

Company: Brambles Limited
Title: Annual General Meeting
Date: 8 October 2020
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Start of Transcript

John Mullen: Good afternoon ladies and gentlemen, my name is John Mullen, your Chairman, and it's my pleasure to welcome you today and to declare the 2020 Brambles AGM open. Brambles' number one priority is the health and safety of our employees and you, of course, our shareholders. So, having regard to the ongoing public health concerns relating to the COVID-19 pandemic and the associated restrictions on public gatherings, the Board decided to hold this AGM virtually.

Like many of you, I suspect, this is Brambles' first virtual AGM and it will, I'm sure, be a learning experience for all of us. Our Company Secretary has advised me that there is a quorum for the meeting, and I propose to take the notice of meeting as read.

Let me start by introducing your Board and I will then take you through the process for asking questions and voting. After that, I will present my address before handing over to our Chief Executive Officer, Graham Chipchase. When Graham, in turn concludes his address, I will answer questions from shareholders and then move to the formal part of the meeting.

So, I'd now like to introduce your Directors. Joining me here in our Sydney location are on my right, Scott Perkins, who is Chairman of our Remuneration Committee. Scott will take the Chair whilst the resolution for my election to the Board is put to the meeting.

On my left then, is Brian Long. Brian was Chair of the Audit Committee, throughout the 2020 financial year up to the release of our full year results in August. Brian will retire from the Board at the end of this meeting and I'll have more to say about Brian's contribution to Brambles during my formal address.

Then in our London office, via video link, we have our Chief Executive Officer, Graham Chipchase and our Chief Financial Officer, Nessa O'Sullivan. We have two other Sydney based directors, George El-Zoghbi and Tony Froggatt and they are joining us via audio link rather than being physical here at our Sydney location. We've done this to assist us in managing the health and safety protocols that we put in place for this meeting.

Nora Scheinkestel, our new Chair of the Audit Committee is attending via audio link from Melbourne. Then from the UK, we have Elizabeth Fagan and Ken McCall, also via audio link. Tahira Hassan joins us from Toronto via audio link and please do spare a thought for Tahira as it's already 1 a.m. in Toronto. Then finally, our US based director, Jim Miller, is with us via audio link from Palo Alto in California.

Also with us at the Sydney location, our Company Secretary, Robert Gerrard and Sue Horlin from our external auditors, PWC.

Today's virtual meeting is being held via the Lumi platform which allows shareholders and proxies to ask questions and to submit votes on the items of business. The question function is available now and questions can be submitted at any time. To ask a question, press the speech bubble icon on the top of your screen. This will open up a new screen and at the bottom of that new screen, there is a section for you to type in your question.

Once you finish typing, please just hit the arrow symbol to send the question. Although you may start submitting questions at any time from now, I will not answer these questions until the relevant time in the meeting when the Company Secretary will read questions out verbatim on your behalf, although questions may of course be moderated and if receive multiple questions on the same topic, amalgamated together.

We do appreciate that it takes time to type in questions so if we move on in the agenda before you have submitted your question, don't worry, we will - we can circle back and we'll answer it at the end of the meeting.

As I mentioned earlier, Sue Horlin from PWC is in attendance and is available if any shareholder wishes to ask her any questions about the conduct of PWC's audit, their audit report, the Company's accounting policies or the auditor's independence. You can ask Sue a question using exactly the same function which I just outlined to you.

We will be holding a poll on all the resolutions before this meeting and I now open those polls.

Let me now take you through how to vote. If you're eligible to vote at this meeting, a polling icon will shortly appear at the top right-hand side of your screen. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote, simply select one of the options.

There is no need to hit submit or enter as the vote is automatically recorded. You also have the ability to change your vote, right up until the time I declare the voting closed at the end of the meeting. So, please submit your votes at any time. I will give you a warning before I move to close the voting at the end.

We are also webcasting this meeting and we will retain an archived version of the webcast on our website.

So, it's - it really is a great privilege to address you today as the new Chairman of Brambles. The past year has been particularly challenging for Brambles, as of course, it has been for the whole world. During this period, our highest priority has been the health and safety of our employees, of the communities in which we operate and of our other key stakeholders. It is within this context, of course, that I welcome you today to our first virtual AGM.

I want to say that I'm very honoured to be the Chairman of Brambles. As some of you may know, this is actually my second time on the Board of Brambles having been a Non-Executive Director for a short period from 2009 to 2011, before I returned to executive life.

I have always considered Brambles to be an exceptional Company and, while I've only been on the Board for a short time this time, I am excited about the Company's potential to continue to grow and to prosper.

The past year has been filled with extraordinary challenges. From the devastating bushfires in Australia at the end of the 2019 calendar year, to the outbreak of the COVID-19 pandemic which has caused such a fundamental shift in our daily lives and in how we operate as a Company.

While our CEO, Graham Chipchase, will provide more details about how the Company continues to respond to the pandemic, I want to take this opportunity to acknowledge our 12,000 employees, whose fantastic efforts have enabled supply chains to remain open and thereby ensure the continued flow of life's essentials to communities in over 60 countries across the globe.

Now turning to the financial performance of the Company in this last year. In financial year '20, we achieved strong revenue growth and an increase in earnings, despite COVID-19-related challenges across all of our businesses during the fourth quarter of the Year.

Sales revenue of US\$4.7 billion increased 6% in constant-currency terms on the previous year. Underlying Profit of US\$795 million increased 4% at constant-currency, reflecting a one-percentage point margin improvement in our US business, significant operational improvements in our Latin American business and the ongoing resilience of our businesses across Europe and the Asia-Pacific region.

I really do think that these results underline the solid and defensive nature of Brambles' businesses model, and the Company's ability to maintain performance even in times of crisis.

As previously communicated, Brambles moved to a payout ratio-based dividend policy during the year. This policy targets a payout ratio of 45% to 60% of underlying profit after finance costs and tax, subject of course to Brambles' cash requirements. Dividends per share are declared in US cents and converted and paid in Australian cents.

In line with this policy, the Board declared total dividends for the year of US\$0.18 per share, which reflected a payout ratio of 53%. In Australian dollar terms, total dividends declared in fiscal year '20 were AU\$0.2592 Australian cents per share, including a final dividend of AU\$0.1254 Australian cents per share, franked at 30% and will be paid today.

In addition to the ordinary dividends, at the time of the sale of the IFCO RPC business, Brambles announced its intention to return AU\$2.8 billion of the sales proceeds to you, our shareholders, through two mechanisms. The first was an on-market share buy-back of up to AU\$2.4 billion. The share buy-back commenced on 4 June 2019 and has continued during fiscal year '20.

As at 7 October, a total of 106.3 million ordinary shares had been bought back and cancelled for a total consideration of AU\$1.2 billion, which is approximately 50% of the programme.

The second was a pro-rata cash return of AU\$0.290 cents per share, which was paid to shareholders on 22 October 2019. That cash return had two components, a capital return of AU\$0.12 per share and an unfranked special dividend of AU\$0.17 per share. The total cash payment for the pro-rata return was AU\$453.8 million.

At 7 October 2020, I can report that Brambles had completed AU\$1.7 billion, which is 59% of the AU\$2.8 billion capital management programme.

Right, I will now address executive remuneration and I'd like to start by outlining our remuneration policy. The key underpinning of our policy is the intention to set remuneration at levels that attract, retain and motivate high calibre and talented employees. Never was the importance of this component more clearly demonstrated than in the response of our employees to the COVID-19 pandemic.

As I mentioned earlier, it was our employee's commitment and sheer hard work that enabled our businesses to continue operating and servicing customers during the lockdowns and restrictions that arose with the spread of the virus.

Now looking at the overarching structure of our executive remuneration, which is fundamentally designed to align executive rewards with the creation of shareholder value, essentially, executive pay has two components. Fixed remuneration, which comprises approximately 25% of the total potential remuneration outcomes and at-risk remuneration, which comprises approximately 75% of potential outcomes.

At risk remuneration, in turn, has two elements. The first are short-term incentives, half of which are received in cash and the other half in deferred share awards which vest two years from the date of grant. The second are long-term incentive share rights, which vest three years from the date of grant.

Both short- and long-term incentive outcomes depend on the achievement of financial objectives and, in the case of short-term incentives, personal objectives as well.

In assessing the 2020 incentive-based outcomes, the Remuneration Committee did consider whether any adjustment to those outcomes should be made having regard to the economic and social impact of COVID-19 not only on Brambles but the broader community as well.

In considering this issue, the Committee considered three factors. Firstly, Brambles has not had to make substantial redundancies because of the pandemic, as has happened with some other companies. Secondly, as I have previously noted, the outstanding job all of our employees did in keeping our businesses operating during the pandemic. Thirdly, the fact that the impact of COVID-19 on the automotive and Kegstar businesses adversely impacted Group earnings which would otherwise have been higher.

Having considered these matters the committee concluded that the right balance between motivating our employees, shareholder interests and broader community expectations, was to maintain the 2020 incentive plans in place and without adjustment up or down to the original performance conditions to which they were subject.

An additional objective of our remuneration policy is to align executive rewards with our code of conduct and shared values. On the latter point, during 2020 the Remuneration Committee adopted a new framework which enabled it to assess any behavioural events or incidents which occurred during the year which might warrant adjustments to all or part of an executive's incentive-based remuneration. I am very pleased to report that no such incidents or events were identified through that process.

So, in conclusion, in an extremely challenging environment, I believe that Brambles remuneration strategy is appropriate and that it continues to support our business strategy and reward executives for the creation of shareholder value.

For those shareholders seeking more information regarding the performance conditions of our short- and long-term incentive plans and performance against those conditions in fiscal year '20, these are set out in detail in the remuneration report on pages 33 to 52 of our annual report.

I will now turn to Board composition and renewal. On 30 June 2020, Stephen Johns retired after six years as Chairman and a 16-year association with the Board. We wish to express our thanks to Stephen for his contribution to Brambles both as a Non-Executive Director and as Chairman.

Retiring from the Board at this AGM is Brian Long. Brian joined the Board in July 2014 and has provided exceptional service to the Board, particularly in the role of Chairman of the Audit Committee. On behalf of the Board and shareholders, I would like to sincerely thank Brian, as well, for his service to Brambles.

In keeping with our ongoing Board renewal plan, this year has seen the appointment of Nora Scheinkestel in June 2020 and Ken McCall in July 2020. Both Nora and Ken are exceptional directors with extensive skills and experience which will bring significant additional value to the Board of Brambles. On behalf of the Board, I would like to really welcome both Nora and Ken.

Nora and Ken are both standing for election at this AGM. Non-Executive Director, Tahira Hassan, who joined the Board in 2011 and our CFO, Nessa O'Sullivan, will stand for re-election today and then I will also stand for election at today's AGM.

I will close here by again saying that this has been an extraordinary year, the like of which I really don't think any of us have seen before. Despite that, Brambles has not just survived but is stronger, more efficient and more capable than ever before. Brambles has played a leading role in supporting customers and the community through the pandemic crisis and remains financially strong and better positioned for the future. Whatever 2021 brings us, this will continue and Brambles' strength will endure.

I would like to thank our management team and all our employees for their efforts and commitment during the year and you, our shareholders, for your participation at this year's AGM and for your ongoing support of Brambles. I will now hand over to our CEO, Graham Chipchase, in London.

Graham Chipchase: Thanks, John. Good afternoon, ladies and gentlemen. In my address at the 2018 AGM, I talked to Brambles' purpose - "to connect people with life's essentials every day". Never has this purpose been more important than over the past six months.

The COVID-19 pandemic has tested the agility of our network, the resilience of our business model and our ability to respond to unforeseen challenges while maintaining a clear focus on our key priorities, keeping our employees safe, serving our customers and creating shareholder value. I am extremely proud of how we have responded as a Company to these challenges and uncertainties.

Our focus on safety remains paramount. We rapidly deployed best-in-class safety practices across our global service centre network and transitioned office-based workers to working-from-home arrangements.

Faced with extreme demand volatility, our operational employees changed shift patterns, processes and site protocols to deliver record levels of output. Their exceptional efforts allowed us to provide uninterrupted service to our customers and to strengthen our position as a supply-chain partner of choice in over 60 countries around the world.

Financially, we maintained our focus on disciplined capital allocation and cost minimisation as we responded to the various impacts of COVID-19 across our portfolio of businesses.

In our consumer-staples businesses, which account for approximately 80% of revenues and largely comprise our global pallet operations, we saw record levels of demand as consumers loaded their pantries and increased their in-home consumption of food and household products.

This demand drove both higher revenues and extra costs as we processed record levels of pallet volumes across our network and sought to limit the level of capital expenditure required to meet these temporary spikes in demand.

The most severely impacted businesses in our portfolio were the automotive container and Kegstar keg pooling businesses, which together account for approximately 5% of our revenue. The suspension of automotive manufacturing industry and significant reduction in on premise consumption of beer in the fourth quarter of fiscal '20 reduced Group underlying profit by US\$23 million.

Despite the operational and financial challenges associated with COVID-19, our fiscal '20 results were in line with the guidance we provided to the market at our third-quarter trading update.

Our 2020 financial performance is testament to the resilience of our pallets business, the progress we have made with our financial and operational initiatives in our Americas segment and our ongoing focus on cashflow generation.

Sales revenue increased 6% at constant currency, as strong volume growth and price realisation in our global pallet businesses offset the COVID-19 related declines in the automotive and Kegstar businesses. Underlying profit, including the impact of the new lease accounting standard, AASB 16, increased 4% at constant currency as the strong pallets' performance offset the impact of earnings decline across the automotive and Kegstar businesses.

It was very pleasing to see US margins improve by one-percentage point during the year. This improvement reflects benefits from the pricing, automation and procurement initiatives launched in 2018. We remain committed to improving US margins by an additional one- to two-percentage points over the next two years.

A highlight of our result was the significant improvement in free cash flow which reflected higher earnings, improved working capital performance and improved asset efficiency across the Group. In addition, our return on capital invested of 16.7% remains strong.

Now turning to our sustainability efforts over the last financial year. As you know, sustainability is core as to how we operate our business. It not only defines what we do, but who we are.

I would now like to play you a video that encapsulates our achievements over the last five years and our vision for the next five years to 2025.

[Video playing]

As you saw in the video, over the last five years, as an organisation we worked hard to achieve our 2020 targets. These goals were considered very ambitious when we set them and in many cases, we didn't have fully defined pathways to achieve the objectives so I'm delighted to report that we have achieved almost all of our key targets.

As a Group, we continue to challenge ourselves on how we can do more to promote sustainability within our own business and in supporting our customers. As we look forward, our vision is to contribute to a more regenerative, more positive future.

Of course, a key part of being a sustainable Company is our approach to safety. In my address to you last year I shared the devastating news of the death of a colleague at one of our Spanish plants in July 2019 and our commitment to learn from this tragedy.

In 2019, we launched and implemented our safety differently philosophy, which places greater emphasis on engaging with our employees working in our service centres around the world to understand the specifics of how they work.

We also enhanced our safety standards to incorporate new defence layers to the engineering and administrative controls already in place. In addition, extensive reviews of similar operations across our network were conducted to ensure they comply with these new enhanced safety standards.

During the year we saw a 7% reduction in lost time injuries, modified duties and medical treatments. In recent months we have announced further steps to ensure safety is something every employee takes responsibility for and is demonstrably at the heart of our organisation. This included recruiting a new global Head of Safety who will report directly to me from November.

While our strategy remains robust and positions us well to manage near-term volatility, the COVID-19 pandemic has introduced significant uncertainty, which is likely to last for an extended period, creating both threats and opportunities. For this reason we have redefined our focus across four strategic themes to ensure we remain agile and responsive to changing needs driven by increasing uncertainty and volatility.

Firstly, we are committed to delivering unrivalled customer value by providing exceptional service and improving the customer experience through simpler processes, additional services and enhanced platform quality.

Secondly, we continue to invest in Brambles' digital transformation. We see data and technology as a core strength and a source of future competitive advantage. We continue to find ways to transform information and digital insights into new sources of value, including through the group's in-house technology hub, BXB Digital.

Thirdly, we're constantly seeking to improve asset and network productivity with ongoing programs of automation and process standardisation to enhance the efficiency and resilience of our operations.

Lastly, we seek to achieve business excellence by reinventing our organisation, technology and processes to be simpler, more efficient and effective.

Fiscal '21 represents the proof of concept phase for many initiatives across these four strategic focus areas and will be keeping the market informed of material developments. We're confident that our focus on these strategic themes will develop benefits to shareholders over the longer term.

I will now address the full year 2021 outlook. In our fiscal '20 full year results announcement, we noted that group revenues in July increased 4% on a like-for-like or same day adjusted basis on the prior corresponding period, with high levels of volatility continuing across all regions.

To date, our group performance remains broadly consistent with our experience in July and within the guidance range we provided at the full year results announcement. We also noted at the time of our full year results release, that the performance year to date may not be representative of the full year outcomes due to the phasing of government economic stimuli and the timing of known changes and customer contracts. This continues to be true.

In line with the commitment we made at the fiscal '20 results announcements, we've commenced the process of updating our internal FY21 forecasts and reviewing our fiscal '21 guidance in the context of the first three months of trading. This review will be completed in time for our first quarter trading update which is scheduled for early to mid-November.

In this context, I'll now reiterate the fiscal '21 outlook provided at the fiscal '20 results announcement. Fiscal '21 we expect sales revenue growth between flat to +4% at constant FX rates, with improved underlying profit margins. Underlying profit growth between flat to +5% at constant FX rates, free cash flow expected to fund dividends and core business Capex with investments to support new business opportunities within the core business and to further develop digital and efficiency objectives. A dividend ratio payout ratio to be consistent with our dividend payout policy of 45% to 60% and a share buyback program to continue subject to the ongoing assessment of the group's funding and liquidity requirements in the context of increased volatility and economic uncertainty.

The fiscal '21 outlook assumes ongoing demand volatility in the context of a weaker economic environment and recognises the inefficiencies which arise across our network during periods of volatility. In these uncertain times, Brambles remains a resilient and inherently sustainable company. We have an exceptional team of people, a customer-focused strategy and a disciplined approach to financial management.

Collectively we believe that these qualities position us to continue to deliver value for our customers, our employees and for you, our shareholders, as we face the challenges ahead. Thank you.

John Mullen: Thank you, Graham. Ladies and gentlemen, before moving to the formal part of the meeting I will now answer questions from shareholders, so I remind you again to ask a question, please press the speech bubble icon on the top of your screen, this will open a new screen and at the bottom of that screen there is a section for you to type your question. Once you've finished typing just hit the arrow symbol to send.

Normally at this time of the meeting I would respond to the questions raised by shareholders prior to the meeting, this year however we did not receive any such questions so I will now respond to any general questions that have been submitted by shareholders or their proxies or Company representatives attending this meeting that do not refer to any specific item of business. So Robert, if I turn to you, do we have any questions, please?

Robert Gerrard: Chairman, we have received no general questions to date, we do have some questions on resolution items but no general items today.

Chairman: Okay, thank you very much. So then we will now turn to the items of business.

All voting items on the agenda will be proposed as ordinary resolutions, and as stated in the notice of meeting, I will be casting any discretionary proxy votes that have been given to me in favour of each of the items of business. The proxy and direct vote position for each resolution will be shown on the screen, to cast your vote click on the voting icon at the top right of your screen and simply select one of the options.

There is no need to hit submit or enter as the vote is automatically recorded. We will announce the poll results to the ASX later this evening and we will post them on our website as well. Stacey Spence of BoardRoom has been appointed returning officer.

The first item of business is to consider and receive the financial report, director's report and auditor's report for Brambles for the year ended 30 June 2020. There is no vote on this item but if you have any questions and have not already done so, please submit your questions now. Robert, are there any questions?

Robert Gerrard: Yes, chairman, we have two questions. Our first question is from the Australian Shareholders Association who ask, the CAGR in underlying profit is stated to be 1% over the past five years, what is being done to improve upon this result in the future?

John Mullen: Thank you for that question. Yes, look, the Board and management are certainly conscious of that trend over the last five years and are very committed to improving it. This year you would have seen that sales grew at some 6% and as Graham mentioned, ULP at 4%, although that was flatted by AASB accounting change.

It would have been higher I think if we hadn't had the impact of COVID which impacted us in a couple of ways, 1) in March and April we experienced unprecedented demand for pallets, driven by the stockpiling and other sort of panic measures that took place around the world. This led to considerable increase and unplanned increase in transport handling and repair costs.

At the same time there was a direct impact, Graham mentioned, on our Kegstar and automotive business. I would also draw your attention to the guidance that Graham outlined where we have committed to improve margins and a guidance range for flat to 4% on revenue but flat to 5% on ULP. So yes, very conscious of that trend and certainly very committed to improving it going forward.

Robert Gerrard: Our second question is also from the Australian Shareholders Association and they ask, the Company has made no changes to its remuneration policies as a result of COVID-19, but we were advised that it sees no reason to do so as it has not received government benefits in any country in which it operates. If employees are adversely impacted in the Company's worldwide operations in future months, will board members and executives share the pain as a responsible global corporation? Given that COVID-19 is such a devastating phase for all countries, the Board and management should consider reducing compensation at least to demonstrate they care.

John Mullen: Yes, firstly I think we need to recognise Brambles is in a very fortunate position compared to many companies. We're sort of in between - we're not an Amazon, a home delivery company or someone that has benefited enormously from COVID, but equally we're not in a situation where we've - like airlines or the hospitality industry or many others, where businesses have been absolutely decimated.

So Brambles has had impact, negative impact, some of which we've already outlined to you, but nonetheless, despite that, Brambles has had a very good year. So we don't think it appropriate to make sweeping changes to remuneration policies unless there is a material reason to do that. Clearly, if Brambles had been in the category of some of the other

businesses that have been much harder hit, if we'd had to lay off significant numbers of employees or reduce salaries or do things like that, then absolutely, unquestionably, Board and Management would have addressed executive remuneration and Board remuneration accordingly. That hasn't been the case and has not been necessary but certainly going forward, were that to occur, we would of course consider that.

We have also - and I think you mentioned there Robert - received no government support so we haven't benefitted extensively from the JobKeeper type programs in Australia and elsewhere in the world. I think we have received some marginal benefits from deferral of taxation and things like that, but all of which is simply a timing issue. So as of now, Brambles has managed to maintain its own line and continue its own way during the crisis and as a result, we think it appropriate to maintain the remuneration structure as it is.

Robert Gerrard: There are no further questions on Item 1.

John Mullen: Okay, thank you very much. Move to Item 2. So Item 2 asks shareholders to adopt the remuneration report for Brambles for the year ended 30 June 2020 which is contained in the annual report. If you have any questions on this item and have not already done so, please submit your questions now. I outlined Brambles' remuneration policy, the structure of executive remuneration and the remuneration outcomes for the 2020 financial year during my address to the meeting.

Robert, are there any questions on Item 2?

Robert Gerrard: Yes Chairman, we have one question on Item 2, also from the Australian Shareholders' Association who say, our reasons for voting against the remuneration report predominantly relate to the quantum of the short term incentive compared with fixed remuneration, the three year-long incentive period and degree of potential Board discretion involved in adjusting incentive hurdles. The payment of half of the STI in equity is applauded as is the two year holding lock, which if applied to LTI awards rather than the current one year, would go a long way towards offsetting ASA's objections to a year three incentive period.

John Mullen: Well thank you again for that question. Obviously executive remuneration can be a vexed topic. It's very complicated. We have an extremely able remuneration committee headed up by my colleague Scott here on my right and every year, there is extensive debate on the structure and the best way to administer that scheme. There is no perfect outcome and for every shareholder who wants (a), another one wants (b), but we try to strike the right balance between all the different inputs and different views on executive remuneration.

I think we got it about right. If you look at the support that shareholders have given the Company in recent years, it's been strong. Now that doesn't mean that we can't do better and we will and continue to review and we will do so again after this AGM as we go through the current year, we will take into account all of those issues raised by the ASA and see if we can find ways to address them without materially changing the structure that has proven successful today. So we take that one on board and we will do our best.

Robert Gerrard: Thank you, Chairman. We have received another question on Item 2 from shareholder Ms [Julianne Mills] who asks, is C-A-G-R, CAGR, considered in the remuneration measures?

John Mullen: Is the - which, CAGR?

Robert Gerrard: CAGR, C-A-G-R, compound annual growth rate.

John Mullen: Of what? Sorry...

Robert Gerrard: She doesn't say in her question.

John Mullen: Okay. Well I assume you're probably referring to the ULP performance since that was mentioned in the context of CAGR earlier. So yes it is in the - not directly as a percentage but as the ULP, the underlying profit represents 50% of the short term incentive of management. It features very heavily in their performance measurement.

Robert Gerrard: Thank you, Chairman. There are no further questions on Item 2.

John Mullen: Fine, thank you. So the resolution and the direct vote and proxy positions are now on the screen. So please now cast your vote for Item 2.

Great. Item 3 is my own election as a Director and if you have any questions on this item and have not already done so, please submit your questions now. Before I hand over to Scott Perkins to chair the meeting for this item, I would like to speak to you on my election.

As I said in my earlier address, it was a great privilege to be invited to join the Brambles Board as your new Chairman. I did serve on the Brambles Board for approximately 18 months back between 2009 and 2011. So I've had previous experience with the Company and its businesses.

Most of my executive career has been in the transport and logistics industry. I spent 10 years with TNT here in Australia and in Europe, the last four years of which I was chief executive officer of TNT Express Worldwide. I then joined the DHL Group, the Deutsche Post DHL Group which as some of you may know, is the world's largest transport logistics company. I was with DHL for 15 years, during which my roles included chief executive officer of Asia-Pacific, DHL Express and chief executive officer of DHL Worldwide Express globally. In this latter role, I was responsible for approximately 150,000 employees in some 220 countries and territories around the world.

After leaving DHL, I became the chief executive officer of Asciano, which is Australia's largest rail and port logistics company, or it was then, a role that I held for six years. I left Asciano in 2016 after it was taken over by a consortium of investors.

I have also had a career as a non-executive director with a number of companies over the years including the Sydney Airport and Telstra. I have also been Telstra's chairman since 2016 and during my career, I have lived and worked in Asia, the United States and Europe as well as here in Australia. This international exposure has, I hope, given me perspectives which I can apply to Brambles' global business and my executive and non-executive experience has, I think, equipped me with the skills to lead the Brambles Board and if I'm elected, I will work hard to help management and my fellow directors guide the Company to increased performance and development in the years to come.

Thank you very much and I will now hand the Chair to Scott Perkins.

Scott Perkins: Thank you, John. John was appointed as a Director and Chairman elect on 1 November 2020 and as this is the first shareholders meeting since this appointment, he now stands for election. John's biographical details are set out in both the notice of meeting and the annual report and his election is unanimously supported by his fellow directors.

Robert, are there any questions on Item 3?

Robert Gerrard: Thank you, Chairman. We have received no questions on Item 3.

Scott Perkins: Thank you, Robert. The resolution and direct vote and proxy position are now on the screen. Please now cast your vote for Item 3. I will now hand the chair back to John.

John Mullen: Thanks very much, Scott. So now to Item 4. Item 4 is the election of Nora Scheinkestel as a Director. If you have any questions on this item and have not already done so, please submit your questions now. Nora was appointed as a Director on 1 June 2020 and as this is the first shareholders meeting since her appointment, she now stands for election.

Nora's biographical details are set out in both the notice of meeting and the annual report and her election is unanimously supported by her fellow directors. I now invite Nora to speak briefly on her election.

Nora Scheinkestel: Hello everyone. My name is Nora Scheinkestel. 2020 has been quite a year and the Covid-19 pandemic has been an interesting backdrop to my joining the Brambles Board, but I think my background and experience have equipped me well, not just to contribute to the Board, but also at this particular time.

I have served as a non-executive chairman and director for more than 25 years on the boards of many companies across all sectors of our economy. That breadth of experience has allowed me to understand the critical role of supply chains across industries and geographies. Many of those businesses have faced disruption in their markets, either through competition, technology developments or major regulatory change. As Brambles deals with the changes occurring in our markets, both as a result of the pandemic but also as our customers adapt to changes in consumer preferences or technology impacts, I believe my experience will assist our executives and Board address how we too need to respond.

I have also chaired many audit and risk committees of ASX 100 companies and so I was pleased to be able to bring that expertise to Brambles in taking up the role as chairman of our audit committee. A sound control environment is a foundation for any business and that is more so now than ever with the profound changes we have experienced in recent months working from home and dealing remotely with stakeholders all around the world.

I believe, should you choose to elect me, that my background in chairing audit committees of global companies in diverse sectors and through different business cycles and challenges, will be of benefit to my director colleagues, the management team and to you our shareholders as we navigate through these times. Thank you.

John Mullen: Robert, do we have any questions on Item 4, please?

Robert Gerrard: Chairman, we have received no questions on Item 4.

John Mullen: Thank you very much. So the resolution and direct vote and proxy position are now shown on the screen, so please cast your votes for Item 4.

Item 5 is the election of Ken McCall as a Director. If you have any questions on this item and have not already done so, then please also submit your questions now. Ken was appointed as a Director 6 July 2020 and as this is the first shareholders meeting since his appointment, he now stands for election.

Ken's biographical details are set out in both the notice of meeting and the annual report and his election is also unanimously supported by his fellow directors. I now invite Ken to speak briefly on his election.

Ken McCall: Thank you, John, and good afternoon ladies and gentlemen. I'm very pleased and honoured to stand for election to the Brambles Board of Directors today. When I was first approached about joining the Board, I was immediately interested. Throughout my career, it has been a business which I have always admired and felt I could make a positive contribution to, given its international and growth orientation.

My executive career has principally been in global consumer services businesses. I worked for TNT for over 25 years, principally in Europe, Africa and Asia. My roles with TNT included vice president operations Europe, chief executive TVT

Asia, Middle East, African and Indian Subcontinent and chief executive China. In addition to this operating experience, I also held functional roles including vice president change management. I left TNT to join DHL International, where I was managing director networks and operations and then chief executive DHL Express UK and Ireland.

After my time at DHL, I worked for Europcar Mobility Group. I started there as group managing director Europcar UK and whilst running that business, was also appointed to the executive board and placed in charge of global IT systems. When I joined Europcar, it was owned by private equity, but it was subsequently floated on the French stock exchange. At that time, I was made group chief operating officer and one year later became deputy chief executive officer with overall responsibility for the group's P&L and the 11 country managers.

I also have a non-executive director career. I was on the board of SuperDry, a listed UK branded clothing company for six years and I'm currently on the board of Post Office Limited where I am its senior independent director and chair of its remuneration committee.

My executive and non-executive career has given me not only a deep knowledge of the operational and commercial drivers of logistics and distribution businesses, supply chains and strategic planning around IT development, but also the complex governance requirements faced by the boards of listed companies.

If elected today, I look forward to bringing my skills and experience to the Brambles Board and contributing to its ongoing strategic and growth objectives. Thank you.

John Mullen: Robert, any questions on Item 5 please?

Robert Gerrard: Chairman, we have not received any questions for item 5.

John Mullen: Thank you Robert. The resolution and direct vote and proxy position for item 5 are now on the screen. Please therefore now cast your vote for item 5.

Item 6 is the re-election of Tahira Hasson as a director. If you have any questions on this item and have not already done so please submit your questions now. Tahira's biographical details are set out in both the notice of meeting and the annual report. Tahira has been subject to an assessment process by the Board and her re-election is also unanimously supported by her fellow directors. I now invite Tahira to speak briefly on her re-election.

Tahira Hassan: Good afternoon, ladies and gentlemen. It has already been an honour and privilege to serve on the Board of Brambles. I gratefully accept this nomination for re-election to serve another term if elected. Brambles has a unique and leverageable business model poised to address the new challenges and opportunities created by the supply chain disruption across the globe due to the recent pandemic.

Practical insight into evolving customer needs, reliable supply chain solutions, extracting value from shared data assets through productive collaboration with manufacturers and retailers will continue to be fundamental to delivering sustainable returns to shareholders in the future.

Within my international career of over 40 years, I have acquired relevant industry experience and customer insights working with Nestle for 26 years and retailers for another 10. I held several supply chain, commercial and financial leadership roles at both global and local level, delivering strategic and operational business transformation. This also included creating business value through data led digital improvement, as well as innovative talent development, merger and acquisition strategy.

Professional training as a chartered management accountant and firsthand exposure to diverse global environments has been the foundation of my executive career. Hopefully with this background together with recent Board governance

experiences, I can continue adding practical perspective to enrich the strategic dialogue and fiduciary oversight of Brambles on your behalf.

I will be delighted if you support my re-election and entrust to continue contributing to shaping the future success of Brambles. Thank you.

John Mullen: Thank you Tahira. Robert, are there any questions on item 6?

Robert Gerrard: Thank you, Chairman. We have received no questions for item 6.

John Mullen: Thank you, Robert. So the resolution and direct vote in proxy position for item 6 are now on the screen. Please, therefore now cast your vote for item 6.

Item 7 of business is the re-election of Nessa O'Sullivan as a director. If you have any questions on this item and have not already done so please also submit your questions now. Nessa's biographical details are set out in both the notice of meeting and the annual report. Nessa has been subject to an assessment process by the Board and her re-election is unanimously supported by her fellow directors. So I would not invite Nessa to speak briefly on her re-election. Nessa?

Nessa O'Sullivan. Thank you John and good afternoon, ladies and gentlemen. My name is Nessa O'Sullivan and I'm the Group CFO of Brambles. Since April 2017, it's been my privilege to represent you, the shareholders as a director of Brambles.

I'm now seeking your support as I stand for re-election to the Brambles Board today, I bring deep operational and financial knowledge of the global Brambles business, as well as experience in fast moving consumer goods, global brands and retail, and have a proven track record in strategy and leadership in delivering strong, sustainable business outcomes.

Being a director of Brambles has provided me with invaluable perspectives that I have applied to a range of initiatives across the organisation in my role as group CFO, which have strengthened the operational and financial outcomes of our business. Being an executive director has also enabled me to provide my fellow Board members with additional business and stakeholder insights relevant to the Board decision making and governance.

It would be an honour to be re-elected to the Brambles Board and if re-elected, I will continue working with my fellow Board members to ensure the ongoing success of Brambles and will remain committed to the creation of sustainable shareholder value. Thank you.

John Mullen: Thank you Nessa. Robert, are there any questions on item 7?

Robert Gerrard: Thanks Chairman and no, we have not received any questions for item 7.

John Mullen: Thank you. So the resolution and direct vote and proxy position are now on the screen. Please cast your vote for item 7.

So I will now turn to item 8. Item 8 seeks approval for the issue of shares under the Brambles, MyShare plan for all purposes, including for the purpose of ASX listing rule 7.2 exception 9. If you have any questions on this item and have not already done please submit your questions now.

This is a resolution which we put to shareholders every three years. It was previously supported by shareholders at the 2017 AGM and before that at the 2014 AGM. And the reasons why this resolution is being proposed are set out in detail in the notice of meeting. Robert, are there any questions for item 8?

Robert Gerrard: Thank you Chairman. We have not received any questions for item 8.

John Mullen: Thank you, Robert. The resolution and direct vote and proxy position is now on the screen. So please also now cast your vote for item 8.

Item 9 asks shareholders to approve the participation by Graham Chipchase in the Brambles performance share plan for the purpose of ASX listing rule 10.14. The approval is for a period of 12 months expiring at the 2021 Annual General Meeting. If you have any questions on this item and have not already done so please also submit your questions now.

Listing rule 10.14 requires shareholder approval for the issue of securities to a director under an employee incentive scheme. The Brambles performance share plan is such an employee incentive scheme and the notice of meeting sets out details of how the performance share plan works and the way in which a number of both short and term incentive awards to be granted to Mr Chipchase are calculated. Robert, are there any questions please on item 9?

Robert Gerrard: Thank you Chairman. We have received no questions on item 9.

John Mullen: Thank you, Robert. The resolution, the direct vote on this item and the proxy position are now on the screen. So please now cast your vote for item 9.

Item 10 asks shareholders to prove the participation by Nessa O'Sullivan in the Brambles performance share plan for the purpose of ASX listing rule 10.14. The approval is for a period of 12 months expiring at the 2021 Annual General Meeting. If you have any questions on this item and have not already done so please also submit your questions now.

The reasons for this resolution are the same as that for the previous resolution relating to Mr Chipchase. Robert, do we have any questions for item 10?

Robert Gerrard: Chairman we've received no questions for item 10.

John Mullen: Thank you, Robert. The resolution of the direct vote and proxy position for item 10 and now on the screen. So please therefore also now cast your vote for item 10.

Item 11 asks shareholders to approve the participation by Nessa O'Sullivan to 8 October 2023 in the Brambles MyShare plan for the purpose of ASX listing rule 10.14. If you have any questions on this item and have not already done so please submit your questions now.

As the Brambles MyShare is an employee incentive plan, shareholder approval for Nessa's participation in this plan is required at least once every three years under that listing rule. Shareholder approval for Nessa's participation in MyShare was last received at the 2017 AGM. So Robert, are there any questions for item 11?

Robert Gerrard: Thank you, Chairman. We have not received any questions for item 11.

John Mullen: Thank you, Robert. The resolution and the direct vote and proxy position are now on the screen. So please also now cast your vote for item 11.

Item 12 asks shareholders to authorise and approve the on-market buyback of up to 150.4 million shares in the Company in the 12 month period following the approval of this resolution. If you have any questions on this item and have not already done so please again, submit your questions now.

When we announced the sale of our IFCO RPC business, we also said that we would return to shareholders approximately AUD2.4 billion of the proceeds of that sale by way of an on-market buyback of shares. In my address, I gave you an update on the status of that buyback program and if shareholders approve this resolution, Brambles will be authorised to undertake further on-market buybacks of up to 150.4 million shares in the 12 months through to 8 October 2021.

Depending on the share price over the next 12 months, this may mean that the number of shares bought back may be less than the 150.4 million for which approval is sought. In addition, the actual number of shares to be bought back will be determined based on the share price, market conditions and any alternative capital deployment opportunities, which may arise over the next 12 months.

Further details on this resolution are set out in the explanatory notes in the notice of meeting. Robert, do we have any questions for item 12, please?

Robert Gerrard: Thank you Chairman. We have not received any questions for item 12.

John Mullen: Thank you, Robert. So the resolution and the direct vote and proxy position are now on the screen. So please cast your vote for item 12.

Ladies, gentlemen, that concludes our discussion on the items of business. And I now declare the AGM closed. I thank you for your attendance today. I will shortly close the voting system though please ensure that you have cast all your votes on all resolutions. And I'll now pause to allow you time to finalise those votes.

While doing so I would just like to say a big thank you to Robert and all the Company secretarial team, to the Investor Relations team, management and particular to all the technical teams here who have made this first attempt at a virtual AGM work pretty well.

So on behalf of myself and all my fellow directors, thanks very much to everybody for doing that for us. I'll just pause for a little bit longer to allow any last votes to come in and then close it out. Great, voting is now closed. We will announce the results of the poll to the ASX this evening and thank you once again for joining our AGM today.

End of Transcript