

# Directors' Report – Remuneration Report

## Executive Summary

### Business Performance

This report outlines the remuneration for Brambles' Key Management Personnel (KMP) for the financial year ended 30 June 2020 (the Year). It should be read in conjunction with the information provided on Brambles' results and continued execution of Brambles' business strategy, as detailed in the Operating & Financial Review on pages 4 to 25.

### Annual Short-Term Incentive

Based on performance against the corporate and personal objectives set for the Year, the annual Short-Term Incentive (STI) awards for Executive KMP (see Section 1) ranged from 31% to 112% of base salary. These STI outcomes were driven by Brambles' financial performance, each Executive KMP's achievement of specific personal objectives and after consideration of Executives' adherence to the Brambles Code of Conduct, shared values and risk appetite.

### Long-Term Incentive

The Long-Term Incentive (LTI) share awards granted during September 2017 (i.e. in FY18) had a three-year performance period ending 30 June 2020. Performance against the conditions to which they were subject were:

- Brambles' total shareholder return (TSR) was ranked at 32 out of the ASX100 peer group, resulting in 87.4% vesting for this component (25% of LTI grant); and ranked at 36 out of the MCSI peer group, resulting in 80.0% vesting for this component (25% of LTI grant); and
- Brambles' sales revenue compound annual growth rate (CAGR) was 6.4% and Return on Capital Invested (ROCI) was 17.1%, resulting in 95.0% vesting for this component (50% of LTI grant).

Accordingly, 89.3% of total LTI awards granted in FY18 vested. Details of LTI vesting are provided in Section 4.3.2.

### Executive Leadership Team Base Salaries

The base salaries of the Executive KMPs and other members of the Executive Leadership Team (ELT) were determined in accordance with the Company's Remuneration Policy described in Section 2. The average base salary increase for Executive Directors was 2.5%. The average increase for current ELT members for the Year was 3.0%, ranging from 2.1% to 5.1%. All increases were determined in October 2019 and effective 1 January 2020. The average increase across the broader employee population was 3.0%. Executive KMP salaries are set out in Section 5. There will be no salary increases for ELT in FY21. The next salary review, which was due to occur on 1 January 2021, has been deferred until 1 July 2021.

### Non-Executive Directors' Fees

There has been no increase in Chairman and Non-Executive Director base fees since 1 July 2016. There will be no increase in fees for the Chairman or Non-Executive Directors for FY21. Non-Executive Director fees are detailed in Section 7.1. The next fee review will be carried out during FY21. Any fee increase arising from that review will take effect from 1 July 2021.

### Remuneration Strategy

The Remuneration Committee carries out annual reviews of Brambles' remuneration strategy, structure and policy, including share-based incentive plans. These reviews are undertaken in order to determine whether the current approach continues to strongly align Executives' interests with those of the Company and its shareholders. A key focus of the annual review is to provide confirmation that the Company's remuneration structure and policy continue to provide alignment with the Company's strategic and business objectives, as well as Brambles' Code of Conduct, shared values and risk appetite. In March 2020, the Committee determined that no changes to the current structure or policy were required in FY21 but did recommend an administrative change to the rules of the Brambles Performance Share Plan (see Section 2 for details).

### Impact of Covid-19

The STI outcomes for the Year reflect business performance against targets set at the commencement of the Year. The Board has not exercised any discretion in relation to STI outcomes, nor LTI vesting, as a result of the economic impact of Covid-19 on Brambles.

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# Directors' Report – Remuneration Report – continued

## 1. Background

This Remuneration Report provides information on Brambles' Remuneration Policy and the link between that policy and the Group's business strategy, financial performance and conduct consistent with Brambles' Code of Conduct, shared values and risk appetite. This report also provides remuneration information about Brambles' Key Management Personnel (KMP), who are its:

- Non-Executive Directors as set out in Section 7; and
- Executive Directors and Group Executives who have authority and responsibility for planning, directing and controlling the Group's activities (Executive KMP). The executives who fall within this definition are those set out in Section 5.

In this report, references to the Executive Leadership Team (ELT) include Executive KMP.

This report includes all disclosures required by the *Corporations Act 2001* (the Act), regulations made under the Act and the Australian Accounting Standard AASB 124: Related Party Disclosures. The disclosures required by section 300A of the Act have been audited. Disclosures required by the Act cover both Brambles Limited and the Group.

## 2. Remuneration Policy and Framework

Brambles' Remuneration Policy, approved by the Board, is to adopt a remuneration structure and set remuneration levels which:

- enables Brambles to attract, retain and motivate high-calibre executives and other talent throughout the company;
- fairly and responsibly rewards executives having regard to Brambles' performance, the performance of executives and the general remuneration environment; and
- aligns:
  - executive reward with the creation of sustainable shareholder value; and
  - executive behaviour with Brambles' strategic objectives, Code of Conduct, shared values and risk appetite.

Table 3.3.1 sets out how Brambles' Remuneration Policy is directly linked to the Company's financial performance, the creation of shareholder wealth, the delivery of strategic objectives and executive behaviour.

Corporate and personal short-term incentive objectives are agreed at the start of the financial year and approved by the Board Remuneration Committee (Committee). The Committee reviews progress against the objectives during the financial year and assesses performance at year end following a detailed review of Group, Business Unit and individual executive performance. Long-term incentive performance conditions are set out in the rules of the Brambles Performance Share Plan (PSP).

The Group's Remuneration Policy is to set target remuneration opportunity around the median level of the comparator group of companies (set out in the next paragraph) but with upper-quartile total potential rewards for outstanding performance and proven capability.

Brambles' global remuneration framework, which applies to all salaried employees, is underpinned by its banding structure. This classifies roles into specific bands, each incorporating roles with broadly equivalent work value. Pay ranges for each band are determined under the same framework globally and are based on the local market rates for the roles falling within each band. For ELT roles, comparative companies used to set pay ranges are major listed companies in the USA, Australia and UK with sales revenue and market capitalisation between 50% and 200% of Brambles' 12-month average at year end. This approach provides a sound basis for delivering a non-discriminatory pay structure, providing equal pay for equal work value, for all Group employees.

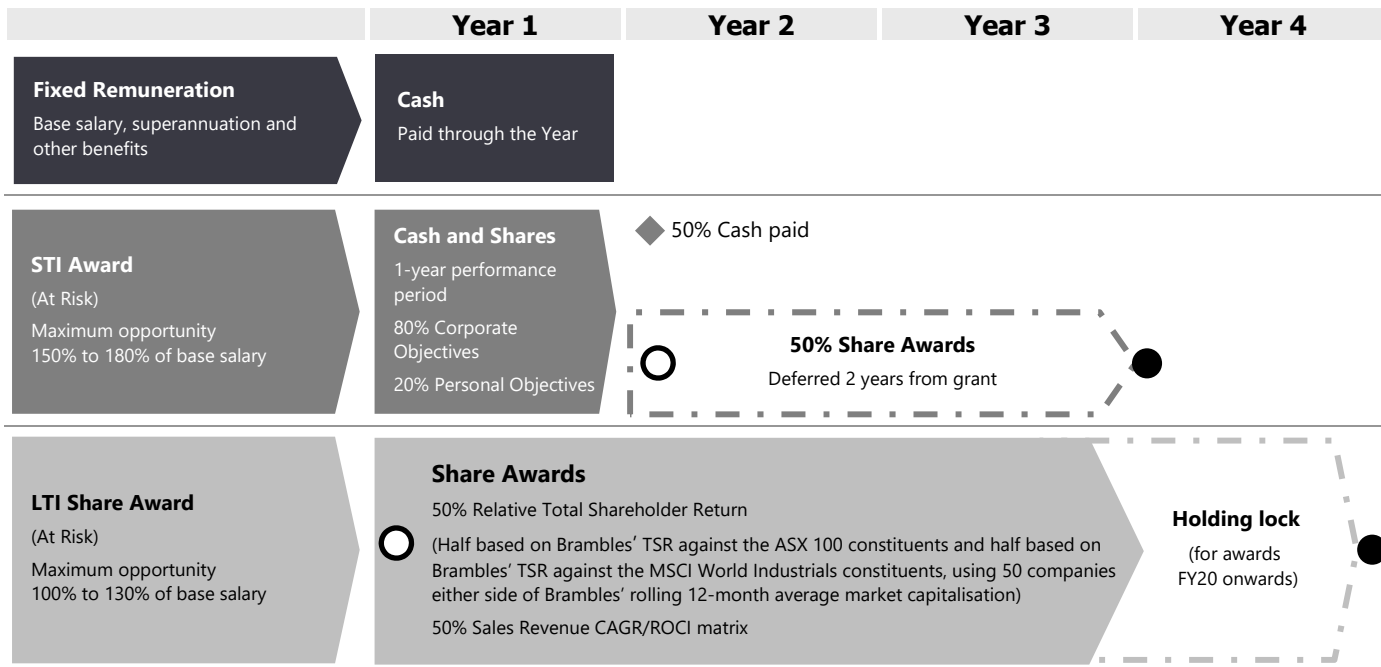
Each year, the Committee conducts a review of the Company's remuneration policy to determine that it delivers a remuneration structure and levels which are consistent with the objectives outlined at the beginning of this Section 2. As a result of the review carried out in FY20, it was determined that no changes to Brambles' remuneration structure were required in FY21. As a result of that review, however, the Board, pursuant to the power granted to it under the PSP rules, made an administrative amendment to those rules. The effect of the amendment is to grant the Board discretion to determine that vested awards granted under the PSP be settled in either cash or shares. The Board's intention is to consider exercising that discretion to settle vested PSP awards in cash for the small number of Australian-based employees who may, in the future, be categorised as "good leavers".

# Directors' Report – Remuneration Report – continued

## 3. Remuneration Structure

### 3.1 Overview

Remuneration is divided into those components not directly linked to performance (Fixed Remuneration) and those components which are variable and directly linked to Brambles' financial performance and the delivery of corporate and personal objectives (At Risk Remuneration). The diagram below summarises the remuneration structure for Executive KMP.



Legend: ◆ Cash awarded; ○ Share Awards granted; and ● Share Awards vested/unrestricted.

Payments are made and awards are granted following the end of the financial year and finalisation of Brambles' results.

An individual's At Risk Remuneration is subject to the overarching discretion of the Board and the Committee. That discretion is informed by how individuals achieve results and the extent to which they exemplify the behaviours expected of them as leaders of the Company as set out in Brambles' Code of Conduct, shared values and risk appetite.

The proportion of Executive KMP total remuneration comprising At Risk Remuneration is illustrated in Table 3.4.2.

STI and LTI share awards are governed by the PSP rules, which have been approved by shareholders. No Brambles shares were purchased on-market during the Year to satisfy the entitlements of holders of STI share awards or LTI share awards.

The remuneration structure and the key features of Fixed and At Risk Remuneration are summarised in Table 3.3.1. The application of the At Risk Remuneration is further described in Section 4.

### 3.2 Basis of Valuation of STI and LTI Share Awards

The number of share awards granted is based on the market value of Brambles' shares which, under the PSP rules, is the volume weighted average share price during the five trading days up to and including the grant date. In this report, this is referred to as the "face value approach".

Details of the approach are contained in Section 9.4.

# Directors' Report – Remuneration Report – continued

## 3.3 Remuneration Structure Details

**Table 3.3.1: Remuneration Structure FY20**

Remuneration element	Description	Purpose	Link to strategy
<b>Fixed Remuneration</b>			
	Base salary, superannuation and other fixed benefits.	Fixed remuneration reflects the executive's role, duties, responsibilities and level of performance, taking into account the individual's location and Brambles' size, geographic scale and complexity. Base salaries are generally referenced at the market median.	Base salaries are designed to be competitive to assist Brambles in attracting and retaining talented executives.
<b>At Risk Remuneration</b>			
<b>STI Award</b>			
Executive KMP are eligible to receive annual STI Awards.			
The Committee approves annual STI corporate and personal objectives for Executive KMP. At the end of each year, the Committee assesses Executive KMPs' performance against those objectives. The amount of an STI Award will depend on whether and, if so, to what extent those objectives are achieved.			
Half of the STI Award is delivered in cash following the end of the year to which the award relates. The other half is delivered in deferred STI Share Awards which vest two years from the date they are granted, subject to the relevant Executive KMP remaining employed by the Group at the end of that period. Eligibility for STI Awards is also subject to the non-financial risk assessment referred to in this table below, both at the time of the grant of the awards and, in the case of STI Share Awards, during the two-year deferral period.			
The achievement of objectives by Executive KMP for FY20 are set out in Section 4.2.			
Corporate Objectives (comprising 80% of the STI award)	Corporate objectives are set at a "Threshold" (the minimum necessary to qualify for the awards) and "target" (when the performance target is met). For some objectives (Underlying Profit and Asset Efficiency), there is also a "maximum" (when targets have been significantly exceeded and the award has reached its upper limit) level. For Underlying Profit, "Threshold" levels are set at or above the prior year's outcome for the relevant objective, except where extenuating circumstances exist.	Corporate objectives are set to align an executive's At Risk Remuneration to Brambles' financial and strategic objectives. For FY20, these included: Underlying Profit growth in excess of sales revenue growth through the cycle; Free Cash Flow sufficient to fully fund capital expenditure; and dividends and operational efficiency. Financial objectives are chosen to link Executives KMPs' rewards with the financial performance of the Group, the pursuit of profitable growth, the efficient use of capital and generation of cash.	FY20 corporate objectives were: <ul style="list-style-type: none"> <li>- Underlying Profit provides a focus on profitable growth;</li> <li>- Cash Flow from Operations is used as a measure to provide a strong focus on the generation of cash; and</li> <li>- Asset efficiency is a key driver of business profitability and assists in maximising revenue from existing assets and reducing capital costs.</li> </ul>
Personal Objectives (comprising 20% of the STI award)	Personal objectives relate to non-financial operating and strategic objectives.	Personal objectives provide the opportunity to tailor individual Executive KMP performance expectations, having regard to their role and function, to specific non-financial operating and strategic goals.	Personal objectives are linked to the delivery of Brambles' strategic and operating priorities such as safety, customer retention, product innovation, succession planning and talent development and specific business unit or functional projects.

## Directors' Report – Remuneration Report – continued

Remuneration element	Description	Purpose	Link to strategy															
<b>LTI Share Award</b>																		
Executive KMP are also eligible to receive an annual grant of LTI share awards vesting three years from the date the award is granted, subject to satisfaction of service and performance conditions. A one-year holding lock post-vesting applies to awards granted from FY20 onwards, during which executives cannot sell vested LTI awards other than to pay any tax obligations. The number of LTI share awards to which an Executive KMP is entitled is an amount, calculated using the face value approach, equal to a specified proportion of his or her base salary as shown in Section 4.3.																		
Relative TSR (comprising half of the LTI award)	<p>Performance is measured over a 3-year performance period (Performance Period) against constituents of both the ASX100 and the MSCI World Industrials indices, with each component measured separately and comprising 25% of the total LTI award.</p> <p>The vesting schedule for the portion of the LTI subject to TSR is outlined below.</p> <table border="1"> <thead> <tr> <th></th> <th>TSR percentile</th> <th>% Vesting of shares</th> </tr> </thead> <tbody> <tr> <td>Below Threshold</td> <td>Below 50th</td> <td>No vesting</td> </tr> <tr> <td>Threshold</td> <td>50th</td> <td>50%</td> </tr> <tr> <td>Between Threshold and Maximum</td> <td>Between 50th and 75th</td> <td>Pro-rata straight-line vesting</td> </tr> <tr> <td>Maximum</td> <td>75th and above</td> <td>100%</td> </tr> </tbody> </table>		TSR percentile	% Vesting of shares	Below Threshold	Below 50th	No vesting	Threshold	50th	50%	Between Threshold and Maximum	Between 50th and 75th	Pro-rata straight-line vesting	Maximum	75th and above	100%	<p>Relative TSR rewards the creation of shareholder value.</p> <p>TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specific period.</p> <p>A relative TSR performance condition means that value is only delivered to participants if the investment return received by Brambles' shareholders is sufficiently high relative to the return they could have received by investing in a portfolio of alternative stocks over the same period.</p>	<p>TSR provides a direct alignment of executive rewards to the creation of shareholder value through linking executive reward with the long-term generation of returns to Brambles' shareholders.</p>
	TSR percentile	% Vesting of shares																
Below Threshold	Below 50th	No vesting																
Threshold	50th	50%																
Between Threshold and Maximum	Between 50th and 75th	Pro-rata straight-line vesting																
Maximum	75th and above	100%																
Sales revenue CAGR and ROCI (comprising half of the LTI share award)	<p>Each year, a sales revenue CAGR/ROCI matrix is set by the Committee for each LTI share award, based on targets approved by the Board. This allows the Committee to set targets for each LTI share award that reward strong performance in light of the prevailing and forecast economic and trading conditions.</p> <p>The FY21-23 sales revenue CAGR/ROCI matrix, pertaining to the LTI share awards to be granted in October 2020, is set out in Section 4.3.</p>	<p>This portion of the LTI share award incentivises both long-term sales revenue growth and ROCI. Vesting is based on achievement of sales revenue targets with three-year performance targets set on a CAGR basis. The sales revenue growth targets are underpinned by ROCI hurdles. This is designed to drive profitable business growth, to maintain quality of earnings and to deliver a strong return on capital invested. Sales revenue CAGR is measured in constant currency.</p>	<p>Profitable growth is emphasised by the use of sales revenue CAGR targets with ROCI hurdles as the performance conditions that must be satisfied for half of all LTI share awards to vest.</p> <p>This supports the delivery of sustainable returns to shareholders.</p>															

Minimum shareholding requirements	Description
Brambles requires ELT members to hold a meaningful stake in the Company to assist in aligning their interests with those of its shareholders.	<p>The minimum shareholding requirement for the CEO is 150% of base salary and for the other ELT members is 100% of their respective base salaries, to be built up over five years. Each year, the Committee receives a report on the progress towards the attainment of the required minimum shareholding requirement.</p> <p>Whilst building their minimum shareholding requirement, ELT members are not permitted to sell Brambles shares, other than to pay tax obligations they incur by reason of STI or LTI share awards vesting, until they have achieved 100% of their shareholding requirements.</p> <p>Where Executive Directors step down from their Executive Director position but continue to be employed by the Company, they will, under the Company's Securities Trading Policy, need the Chairman's approval to sell or otherwise deal in Brambles' shares.</p> <p>Executive Directors who cease to be employees of the Company are required to retain at least 50% of their minimum shareholding for the 12 months following their cessation of employment.</p>

## Directors' Report – Remuneration Report – continued

Clawback of awards	Description
Clawback provisions operate in relation to STI and LTI share awards	Under the PSP rules, the Board has discretion to reduce, cancel or lapse unvested or vested STI or LTI share awards in the circumstances set out in the PSP rules (a copy of the rules is on the Brambles website). These circumstances include to protect the financial soundness of the Group, an exceptional event which has a material impact on the value of the Group, a material inaccuracy in the assessment of the performance of a participant in the PSP (including an Executive KMP) or any subsequent or adverse development regarding the personal performance of such a participant.

Remuneration Committee discretion	Description
Remuneration Committee discretion regarding At Risk Remuneration	<p>The Committee has discretion to adjust the level of At Risk Remuneration (both STI and LTI awards) based on the financial or share price performance of the Company and the behaviours exhibited by individual ELT members, including their adherence to the Company's Code of Conduct, shared values and risk appetite.</p> <p>The Committee may, at its discretion, reduce the amount of an ELT member's STI award (regardless of the achievement of corporate or personal objectives) where his or her performance or behaviour during the year has been assessed as not warranting all or part of an incentive payment to which he or she may otherwise be entitled. The Committee determines the level of LTI share award vesting following the receipt of independent TSR analysis and audited management reports on the outcome of the Sales CAGR/ROCI performance over the applicable Performance Period. The Committee's discretion can be used to increase or decrease vesting outcomes, which includes reducing vesting to zero.</p> <p>In April 2020, the Remuneration Committee adopted a principles-based approach to non-financial risk, with a framework which provides guidelines as to the types of events that may warrant an adjustment and guidance on what should be considered by the Committee. Advice is provided to the Committee by the Chairman of the Audit Committee, the Group Senior Vice President, Human Resources, the Group Vice President, Legal and Secretariat and Group Vice President, Risk &amp; Internal Audit on any major or severe incidents to be considered by the Committee when deciding whether to exercise its discretion to adjust any year-end remuneration outcomes.</p>

### 3.4 Remuneration Mix for Executive KMP

Brambles' Executive KMP remuneration mix is linked to performance. At Risk Remuneration represents 71% to 76% of Executive KMP maximum remuneration package.

The table below illustrates the remuneration potential for the Executive KMP, including Threshold, Target and Maximum potential.

**Table 3.4.1: Remuneration Potential**

Remuneration potential	CEO/CFO potential as % of base salary			President North America/Europe potential as % of base salary		
	Threshold	Target	Maximum	Threshold	Target	Maximum
STI Awards*	70%	120%	180%	60%	100%	150%
LTI Awards	46%	88%	130%	35%	68%	100%

\* Half of the STI Award is delivered in deferred STI Share Awards which vest two years from the date they are granted subject to the relevant Executive KMP remaining employed by the Group at the end of that period.

The following table illustrates the level of actual remuneration received by Executive KMP compared with their respective total remuneration potential.

The respective columns labelled "Actual" comprise:

- Base salary: base salary for FY20;
- STI Awards: the STI award received in respect of FY20 performance, half of which was delivered as deferred STI share awards which vest in FY22 (see Section 4.2); and
- LTI shares: the proportion of the FY18-FY20 LTI share awards that vested at the end of the Year (see Section 4.3.2).

The Remuneration Mix represents the maximum potential value of each element of the respective Executive KMP's remuneration package mix that could be received in each case by the individual Executive KMP.

## Directors' Report – Remuneration Report – continued

**Table 3.4.2: Remuneration Mix**

Remuneration mix	CEO/CFO maximum potential	CEO Actual	CFO Actual	President North America/ Europe maximum potential	President North America Actual	President Europe Actual
Base salary	24%	24%	24%	29%	29%	29%
STI Award	44%	23%	24%	42%	31%	9%
LTI Award	32%	29%	29%	29%	26%	0%
<b>Total</b>	<b>100%</b>	<b>76%</b>	<b>77%</b>	<b>100%</b>	<b>86%</b>	<b>38%</b>

### 3.5 Brambles' Five-Year Performance and Remuneration Outcomes

The table below sets out the dividends paid, Brambles' share price at the beginning and the end of the financial year, the financial performance conditions for the STI and LTI share awards and the Company's performance for continuing operations for the period FY16 to FY20 and the STI and LTI award outcomes for those years. In the following table:

- financial measures relating to IFCO are included in FY16 and FY17 but, due to its divestment, not in FY18 to FY20;
- the periods prior to FY20 have not been restated for the impact of new accounting standard AASB 16 Leases;
- the periods prior to FY18 have not been restated for the impact of the new accounting standards AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers;
- the Underlying Profit and Cash Flow targets and outcomes for STI purposes are adjusted figures based on budgeted FX rates at the commencement of the respective financial year; and
- financial measures related to the CHEP Recycled, Oil & Gas, Aerospace and LeanLogistics businesses have not been included in any period due to the divestment of these businesses.

Definitions for the financial metrics are provided in the Glossary on pages 128 to 130.

The numbers shown below reflect Brambles' financial statements. STI outcomes are based on adjusted outcomes.

	FY20	FY19	FY18	FY17	FY16
<b>Dividends (cents per share)<sup>1</sup></b>	US\$0.18	A\$0.29	A\$0.29	A\$0.29	A\$0.285
<b>Share price (A\$): 1 July</b>	12.75	8.88	9.73	12.32	10.73
<b>30 June</b>	10.87	12.88	8.88	9.73	12.39
<b>STI and LTI Financial Measure (US\$)</b>					
BVA <sup>2</sup>	-	-	-	235.1	332.9
<b>STI financial measures (US\$)</b>					
Underlying Profit <sup>3</sup>	795.0	803.7	826.1	957.1	984.5
Cash Flow from Operations <sup>4</sup>	743.9	431.8	724.8	591.5	518.8
Group Free Cash Flow <sup>5</sup>	462.2	238.5	554.4	224.2	171.7
Profit after tax <sup>6</sup>	477.2	454.1	553.5	444.9	592.3
<b>STI cash outcome range for Executive KMP (% base salary)<sup>7</sup></b>	31% - 112%	24% - 60%	20% - 61%	21% - 58%	55% - 78%
<b>LTI measures</b>					
Sales Revenue (US\$)	4,733.6	4,595.3	4,470.3	5,104.3	4,900.1
ROCI <sup>8</sup>	17%	19%	20%	17%	19%
TSR	21.41%	6.94%	-7.53%	16.81%	64.02%
<b>LTI outcome (% of grant)<sup>9</sup></b>	89%	0%	25%	20%	75%

<sup>1</sup> Effective from 2020, Brambles changed to a payout ratio-based dividend policy, with the dividend per share declared in US cents and converted and paid in Australian cents. Prior to 2020, dividends were declared and paid in Australian cents.

<sup>2</sup> LTI and STI measure in FY16 and FY17 only, calculated at fixed 30 June 2016 exchange rates.

<sup>3</sup> STI measure used during plan years FY18 to FY20.

<sup>4</sup> STI measure used during plan years FY17 to FY20.

<sup>5</sup> STI measure used during plan year FY18. Free Cash Flow includes cash flows from divested businesses.

<sup>6</sup> STI measure used during plan years FY16 and FY17. Periods prior to 2018 include IFCO and are consistent with previously published data. Refer to Five-Year Financial Performance Summary on page 127.

<sup>7</sup> The range of outcomes for Executive KMP are provided, as some Executive KMP had business unit financial performance conditions as well as Group conditions. Financial measures comprised 70% of total STI outcome in FY16 and FY17 and 80% of total STI outcome in FY18 to FY20. The balance comprised personal objectives.

<sup>8</sup> LTI measure used during plan years FY18 to FY20.

<sup>9</sup> LTI outcome is for the Performance Period ending in the relevant year. For example, the FY16 LTI outcome relates to the FY14 to FY16 Performance Period.



## Directors' Report – Remuneration Report – continued

### 4. Performance of Brambles and Remuneration Outcomes

#### 4.1 FY20 STI Awards

The following table summarises the components and weighting of objectives for the FY20 STI awards for Executive KMP:

Executive KMP	Corporate objectives					Personal Objectives
	Group Underlying Profit	Segment Underlying Profit	Group Cash Flow	Segment Cash Flow	Asset Efficiency	
CEO, CFO	50%	-	20%	-	10%	20%
Presidents North America/Europe	20%	30%	10%	10%	10%	20%

Executive KMP personal objectives for FY20 are shown in the table below. Recommended targets for global metrics relating to safety and business strategy and growth objectives are set at the Group level and reviewed and approved by the Committee.

Metric	Measurement
Safety	The CEO and Executive KMP with operational responsibility have a personal objective safety measure. The objectives are zero fatalities and a specified percentage improvement in the Group or applicable region's Brambles Injury Frequency Rate (BIFR) from FY20 BIFR.
Business strategy and growth objectives	Objectives are set for each Executive KMP which support and are aligned with the achievement of Brambles' overall business strategy and business unit objectives.  FY20 objectives included: succession planning and talent development; asset protection and efficiency; capital efficiency; retention of key customer accounts; and roll out of new product lines.  Quantitative metrics for achievement of each of these objectives are set, which allows the Committee to determine objectively whether they have been met.

#### 4.2 STI Plan Structure and Performance

As detailed in Table 3.3.1, the STI Plan comprises Corporate Objectives and Personal Objectives, all components of which are assessed against their respective performance targets to provide an overall assessment.

The STI metrics comprise the following:

Metric	Weighting at Target	Payment schedule
Underlying Profit	50%	A sliding scale between the Threshold and Target, with a separate sliding scale between Target and Maximum.
Cash Flow	20%	Two Targets to be achieved: <ul style="list-style-type: none"> <li>- Half-year target representing one-third of this component; and</li> <li>- Full-year target representing two-thirds of this component. The targets are all-or-nothing; there is no sliding scale.</li> </ul>
Asset Efficiency	10%	<ul style="list-style-type: none"> <li>- 5% at Threshold</li> <li>- 10% at Target</li> <li>- 15% at Maximum</li> </ul> The targets are all-or-nothing; there is no sliding scale between Threshold, Target and Maximum.
Personal Objectives	20%	Personal Objectives are individually assessed by the Board Chairman, reviewed by the Committee and approved by the Board in relation to the CEO's STI. Personal Objectives of the other Executive KMP (and all ELT members) are assessed by the Committee. There is no over-achievement above the 20%.



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The following table outlines performance against Brambles' Group Financial STI metrics against the targets shown.

### Brambles' Group Financial STI metrics

Metric	Performance	Outcome
Underlying Profit	Result reflects strong sales and effective management of operational costs despite the impact of Covid-19 driving higher supply chain costs in the core pallets business and loss of earnings in the Automotive and Kegstar businesses following customer shutdowns during the fourth quarter of FY20.	Between Threshold and Target
Cash Flow from Operations	Strong cash flow performance, with a successful year of working capital improvements driven by process changes improving cash collections and further progress on asset efficiency outcomes across the business with initiatives supported by improved use of data analytics.	Exceeded both First Half and Year-end targets
Asset Efficiency	Significant improvement in asset efficiency, reflecting changes to the business model in Mexico and Turkey and overall improvements in efficiency of the existing asset pool driven by improved data analytics and a range of collection and other commercial initiatives driving shorter cycle times.	Achieved Maximum results

The STI outcomes for the CEO and CFO are shown below based on performance against their STI objectives. As indicated earlier in this report, half of the STI award is delivered in deferred STI share awards which vest two years from the date of grant, subject to the applicable Executive remaining employed by the Group at the end of that period.

### CEO and CFO FY20 STI performance

Performance category	Weighting at Target	STI as % of base salary at Target	Achievement			Outcome	Outcome (% of base salary)
			Threshold	Target	Maximum		
Underlying Profit	50%	60%	809.8	852.4	895.0	Between Threshold and Target	34.2%
Cash Flow from Operations	Full-year Cash Flow 20%	24%		567.2	783.6	Exceeded both Half and Full-year Targets	24.0%
Asset Efficiency	10%	12%	20.5%	19.6%	18.6%	Achieved Maximum	18.0%
CEO Personal Objectives	20%	24%				Achieved 72.5% of Personals	17.4%
<b>CEO Total</b>	<b>100%</b>	<b>120%</b>					<b>93.6%</b>
CFO Personal Objectives	20%	24%				Achieved 87.5% of Personals	21.0%
<b>CFO Total</b>	<b>100%</b>	<b>120%</b>					<b>97.2%</b>

## Directors' Report – Remuneration Report – continued

In addition to the Brambles STI metrics shown above relating to Underlying Profit and Cash Flow from Operations, the Business Unit targets and their respective personal objective outcomes, for the Presidents of North America and Europe, were as follows.

### Business Unit metrics

Business Unit	Outcome	Achievement
<b>President, North America</b>		
CHEP North America Underlying Profit	Between Target and Maximum	104%
CHEP North America Cash Flow	Achieved both half and full-year Cash Flow measures	149% of full-year target
CHEP North America Asset Efficiency	Achieved Maximum	16%
Personal Objectives	-	71.25%
<b>President, Europe</b>		
CHEP Europe Underlying Profit	Below Threshold	90%
CHEP Europe Cash Flow	Achieved both half and full-year Cash Flow measures	122% of full-year target
CHEP Europe Asset Efficiency	Achieved Maximum	19%
Personal Objectives	-	73.75%

### 4.2.1 Actual STI Payable and Forfeited for FY20

Details of the STI award payable to Executive KMP and the STI award forfeited, as a percentage of the maximum potential STI award in respect of performance during the Year, are shown in the following table.

Name	Actual STI payable as % of base salary	Maximum STI as % of base salary	Total STI achieved (US\$)	% of maximum STI payable	% of maximum STI forfeited
G Chipchase	94%	180%	1,403,196	52%	48%
N O'Sullivan	97%	180%	814,168	54%	46%
L Nador	112%	150%	510,084	74%	26%
M Pooley <sup>10</sup>	31%	150%	154,830	21%	79%

### 4.3 Executive KMP LTI Share Awards

Executive KMP are eligible to receive an annual grant of LTI share awards. The awards are made in October each year. The performance conditions to which LTI share awards are subject are set out in Table 3.3.1. The number of LTI share awards to which an Executive KMP is entitled is an amount calculated as follows:

**[Base Salary in A\$ at 30 June] x [LTI % in the table below] Divided By [Share Price calculated using the face value approach] = number of LTI Share Awards**

Role	LTI grant as % of base salary
CEO/CFO	130%
President North America/Europe	100%

### 4.3.1 Sales Revenue CAGR/ROCI LTI Performance Matrix for FY21-FY23<sup>11</sup>

The sales revenue CAGR/ROCI matrix for LTI share awards that will be made in October 2020 for the period FY21-FY23 is set out below. The sales revenue and ROCI components of the matrix are calculated on a Group basis. The prospective vesting date is in October 2023. ROCI is defined as Underlying Profit divided by Average Capital Invested.

#### FY21-23 Sales Revenue CAGR/ROCI LTI Performance Matrix Vesting Schedule

Sales Revenue CAGR <sup>12</sup>	ROCI %		
	15%	16.5%	18%
2%	-	20%	60%
3%	20%	40%	80%
4%	40%	60%	100%
5%	60%	80%	100%
6%	80%	100%	100%

<sup>10</sup> M Pooley resigned from the business with his last day being 30th June 2020. He was eligible for his FY20 STI cash award, but he was not eligible for the STI share award component.

<sup>11</sup> Financial targets set for LTI share awards do not constitute profit forecasts and the Board is conscious that their publication may therefore be misleading. Accordingly, Brambles does not publish in advance the coming year's financial targets for STI awards.

<sup>12</sup> Three-year CAGR over base year is used.

## Directors' Report – Remuneration Report – continued

As a policy principle, the Committee takes into account major acquisitions, divestments, impairments and Significant Items during the applicable Performance Period in determining the final outcome of the sales revenue CAGR/ROCI matrix for that period. Acquisitions or divestments that are not material to the overall outcome are excluded from any performance assessment.

The ROCI outcome is the average ROCI over the Performance Period and is calculated by adding each year's ROCI result and dividing that sum by three.

The sales revenue CAGR and ROCI targets and vesting schedules in the FY21-FY23 LTI Matrix were set by the Committee, having regard to the Company's Remuneration Policy outlined in Section 2 (and, particularly, aligning executive rewards with the creation of shareholder value and setting challenging performance targets), as well as Brambles' three-year plan for its strategic priorities and financial objectives. (The unprecedented nature of the Covid-19 pandemic and the economic volatility it has created has added considerable uncertainty to the forecasting of the sales CAGR and ROCI metrics for the FY21-FY23 matrix. In these circumstances, the Board may consider adjusting the matrix metrics up or down to reflect more appropriate forecast economic assumptions once the impact of Covid-19 on global and regional economies is better understood.) LTI vesting schedules are not intended to be, and should not be, relied on by current or potential Brambles' shareholders as a forecast of the Group's future performance.

The matrix continues to provide an appropriate balance between growth and returns well in excess of the cost of capital.

### 4.3.2 Performance Testing of LTI Share Awards Under the Performance Share Plan

The Performance Period for LTI awards granted in October 2017 expired on 30 June 2020. The TSR component of these awards was tested against the TSR performance of Brambles over the Performance Period as determined by an independent consultant. The sales revenue CAGR and ROCI components of these awards were audited by Brambles' external auditors and then tested against the FY18-FY20 Matrix by the Committee. The Committee also undertook the non-financial risk assessment outlined in Table 3.3.1 and, based on that assessment, determined that no adjustment to the vesting levels for any Executive KMP was required. Based on those assessments, these awards vested as follows:

Performance condition	Performance Period	Performance condition	Vesting level
Relative TSR (ASX100)	1 July 2017 to 30 June 2020	Brambles' TSR performance against the ASX 100 TSR	87.4%
Relative TSR (MSCI)	1 July 2017 to 30 June 2020	Brambles' TSR performance against the MCSI Industrials	80.0%
Sales Revenue CAGR/ROCI	1 July 2017 to 30 June 2020	CAGR: 6.3% ROCI 17.1%	95.0%
<b>Total LTI vesting</b>	<b>1 July 2017 to 30 June 2020</b>		<b>89.3%</b>

## Directors' Report – Remuneration Report – continued

### 4.4 Total Remuneration & Benefits for the Year

The purpose of the table below is to enable shareholders to understand the actual remuneration received by Executive KMP. The table provides a summary of the actual remuneration, before equity, received or receivable by the Executive KMP for the Year, together with prior-year comparatives. Income derived from the vesting of STI and LTI share awards during the Year has been included below as "Actual share income". The value shown is the market value at the time the income became available to the Executive. These share awards were granted in prior financial years and vested in October 2019.

Theoretical accounting values for unvested share awards are shown in Section 9.1. Those values are a statutory disclosure requirement. Unvested share awards may result in "Actual share income" in future years and, if so, the income will be reported in the table below in the Remuneration Report for the relevant year.

There were no loans or other transactions with any Executive Directors or Executive KMP during the Year.

US\$'000	Short-term employee benefits				Post-employment benefits	Other			Total before equity	Actual share income	Total
	Year	Cash / salary / fees <sup>13</sup>	Cash bonus	Non-monetary benefits <sup>14</sup>	Super-annuation	Termination / sign-on payments / retirement benefits	Other <sup>15</sup>	STI / LTI / MyShare awards			
<b>Executive Directors</b>											
G Chipchase <sup>16</sup>	<b>FY20</b>	<b>1,726</b>	<b>702</b>	<b>2</b>	-	-	<b>10</b>	<b>2,440</b>	<b>232</b>	<b>2,672</b>	
	FY19	1,732	817	12	-	-	10	2,571	5	2,576	
N O'Sullivan <sup>16</sup>	<b>FY20</b>	<b>975</b>	<b>407</b>	<b>10</b>	-	-	<b>1</b>	<b>1,393</b>	<b>194</b>	<b>1,587</b>	
	FY19	980	501	4	-	-	1	1,486	1	1,487	
<b>Other Executive KMP</b>											
L Nador <sup>16</sup>	<b>FY20</b>	<b>467</b>	<b>255</b>	<b>3</b>	<b>58</b>	-	<b>19</b>	<b>802</b>	<b>33</b>	<b>835</b>	
	FY19	448	104	8	57	-	18	635	109	744	
M Pooley <sup>16,17</sup>	<b>FY20</b>	<b>501</b>	<b>155</b>	-	<b>28</b>	-	<b>2</b>	<b>686</b>	<b>97</b>	<b>783</b>	
	FY19	482	126	17	66	-	2	693	120	813	
<b>Totals<sup>18</sup></b>	<b>FY20</b>	<b>3,669</b>	<b>1,519</b>	<b>15</b>	<b>86</b>	-	<b>32</b>	<b>5,321</b>	<b>556</b>	<b>5,877</b>	
	FY19	3,642	1,548	41	123	-	31	5,385	235	5,620	

<sup>13</sup> Cash/Salary/Fees includes base salary and allowances.

<sup>14</sup> Non-monetary benefits includes annual medical assessment and tax support.

<sup>15</sup> Other includes health and salary continuance insurance.

<sup>16</sup> The year-on-year comparison of remuneration is affected by the movement of 30 June 2020 rates from A\$1=US\$0.7145, €1=US\$1.1404 and £1=US\$1.2943 for FY19 and A\$1=US\$0.6692, €1=US\$1.1064 and £1=US\$1.2582 for FY20.

<sup>17</sup> M Pooley resigned from the business with his last day being 30 June 2020. He was eligible for the FY20 STI cash award, but was not eligible for the STI share award component.

<sup>18</sup> The comparative period does not include W Orgeldinger who was a KMP Executive during the period 1 July 2018 to 31 May 2019 when he left Brambles due to the sale of the IFCO RPC business.

## Directors' Report – Remuneration Report – continued

### 5. Executive Key Management Personnel (Executive KMP)

#### 5.1 Executive Key Management Personnel Changes

There were no changes to Executive Directors during the Year, namely Graham Chipchase (Chief Executive Officer) and Nessa O'Sullivan (Chief Financial Officer).

In addition to Brambles' Executive Directors, the following executives comprise the Year's Executive Key Management Personnel:

- Laura Nador, President, North America; and
- Michael Pooley, President, Europe.

Mr Pooley resigned from Brambles on 30 June 2020 to take up an opportunity elsewhere. Any unvested share awards granted to Mr Pooley lapsed on his resignation date.

Mr David Cuenca was appointed to the role of President, Europe effective from 1 July 2020 following the departure of Mr Pooley.

#### 5.2 Service Contracts

Graham Chipchase and Nessa O'Sullivan are on continuing contracts, which may be terminated without cause by the employer giving 12 months' notice or by the employee giving six months' notice, with payments in lieu of notice calculated by reference to annual base salary.

Michael Pooley was, and Laura Nador is, on continuing contracts, which may be terminated without cause by the employer giving six months' notice or by the employee giving six months' notice, with payments in lieu of notice calculated by reference to annual base salary.

These standard service contracts state that any termination payments made would be reduced by any value to be received under any new employment and are subject to limits imposed under Australian law.

Details of Executive KMP salaries are shown in Table 5.2.1.

##### 5.2.1 Contract Terms for Executive KMP

Name and role(s)	Base salary at 30 June 2019	Base salary at 30 June 2020
<b>G Chipchase</b> , Chief Executive Officer	£1,163,000	£1,192,000
<b>N O'Sullivan</b> , Chief Financial Officer	£650,000	£666,000
<b>L Nador</b> , President, North America	US\$435,000	US\$457,000
<b>M Pooley</b> , President, Europe	£360,000	£400,000

Mr Chipchase and Ms O'Sullivan received increases reflective of market movement in the UK.

Ms Nador's increase reflected both market movement in the USA and her additional experience in the role.

Mr Pooley's increase included an adjustment to his salary due to additional responsibilities, including leadership for the BXB Digital group.

All increases were determined in October 2019 and effective 1 January 2020, except for Mr Pooley whose increase was effective 1 November 2019.

### 6. Employee Share Plan

Brambles' employee share plan, MyShare, was launched in October 2008 and was developed as a vehicle to encourage share ownership and retention across the Group. Employees may buy up to A\$6,000 of shares each year (Acquired Shares), which the Company matches (Matching Shares) on a one-for-one basis after a two-year qualifying period. The vesting and automatic exercise of Matching Shares occurs on the second anniversary of the first acquisition.

In 2020, MyShare was offered in an additional 19 countries. Together with the previous 41 countries where it operated, MyShare is now a global all-employee share plan. For the 2020 MyShare plan onwards, all permanent employees of Brambles, in any country of the world, will be eligible to join the plan.

As of 1 March 2020, 3.66 million Brambles shares were held by 4,720 MyShare participants.

Executive KMP are eligible to participate in MyShare. Shares obtained by Executive KMP through MyShare are included in Section 9.6. Matching Shares allocated but not yet vested are shown in Sections 9.5 and 9.7.

During the Year, 916,680 Brambles shares were purchased on-market under the MyShare plan, being the Acquired Shares purchased by participants in that plan, at an average price of A\$11.73 per share. The accounting share value at grant ranged from A\$10.45 to A\$12.44 (up to 30 June 2020) based on the monthly share price value. For further details of the share grant values, refer to Section 9.8 of the Remuneration Report and Note 20 of the Financial Report.

## Directors' Report – Remuneration Report – continued

### 7. Non-Executive Directors' Disclosures

#### 7.1 Non-Executive Directors' Remuneration Policy

The Chairman's fees are determined by the Remuneration Committee, with the Chairman exempting himself from the decision. The other Non-Executive Directors' fees are determined by the Chairman and Executive Directors. In setting the fees, advice is sought from external remuneration advisors on the appropriate level of fees, taking into account the responsibilities of Non-Executive Directors in dealing with the complexity and global nature of Brambles' affairs and the level of fees paid to Non-Executive Directors in comparable companies.

All Non-Executive Directors' fees are set in Australian dollars and paid in local currencies.

Brambles' base fees for Non-Executive Directors are set with reference to the comparator group of Australian companies with market capitalisation between 50% and 200% of Brambles' 12-month average at year end, which is consistent with Brambles' policy on executive pay.

There has been no increase in Chairman and Non-Executive Director base fees since 1 July 2016. There will not be any increase in fees for the Chairman or Non-Executive Directors for FY21.

The base fees for the Chairman and Non-Executive Directors are as follows:

- Chairman: A\$627,000; and
- Non-Executive Directors: A\$209,000.

The following travel allowances and Committee member fees were also not increased during the Year:

- Supplement for members of the Audit and Remuneration Committees: A\$25,000. The Board Chairman does not receive the supplement if he or she is a member of either of these Committees;
- Supplement for Chair of the Audit Committee: A\$50,000;
- Supplement for Chair of the Remuneration Committee: A\$40,000; and
- Travel allowance of A\$5,000 where a meeting involved a long-haul international trip.

The next fee review will take effect from 1 July 2021.

#### 7.2 Non-Executive Directors' Appointment Letters

Non-Executive Directors are appointed for an unspecified term but are subject to election by shareholders at the first Annual General Meeting after their initial appointment by the Board. The Corporate Governance Statement, available on Brambles' website, contains details of the process for appointing and re-electing Non-Executive Directors and of the years in which the Non-Executive Directors are next due for re-election by shareholders.

Letters of appointment for Non-Executive Directors, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that Non-Executive Directors have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period served.

Non-Executive Directors do not participate in the PSP or MyShare plans.

Mr Johns retired from his role as a Non-Executive Director and Chairman of the Board on 30 June 2020. Mr Mullen was appointed to the Board on 1 November 2019 and took over as Chairman of the Board from 1 July 2020.

Dr Scheinkestel was appointed to the Board on 1 June 2020. Dr Scheinkestel is a member of the Audit Committee and will assume the role of Audit Committee Chair on 20 August 2020 (Mr Long will retire from the Board upon the conclusion of the Brambles' Annual General Meeting on 8 October 2020).

Mr McCall was appointed to the Board on 6 July 2020.

## Directors' Report – Remuneration Report – continued

### 7.3 Non-Executive Directors' Shareholdings

Non-Executive Directors are required to hold shares in Brambles, equal to their annual fees after tax, within three years of their appointment.

The following table contains details of Brambles Limited ordinary shares in which Non-Executive Directors held relevant interests, being issued shares held by them and their related parties:<sup>19</sup>

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
<b>Non-Executive Directors as at 30 June 2020</b>			
G El-Zoghbi	35,000	-	35,000
E Fagan	20,000	-	20,000
A G Froggatt	14,890	-	14,890
T Hassan	15,000	-	15,000
S P Johns <sup>20</sup>	61,049	-	61,049
B Long	24,000	-	24,000
J Miller	-	5,150	5,150
J Mullen	-	-	-
S Perkins	20,000	-	20,000
N Scheinkestel	7,134	-	7,134
<b>Former Non-Executive Director</b>			
D P Gosnell	22,910	-	22,910

<sup>19</sup> G El-Zoghbi: Held by The George El-Zoghbi Trust Agreement on behalf of George El-Zoghbi.

E Fagan: Held by LG Vestra, Bank of New York Mellon on behalf of Elizabeth Fagan.

A G Froggatt: Of which 7,000 shares are held by Christine Joanne Froggatt and 7,890 shares are held by Anthony Grant Froggatt.

T Hassan: Held by RBC Dexia Custodian on behalf of Tahira Hassan.

S P Johns: Of which 38,713 ordinary shares held by Canzak Pty Ltd and 22,336 ordinary shares held by Caran Pty Limited.

B Long: Held by BJ Long Investments Pty Limited.

J Miller: Held by The Miller Family Revocable Trust on behalf of James Miller.

S Perkins: Held by Perkins Family Super Pty Ltd ATF Perkins Family S/F A/C.

N Scheinkestel: Held by Nora Scheinkestel. The "Balance at the start of the Year" is as at 1 June 2020 when she was appointed as a Brambles director.

D P Gosnell: Held by Charles Stanley & Co Australia in the name of Susan Gosnell.

<sup>20</sup> S P Johns retired from the Board on 30 June 2020.



## Directors' Report – Remuneration Report – continued

### 7.4 Non-Executive Directors' Remuneration for the Year

Fees and other benefits provided to Non-Executive Directors during the Year and the prior year are set out in Table 7.4.1 below in US dollars. The full names of the Non-Executive Directors and the dates of any changes in Non-Executive Directors during the Year are shown in the Directors' Report – Additional Information on page 53. Non-Executive Directors do not receive any share-based payments.

Any contributions to personal superannuation or pension funds on behalf of the Non-Executive Directors are deducted from their overall fee entitlements.

**7.4.1 Table: Non-Executive Directors' Remuneration for the Year**

US\$'000		Short-term employee benefits	Post-employment benefits		
Name	Year	Directors' fees	Superannuation	Other <sup>21</sup>	Total
<b>Non-Executive Directors as at 30 June 2020</b>					
G El-Zoghbi	<b>FY20</b>	<b>162</b>	<b>8</b>	<b>2</b>	<b>172</b>
	FY19	163	8	2	173
E Fagan	<b>FY20</b>	<b>167</b>	<b>8</b>	<b>2</b>	<b>177</b>
	FY19	159	8	-	167
A G Froggatt	<b>FY20</b>	<b>150</b>	<b>13</b>	-	<b>163</b>
	FY19	172	16	-	188
T Hassan	<b>FY20</b>	<b>156</b>	<b>7</b>	<b>1</b>	<b>164</b>
	FY19	156	7	2	165
S P Johns <sup>22</sup>	<b>FY20</b>	<b>395</b>	<b>28</b>	<b>10</b>	<b>433</b>
	FY19	419	40	10	469
B J Long	<b>FY20</b>	<b>161</b>	<b>15</b>	-	<b>176</b>
	FY19	185	18	-	203
J Miller	<b>FY20</b>	<b>155</b>	<b>7</b>	<b>2</b>	<b>164</b>
	FY19	45	2	-	47
J Mullen <sup>23</sup>	<b>FY20</b>	<b>95</b>	<b>9</b>	-	<b>104</b>
	FY19	-	-	-	-
S Perkins	<b>FY20</b>	<b>165</b>	<b>7</b>	-	<b>172</b>
	FY19	156	15	-	171
N Scheinkestel <sup>24</sup>	<b>FY20</b>	<b>12</b>	<b>1</b>	-	<b>13</b>
	FY19	-	-	-	-
<b>Former Non-Executive Director</b>					
D Gosnell <sup>25</sup>	<b>FY20</b>	<b>53</b>	<b>3</b>	<b>4</b>	<b>60</b>
	FY19	156	7	2	165
<b>Totals<sup>26</sup></b>	<b>FY20</b>	<b>1,671</b>	<b>106</b>	<b>21</b>	<b>1,798</b>
	FY19	1,611	121	16	1,748

## 8. Remuneration Governance

### 8.1 Remuneration Committee

The Committee operates under delegated authority from Brambles' Board. The Committee's responsibilities include:

- Recommending overall Remuneration Policy to the Board;
- Determining and implementing a process to enable the Committee to satisfy itself that the conduct of members of the ELT is consistent with Brambles' Code of Conduct, shared values and risk appetite and reviewing and, if necessary, amending that process from time to time;
- Recommending to the Board the overall remuneration for the CEO;

<sup>21</sup> The Other column includes tax support services, car parking and Fringe Benefits Tax.

<sup>22</sup> S P Johns retired from the Board on 30 June 2020.

<sup>23</sup> J Mullen was appointed to the Board on 1 November 2019.

<sup>24</sup> N Scheinkestel was appointed to the Board on 1 June 2020.

<sup>25</sup> D Gosnell retired from the Board on 10 October 2019.

<sup>26</sup> The year-on-year comparison of remuneration is affected by the movement of exchange rates from A\$1=US\$0.7145, €1=US\$1.1404 and £1=US\$1.2943 for FY19 and A\$1=US\$0.6692, €1=US\$1.1064 and £1=US\$1.2582 for FY20.

## Directors' Report – Remuneration Report – continued

- Approving the remuneration arrangements for the other Executive KMP; and
- Reviewing the Remuneration Policy and individual remuneration arrangements for other senior executives.

During the Year, the Committee adopted the principles-based approach to non-financial risks, described in Table 3.3.1, to assist it in assessing the behaviours of executives and their remuneration outcomes. The Committee also works closely with the Audit Committee for assurance on the integrity of the financial performance outcomes underlying remuneration determination. More broadly, the Committee considers the Group's overall performance, both financial and non-financial, in its remuneration determinations.

During the Year, members of the Committee were Mr Froggatt (Committee Chairman from July to October), Mr El-Zoghbi (Committee Chairman from November to February, when he resigned as Committee Chairman due to taking up his role as CEO of Arnott's Biscuits Limited), Mr Perkins (Committee Chairman from March onwards), Mr Johns, Mr Mullen, Ms Hassan and Mr Miller. Other individuals are invited to attend Committee meetings as required by the Committee. This includes members of Brambles' management team including the CEO; Group Senior Vice President, Human Resources; Group Vice President, Legal and Secretariat; and Senior Vice President, Reward, as well as Brambles' external remuneration advisor, Ernst & Young (EY).

During the Year, the Committee held six meetings.

Details of the Committee's Charter and the rules of Brambles' executive and employee share plans can be found under Charters and Related Documents in the Corporate Governance section of Brambles' website.

### 8.2 Securities Trading Policy and Incentive Awards

Brambles' Securities Trading Policy applies to share awards granted under the incentive arrangements described in this report. That policy prohibits designated persons (including all Executive KMP) from acquiring financial products or entering into arrangements that have the effect of limiting exposure to the risk of price movements of Brambles' securities. It is a term of senior executives' employment contracts that they are required to comply with all Brambles' policies (including the Securities Trading Policy). Management declarations are obtained twice yearly and include a statement that executives have complied with all policies.

### 8.3 Remuneration Advisor

The Committee has appointed EY as Brambles' remuneration advisor to assist the Company with Non-Executive Director and executive remuneration matters. In performing its role, the Committee directly requests and receives information and advice from EY.

During the Year, no remuneration recommendations, as defined by the Act, were provided by EY.

## 9. Other Reporting requirements

### 9.1 Share-based Payments – Future Potential

The table below provides annual accounting values for share awards granted during years FY18 to FY20, which have been amortised over two to three years. These share awards are subject to conditions set out in Section 4. Remuneration will normally not be received as a result of the underlying share awards vesting until the conditions have been met.

US\$'000	Year	Share-based payment			Total
		Total before equity	Awards	Percentage of total remuneration	
<b>Executive Directors</b>					
G Chipchase	<b>FY20</b>	<b>2,440</b>	<b>1,625</b>	<b>40%</b>	<b>4,065</b>
	FY19	2,571	1,310	34%	3,881
N O'Sullivan	<b>FY20</b>	<b>1,393</b>	<b>1,121</b>	<b>45%</b>	<b>2,514</b>
	FY19	1,486	710	32%	2,196
<b>Other Executive KMP</b>					
L Nador	<b>FY20</b>	<b>802</b>	<b>329</b>	<b>29%</b>	<b>1,131</b>
	FY19	635	219	26%	854
M Pooley	<b>FY20</b>	<b>686</b>	<b>(237)<sup>27</sup></b>	<b>N/A</b>	<b>449</b>
	FY19	693	284	29%	977
<b>Totals</b>	<b>FY20</b>	<b>5,321</b>	<b>2,839</b>		<b>8,160</b>
	FY19	5,385	2,523		7,908

<sup>27</sup> M Pooley's share-based payment amount for FY20 is negative as a result of the forfeiture of his unvested awards upon his departure on 30 June 2020.

## Directors' Report – Remuneration Report – continued

### 9.2 LTI Share Awards Yet to be Tested

The following table provides details of the level of vesting for the TSR component of LTI share awards granted in FY19 and FY20 if the current TSR performance was to be maintained until the end of the applicable Performance Period:

Awards made during	Performance condition	Start of Performance Period	End of Performance Period	Out-performance of median company's TSR (%) <sup>28</sup>	Period to 30 June 2020: vesting if current performance is maintained until testing date (% of original award)
FY19	Relative TSR (ASX 100)	1 July 2018	30 June 2021	N/A	100% LTI TSR awards
FY19	Relative TSR (MSCI)	1 July 2018	30 June 2021	N/A	100% LTI TSR awards
FY20	Relative TSR (ASX 100)	1 July 2019	30 June 2022	N/A	75.25% LTI TSR awards
FY20	Relative TSR (MSCI)	1 July 2019	30 June 2022	N/A	56.0% LTI TSR awards

The following table provides details of the level of vesting for the sales revenue CAGR/ROCI component of LTI share awards granted in FY19 and FY20 if the current sales revenue CAGR/ROCI performance were to be maintained until the end of the applicable Performance Period:

Awards made during	Performance condition	Start of Performance Period	End of Performance Period	Period to 30 June 2020: vesting if current performance is maintained until testing date (% of original award)
FY19	Sales Revenue CAGR/ROCI	1 July 2018	30 June 2021	50.0% LTI Sales Revenue ROCI awards
FY20	Sales Revenue CAGR/ROCI	1 July 2019	30 June 2022	50.0% LTI Sales Revenue ROCI awards

### 9.3 Summary of STI and LTI Share Awards

The table below contains details of the STI and LTI awards granted in which former or current Executive KMP have unvested and/or unexercised awards that could affect remuneration in this or future reporting periods. STI and LTI share awards do not have an exercise price and carry no dividend or voting rights. The LTI share awards described as LTI TSR awards vest on the third anniversary of their grant date, subject to continued employment and meeting the relevant TSR performance condition set out in Section 4.3. The LTI share awards described as LTI ROCI vest on the third anniversary of their grant date, subject to continued employment and meeting a sales revenue CAGR/ROCI performance condition set out in Section 4.3.1.

Details pertaining to Brambles' employee share plan, MyShare, are in Section 6.

Performance Share Plan awards	Vesting condition
STI awards	100% vesting based on continuous employment
LTI TSR awards	50% vesting if TSR is equal to the median ranked company 100% vesting if at 75 <sup>th</sup> percentile
FY18-FY20 LTI ROCI award	30% vesting occurs if CAGR is 4% and ROCI is 15% over three-year period 100% vesting occurs if CAGR is 6% and ROCI is 18% over three-year period
FY19-FY21 LTI ROCI award	20% vesting occurs if CAGR is 4% and ROCI is 16% over three-year period 100% vesting occurs if CAGR is 6% and ROCI is 19% over three-year period
FY20-FY22 LTI ROCI award	20% vesting occurs if CAGR is 3% and ROCI is 16.5% over three-year period 100% vesting occurs if CAGR is 4% and ROCI is 19.5% over three-year period

The terms and conditions of each grant of STI and LTI share awards affecting remuneration of Executive KMP in this or future reporting periods are outlined in the table below. Awards granted under the plans do not have an exercise price and carry no dividend or voting rights. The STI awards vest on the second anniversary of their grant date, subject to continued employment.

Performance Share Plan Awards	Grant date	Expiry date	Value at grant	Status/vesting date
STI/LTI TSR/ FY18-FY20 LTI ROCI	23 October 2017	23 October 2023	A\$8.77 (STI) / A\$8.51 (ROCI) / A\$3.44 (TSR-ASX) / A\$3.50 (TSR - MSCI)	STI - 23 October 2019 LTI - 23 October 2020
STI/LTI TSR/ FY19-FY21 LTI ROCI	2 September 2018	2 September 2024	A\$10.33 (STI) / A\$10.02 (ROCI) / A\$6.74 (TSR-ASX) / A\$7.32 (TSR-MSCI)	STI - 2 September 2020 LTI - 2 September 2021
STI/LTI TSR/ FY20-FY22 LTI ROCI	15 October 2019	15 October 2025	A\$11.53 (STI) / A\$10.54 (ROCI) / A\$4.75 (TSR-ASX) / A\$5.14 (TSR-MSCI)	STI - 15 October 2021 LTI - 15 October 2022

<sup>28</sup> Performance against both the ASX 100 and MSCI World Industrials indices will be based on the standard TSR ranking approach, with threshold vesting commencing at the 50<sup>th</sup> percentile and progressively vesting to full vesting at the 75<sup>th</sup> percentile.

## Directors' Report – Remuneration Report – continued

### 9.4 Basis of Valuation of STI and LTI Share Awards

Unless otherwise specified, the fair values of the STI and LTI share awards included in the tables in this report have been estimated by EY Transaction Advisory Services in accordance with the requirements of AASB 2: Share-based Payments, using a Monte Carlo Simulation model and a Binomial model. Assumptions used in the evaluations are outlined in Note 20 on pages 97 and 98 of the financial statements.

This fair value is not used to calculate the number of STI and LTI share awards granted to executives. The number of share awards granted is based on the market value of Brambles' shares calculated on a five-day volume weighted average share price prior to the grant date. This is termed a "face value approach".

### 9.5 Equity-Based Awards

The following table shows details of equity-based awards made to Executive KMP during the Year. STI and LTI share awards were made under the PSP, the terms and conditions of which are set out in Section 3. MyShare Matching Shares were made under MyShare, the terms and conditions of which are set out in Section 6. Approval for the STI and LTI share awards and MyShare Matching Awards issued to Mr Chipchase and Ms O'Sullivan was obtained under ASX Listing Rule 10.14.

Name	Type of award	Number	Value at grant US\$'000 <sup>29</sup>
<b>Executive Directors</b>			
G Chipchase	STI	104,605	807
	LTI	250,521	1,933
	MyShare Matching Shares	431	3
	<b>Totals</b>	<b>355,557</b>	<b>2,743</b>
N O'Sullivan	STI	64,150	495
	LTI	140,016	1,080
	MyShare Matching Shares	432	3
	<b>Totals</b>	<b>204,598</b>	<b>1,578</b>
<b>Other Executive KMP</b>			
L Nador	STI	13,436	104
	LTI	56,372	435
	MyShare Matching Shares	453	4
	<b>Totals</b>	<b>70,261</b>	<b>543</b>
M Pooley	STI	16,158	125
	LTI	59,652	460
	MyShare Matching Shares	463	4
	<b>Totals</b>	<b>76,273</b>	<b>589</b>

### 9.6 Shareholdings

The following table shows details of Brambles Limited ordinary shares in which the Executive KMP held relevant interests, being issued shares held by them and their related parties.<sup>30,31</sup>

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
<b>Executive Directors</b>			
G Chipchase	32,722	15,490	48,212
N O'Sullivan	880	21,911	22,791
<b>Other Executive KMP</b>			
L Nador	14,615	3,390	18,005
M Pooley	2,092	(2,048)	44

<sup>29</sup> The total value of the relevant equity award(s) is valued as at the date of grant using the methodology set out in Section 3.2. The minimum possible future value of all awards yet to vest is zero and is based on the performance/service conditions not being met. The maximum possible future value of awards yet to vest is equal to the value at grant.

<sup>30</sup> On 31 July 2020, the following Executive KMP acquired ordinary shares under MyShare, which are held by Sargon CT Pty Ltd: G Chipchase (38); N O'Sullivan (37); and L Nador (36).

On 31 July 2020, the following Executive KMP received Matching Awards under MyShare: G Chipchase (38); N O'Sullivan (37); and L Nador (36).

<sup>31</sup> G Chipchase: of which 17,200 shares are held by Rathbones Nominees Ltd, 14,000 shares are held by Rathbones Investment Management Ltd and 17,012 shares are held by Sargon CT Pty Ltd.

N O'Sullivan: of which 9,000 shares are held in her own name and 13,791 shares are held by Sargon CT Pty Ltd.

L Nador: of which 3,773 shares are held in her own name and 14,232 are held by Sargon CT Pty Ltd.

M Pooley: all of his shares are held by Sargon CT Pty Ltd.

## Directors' Report – Remuneration Report – continued

### 9.7 Interests in Share Rights<sup>32</sup>

The following table shows details of rights over Brambles Limited ordinary shares in which the Executive KMP held relevant interests: being STI and LTI share awards made on 23 September 2013, 2 November 2015, 2 September 2016, 10 October 2016, 6 March 2017, 23 October 2017, 2 September 2018 and 15 October 2019 under the PSP; and Matching Shares, being conditional rights awarded during the Year under MyShare.<sup>33,34,35</sup>

Name	Balance at the start of the Year Number	Granted during the Year Number	Exercised during the Year Number	Lapsed during the Year Number	Balance at the end of the Year Number	Vested and exercisable at the end of the Year Number	Value at exercise US\$'000
<b>Executive Directors</b>							
G Chipchase	783,754	355,557	(28,257)	(168,432)	942,622	-	232
N O'Sullivan	459,768	204,598	(23,603)	(102,852)	537,911	-	194
<b>Other Executive KMP</b>							
L Nador	134,274	70,261	(7,288)	(11,398)	185,849	-	57
M Pooley	180,581	76,273	(33,767)	(223,087)	-	-	280

### 9.8 Employee Share Plan

The terms and conditions of each grant of Matching Shares affecting remuneration in this or future reporting periods are outlined in the table below. Share rights granted under the plans do not have an exercise price and carry no dividend or voting rights.

Plan	Grant date	Expiry date	Value at grant	Matching Shares / vesting date
MyShare 2018 <sup>36</sup>	Each month from 31 March 2018 to 28 February 2019	1 April 2020	Values range per month from A\$8.47 to A\$11.18	31 March 2020
MyShare 2019 <sup>37</sup>	Each month from 31 March 2019 to 28 February 2020	1 April 2021	Values range per month from A\$10.75 to A\$12.44	31 March 2021
MyShare 2020 <sup>38</sup>	Each month from 31 March 2020 to 31 July 2020	1 April 2022	Values range per month from A\$10.26 to A\$10.93	31 March 2022

<sup>32</sup> Of the awards detailed in Section 9.3 and Section 6, the following plans' items are relevant to Executive KMP: G Chipchase, N O'Sullivan, L Nador, M Pooley (STI, LTI TSR, LTI FY18 to FY20 ROCI, LTI FY19 to FY21 ROCI, LTI FY20 to FY22 ROCI, MyShare 2018, 2019 and 2020) and M Pooley (STI sign-on awards).

Lapses occurred for: G Chipchase, N O'Sullivan, L Nador, M Pooley (LTI FY17 to FY19 TSR) and M Pooley (LTI TSR, LTI FY18 to FY20 ROCI, LTI FY19 to FY21 ROCI, LTI FY20 to FY22 ROCI, MyShare 2019 and 2020).

Exercises occurred for: G Chipchase, N O'Sullivan, L Nador, M Pooley (STI, MyShare 2018).

<sup>33</sup> Of the rights exercised during the Year, no monies were paid or payable on exercise. The shares issued on exercise of share rights are fully paid up.

<sup>34</sup> During the Year, 2,694,715 equity-settled performance share rights were granted under the PSP, of which 355,126 were granted to G Chipchase and 204,166 were granted to N O'Sullivan. 916,680 Matching Shares were granted under MyShare during the Year, of which 431 were granted to G Chipchase and 432 were granted to N O'Sullivan.

<sup>35</sup> "Lapse" in this context means that the awards were forfeited due to either the applicable service or performance conditions not being met.

<sup>36</sup> The Matching Shares granted under the MyShare 2018 Plan vested on 31 March 2020, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

<sup>37</sup> The Matching Shares granted under the MyShare 2019 Plan vest on 31 March 2021, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

<sup>38</sup> The final grant under the MyShare 2020 Plan will occur on 26 February 2021. For FY20 reporting purposes, data is only available up to 31 July 2020. The remaining information will be reported in the 2021 Annual Report. The Matching Shares granted under MyShare will vest on 31 March 2022, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

## Directors' Report – Additional Information

The information presented in this report relates to the consolidated entity, the Brambles Group, consisting of Brambles Limited and the entities it controlled at the end of, or during the year ended, 30 June 2020 (the Year).

### Principal Activities

The principal activities of the Group during the Year were the provision of supply chain logistics solutions, focusing on the provision of reusable pallets and containers, of which Brambles is a leading global provider.

Further details of the Group's activities are set out in the Operating & Financial Review on pages 4 to 25.

There were no significant changes in the nature of the Group's principal activities during the Year.

### Review of Operations and Results

A review of the Group's operations and of the results of those operations are given in the Letter from the Chairman & CEO and the Operating & Financial Review from pages 2 to 25.

Information about the financial position of the Group is included in the Operating & Financial Review and in the Five-Year Financial Performance Summary on page 127.

### Significant Changes in State of Affairs

There were no significant changes to the state of affairs of the Group for the Year.

### Matters Since the End of the Financial Year

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2020 up to the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

### Business Strategies and Prospects for Future Financial Years

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this report, are set out in the Letter from the Chairman & CEO and in the Operating & Financial Review on pages 2 to 25.

Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

### Dividends and Special Distributions

The Directors have declared a final dividend for the Year of 9.0 US cents per share, to be paid in Australian dollars and will be 12.54 Australian cents per share, and which will be 30% franked. The dividend will be paid on 8 October 2020 to shareholders on the register on 10 September 2020.

On 9 April 2020, an interim dividend for the Year was paid, which was 9.0 US cents per share and 30% franked.

On 10 October 2019, a final dividend for the year ended 30 June 2019 was paid, which was 14.5 Australian cents per share and 30% franked.

In addition, on 22 October 2019:

- a special dividend was paid, which was 17 Australian cents per share and 0% franked; and
- a capital return of 12 Australian cents per share was paid.

The unfranked component of each dividend paid during the Year was conduit foreign income. This means that no Australian dividend withholding tax was payable on the dividends that Brambles paid to non-resident shareholders.

### Directors

The name of each person who was a Director of Brambles Limited at any time during or since the end of the Year, and the period they served as a Director during the Year, is set out below.

The qualifications, experience and special responsibilities of Directors are set out on pages 26 to 29.

Graham Andrew Chipchase	1 July 2019 to date
George El-Zoghbi	1 July 2019 to date
Elizabeth Fagan	1 July 2019 to date
Anthony Grant Froggatt	1 July 2019 to date
David Peter Gosnell	1 July 2019 to 10 October 2019
Tahira Hassan	1 July 2019 to date
Stephen Paul Johns	1 July 2019 to 30 June 2020
Brian James Long	1 July 2019 to date
Kenneth Stanley McCall	6 July 2020 to date
James Richard Miller	1 July 2019 to date
John Patrick Mullen	1 November 2019 to date
Nessa O'Sullivan	1 July 2019 to date
Scott Redvers Perkins	1 July 2019 to date
Nora Lia Scheinkestel	1 June 2020 to date

### Secretary

Details of the qualifications and the experience of Robert Nies Gerrard, Group Vice President, Legal & Secretariat and Company Secretary of Brambles Limited, are set out on page 31.

Details of the qualifications and experience of Carina Thuaux, Deputy Company Secretary of Brambles Limited, are as follows: Carina joined Brambles in January 2014 as Assistant Company Secretary, and was appointed Deputy Company Secretary and Legal Counsel in April 2018. Prior to joining Brambles, she was a solicitor with King & Wood Mallesons. She holds a Bachelor of Commerce and a Bachelor of Law from the University of New South Wales. She is a Solicitor of the Supreme Court of New South Wales.

### Indemnities

Under its constitution, to the extent permitted by law, Brambles Limited indemnifies each person who is, or has been, a Director or Secretary of Brambles Limited against any



## Directors' Report – Additional Information – continued

liability which results from facts or circumstances relating to the person serving or having served in the capacity of Director, Secretary, other officer or employee of Brambles Limited or any of its subsidiaries, other than:

- in respect of a liability other than for legal costs:
  - a liability owed to Brambles Limited or a related body corporate;
  - a liability for a pecuniary penalty order under section 1317G of the *Corporations Act 2001* (Cth) (Act) or a compensation order under section 1317H of the Act; or
  - a liability that is owed to someone (other than Brambles Limited or a related body corporate) and did not arise out of conduct in good faith; and
- in respect of a liability for legal costs:
  - in defending or resisting criminal proceedings in which the person is found to have a liability for which they could not have been indemnified in respect of a liability owed to Brambles Limited or a related body corporate;
  - in defending or resisting criminal proceedings in which the person is found guilty. This does not apply to costs incurred in responding to actions brought by the Australian Securities & Investment Commission (ASIC) or a liquidator as part of an investigation before commencing proceedings for a Court order;
  - in defending or resisting proceedings brought by ASIC or a liquidator for a Court order if the grounds for making the order are found by the Court to be established; or
  - in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

As allowed by its constitution, Brambles Limited has provided indemnities to its Directors, Secretaries or other Statutory Officers of its subsidiaries (Beneficiaries) against all loss, cost and expenses (collectively Loss) caused by or arising from any act or omission by the relevant person in performance of that person's role as a Director, Secretary or Statutory Officer.

The indemnity given by Brambles Limited excludes the following matters:

- any Loss to the extent caused by or arising from an act or omission of the Beneficiary prior to the effective date of the indemnity;
- any Loss to the extent indemnity in respect of that Loss is prohibited under the Act (or any other law);
- any Loss to the extent it arises from private or personal acts or omissions of the Beneficiary;
- any Loss comprising the reimbursement of normal day-to-day expenses such as travelling expenses;
- any Loss to the extent the Beneficiary failed to act reasonably to mitigate the Loss;
- any Loss to the extent it is caused by or arises from acts or omissions of the Beneficiary after the date the

indemnity is revoked by Brambles Limited in accordance with the terms of the indemnity; and

- any Loss to the extent it is caused by or arises from any breach by the Beneficiary of the terms of the indemnity.

Insurance policies are in place to cover Directors and executive officers; however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

### Employees

The 2020 Sustainability Review, which will be available on Brambles' website in September 2020, will contain details of Brambles' performance as an employer.

### Environment

Brambles' Environmental Policy is set by the Board. It applies in all countries where Brambles operates. The Environmental Policy provides that Brambles will act with integrity and respect for the community and the environment and be committed to sound environmental practice in its daily operations. It is a minimum requirement that all Brambles' operations comply with all relevant environmental laws and regulations.

Brambles has set environmental performance targets as part of its sustainability strategy. Reporting of performance against those targets will be contained in Brambles' 2020 Sustainability Review, which will be available on the Brambles website in September 2020. A copy of the complete Environmental Policy is set out in Brambles' Code of Conduct, which is available at [brambles.com](http://brambles.com)

### Occupational Health and Safety

The Board is responsible for setting Brambles' Health and Safety Policy, which states that Brambles is to provide and maintain a healthy and safe working environment and to prevent injury, illness or impairment to the health of employees, contractors, customers or the public.

Brambles has adopted a Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely and ensure human rights and environmental compliance is provided to all employees and, together with the complete Health and Safety Policy, is on the Brambles website at [brambles.com](http://brambles.com)

The Chief Executive Officer, together with the Group's business unit presidents, are responsible for policy implementation and safety performance.

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and provide incentives for improvement. The Financial Review on page 14, sets out the performance of the Group against its principal performance indicator, the Brambles Injury Frequency Rate. More detailed reporting on health and safety performance will be shown in the 2020 Sustainability Review, which will be available on Brambles' website in September 2020.



## Directors' Report – Additional Information – continued

### Directors' Meetings

Details of Board Committee memberships are given in the Directors' biographies on pages 26 to 29. The following table shows the actual Board and Committee meetings held during the Year and the number attended by each Director or Committee member.

Directors	Board meetings											
	Regular		Special Committees		Audit Committee meetings		Remuneration Committee meetings		Nominations Committee meetings		Nominations Committee Chair Sub-Committee meetings	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
G A Chipchase	12	12	3	3	-	-	-	-	-	-	-	-
G El-Zoghbi	12	12	-	-	-	-	6	6	6	6	2	2
E Fagan	12	12	-	-	6	6	-	-	4	4	1	1
A G Froggatt	12	12	-	-	-	-	6	6	6	6	2	2
T Hassan	12	12	-	-	-	-	6	6	-	-	-	-
B J Long	12	12	2	2	6	6	6	6	-	-	-	-
J R Miller	12	12	-	-	-	-	-	-	-	-	-	-
J P Mullen	7	8	-	-	-	-	3	3	4	4	-	-
N O'Sullivan	12	12	2	2	-	-	-	-	-	-	-	-
S R Perkins	12	12	1	1	6	6	2	2	3	4	-	-
N L Scheinkestel	1	1	-	-	1	1	-	-	-	-	-	-
<b>Former Directors</b>												
D P Gosnell	4	5	-	-	2	2	-	-	2	2	1	1
S P Johns	12	12	3	3	-	-	6	6	6	6	2	2

- a) The number of meetings attended during the period the Director was a member of the Board or relevant Committee which the Director was eligible to attend.
- b) The number of meetings held while the Director was a member of the Board or relevant Committee which the Director was eligible to attend.

## Directors' Report – Additional Information – continued

### Directors' Directorships of Other Listed Companies

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2017.

Director	Listed company	Period directorship held
G A Chipchase	AstraZeneca plc	2012 to current
G El-Zoghbi	The Kraft Heinz Company	2018 to current
E Fagan	None	-
A G Froggatt	None	-
T Hassan	None	-
B J Long	Commonwealth Bank of Australia OneMarket Limited	2010 to December 2018 2018 to December 2019
K S McCall	Post Office Limited	2016 to current
J R Miller	The RealReal, Inc. Wayfair, Inc.	2019 to current 2016 to May 2020
J P Mullen	Telstra Corporation Limited Brookfield Infrastructure Partners L.P.	2008 to current 2017 to February 2020
N O'Sullivan	Molson Coors Beverage Company	May 2020 to current
S R Perkins	Woolworths Limited Origin Energy Limited	2014 to current 2015 to current
N L Scheinkestel	Atlas Arteria: - Atlas Arteria Limited <sup>1</sup> - Atlas Arteria International Limited <sup>1</sup> AusNet Services Ltd Telstra Corporation Limited	2014 to current 2015 to current 2016 to current 2010 to current

<sup>1</sup> Stapled entities.

## Directors' Report – Additional Information – continued

### Environmental Regulation

Except as set out below, the Group's operations in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. The operations of the Group in Australia involve the use or development of land, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or local government environmental and town planning regulations, or require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no material breaches of environmental statutory requirements and no material prosecutions during the Year. Brambles' businesses comply with all relevant environmental laws and regulations and none were involved in any material environmental prosecutions during the Year.

The Group's operations are subject to numerous environmental laws and regulations in the other countries in which it operates. There were no material breaches of these laws or regulations during the Year.

### Corporate Governance Statement

Brambles is committed to observing the corporate governance requirements applicable to publicly listed companies in Australia. The Board has adopted a corporate governance framework designed to enable Brambles to meet its legal, regulatory and governance requirements.

The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations (CGPR), Fourth Edition (Fourth Edition) took effect, for Brambles, from 1 July 2020. During the Year, Brambles carried out a structured process of reviewing, and where necessary amending, its corporate governance policies and practices having regard to the changes affected by the Fourth Edition, 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.

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 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. Brambles' 2020 Corporate Governance Statement is on Brambles' website at [brambles.com/corporate-governance-overview](http://brambles.com/corporate-governance-overview)

### Interests in Securities

Pages 47 and 51 of the Directors' Report – Remuneration Report include details of the relevant interests of Directors, and other Group executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

### Share Capital, Options and Share Rights

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights

outstanding over Brambles Limited ordinary shares at the Year-end are given in Notes 19 and 20 of the Financial Report on pages 96 to 98.

No options, share rights or MyShare matching share rights over the shares of Brambles Limited's controlled entities were granted during or since the end of the Year to the date of this report.

Since the end of the Year to the date of this report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place:

- 88,571 grants under the 2020 MyShare plan offer;
- 11,247 exercises resulting in the issue of fully paid ordinary shares: 2,098 under the 2019 MyShare plan; 802 under the 2020 MyShare plan; 8,347 under the PSP STI awards; and
- 247,557 lapses: 6,093 under the 2019 MyShare plan; 7,173 under the 2020 MyShare plan; 50,283 under PSP STI awards; 92,006 under the PSP LTI ROCI award; 46,001 under the PSP LTI MSCI award; 46,001 under the PSP LTI ASX award.

### Share Buy-Backs

On 25 February 2019, Brambles announced that it would be selling its IFCO RPC business for US\$2.5 billion (A\$2.4 billion) to conduct an on-market buy-back of its ordinary shares. The sale of IFCO RPC completed on 31 May 2019 and Brambles commenced the on-market buy-back on 4 June 2019. Between that date and 10 October 2019, 29,542,722 ordinary shares were bought-back and cancelled for a total consideration of A\$341,996,920.26.

At the 2019 Annual General Meeting, shareholders approved the on-market buy-back of up to 240,000,000 fully paid ordinary shares, being 15% of the Company's issued shares as at 16 August 2019, in the 12-month period following that resolution. Between that date and 22 June 2020, 62,155,156 ordinary shares were bought back and cancelled for a total consideration of A\$707,730,919.54.

The on-market buy-back was paused on 22 June 2020 as Brambles entered into a blackout period, and it will recommence on 21 August 2020.

### Risk Management

A discussion of Brambles' risk profile and management and mitigation of risks can be found on pages 16 to 20 in the Operating & Financial Review and in Principle 7 of Brambles' 2020 Corporate Governance Statement, which is available on the Brambles website.

### Treasury Policies

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found on page 13 in the Operating & Financial Review.

### Non-Audit Services and Auditor Independence

The amount of US\$21,000 was paid or is payable to PwC, the Group's auditors, for non-audit services provided during the

## Directors' Report – Additional Information – continued

Year by them (or another person or firm on their behalf). These services primarily related to compliance projects and tax consulting advice.

The Audit Committee has reviewed the provision of non-audit services by PwC and its related practices and provided the Directors with formal written advice of a resolution passed by the Audit Committee. Consistent with this advice, the Directors are satisfied that the provision of non-audit services by PwC and its related practices did not compromise the auditor independence requirements of the Act for the following reasons: the nature of the non-audit services provided during the Year; the quantum of non-audit fees compared to overall audit fees; and the pre-approval, monitoring and ongoing review requirements under the Audit Committee Charter and the Charter of Audit Independence in relation to non-audit work.

The auditors have also provided the Audit Committee with a letter confirming that, in their professional judgement, as at 7 August 2020 they have maintained their independence in accordance with their firm's requirements, with the provisions of APES 110 – Code of Ethics for Professional Accountants and with the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.

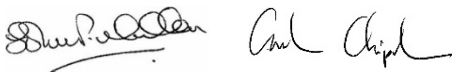
### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Act is set out on page 126.

### Annual General Meeting

Due to ongoing public health concerns relating to the Covid-19 pandemic and having regard to the safety and wellbeing of its shareholders, the Board has determined that Brambles' 2020 Annual General Meeting (AGM) will be a virtual meeting. The AGM will be held at 4.00pm (AEDT) on 8 October 2020. Full details of how to participate in the virtual AGM will be in a separate communication to shareholders and in the Notice of Meeting, which will be posted on [brambles.com](http://brambles.com) on 1 September 2020.

This Directors' Report is made in accordance with a resolution of the Board.



**John Mullen**  
**Chairman**

**Graham Chipchase**  
**Chief Executive Officer**

19 August 2020