular Business Model



Brambles is preparing to manage the increasing physical risks brought about by climate change. It can do this through several levers including enhancing its inherent network advantage, leveraging its extensive certified timber supplier base, and transforming the performance of its circular model through asset productivity initiatives.

In addition to decarbonisation, Brambles' FY23 strategic climate response focused on potential physical risks for its network and timber-sourcing activities. Network Resilience included stress testing material service centre networks and timber sourcing focused on forestry-specific climate scenario development. The preliminary results have improved Brambles' understanding of the resilience of its network, providing insight into the future of its raw material supply. This analysis will continue in FY24, helping to develop future-focused mitigations in the face of increasing climate-related and natural capital-related impacts.

This infographic illustrates some examples of the potential physical risks, hazards and mitigations from climate-related impacts on different stages of Brambles' value chain.



To read more about Brambles efforts to mitigate our impact on climate change and adapt to the various transitional and physical climate risks and opportunities that may arise in different scenarios, go to brambles.com/tcfd.

Brambles’ Network Resilience

Over the last few years, Brambles has encountered significant supply chain disruptions due to the COVID-19 pandemic and periods of high consumer and industry demand for timber materials. These timber shortages, combined with weather-related supply chain disruptions, have provided Brambles with a valuable opportunity to develop climate-related agility and resilience. The strategies, learnings, and experiences will be beneficial to the business, particularly as climate-related severe weather events pose an increasingly significant risk. To examine these risks more closely, Brambles has initiated a series of stress tests during FY23 to evaluate the resilience of its networks against a range of severe weather events and to improve its understanding of how to mitigate or adapt to these risks.

The tests will assess various climate hazards based on historical events by region and evaluate the impacts of weather events of different severities on its assets, operations, products, and human resources. A cost assessment framework has been developed taking into consideration insured property values, natural peril exposures, monthly transport volumes and routes, and product inventory levels. The stress test cost assessment framework assisted in the development of suitable materiality ratings and vulnerability indicators such as the number of production days lost, potential customer impacts, and the percentage of volume disrupted.

The results of the stress tests will inform Brambles’ climate adaptation strategies and business continuity plans, and network/resilience planning.

We have prioritised regions of focus based on preliminary risk evaluations. These stress tests will initially be undertaken for three material regions, Australia, Europe, and North America, then extend across the whole network. The stress test scenarios were developed through engagement with regional operations and logistics teams, and the Brambles insurance team.

The stress tests comprise of three steps:

1. Relevant natural hazards are selected and scaled (low, medium, high) to assess their impact and recovery periods;
2. High-level impacts on operations and logistics are determined, considering historical data and feedback from team; and
3. Material locations are identified, and stress tests conducted across scenario grades (low, medium, high), measuring impacts on key metrics.

Preliminary results for the Australian business indicated a wide range of potential impacts, the size of which was driven by factors such as duration and location of the events, with costs influenced by the magnitude of the weather event as well as the duration, location, and site-specific factors. However, no financially significant impacts have been uncovered to date.

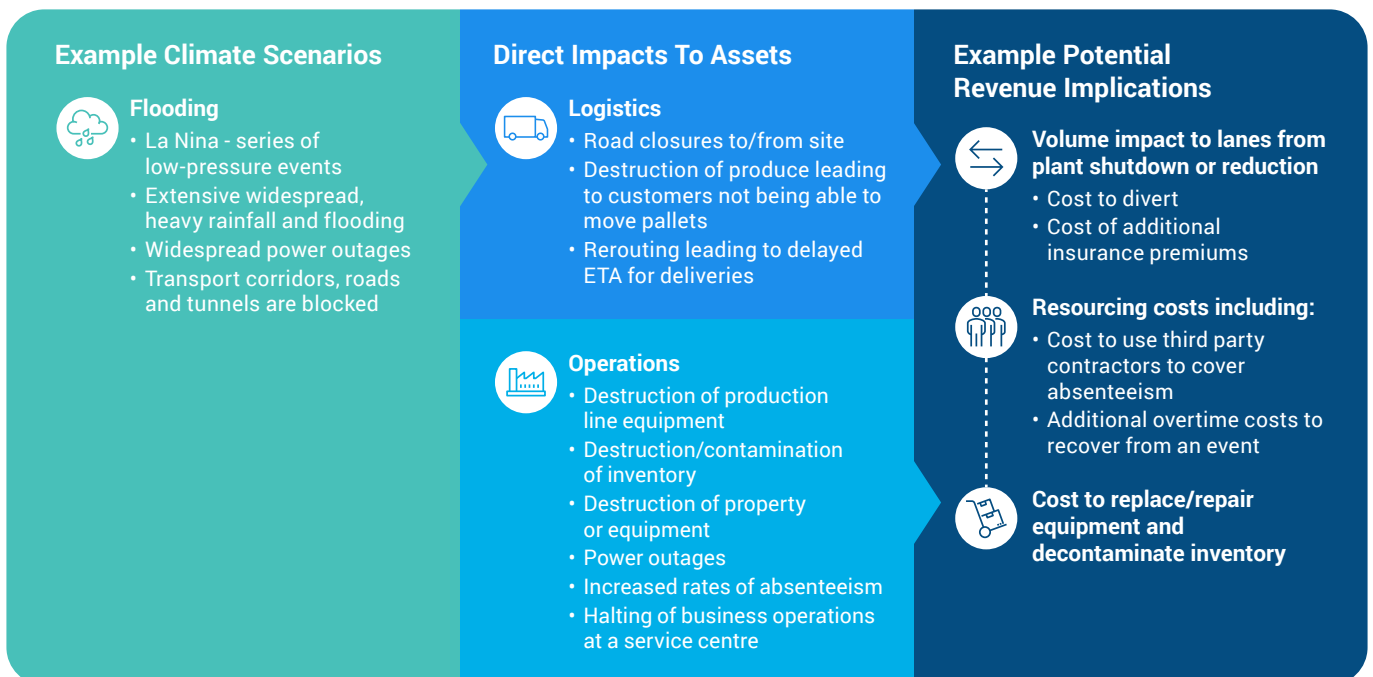
Other key metrics include:

- Number of service centres impacted;
- Percentage of plant & equipment impacted;
- Number of transport lanes impacted;
- Percentage of volume to be diverted;
- Percentage increase in transport costs;
- Employee overtime considerations; and
- Percentage of product contaminated, requiring additional conditioning.

In FY24, Brambles will continue conducting these stress tests over its North American and European operations. Findings will be incorporated into network and resilience planning, further informing Business Continuity Management in order to actively prepare Brambles for potentially increasing disruption from climate-related severe weather.

Stress Test Scenarios

Develop stress tests by region throughout FY24 – understand the physical impacts – assess potential costs



Increasing the resilience of raw material supply chains

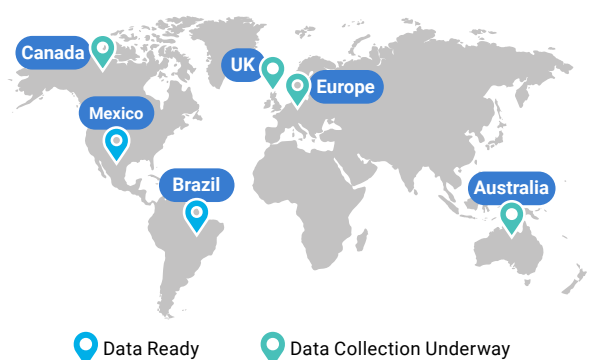
During Brambles' initial response to the TCFD recommendations in 2020, it was determined that the timber supply chains the business is dependent on could be exposed to increasing climate-related risks. To identify risks in the regions it sources from and develop suitable mitigations, Brambles engaged external climate science expertise and developed a Timber Supply Climate Risk Tool.

The tool analyses climate-related risks and physical impacts and has three primary use cases: procurement due diligence, portfolio-wide assessment, and climate reporting. Currently, the tool includes sawmills, ports, and plantations across Brazil and Mexico as they represent approximately 25% of Brambles' global certified timber volumes. By FY24, Brambles plans to expand the model to assess climate change impacts on all timber supply locations globally. The tool outputs will enhance sourcing continuity, inform supplier due diligence processes and encourage suppliers to undertake mitigation actions. The sourcing teams will integrate relevant aspects into their due diligence processes to improve their timber supply chain resilience and assess climate risk globally. The tool also prepares Brambles to respond to recommendations from the Task Force on Nature-related Financial Disclosures (TNFD).

Framework Set Up

Timber Supply Climate Risk Tool Development Methodology

The tool provides information about the potential climate impacts and associated physical climate risks to timber supply. The tool currently includes sawmills, ports and plantation locations in Brazil and Mexico, with other regions in scope for FY24.



ASSET TYPES		Timber plantations		Sawmills		Ports				
TREE SPECIES		Pinus taeda		Pinus elliottii		Gmelina arborea		Eucalyptus grandis		
CLIMATE HAZARDS		Heat impacts		Cold impacts		Rain impacts		Drought impacts		Other impacts
CLIMATE SCENARIOS	Representative Concentration Pathways (RCPs).			RCP ⁶ 8.5		RCP 4.5				
TIME PERIODS		2030 ⁷	Near Future: 2021-2040		2060 ⁷	Mid Future: 2051-2070		2090 ⁷	Far Future: 2081-2100	

Timber Supply Climate Risk Tool calibration

The Timber Supply Climate Risk Tool was created by an external climate scientist with input from various Brambles' stakeholders. It currently provides both quantitative and qualitative data on historical and future climate hazards, including acute and chronic risks, for selected locations in Brazil and Mexico. The tool also provides a high-level estimate of how these risks could impact Brambles. To calibrate the tool, a workshop was held to determine relevant use cases and gather feedback. Based on the workshop's conclusions, a set of actions was developed to enhance the tool's usability in the future.

Climate Hazards & Impacts

- Extreme Heat**
Included 8 climate hazards
- Extreme Cold**
Included 2 climate hazards
- Flood Impacts**
Included 7 climate hazards
- Drought Impacts**
Included 2 climate hazards
- Other Impacts**
Bushfires, storms and humidity

Direct Impacts to Assets

Timber Plantations

- Reduced productivity
- Increases in diseases and pests
- Increased tree mortality
- Loss of forest assets
- Decreased wood quality

Sawmills and Ports

- Infrastructure damage
- Increases dredging frequency
- Road closures to/from site
- Power outages
- More frequent berth wind load limitation
- Increases in worker shortages due to displacement

Location Exposure Risks

A risk rating was calculated for:

- Each projected climate hazard
- At each location and time period
- For each threshold

⁶ RCP definition: The scenarios used for the physical risk assessment are drawn from the Intergovernmental Panel on Climate Changes (IPCC's) Representative Concentration Pathways (RCPs). RCPs are GHG concentration trajectories used to show different climate futures that are possible based on the amount of GHG emitted in coming years.

⁷ The year ranges, 2030, 2060 and 2090 is indicative only. Projection values are calculated based on the 20-year period. All of the scenarios for the projected changes are relative to the 1961-1980 baseline.

Section 4: Metrics and targets

Climate Metrics

Brambles considers both its climate change and GHG emission targets as material to the business. Brambles discloses GHG emissions across Scope 1, 2 and 3 categories, in line with the GHG Protocol, applying the operational control approach⁸.

Climate Targets

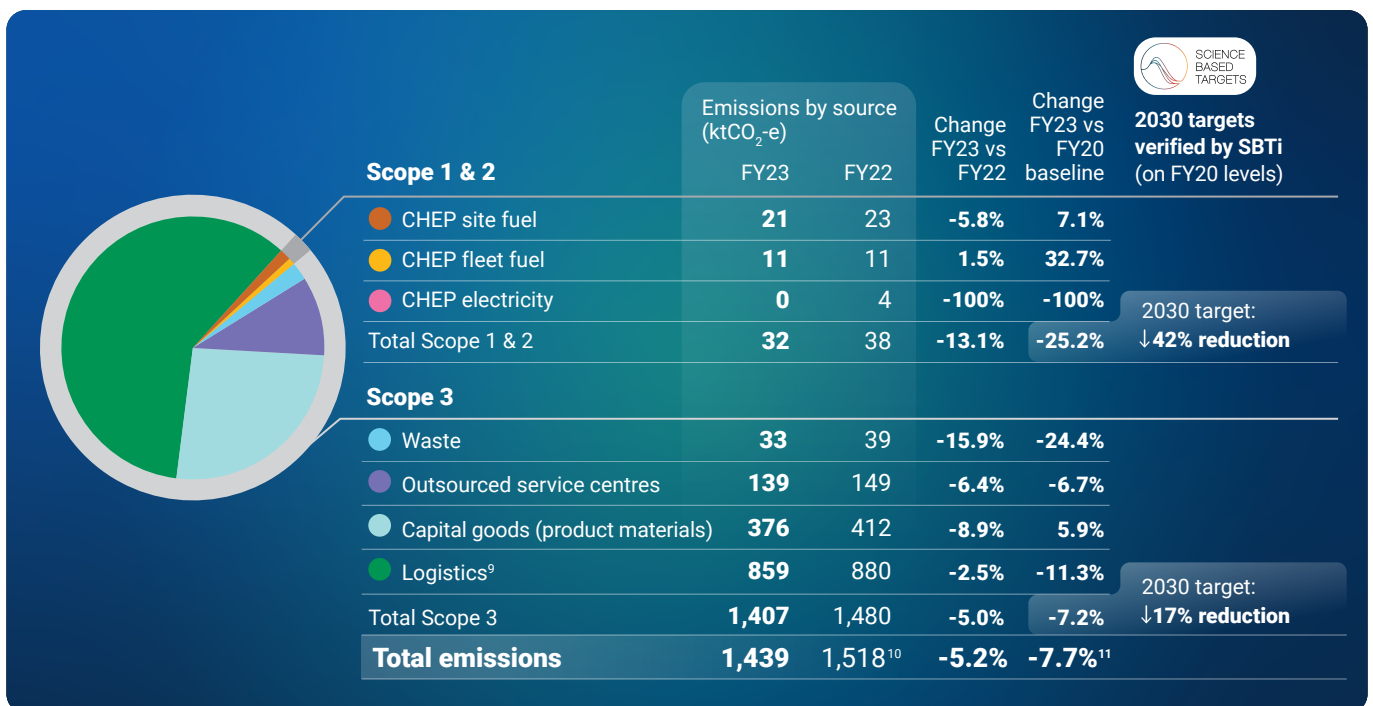
Brambles' Climate Positive targets aim to achieve a future where the climate is maintained within a limit of 1.5 degrees Celsius, in line with the Paris Agreement. As part of Brambles' wider Planet Positive programme, Brambles has set 2025 Sustainability targets including Climate Positive and Supply Chain Positive Targets. See brambles.com/2025-sustainability-targets, for more information. Brambles' commitment to understand and respond to climate-related risks and opportunities is evidenced by validated SBTs, a net-zero by 2040 target, and a comprehensive climate strategy. In FY22, Brambles launched 2030 SBTs and a 2040 net-zero commitment. Significant progress has been made in further defining and delivering on Brambles' decarbonisation strategy (refer to Low-Carbon Advantage on page 4 for more information).

FY23 Performance Against Targets

Brambles has maintained its carbon-neutral position for its own operations since June 2021 and 100% of the electricity used at its service centres is from renewable sources. This includes electricity from renewable contracts (39%), on-site generation (3%), and Energy Attribute Certificates (EACs) (58%).

Brambles' FY23, Scope 1, 2 and 3 GHG emissions decreased by 5.2% compared to FY22, in line with our validated SBTs. This was driven by the operating environment as well as the planning and delivery of the comprehensive decarbonisation strategy. This reduction equates to a 7.7% decrease on Brambles' FY20 baseline. The following aspects contributed to this performance:

- The operating environment that led to lower product issue volumes and some progressive inventory optimisation across manufacturer and retailer supply chains;
- Asset productivity initiatives to reduce capital expenditure on new pallets (accruals basis) and repair timber; this activity also led to a decrease in emissions related to upstream transport for our raw materials supply chains;
- While there was a slight decrease in global emissions from downstream transport due to lower product volumes, extreme weather-related disruptions in multimodal lanes in Australia increased its road transport activity. Additionally, product volume growth in LATAM and IMETA regions increased transport needs in jurisdictions where multimodal solutions and alternative fuels are less readily available to offset volume growth. Despite these challenges, our US business was able to reduce its absolute transport emissions at a regional level through increased multimodal activity, while Europe achieved a total reduction of over 4% in its transport emissions through optimisation initiatives and growth in multimodal lanes; and
- In operations, increased uptake of renewable electricity, driving Scope 2 emissions down to zero, and increased diversion of product waste from landfill in both CHEP and outsourced locations demonstrated important progress towards our Climate Positive targets see brambles.com/2025-sustainability-targets for more information.



⁸ GHG Definition of Operational Control: Under the control approach, a company accounts for 100 percent of the GHG emissions from operations over which it has control.

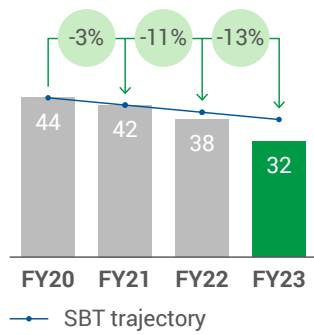
⁹ Includes both upstream and downstream transport.

¹⁰ Scope 1, 2 and 3 emissions have been restated for FY20, FY21 and FY22 to reflect revised assumptions and improved data quality. Restated Scope 1, 2 and 3 emission totals are: FY20 1,559 tCO₂-e (1% increase), FY21 1,521 tCO₂-e (1% increase) and FY22 1,518 tCO₂-e (3% increase).

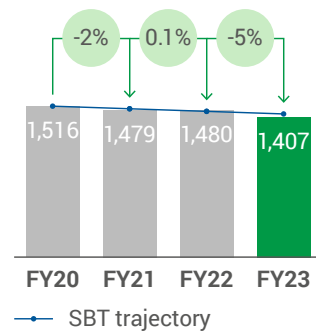
¹¹ The total emission reduction since FY20 of 7.7% is a weighted average of savings across Scope 1, 2 and 3, noting materiality of Scope 3 on the overall total.

Historical performance in absolute terms

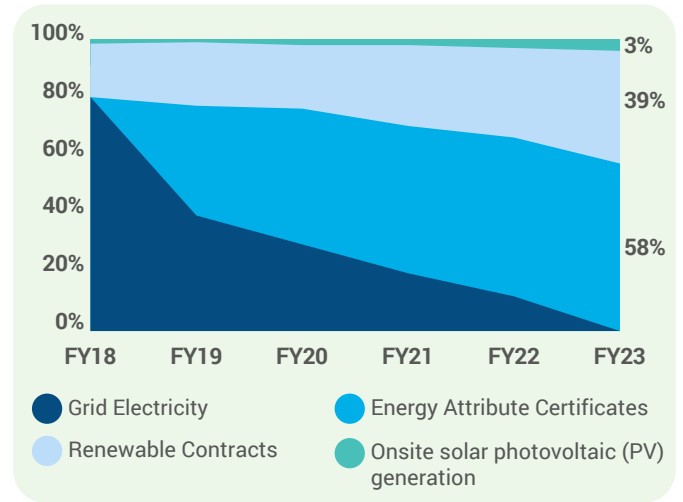
Global Scope 1 and 2 emissions (ktCO₂-e)



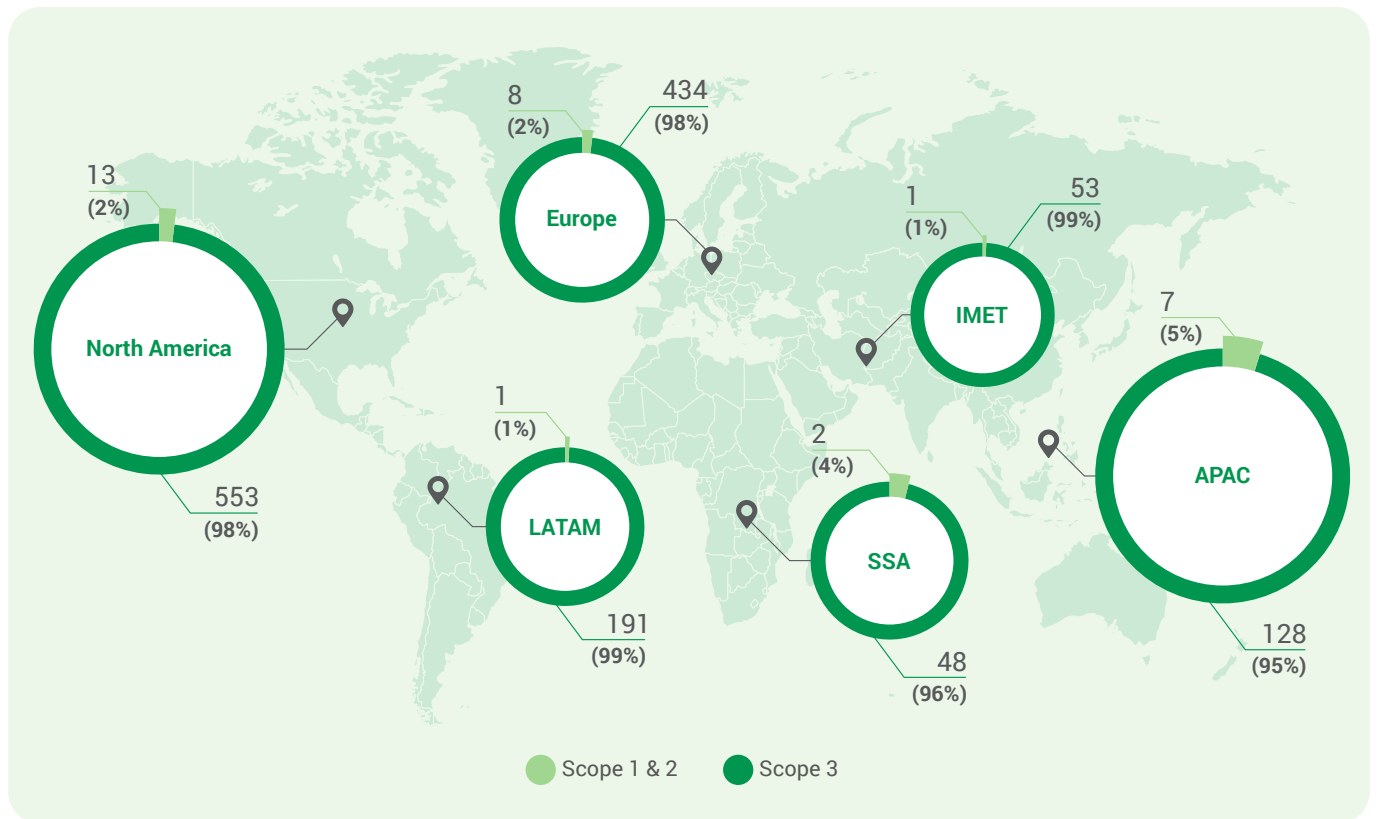
Global Scope 3 emissions (ktCO₂-e)



Strategies supporting Brambles' 100% renewable electricity target



Brambles' Scope 1 & 2 vs Scope 3 GHG Emissions per Region (ktCO₂-e)



Looking ahead

Brambles is developing a comprehensive plan to address the new IFRS Sustainability-related disclosure standards (IFRS S1 & S2) issued in June 2023. The plan aims to bridge any gaps and ensure alignment with the new disclosure requirements due to come into effect in 2025.

