



A stack of Brambles' pallets awaits their next trip. Brambles long ago recognized the costly waste of discarded pallets and containers and began renting them. From there the company reinvented itself as a hub for sustainable logistics systems and networks globally.

Sustainability Pioneer

INSIDE MANY BOARDROOMS, THE DRIVE TO REDUCE consumption of natural resources by maximizing their usage is perceived as a threat to growth and profitability. Brambles is evidence to the contrary. The Australia-based company is the world's largest supplier of wooden pallets for the manufacturing and retail supply chain, and its success is attributable to a very early focus on sustainability.

Its 330 million crates, pallets, containers and kegs form the invisible backbone of the global supply chain. Founded in 1875, Brambles saw early on that disposal of crates after a trip or two around the world represented a waste not only of resources but of money. Re-use offered savings for Brambles, its customers and the world.

Decades ago, Brambles devised a system of renting rather than selling its pallets and containers. It's a continually refined system that today moves goods for the likes of Unilever, Walmart and P&G.

Brambles
CEO **GRAHAM
CHIPCHASE** sat
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Brunswick's
PHIL DREW and
**JORDAN
BICKERTON** to
talk about
Brambles as a
sustainability
model.

Once a customer is done with the containers, Brambles collects its assets, repairs them and puts them back into circulation. It calls its pallets and other containers a reusable "pool." Essentially, the Brambles model is what people mean when they talk about the circular economy.

Through the management of the world's pallets and other containers, Brambles evolved into a central nervous system of sorts to the global logistics industry. In that role it has seen, developed and implemented supply chain efficiencies for itself and its customers—efficiencies that by definition promote sustainability.

Now Brambles is drawing on its unique visibility of more than 66,000 supply chains, along with advanced data analytics, to help some of world's largest companies become smarter, more circular and more sustainable. It's an initiative called Zero Waste World.

Brambles CEO Graham Chipchase sat down with Brunswick's Phil Drew and Jordan Bickerton to talk about Brambles as a circular-economy model.

Who are your customers and what challenges do they face?

Our customers range from some of the world's largest consumer goods brands to small-scale manufacturers and retailers. They all aim to move their products through the supply chain as safely, efficiently and quickly as possible. And they have to ensure that the right high-quality products arrive in the right location at the right time, while also reducing additional costs like secondary packaging or warehousing.

We also know our customers are very focused on sustainability. Many of them have set bold and challenging public goals to reduce waste in all its forms, from packaging to empty transport miles to inefficient processes.

How did Brambles come to model sustainability?

Over the past few years, the idea of a circular economy has quite rightly gone mainstream. It aims to design out waste rather than seeing it as an inevitable by-product like it is in today's linear "take-make-dispose" model.

At Brambles, we were one of the pioneers of that approach. We entered the pooling business in Australia in 1958, when we acquired the Commonwealth Handling Equipment Pool from the Australian government. Back then the idea of corporate sustainability was fairly unsophisticated, but manufacturers and retailers were certainly keen to improve efficiency and reduce costs.

Today we've scaled to become one of the world's most sustainable logistics businesses, with 330 million shared and reusable pallets, containers and kegs. By providing our products as a service, we've helped our customers save 2 million tons of CO2 and 1.3 million tons of waste over the past year alone. We typically reduce waste by 66 percent when you compare us to alternative logistics systems.

At the same time, we've helped customers to lower their overall supply chain costs and to enhance their operational efficiency by replacing traditional one-way or single-use pallets and packaging.

Have commercial and social pressures spurred Brambles toward social purpose?

Sustainability has always been at the heart of this company. Our circular model is core to who we are and how we operate. But we saw a need to articulate

why that matters in today's world. That led us to think differently about Brambles as more than a pallet-renting business, but the invisible backbone of global supply chains, connecting people to life's essentials every day.

And that mindset shift led us to think about what our business is to some of the biggest challenges facing our customers and society. Our business model has always eliminated waste throughout the supply chain. It protects our forests and reduces landfill. But with a step-change in focus from investors, consumers, and civil society groups, we realized that we had a powerful opportunity to work differently with our customers and with industry bodies to drive more change, more broadly, and more rapidly.

That's because our position at the heart of global supply chains has given us a unique view of the pressures the whole industry faces, and how we can make the most difference in addressing these.

It became clear to us that our customers—who represent some of the world's biggest businesses—are being asked to meet growing and changing patterns of consumer demand, and at the same time to shrink the impact of their operations—in the context of climate change, plastic pollution and the need to protect the planet's resources.

What is the Zero Waste World initiative?

Zero Waste World is a new working collaboration for Brambles to partner with our customers to help them build smarter and more sustainable supply chains. We launched in April this year. We went out and asked our people and our customers where we could use our logistics platform to make a difference that would be commercially and socially valuable—how did they see us stepping up over the longer term?

It became clear there is an appetite across the whole industry to work together to address the significant shared sustainability challenges, like reducing waste in its broadest sense, increasing efficiency and improving processes.

And we realized that we had an important foundation for that kind of collaboration in what we had been doing in Europe with transport. Empty running of freight transport and poor weight loading costs Europe around €160 billion annually. And in the US, trucks drive around 50 billion miles without cargo. It's an increasingly problematic source of cost and emissions for businesses.

It happens because trucks are often empty as they return to the depot or distribution center having dropped off their cargo. To tackle that, we use

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advanced data analysis to identify common transport flows, and then use sharing to almost eliminate inefficient partial loads and wasted miles. Take Danone Waters. Their supply trains between the UK and France were returning empty. By filling this space we generated a significant new revenue stream for Danone—all while reducing unnecessary carbon emissions

So far we've helped companies save 62.7 million kilometers of empty truck journeys, avoiding more than 53,000 tons of CO2 emissions and saving millions of pounds for our customers along the way.

Zero Waste World builds on that experience. By using our network visibility and the power of our logistics platform, we're now setting out to help our customers find new ways to crack three big issues: How can they eliminate waste, eradicate empty transport miles, and cut out process inefficiency? The aim is to create value for them, for society, and of course for Brambles too.

What has Zero Waste World achieved so far, where has it been harder than you expected, and how do you hope to see it develop in the future?

We've been delighted with the progress we've made with Zero Waste World over the last year. We had official launches in North America and Europe and generated a lot of fantastic discussions within the industries we support.

The response from our existing customers has been really positive, with many of our biggest partners wanting to work together to identify improvement opportunities within their supply chains.

Our Transport Collaboration offering has also now grown across Europe and into North America, and we've been able to facilitate some great partnerships between customer businesses that have significant mutual benefit. It's also allowed us to have different discussions with our customers at the most senior levels, to extend the focus from being purely a customer and supplier relationship to one that encompasses a shared goal around reducing waste.

And it's been popular with financial communities too. We've had more incoming calls from investors who didn't know our name before, but who are now clear that we are built for the way the world wants to move, and that we're well-positioned to help with the societal trends disrupting our customers and reshaping our sector.

One of the most exciting developments has been on supply chain packaging. We know that companies are trying to reduce consumer packaging, as they come under pressure on marine plastic, for



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example. But through Zero Waste World collaborations, we've identified an overlooked challenge: the packaging in the supply chain that doesn't ever make it into the hands of ordinary shoppers.

So much of this is one-way or single-use, and at Brambles we have the capability to replace that with more sustainable and reusable alternatives. To give you an example: We are working with a multinational consumer goods manufacturer on a joint initiative to help them eliminate 6 kilotons of waste corrugate and 22 million meters of plastic wrap, while reducing CO2 emissions by 80 percent and improving efficiency by 5 percent.

It's a great area of focus for us, and we're looking forward to partnering with more customers to scale up our impact together.

What can other companies learn from Brambles' circular economy experience?

One of the things that's clear is the need to continually evolve a company's sustainability focus. It's easy to set targets each year around incremental reductions in water use or CO2 emissions, but that will not deliver the change that is needed.

Many companies are now moving to a restorative, net-positive contribution. That's very promising, and shows how businesses can help to drive serious environmental change.

That's all part of a mindset shift from inward- to outward-looking, to find shared challenges where companies can collaborate to create commercial and social value at same time. In the case of Zero Waste World, on things like reducing empty transport miles, that's even opened up possibilities for fierce competitors to collaborate.

I think the other crucial thing in this experience is choosing partners carefully. Changing an existing business to join the circular economy is going to be a challenge, but looking for suppliers who provide circular services is an easy way to make a quick impact.

We also need to think more broadly about partnerships. When you're dealing with an issue like waste or transport, and trying to move from a linear to a circular model, that necessarily leads you to think more in terms of ecosystems and networks.

So we've found sometimes partnering with companies in our own or adjacent industries gives us significantly more ability to find solutions to major shared challenges that no single company could solve. ♦

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