

Brambles (BXB)

Whakarāpopototanga | Summary

BXB ranks in the top five Australian TAHITO scores (7.5/10) and is the top three for overall Australian T & V scores. BXB has a 'AAA' ESG rating.

T Score
7.5

V Score
5.5

TAHITO Score Card - BXB (Out of 10)	Score
Te Taiao - Environment	9.1
Hapori - Social	6.6
Mana whakahaere - Governance	7.7
MSCI ESG Ratings (Out of 10)	AAA
Climate change	10.0
Environmental	9.7
Human capital development	10.0
Corporate governance	7.1

Te Whakaaturanga | Business Description

Brambles Limited is a supply-chain logistics company. The Company is engaged in providing reusable pallets and containers.

Ngā Whaipanga | Key points aligned to TAHITO Values

Utu - tō mauri (Reciprocal – collective dominance)

1. Brambles has a clearly articulated and measurable circular business model that reaches into stakeholders and communities. The model is underpinned by a circular economy transformation strategy to reach, educate and inspire stakeholders.
2. Brambles became Carbon Neutral in June 21. They are committed to using 100% renewable electricity in all operations by 2025.
3. Clear recognition of their responsibility to conduct business in a way that protects and improves the communities in which they live and work.

Kawa - tō ora (Cyclical – collective success)

4. The CEO has operational responsibility for sustainability issues. The Brambles Sustainability Risk Committee is responsible for assisting the CEO and Executive Leadership Team with sustainability strategies, targets and activities, consistent with the Group's Shared Values.
5. Brambles has committed to adopting (or developing) natural and social capital accounting approaches to transparently measure and to validate their performance against all of their 2025 targets to confirm progress towards their regenerative status.

Mana Whakahaere | Governance

Brambles is recognised as a global leader in sustainability. In June 2021 they took their first critical step towards a regenerative business model by becoming a carbon neutral company, bringing their net CO2 emissions derived from own operations to zero.

By getting to zero impact and beyond, Brambles aims to be a company that delivers the supply chains that the world needs for the future. To support this ambition, they launched 2025 sustainability targets in September 2020, and have started their journey towards regeneration. In addition to achieving carbon neutral status, Brambles have made significant progress with their afforestation programme, investing in projects designed to grow the world's forest reserves while securing the essential supply of sustainable lumber for their operations into the future.

Te Taiao | Environment

The Brambles circular business model facilitates the 'share and reuse' of the world's largest pool of reusable pallets and containers. This enables Brambles to serve its customers while minimising the impact on the environment and improving the efficiency and safety of supply chains. Circular business models like those operated by Brambles are recognised as a practical business solution which enables the world to trade more responsibly.

Forest Positive: Enable the sustainable growth of two trees for every tree used.

Climate Positive: Committed to a 1.5C degree climate future including a 2015 Paris Agreement-aligned carbon emissions target (science-based target supported by carbon-neutral operations and 100% renewable electricity).

Waste Positive: Zero product materials sent to landfill, for all Brambles and subcontracted locations; Innovate closed-loop products: aspire to use 30% recycled or upcycled plastic waste; 100% of Brambles locations, including offices and service centres, to be zero waste; and Water positive: optimise all water use including reclaiming, recycling, replenishment and treatment.

Supply Chain Positive: Continuous increases in environmental benefits in the customers' supply chains through their 'share and reuse' model. Co-develop and improve performance in leading circular measurement tools for industry.

Brambles (BXB) - Continued

Te Pāpori | Social

Community and People

Work Place Positive: Brambles has committed to: a 25% reduction in their Injury Frequency Rate and to develop a wellbeing at-work programme; at least 40% of management roles to be held by women by 2025 and double the number of women in their plants; top 20% for inclusivity and to launch an accessibility programme in each region; and lead on anti-corruption and human rights, including modern day slavery.

Food Positive: Collaborate with foodbanks to serve rescued food to 10 million people. Volunteering, in kind donations, skills and expertise sharing and financial donations are the key actions for this target.

Circular Economy Transformation: As a leading example of a circular business model operating at a global scale, Brambles seeks to advocate, educate and impact one million people to become circular economy change makers. The company aspires to share their knowledge of circular models and encourage other sectors to accelerate their transition to a low-carbon, circular model. The Brambles circular economy transformation strategy to reach, educate and inspire stakeholders is channelled through three pillars: education, events and communications. Their ambition is aligned with key partners, the EMF, WEF and the WBCSD, who are leading the charge to help accelerate the global circular transition.

Volunteering in communities is a hallmark of Brambles' global workplace culture. Despite social distancing and restrictions in many regions, Brambles' employees contributed 11,404 volunteer hours to many worthy causes, translating to US\$424,297 of value for the year.

Brambles Zero Harm Charter: Brambles states a commitment to achieving Zero Harm. This means zero injuries, zero environmental damage and zero detrimental impact on human rights.

Brambles is a logistical backbone of food rescue supply chains. Brambles has been a long-time supporter of The Global FoodBanking Network (GFN), which supports food banks around the world. Brambles also partners with Feeding America and the Federation of European Food Banks. GFN stated that it is grateful for the steadfast partnership and strategic support received from Brambles. As food banks scaled their operations to meet surging demand caused by the COVID-19 pandemic, Brambles' partnership with GFN was instrumental in efforts to mobilise a humanitarian response to address the immediate crisis.

Brambles subsidiary CHEP South Africa donates food to 510,000 vulnerable families. Thanks to a longstanding relationship with the Do More Foundation, the charitable arm of RCL Foods – a leading South African food manufacturer and CHEP customer – CHEP was able to distribute essential food packs to more than 510,000 families in need.

Te Pārongo Ahumoni | Financial Information

Ticker	Forward Dividend Yield	Forward P/E	Long Run Median P/E	Forward P/E rel LRM	Forecast EPS Growth (Yr 2&3)	Return on Capital	Total Debt / Total Capital
BXB	2.7%	23.6	22.4	1.1	10%	9.6%	48%

The board of Brambles has announced that it will be increasing its dividend on the 14th of October 2021 to AU\$0.14. Based on the announced payment, the dividend yield for the company will be 2.3%, which is fairly typical for the industry.

Brambles' dividend is well covered by earnings: solid dividend yields are great, but they only really help if the payment is sustainable. Prior to this announcement, Brambles' dividend was comfortably covered by both cash flow and earnings. This indicates that quite a large proportion of earnings is being invested back into the business.

The next year is set to see EPS grow by 10.2%. If the dividend continues along recent trends, we estimate the payout ratio will be 66%, which is in the range that makes us comfortable with the sustainability of the dividend.