



19 August 2020

The Manager-Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir/Madam

2020 Corporate Governance Statement

Enclosed are the following documents:

1. an Appendix 4G in relation to Brambles' 2020 Corporate Governance Statement pursuant to Listing Rule 4.7.3; and
2. a copy of Brambles' 2020 Corporate Governance Statement pursuant to Listing Rule 4.7.4.

The release of this announcement was authorised by the Board of Brambles Limited.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Brambles Limited

ABN / ARBN:

ABN 89 118 896 021

Financial year ended:

30 June 2020

Our corporate governance statement² for the above period above can be found at:³

☐

These pages of our annual report:

☒

This URL on our website:

www.brambles.com/corporate-governance-overview

The Corporate Governance Statement is accurate and up to date as at 18 August 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date:

19 August 2020

Name of Director or Secretary authorising
lodgement:

Robert Gerrard, Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ in our Corporate Governance Statement and the Board Charter at https://www.brambles.com/Content/cms/Corporate_Governance/2020_Board_and_Committee_charters/Brambles_Board_Charter_-_JAN2020.pdf	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement ... and a copy of our diversity policy or a summary of it: ☒ at https://www.brambles.com/Content/cms/Code-of-Conduct/English/Diversity-Policy_English.pdf ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement ... and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	If the entity complies with paragraph (a): ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ... and a copy of the charter of the committee: ☒ at https://www.brambles.com/Content/cms/Corporate_Governance/2020_Board_and_Committee_charters/Brambles_Nominations_Committee_Charter_Fourth_Edition_CGPR_2020.pdf ... and the information referred to in paragraphs (4) and (5): ☒ at section 2.1.2 of the Corporate Governance Statement in relation to paragraph (4) and at page 55 of Brambles' 2020 Annual Report in relation to paragraph (5).	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement ... and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement ... and the length of service of each director: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☒ at http://www.brambles.com/Content/cms/pdf/legacy/PDF/Corporate_nance/Code_of_Conduct.pdf	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	If the entity complies with paragraph (a): ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ... and a copy of the charter of the committee: ☒ at https://www.brambles.com/Content/cms/Corporate_Governance/2020_Board_and_Committee_charters/Brambles_Audit_Committee_Charter_-_JAN2020.pdf ... and the information referred to in paragraphs (4) and (5): ☒ at pages 26 to 29 of Brambles' 2020 Annual Report in relation to paragraph (4) and page 55 of Brambles' 2020 Annual Report in relation to paragraph (5).	☐ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ at https://www.brambles.com/Content/cms/Code-of-Conduct/English/Continuous-Disclosure-and-Communications-Policy_English.pdf	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at https://www.brambles.com/company and http://www.brambles.com/corporate-governance-overview	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	If the entity complies with paragraph (a): ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at ... and a copy of the charter of the committee: ☐ at ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at If the entity complies with paragraph (b): ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	If the entity complies with paragraph (a): ... how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ on pages 12 and 18 to 20 of Brambles' 2020 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	If the entity complies with paragraph (a): ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement ... and a copy of the charter of the committee: ☒ at https://www.brambles.com/Content/cms/Corporate_Governance/2020_Board_and_Committee_charters/Brambles_Remuneration_Committee_Charter_-_MAR2020.pdf. ... and the information referred to in paragraphs (4) and (5): ☒ at section 8.2.1 of the Corporate Governance Statement in relation to paragraph (4) and at page 55 of Brambles' 2020 Annual Report in relation to paragraph (5).	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ at pages 37 and 47 of Brambles' 2020 Annual Report, 'Directors' Report – Remuneration Report'.	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☒ in the Securities Trading Policy at https://www.brambles.com/Content/cms/Code-of-Conduct/English/Securities-Trading-Policy_English.pdf	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Brambles

Corporate Governance
Statement 2020



Corporate Governance Statement

Introduction

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

The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations (CGPR), Fourth Edition, took effect, for Brambles, on 1 July 2020. During the year ended 30 June 2020 (Year), Brambles carried out a structured process of reviewing, and where necessary amending, its corporate governance policies and practices having regard to the changes effected by the Fourth Edition of the CGPR, although in many cases the Fourth Edition changes were already a part of Brambles' existing corporate governance framework. The amendments adopted by the Board took effect at various stages during the Year or on 1 July 2020. The effective date of these changes are identified in this Statement.

During the Year, the Board believes Brambles met or exceeded all the requirements of the Third Edition of the CGPR, those parts of the Fourth Edition of the CGPR which were a part of its existing corporate governance framework and those parts of the Fourth Edition of the CGPR which Brambles adopted prior to 30 June 2020.

This Corporate Governance Statement (Statement) outlines the key components of Brambles' governance framework in place during the Year, by reference to the Third Edition of the CGPR and notes those parts of the Fourth Edition with which it was already compliant and when changes to its framework from the Third Edition of the CGPR took effect. Details of its compliance with the CGPR is set out in the Appendix 4G, lodged with the ASX on 19 August 2020. The information provided in this Corporate Governance Statement is current as at 18 August 2020 and has been approved by the Board of Directors.

The documents referred to in this Statement as being on Brambles' website are located in the Corporate Governance section of the Brambles website. Brambles' 2020 Annual Report is also posted on the Company's website at brambles.com/results-centre

Principle 1: Lay Solid Foundations for Management and Oversight

1.1 Role of the Board and Executive Management

1.1.1 Role of the Board and Executive Management

During the Year, the Board replaced its previous Schedule of Matters Reserved for the Board with a Board Charter. In doing so, the Board had regard to the provisions of recommendation 1.1 of the Fourth Edition of the CGPR. The Board Charter took effect from 1 January 2020.

The Board Charter sets out the roles and responsibilities of the Board and Executive Management.

The role of the Board is to:

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

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

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

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

1.1.2 Responsibilities of the Board

The Board Charter sets out those matters expressly reserved for the Board. These include approval of:

- The Group's overall strategic direction and strategic plans for its major business units, key business and financial objectives and dividend policy;
- Acquisitions or disposals of assets which exceed the authority limits delegated to the Chief Executive Officer and Chief Financial Officer;
- Annual operating and capital expenditure budgets;
- The Group's treasury policies;
- Brambles' annual report and financial statements, corporate governance statement and sustainability review and other significant statements to the press, stock exchange and/or shareholders relating to those statements or reports;
- Overseeing the integrity of the Group's accounting and corporate reporting systems and reviewing the effectiveness of those systems to provide adequate, accurate and timely information to the Board;
- The overall levels of insurance for the Group;
- The Group's risk appetite and its risk management framework (which covers both financial and non-financial risk) and systems of internal control and the conduct of a

Corporate Governance Statement – continued

bi-annual review of the risk appetite and the effectiveness of the risk management framework and internal control systems and whether any changes should be made to them as well as emerging risks and environmental and social risks;

- Changes to the Group's capital structure (other than changes resulting from established employee share plans);
- The Group's remuneration policy;
- The authority, and any changes to it, delegated to the Chief Executive Officer, Chief Financial Officer and other levels of executive management;
- The appointment and termination of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary and, where appropriate, ratifying the appointment and termination of other senior executives;
- The Group's Policies including its purpose, statement of values and Code of Conduct, Speaking Up Policy, Anti-Bribery and Corruption Policy, Continuous Disclosure and Communications Policy and Diversity Policy; and
- The Board Skills Matrix.

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

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

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

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

1.1.3 Responsibilities of Executive Management

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

delegated to the Chief Executive Officer and the Executive Leadership Team (ELT) are periodically reviewed by the Board and are documented.

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

The ELT has a range of responsibilities, which include:

- Reviewing business and corporate strategies;
- Implementing Brambles' strategic objectives and ensuring its resources are well managed;
- Formulating major policies in areas such as succession planning and talent management, human and capital resources management, information technology, development of strategy, risk management and communications;
- Monitoring safety performance and the effectiveness of the Group's safety management systems and reviewing safety targets;
- Leading the implementation of change processes; and
- Providing overall leadership in instilling and reinforcing the Group's values, Code of Conduct and risk appetite.

ELT members participate in Board meetings where the Group's strategic objectives are set and reviewed. They also make regular presentations to the Board on their respective business unit or functional area. Where applicable, those presentations include business unit financial performance, risk reviews, safety management and performance, status of specific projects against project timelines and milestones, personnel matters and key issues facing the business. Biographical details for the members of the ELT are shown on pages 30 to 32 of Brambles' 2020 Annual Report.

1.2 Undertake Appropriate Checks

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

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

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

1.3 Written Agreements with Directors and Senior Executives

Formal letters of appointment, which are contracts for service but not contracts of employment, have been put in place for

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all Non-Executive Directors. In all cases, those letters are with each Non-Executive Director personally.

The letters set out the key terms and conditions of their engagement, which include, among other things, expected time commitments, specifying that the Director should consult with the Board Chair before accepting any additional commitments that may impact their role, expectations with regard to conduct that is in accordance with Brambles' values and Code of Conduct and, if appropriate, any special duties or assignments. The Non-Executive Directors' letters of appointment also set out their right to obtain independent advice (see Section 2.3.1) and confirm that the Non-Executive Directors have no right to compensation on termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

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

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

1.4 Company Secretary

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

All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board, to whom the Company Secretary is directly accountable, through the Chair, on all matters to do with the proper functioning of the Board. The biography of Robert Gerrard, the Group Vice President, Legal & Secretariat and Company Secretary, is set out on page 31 of Brambles' 2020 Annual Report and of Carina Thuaux, the Deputy Company Secretary, is set out on page 53 of the Brambles' 2020 Annual Report.

1.5 Diversity Policy and Measurable Objectives

1.5.1 Policy

The Board has had a Diversity Policy since 2010. It forms part of Brambles' Code of Conduct. During the Year the Diversity Policy was reviewed having regard to, amongst other things, the provisions of Recommendation 1.5 of the Fourth Edition of the CGPR and, as a result of that review, minor changes were made to the Policy. Those changes took effect on 1 July 2020. A copy of the Policy is on Brambles' website.

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

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

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

The Diversity Policy provides, among other things, that:

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

The Remuneration Committee also monitors remuneration by gender relativities (see Section 8.1.3).

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1.5.2 Gender Diversity Objectives

The Board Charter includes the following as Board responsibilities:

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

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

Brambles had previously committed to establishing gender diversity targets during 2011 in its 2010 Sustainability Review. In 2015, Brambles set a five year gender diversity measurable objectives of maintaining female representation on the Board of at least 30% and for women to represent at least 30% of ELT and management positions by 30 June 2020.

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

The objective of having women represent 30% of Board positions by 30 June 2015 was achieved in 2014 and maintained or exceeded in subsequent years except for the period October 2018 to June 2020. During that period, representation fell below that objective due to the timing of retirements and selection processes relating to the appointment of successors. On 1 June 2020, however, the objective was once again met. The objective of having women represent 30% of ELT members was achieved on 1 July 2020 and of having 30% of women in management positions was achieved during the Year.

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

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

- The pool of non-executive director candidates for vacant Board roles to include qualified persons who would fill an existing diversity gap having regard to Brambles' Diversity Policy and the diversity objectives adopted by the Board from time to time;
- Where external executive search agencies are engaged to assist in recruiting for Board or management positions, Brambles requires that female candidates are presented;
- Brambles has a number of leadership development programmes which focus on creating an inclusive environment;

- To that end, Brambles adopted, and continues to achieve or exceed, a target of having women represent at least 30% of participants in its graduate and leadership development programmes. During the Year, of the 136 participants in its various development programmes, 63 (47%) were women including 10 out of 15 participants in the graduate development programme and 6 out of 10 participants in the emerging leadership programme;
- Brambles held diversity workshops to address issues such as unconscious bias and #GetUncomfortable open panel discussions; and
- A global Inclusion and Diversity Council was established with ELT and regional representation with the objective of engaging Brambles employees and customers with their experiences on diversity matters.

1.5.3 Gender Diversity Reporting

As at 31 July 2020, women comprise 33% of Brambles' Board (27% as at 31 July 2019), 30.8% of the ELT (21.4% as at 31 July 2019) and 31.5% of its management positions (29.1% as at 31 July 2019). In calculating these percentages, Brambles included each permanent employee on the payroll but excluded casual employees and contractors. The composition of Brambles' Board, ELT management against the 2015 objectives referred to in Section 1.5.2, and the composition of each management grade at 31 July 2019 and 31 July 2020 was as follows:

	2020 Objective	% Females at 31 July 2020	% Females at 31 July 2019
Board	30%	33%	27.3%
ELT	30%	30.8%	21.4%
Management	30%	31.5%	29.1%
Senior Vice President		17.4%	20.0%
Vice President		20.4%	22.2%
Director		28.2%	25.7%
Manager		32.7%	30.3%

Women represent 22.4% of Brambles' total workforce at 31 July 2020.

1.6 Performance Evaluation of Board, Committees and Directors

The Board and its Committees carry out both internal and external evaluations. Generally, external evaluations are carried out every three years, but the form of evaluation is reviewed and determined each year. The performance of Non-Executive Directors is also carried out each year. In the past, when an external evaluation was conducted, the performance of all Non-Executive Directors was reviewed, and when an internal evaluation was conducted, Non-Executive Directors who were standing for re-election were reviewed. Commencing from the Year, the performance of all Non-Executive Directors will be reviewed on an annual basis. (Annual performance reviews of the Chief Executive Officer

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and the Chief Financial Officer are carried out under the senior executive evaluation performance process, see Section 1.7.)

As an external evaluation of the Board's performance and the performance of each of its Committees and each Non-Executive Director was last carried out during 2018, the Board conducted an internal evaluation for the Year.

The Board and Committee reviews involved the completion of a detailed questionnaire by each of the Directors as well as selected senior executives who regularly interact with the Board or its Committees on matters relevant to their respective performance.

Completed questionnaires were sent by participants in the evaluation directly to PricewaterhouseCoopers. The outcomes of the questionnaires were collated by PricewaterhouseCoopers and the results were then reported by them to the Board and each Committee. These findings were reviewed and discussed by the Board and Committees and key issues arising from the evaluations were identified for further action.

The Non-Executive Directors evaluation also involved a questionnaire-based performance review completed by all other Directors. The results of each evaluation (other than his or her own) were provided by PricewaterhouseCoopers to the Chairman. A private meeting was held between the Chairman and each of those Non-Executive Directors to review their respective performance evaluations. The results of the Chairman's evaluation were provided by PricewaterhouseCoopers to Mr Tony Froggatt (Brambles' most senior Non-Executive Director) who held a private meeting with the Chairman to discuss that evaluation.

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

1.7 Performance Evaluation of Senior Executives

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

Performance evaluations for senior executives, including the Chief Executive Officer, the Chief Financial Officer and the

other ELT members, were carried out during the Year in accordance with this process.

Principle 2: Structure the Board to Add Value

The Brambles Board consists of twelve members, with two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and ten Non-Executive Directors. During the Year, Mr David Gosnell retired as a Non-Executive Director on 10 October 2019 after a total of 12 years of service on the Board. Mr Stephen Johns retired on 30 June 2020 as Chairman and a Non-Executive Director after 16 years of service on the Board.

In accordance with the Board approved succession plan for Brambles' Chair arising from Mr Johns announcement in August 2017 to retire during his current term, on 1 November Mr John Mullen was appointed to the Board as a Non-Executive Director and Chair-elect. Mr Mullen took over the Chair role on 1 July 2020.

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

- on 1 June 2020 Dr Nora Scheinkestel was appointed as a Non-Executive Director and will assume the role of Audit Committee Chair on 20 August 2020 (when Brian Long will step down as Audit Committee Chair pending his retirement from the Board at the conclusion of Brambles' 2020 AGM); and
- on 6 July 2020 Mr Ken McCall was appointed as a Non-Executive Director as a part of the Board's succession plan.

The Board considers that its current composition reflects both an appropriate balance of Executive and Non-Executive Directors and the range of skills, knowledge and experience appropriate for governing Brambles.

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

2.1 Nominations Committee

2.1.1 Objective

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

2.1.2 Composition

The Nominations Committee is comprised entirely of Non-Executive Directors, all of whom the Board considers to be independent. During the Year and up to the date of this Statement, the members of the Nominations Committee were Stephen Johns (Committee Chair, up to 30 June 2020, when he retired from the Board), John Mullen (from 1 November 2019 and Committee Chair from 1 July 2020), Tony Froggatt, George El-Zoghbi, Elizabeth Fagan (from 11 October 2020),

Scott Perkins (from 11 October 2020) and David Gosnell (up to 10 October 2019).

Details of Nominations Committee meetings held during the Year, and attendance at those meetings, is set out on page 55 of Brambles' 2020 Annual Report.

2.1.3 Nominations Committee Charter

The Nominations Committee has a Charter. During the Year, the Charter was reviewed having regard to the provisions of Recommendation 2.1 and the other provisions of the Fourth Edition of the CGPR which relate to the roles and responsibilities of a nominations committee. As a result of that review, some changes were made to the Charter. Those changes took effect on 1 July 2020. A copy of the updated Charter is on Brambles' website.

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

- Assessing periodically the Board Skills Matrix to determine that it includes the skills and diversity required to discharge competently the Board's duties, having regard to the strategic direction of the Group, and making recommendations to the Board on any changes which should be made to that matrix;
- Having regard to the Board Skills Matrix, assessing the skills currently represented on the Board to determine whether those current skills meet the required skills identified;
- Reviewing the structure, size and composition (including the mix of skills, knowledge, experience, independence and diversity, having regard to the Board Skills Matrix) of the Board and the effectiveness of the Board as a whole, and keeping under review the leadership needs of Brambles, both executive and non-executive, with a view to ensuring the continued ability of Brambles to compete effectively;
- Preparing a description of the role, capabilities and skills required for a Board appointment (Role Specification), identifying suitable candidates to fill Board vacancies, and nominating candidates for the approval of the Board;
- In identifying suitable candidates for a Board appointment, if necessary, causing:
 - A search to be undertaken by an appropriately qualified independent third party acting on a brief prepared by the Nominations Committee, which includes the Role Specification;
 - The search to be international, extending to those countries in which candidates with the necessary skills would ordinarily be expected to be found;
 - The pool of candidates to include qualified persons who would fill an existing diversity gap having regard to the Board Skills Matrix, Brambles' Diversity Policy (see Section 1.5.1) and the diversity objectives adopted by the Board from time to time; and
 - Appropriate checks to be carried out on candidates and for the checks to include the candidate's

character, experience, education, criminal record and bankruptcy history;

- Developing a program for the induction of Directors, as well as providing appropriate professional development opportunities for Directors to enable them to have the skills and knowledge required to perform their role effectively;
- Ensuring that, on appointment, Non-Executive Directors receive a formal letter of appointment, setting out the time commitment and responsibilities envisaged in the appointment;
- On any re-appointment of a Non-Executive Director on the conclusion of their specified term of office, undertaking a process of review of the retiring Non-Executive Director's performance during the period from their appointment or most recent re-appointment, as the case may be, to the Board;
- Reviewing annually the time commitment required of Non-Executive Directors and carrying out performance evaluations to assess whether the Non-Executive Directors are devoting enough time to fulfilling their duties; and
- Giving full consideration to whether succession plans are in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board, and satisfying itself that processes and plans are in place in relation to both Board (particularly for the key roles of Board Chair and Chief Executive Officer) and other senior executive appointments.

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

2.2 Board Skills Matrix

The biographies for each of the current Directors are on pages 26 to 29 of Brambles' 2020 Annual Report. These indicate the breadth of their business, financial and international experience. This gives the Board the range of skills, knowledge and experience essential to govern Brambles, including an understanding of the health, safety, environmental and community-related issues it faces.

Brambles first adopted a Board Skills Matrix in 2011. The Nominations Committee conducts an annual review of that matrix and, if necessary, makes recommendations to the Board on any changes which should be made to it (see Section 2.1.3). The Nominations Committee conducted such a review during the Year and recommended to the Board that no changes to the matrix were required. The Board subsequently reviewed the matrix and adopted the Nominations Committee's recommendation.

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The following table summarises the Board Skills Matrix and the skills and experience of the Directors. A copy of the full pro-forma Board Skills Matrix is on Brambles' website.

Skill and Experience		No. of Directors
Functional	Finance	6
	Accounting	6
	Operations	10
International Management	Americas	9
	Europe	8
	Asia	9
Industry	FMCG	6
	Logistics	6
	Retail	9
	Supply Chain	7
	IT/Data	3
Public Company Experience	Australia	6
	International	10
Institutional Investor Profile	Australia	6
	International	7
Board History (other than Brambles)	Chair	2
	Committee Chair	7
	Non-Executive Director	11
Experience as Pooling Customer		5

2.3 Independent Directors

2.3.1 Independent Decision-Making

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

2.3.2 Independent Directors

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

Substantial Shareholder

Brian Long was a director of the Commonwealth Bank of Australia (CBA) until 31 December 2018, when he retired from its board. During the Year, CBA was a substantial shareholder from 1 July 2019 to 2 August 2019 holding 7.3% of Brambles' issued share capital during that period. The Board does not consider that Brian Long's prior relationship with CBA gives rise to any actual or perceived loss of independence on his part because of the number of shares which were held by CBA and the manner in which CBA's relevant interests in Brambles

shares were held, namely principally by related bodies corporate of CBA which were either: a superannuation trustee; a life company holding statutory funds; a responsible entity or manager of a managed investment scheme; under an investment mandate; by external managers unrelated to the CBA group; or subject to client direction.

Tenure

During August 2019 the Board adopted a revised tenure policy. That policy is:

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

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of the independence of any Non-Executive Director who has served more than 10 years.

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

Mr Froggatt has served as a Non-Executive Director for 14 years, having commenced on 1 June 2006. In considering his independence, the Board noted that, as part of its succession plans and to assist in both the smooth transition of the new Board Chair and to provide continuity having regard to the number of Non-Executive Directors with two years or less of tenure on the Board, Mr Froggatt stood for and was re-elected at the 2019 AGM. In doing so, he indicated that he would retire during his next term of office.

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

exercise independent judgement or to act in the best interest of the Group

The Board also noted that Ms Hassan's third term as a Non-Executive Director expires at the end of the 2020 AGM. In considering whether Ms Hassan should stand for re-election at that AGM for her fourth term the Board considered:

- Ms Hassan first stood for election at the 2012 AGM and that her first term was two rather than three years (she stood for re-election at the 2014 rather than the 2015 AGM to enable for a more even spread of directors standing for re-election at ensuing AGMs);
- At the 2020 AGM, she will have been on the Board for 8 years and 10 months; and
- The desirability for continuity on the Board having regard to the number of Non-Executive Directors with two years or less of tenure.

Having regard to these factors, the Board considered that her standing for re-election at the 2020 AGM was in line with its tenure policy.

Name	Year appointed	Year last elected	Executive or Non-Executive	Independent	Next due for election/re-election
G Chipchase	2017	N/A	Executive	No	N/A ¹
G El-Zoghbi	2016	2019	Non-Executive	Yes	2022
E Fagan	2018	2018	Non-Executive	Yes	2021
T Froggatt	2006	2019	Non-Executive	Yes	2022
T Hassan	2011	2017	Non-Executive	Yes	2020
B Long	2014	2017	Non-Executive	Yes	N/A ²
K McCall	2020	N/A	Non-Executive	Yes	2020 ³
J Miller	2019	2019	Non-Executive	Yes	2022
J Mullen	2019	N/A	Non-Executive	Yes	2020 ³
N O'Sullivan	2017	2017	Executive	No	2020
S Perkins	2015	2018	Non-Executive	Yes	2021
N Scheinkestel	2020	N/A	Non-Executive	Yes	2020 ³

2.3.3 Regular Assessments

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

conclusion will be advised to Australian Securities Exchange in a timely manner.

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

2.4 Majority of Board Independent

The above table and the discussion at Section 2.3 shows that the Board has a majority of independent Directors.

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

² Mr Long will retire as a Non-Executive Director at the conclusion of the 2020 AGM, when his current term expires.

³ Appointed to the Board since the last general meeting. Will stand for election for the first time at the 2020 AGM and, if elected, will be due for re-election at the 2023 AGM.

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2.5 Independent Chair

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

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

The Board Chair holds meetings with the Non-Executive Directors from time to time, including meetings at scheduled sessions, without the presence of the Executive Directors or other executives. The Non-Executive Directors meet without the Chair present on such occasions as they consider appropriate.

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

2.6 Induction and Professional Development

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

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

On an ongoing basis, Directors participate in various seminars and conferences held by industry and professional bodies. In addition, Board meetings regularly include sessions on recent developments in governance and corporate matters, significant accounting matters, operational site visits and meetings with local staff and major customers.

Principle 3: Acting Ethically and Responsibly

3.1 Code of Conduct

3.1.1 The Code

Brambles has had a Code of Conduct since 2002. During FY19 and the first quarter of the Year, a comprehensive review of Brambles' Code of Conduct was carried out. The outcome of this review was the preparation of a new Code of Conduct. The new Code was reviewed and approved by the Board in

October 2019 and took effect on 1 January 2020. The Code provides a foundation for the ethical conduct of Brambles. It is one of the ways in which Brambles incorporates its Shared Values (see Section 3.1.2) into its businesses. The Code describes how Brambles relates to its employees, customers and suppliers, shareholders and the communities in which it operates and in which its employees and key stakeholders live and work.

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

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

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

- Corporate Social Responsibility;
- Speaking Up (i.e. whistleblowing, see Section 3.1.3);
- Continuous Disclosure & Communications;
- Group Guidelines for Serious Incident Reporting;
- Environmental;
- Competition Compliance;
- Health & Safety;
- Diversity;
- Securities Trading;
- Anti-Bribery and Corruption (see Section 3.1.4);
- Supplier;
- Human Rights (including modern slavery);
- Risk Management;
- Tax;
- Guidelines for Document Management; and
- Social Media.

Brambles implements the Code of Conduct through a variety of induction and training programs. New employees must complete compliance induction training within their first thirty days of employment, which includes modules on the Code of Conduct, certain policies adopted by the Code (include Competition Compliance, Anti-Bribery and Corruption and Modern Slavery). Current employees must regularly complete refresher courses on the Code of Conduct. The refresher courses for the Year were updated to take into account the new Code of Conduct, although roll out of that refresher course was delayed due to the COVID-19 pandemic.

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

At each of its meetings, the Board receives a report from the Group Vice President, Legal & Secretariat on any material breaches of the Code of Conduct, the investigation carried out

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in relation to that breach, the results of that investigation, any disciplinary action taken and any changes to policies or procedures which are considered necessary or desirable arising from the investigation.

3.1.2 Values

Brambles' previous and current Code of Conduct included a statement of the Group's values. As specified in Section 3.1.1, the Board adopted a new Code of Conduct which took effect on 1 January 2020.

Brambles' purpose, set out on its website and in the new Code of Conduct is:

*To connect people with life's essentials every day.
Through its share and reuse model, Brambles moves
more goods to more people in more places than any
other organisation. That's how Brambles contributes
to a more sustainable future.*

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

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

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

3.1.3 Whistleblower Policy

Brambles has had a whistleblower policy (called the Speaking Up Policy) since 2002. During the Year minor amendments were made to the policy to take into account the provisions of Recommendation 3.3 of the Fourth Edition of the CGPR. These amendments took effect from 1 July 2020. A copy of the Speaking Up Policy is on Brambles' website. It includes the suggestions set out in Box 3.3 of the Fourth Edition.

At each of its meetings, the Board receives a Speaking Up report from the Group Vice President, Legal & Secretariat. The report provides statistics on speaking up matters including matters raised since the previous report by number, category, region and country, the number of speaking up matters closed since the previous report by category and disciplinary action taken and rolling 12 month numbers of speaking up matters by category and for sites which had 5 or more matters raised during the relevant 12 month period. The Speaking Up Report also provides details on material speaking up matters including the investigation carried out, the result of the investigation, any disciplinary action taken and any changes to policies or procedures which are considered necessary or desirable arising from the investigation.

3.1.4 Anti-Bribery and Corruption Policy

Brambles has had an Anti-Bribery and Corruption Policy since 2014. During the Year, the policy was reviewed and amended by the Board as a part of its review of the new Code of Conduct (see section 3.1.1) to take into account the provisions

of Recommendation 3.4 of the Fourth Edition of the CGPR. Those amendments took effect on 1 January 2020. A copy of the Anti-Bribery and Corruption Policy is on Brambles' website. It includes the suggestions set out in Box 3.4 of the Fourth Edition of the CGPR.

As a part of the report on the Code of Conduct and Speaking Up Policy referred to in Sections 3.1.3 and 3.1.4, the Group Vice President, Legal & Secretariat Group reports to the Board on any breaches of the Anti-Bribery and Corruption Policy.

Principle 4: Safeguard Integrity of Corporate Reporting

4.1 Audit Committee

4.1.1 Objective

Brambles has an Audit Committee whose objective and purpose is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

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

4.1.2 Composition

The Audit Committee has four members and is chaired by Brian Long, an independent Non-Executive Director.

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

The members of the Audit Committee during the Year and as at the date of this Statement are Brian Long (Committee Chair), Scott Perkins, Elizabeth Fagan and Nora Scheinkestel (who joined the Audit Committee on 1 June 2020). David Gosnell was a member of the Committee until his retirement from the Board on 10 October 2019. Dr Scheinkestel will take over as Chair of the Audit Committee on 20 August 2020, when Mr Long will step down from that role pending his retirement from the Board upon the conclusion of the 2020 AGM.

Details of the number of Audit Committee meetings held during the Year, and attendance at those meetings, are set out on page 55 of Brambles' 2020 Annual Report.

4.1.3 Technical Expertise

The qualifications and experience of the current members of the Audit Committee are set out in their respective biographies on pages 26 to 29 of Brambles' 2020 Annual Report.

Corporate Governance Statement – continued

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

4.1.4 Charter

The Audit Committee has a Charter, a copy of which is on Brambles' website. The Charter, which is reviewed annually, sets out the Committee's duties and responsibilities, composition, structure, membership requirements, authority and access rights, and sets out a procedure for inviting non-members to attend its meetings. During the Year, the Charter was reviewed and amended having regard to the provisions of Recommendation 4.1 and the other provisions of the Fourth Edition of the CGPR which relate to the roles and responsibilities of an audit committee. These amendments took effect on 1 January 2020.

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

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

- Reviewing, and challenging where necessary, the actions and judgement of management in relation to proposed full-year and half-year financial reports before recommending to the Board whether the financial reports should be signed;
- Reviewing and making recommendations to the Board in relation to the adequacy of the Group's internal financial reporting processes;
- Reviewing and approving the audit plans of the internal auditors, including the scope, adequacy and materiality level of their audits; monitoring compliance with the audit plans of the internal auditors and the effectiveness of the execution of those plans; reviewing reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings, and reports from the internal auditors on the implementation of those action plans; and facilitating an open avenue of communication between the internal auditors, the external auditors and the Board, approving the appointment or removal of the head of internal audit and monitoring the adequacy of resourcing of the internal audit function and their objectivity and independence from executive decision making;
- Reviewing the audit plans of the external auditors, including the nature, scope, materiality level and procedures of their audits; monitoring compliance with, and the quality and effectiveness of, the audit plans of the external auditors; and reviewing reports from the external auditors in relation to their half-year and full-year financial report audit findings, management responses and action plans in relation to those findings, and reports from the external auditors on the

implementation of those action plans, overseeing the process for selecting and removing the external auditors;

- Reviewing and recommending to the Board for approval the fees payable to the external auditors, monitoring compliance with the Charter of Audit Independence (a copy of which is on Brambles' website) and pre-approving the performance by the external auditors of any non-audit related work and any proposed fees to be paid to the external auditors for that work, for which its approval is required by the Charter of Audit Independence. The Charter divides non-audit work into three categories: work which must be approved by the Chief Financial Officer (if fees will fall below specified limits); work which must be approved by the Audit Committee; and work which is prohibited. Prior consultation with, and approval of, the Chief Financial Officer or Audit Committee, as prescribed by the Charter, is required whenever management recommends that the external auditors undertake non-audit work. Internal accounting, valuation services, actuarial services, internal audit services, the design, development or implementation of financial information or control systems, financial advisor services and certain personal tax services for Brambles employees must not be performed by the external auditors; and
- Reviewing bi-annually the effectiveness of the Group's risk management framework by reviewing bi-annual risk reports to the Committee and regular internal audit reports on the implementation and effectiveness of that framework and on the implementation and effectiveness of risk mitigation steps and by assessing whether internal audit plans are addressing material risks.

The Audit Committee is responsible for monitoring the Brambles Speaking Up Policy, ensuring that it is communicated properly and complied with throughout Brambles, and monitoring that appropriate protection against victimisation and dismissal is provided to employees who make certain disclosures pursuant to that policy.

4.2 CEO and CFO Declaration

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

4.3 External Auditor and Periodic Corporate Reports

4.3.1 External Auditor

PricewaterhouseCoopers has been engaged by the Board to act as external auditor to Brambles since the 2002 financial year. The Lead Audit Engagement partner is formally invited

Corporate Governance Statement – continued

to attend the Annual General Meeting and provided with a copy of the Notice of Meeting and all other communications relating to the meeting that Brambles shareholders receive. The Lead Audit Partner will attend the 2020 AGM and be available to answer any questions from shareholders related to the audit process.

4.3.2 Verifying the Integrity of Periodic Corporate Reports

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

Principle 5: Make Timely and Balanced Disclosure

5.1 Continuous Disclosure Policy

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

The Board has adopted a Continuous Disclosure & Communications Policy. The Policy is a Schedule to the Code of Conduct. During the Year, the Policy was reviewed and amended having regard to the provisions of Recommendation 5.1 and the other provisions of the Fourth Edition which relate to the disclosure of information and minor amendments were made to it as a result of that review. Those amendments took effect from 1 July 2020. The Policy includes the suggestions set out in Box 5.1 of the Fourth Edition of the CGPR. A copy of the Policy is on Brambles' website.

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

- Reinforces Brambles' commitment to the continuous disclosure obligations;
- Sets out the processes Brambles implements to manage compliance with its continuous disclosure obligations;
- Sets up a Disclosure Committee (comprising the Board Chair or in his or her absence the Audit Committee Chair or in his or her absence a Non-Executive Director), the Chief Executive Officer, the Chief Financial Officer and the Group Vice President, Legal & Secretariat to manage compliance with the Policy;

- Outlines the responsibilities of the Disclosure Committee, which is to review whether information is required to be disclosed under Brambles' continuous disclosure obligations and, where Board approval for authorising such disclosure is not possible, to authorise the disclosure;
- Outlines Brambles' corporate governance standards and related processes to ensure that timely, balanced and accurate information about Brambles is provided equally to all shareholders and market participants;
- Sets out those persons who are authorised to communicate with the media and investors; and
- Outlines Brambles' policy on rumours and market speculation.

5.2 Copies of Market Announcements to Board

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

5.3 Investor and Analysts Briefings

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

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

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

Principle 6: Respect the Rights of Security Shareholders

6.1 Information on Website

Brambles' website contains detailed information about the Company, its businesses and their respective operations and its governance practices. It contains the information listed in the commentary on this recommendation in the Third and Fourth Edition of the CGPR.

6.2 Investor Relations Program

Brambles has a structured investor relations program.

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

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

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

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

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

6.3 Meetings

AGMs provide an opportunity for the Board to communicate with investors, through presentations on Brambles' businesses and current trading. Shareholders are encouraged to attend AGMs and to participate and use the opportunity to ask

questions on any matter. Shareholder meetings are also webcast live on Brambles' website.

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

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

6.4 Electronic Communications

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

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

Principle 7: Recognise and Manage Risk

7.1 Overseeing Risk Management Framework

Brambles does not have a separate risk committee. The Board is responsible for overseeing Brambles' risk management framework but has delegated part of that responsibility to the Audit Committee.

The Board is responsible for:

- Approving the Group's risk appetite and its risk management framework, which covers both financial and non-financial risks and systems of internal control;
- Monitoring managements' performance against the risk management framework including whether it is operating with the risk appetite approved by the Board;
- Conducting a bi-annual review of the risk appetite and the effectiveness of the risk management framework and internal control systems and whether any changes should be made to the risk appetite or that framework and systems;
- Satisfying itself that the risk management framework deals adequately with contemporary risks (that is material strategic and operating risks), emerging risks and environmental and social risks; and
- Conducting an annual review of the Group's insurance program.

The Audit Committee is responsible for:

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- reviewing the effectiveness of the management of the Group's risk management framework by reviewing bi-annual risk reports and regular internal audit reports on the implementation and effectiveness of risk mitigation steps and by assessing whether internal audit plans are addressing material risks; and
- reviewing any material incident involving fraud or a break-down of the Group's risk controls and the implementation of changes in processes or procedures arising from that incident.

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

The Board has adopted a risk management framework, the objectives of which are as follows:

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

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

The Brambles Headquarters RCC is chaired by the Chief Financial Officer and its members include key functional heads. The IT RCC is chaired by the Chief Information Officer and its members include executives from the IT Department. The GSC RCC is chaired by the Senior Vice President Global Supply Chain and its members include executives from the GSC function. Each RCC conducts an in-depth review on a regular basis of the risk profile of the relevant business unit, Headquarters, IT or GSC systems and operations, as the case may be, including their respective material environmental and social sustainability risks (see Section 7.4). The Business Unit Presidents review the risk profile and accompanying mitigation plans of their respective business units before they are consolidated into the Group-level risk profile. The risk profiles and mitigation plans for Brambles' Headquarters, IT, GSC, the sustainability risk profile submitted by the Sustainability Risk Committee (see Section 7.4), the business units and the Group as a whole are evaluated by the ELT, acting as the Group RCC, with support from the Group Vice President Risk & Internal Audit. The ELT, through the Chief

Executive Officer, prepares a risk report to the Board twice yearly, which includes a review of the Group's risk profile, mitigation factors, social and environmental sustainability risks and emerging risks.

A description of the nature of the Group's material strategic and operating risks and how those risks are mitigated is set out in the Operating & Financial Review on pages 16 to 20 of Brambles' 2020 Annual Report.

7.2 Review of Risk Management Framework

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

- Receiving and critically reviewing twice-yearly reports from the ELT on the effectiveness of the Group's risk management framework;
- Considering and approving the budget and forward plan of each business;
- Reviewing detailed monthly reports on business performance and trends;
- Setting limits on delegated authority;
- Receiving regular reports on Brambles' treasury activities, and reviewing treasury guidelines, limits and controls;
- Receiving twice-yearly written assurances from the Chief Executive Officer and Chief Financial Officer, as described in Section 4.2;
- Conducting an annual review of the Group's insurance program; and
- Receiving reports from the Audit Committee, which has a responsibility to assist the Board in reviewing the effectiveness of the management of the Group's risk management framework.

These reviews took place during the Year.

7.3 Internal Audit Function

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

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

7.4 Sustainability Risks

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

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

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

The SRC supplements the role of the Group RCCs, which continue, as a part of their regular review of their respective risk profiles and material risks, to identify, assess and, if applicable, adopt mitigation plans for economic, environmental and social sustainability risks. The SRC receives and reviews that part of the bi-annual risk reports prepared by the Group RCCs to the ELT that relate to their respective sustainability risks and the risk mitigations plans for those risks. It assesses and reports to the ELT on whether the Group has a material exposure to those risks. Any such risks, and their associated mitigation steps, are included in the bi-annual report from the ELT to the Board (see Section 7.2).

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

During the Year, and following the process outlined above, Brambles identified timber supply, inclusion and diversity, climate change and safety as material economic, environmental and social sustainability risks. A description of the implications of these risks, and the actions being taken to mitigate them, are set out on pages 18, 19 and 20 of Brambles' 2020 Annual Report. Page 20 of the Brambles 2020 Annual Report also provides details on how Brambles manages climate change risks.

In addition, during the Year, Brambles assessed the risks and opportunities from climate change by reference to the recommendations of the Financial Stability Board's Task Force on Climate related Financial Disclosures. A report on that assessment is on page 12 of Brambles 2020 Annual Report.

Principle 8: Remunerate Fairly and Responsibly

8.1 Remuneration Committee

8.1.1 Objective

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

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

- comply with current corporate governance requirements and the provisions of the ASX Listing Rules and the Corporations Act.

8.1.2 Composition

The Remuneration Committee is comprised entirely of Non-Executive Directors, all of whom the Board considers to be independent. The members of the Committee during the Year were Tony Froggatt (Committee Chair until 10 October 2019, when he retired from that role), George El-Zoghbi (Committee Chair from 11 October 2019 to 28 February 2020, when he resigned as Committee Chair due to him taking up his role as CEO of Arnott's Biscuits Limited), Scott Perkins (Committee Chair from 1 March 2020), Tahira Hassan, Stephen Johns (up to 30 June 2020, when he retired from the Board), John Mullen (from 1 November 2019) and Jim Miller.

Details of the number of Remuneration Committee meetings held during the Year, and attendance at those meetings, are set out on page 55 of Brambles' 2020 Annual Report.

8.1.3 Charter

The Remuneration Committee has a Charter, a copy of which is on Brambles' website. The Charter sets out the Committee's duties and responsibilities, composition, structure, membership requirements, authority and access rights, and a procedure for inviting non-members to attend its meetings. During the Year, the Charter was reviewed and amended having regard to the provisions of Principle 8 and the other provisions of the Fourth Edition of the CGPR which relate to the roles and responsibilities of a remuneration committee and recent developments in corporate governance relating to executive remuneration. The amendments took effect on 1 April 2020 and, to the extent applicable, were applied for the Committee's assessment of remuneration outcomes (see below) for the Year.

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

- determining and agreeing with the Board the broad policy for the remuneration of the Board Chair of the Board, the Chief Executive Officer and other members of the senior executive team, and reviewing the ongoing appropriateness and relevance of the executive remuneration policy;
- determining and implementing a process to enable the Committee to satisfy itself that the conduct of members of the ELT is consistent with the Code of Conduct and risk appetite and reviewing and, if necessary, amending that process;
- reviewing and recommending to the Board for approval the entire specific remuneration of the Chief Executive Officer;
- reviewing and determining the remuneration for the Executive Directors, other than the Chief Executive Officer, and reviewing the proposed remuneration for the ELT;
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and Brambles, that failure is not rewarded and that the duty to mitigate

- loss is fully recognised, and, in determining such packages and arrangements, giving due regard to all relevant regulations and associated guidance;
- insofar as they impact on the Executive Directors and the ELT, approving the design of, and determining targets for, all cash-based executive incentive plans, and:
 - recommending to the Board for approval the total proposed payment to the Chief Executive Officer; and
 - approving the total proposed payments for all other Executive Directors, members of the ELT and other participants, from all such plans;
 - in conducting reviews of the Chief Executive Officer's, other Executive Directors' and ELT members' remuneration outcomes, satisfying itself that the outcomes under cash-based and equity-based incentive plans will not reward conduct that is contrary to the Code of Conduct or risk appetite and, if applicable, making recommendations to the Board on whether any such remuneration outcomes should be modified;
 - keeping all equity-based plans under review in light of legislative, regulatory and market developments; determining each year whether awards will be made under such plans and whether there are exceptional circumstances that allow awards at other times; approving total proposed awards under each plan; recommending to the Board for approval the proposed awards to the Chief Executive Officer and approving awards to all other Executive Directors, members of the ELT and other participants in those plans;
 - annually reviewing and taking account of the remuneration trends across Brambles in its main markets, reviewing and making recommendations to the Board on whether there is any gender or other discriminatory bias in relation to directors, senior executives or other employees; and
 - selecting, appointing and setting the terms of reference for external remuneration consultants who advise the Committee or Brambles in respect of the remuneration of the Executive Directors and other key management personnel.

8.2 Remuneration Policy

Details of Brambles' remuneration policy can be found in the Directors' Report – Remuneration Report on page 34 of Brambles' 2020 Annual Report. During the Year, the policy was reviewed and amended having regard to the guidelines Recommendation 8.2 and recent developments in corporate governance relating to executive remuneration. The

amendments took effect from 1 April 2020 and, to the extent applicable, applied for remuneration outcomes for the Year. The policy provides for a clear distinction between the structure of Non-Executive Directors' remuneration and that of the Executive Directors and executive management. For example, Non-Executive Directors do not receive performance or equity-based remuneration and do not receive retirement benefits other than superannuation.

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

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

The minimum shareholding requirements for Executive Directors and other members of the ELT and for Non-Executive Directors are set out in the Directors' Report – Remuneration Report on pages 37 and 47 respectively.

8.3 Policy on Limiting Economic Risk of Equity-Based Remuneration

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

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

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