



Company	Brambles
Code	BXB
Meeting	AGM
Date	10 October 2019
Venue	The Westin Hotel, 1 Martin Place, Sydney
Monitor	Peter Barker

Number attendees at meeting	Estimated 70 shareholders plus up to 100 others
Number of holdings represented by ASA	229
Value of proxies	\$11.4m
Number of shares represented by ASA	1 million
Market capitalisation	\$18bn
Were proxies voted?	A poll was taken on all items
Pre AGM Meeting?	Yes, with chair Stephen Johns and Robert Gerrard

Travelling along reasonably well despite a volatile environment.

The Chair and CEO repeated the Annual Report script with no additions, no visuals and little fanfare. In summary, compared to previous year, sales revenue was up by 7% to \$US4.6 billion and underlying profit up 2% to \$US804 m. The Board considers Brambles is now “one streamlined business” with the company focussed on its one remaining pallet activities. The Chair referred to the sale of BXB’s IFCO recycled plastics container business, where most of the proceeds would be returned to shareholders by way of on market buyback, and a cash payment to shareholders of both capital return and a special dividend. The Chair also spoke on Board composition and renewal. Mr Johns and another senior Director will be retiring in the next 18 months or so, and a new Director had been appointed during the year to replace another who had retired.

The CEO repeated comments made in the 2019 Annual Report that the operating environment for BXB was characterised by macro-economic uncertainty and continuing inflationary pressures. Trading in the first quarter of the 2020 financial year (FY20) gave a 5% increase in sales revenue, in line with company expectations of full year growth at the lower end of mid-single digits. The CEO also spoke on BXB’s efforts towards company goals in sustainability. There was also reference made to the work fatality that occurred during July 2019 in Spain.

We spoke on Board composition that while gender diversity is of importance, broader diversity is also important. We commended the Board for its capital management of the \$US2.5 billion realised from the IFCO sale in returning the bulk of the capital to shareholders. In relation to the

on-market buyback of shares, that the benefit to shareholders was that with the reduction in the total number of shares, each share continued to be held by shareholders was worth more, both in terms percentage of profit and the value of the company. We also spoke on the Board's new dividend policy that dividends would be aligned with profits (payout ratio will be 45 to 60% of annual profits). The consequent likely variation in dividends would make BXB less attractive to retirees and other seeking a steady income flow. We raised the matter of shareholder litigation, and the meeting was informed that the action was now in "discovery phase" and BXB's insurers have confirmed that existing policies have "acknowledged the appropriateness of it for this matter".

In response to other shareholders' question about the impact of Brexit and China-US trade matters, the CEO informed the meeting that there was some direct financial bearing and possible loss of business. However, the pallet business was mainly for consumables and not so adversely affected as other sectors. The CEO also spoke of the recent work fatality and BXB's commitment to safety and in fact the victim had been interviewed previously stating how safe the plant was.

We spoke against the Remuneration Report. Firstly, the award of long-term incentives was 3 years, even though the shares were withheld from the recipients for a further 12 months. Secondly, we were concerned that the CEO in maintaining a Director position (and chairman of that company's Remuneration Committee), was not applying all his work efforts with BXB. Also, we had concerns with incentives could be issued when BXB only matched the median of comparator groups and could also be issued when total shareholder return is negative.

On agenda items relating to election/re-election of Directors we spoke in favour of them all. BXB is introducing greater use of technology into its supply chain and had welcome the addition of Mr Jim Miller who has e-commerce and general technology experience. We noted that Mr Froggatt, the current Chair of the Remuneration Committee, had been on the Board since 2006 but despite his period of service being now greater than accepted by the ASA, we supported his election on the basis of his now being one of the minority non-Independent Directors, and that he would be standing down after leading the search for a replacement Chair who would be retiring in 12 months.

Shareholders were asked to fill out their poll form as each agenda item was completed. The meeting was provided with details of the proxies held by the Chair. These showed overwhelmingly support for all proposals.