



Towards a Better Future?

Company/ASX Code	Brambles/BXB
AGM date	Tuesday 19 October 2021
Time and location	4pm Online https://web.lumiagm.com/337257958
Registry	Boardroom
Webcast	Yes: brambles.com/annual-general-meetings
Poll or show of hands	Poll on all items
Monitor	Roger Ashley assisted by Bala Varadarajan
Pre AGM Meeting?	Yes with Chair John Mullen, Robert Gerrard VP Legal & Secretariat and Raluca Chiriacescu, Investor Relations

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

The year to 30 June 2021 resulted in across-the-board improvements in revenues, profits and return on capital despite the ongoing influence of Covid-19. Like many other businesses, “normal” operations are still in the future.

The company, in its recent “Investor Day” presentations is flagging “high single digit” profit growth going forward. While there appears to be an increase in innovation and vitality in the company, the ASA is cognisant of stagnant earnings growth in the recent past and, therefore, whether the stated target growth is attainable especially when “ongoing challenges” are signalled in North America in 2022 and a 3-6% growth rate is forecast for the “medium term” in Europe. Trials of affordable electronic tagging of pallets are ongoing as part of an investment in new digital and data capabilities to unlock additional value from current platforms and networks.

“Abnormal” impacts on operations during the year, many directly or indirectly attributable to Covid-19, included inflationary and supply pressures on key input costs including lumber (for pallets), transport and labour. In addition, patterns of demand were disrupted by at-home consumption and the impact of Brexit. Lumber costs, particularly in the US, were impacted by demand from the building industry and reduced sawmill and transport and shipping capacity. Increases in lumber costs were offset by pricing surcharges in North America and cost and efficiency improvements. These surcharges are to be phased out as supplies return to normal.

Overall it appears that management has successfully navigated the volatile operational environment and it would appear that the business is as well prepared as may be expected to continue to do so.

Governance and culture

The CEO, Graham Chipchase, is no longer a non-executive director of AstraZeneca.

In terms of gender equality, in excess of thirty percent of Board and management level positions are held by women.

Financial performance

Following the divestment of IFCO (a global supplier of reusable plastic packaging), the Board commenced a return of capital and share buyback in 2019-20. As at 30 June 2021, 78% (\$A1.8Bn) of the buyback has been completed along with the capital return.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (US\$m)	526.1	448.0	1467.7	692.7	182.9
UP(EBIT) (US\$m)	879.3	799.4	803.7	826.1	957.5
Share price (A\$)	11.44	10.87	12.88	8.88	9.73
Dividend (A\$ cents ¹)	27.3	25.9	29c	29c	29c
TSR (%) ²	7.8	(13.5)	48.3	(5.8)	(19.1)
EPS (US\$ cents)					
Basic	35.7	28.9	92.1	43.5	11.5
Underlying profits	37.8	32.5	31.9	33.0	38.5
CEO total remuneration, actual (US\$m)	5.40	2.67	2.58	2.5	1.1

Notes

- From 1 July 2019 dividend policy changed to \$US and the figures shown are the \$A equivalent amount paid. The 2020 amount does not include a special dividend representing a return of capital.*
- TSR calculated using difference in opening and closing share price and dividend (per Morningstar research for \$A dividend declared for the year)*

For 2021 the CEO's total actual remuneration was **77 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Item 2	Adoption of Remuneration Report
ASA Vote	Against

Summary of ASA Position

CEO Remuneration Structure

	Target \$USm	% of Total	Max. Opportunity \$USm	% of Total
Fixed Remuneration	1.646	33%	1.646	24%
STI - Cash	0.947	19%	1.509	22%
STI - Equity	0.947	19%	1.509	22%
LTI	1.447	29%	2.195	32%
Total	4.987	100.0%	6.859	100%

NOTE:

1. The table above is based on the actual remuneration structure in place in the year ended 30 June 2021.
2. The CEO's base salary was GBP 1216m as at 30 June 2021 converted at GBP1=\$US1.3538 (rate as at 30 June 2021)

The ASA has a history of voting against the remuneration report. While fixed remuneration does not seem unreasonable by comparison with companies with a similar market capitalisation, we do have issues with the quantum of short term incentives (STI) compared to fixed remuneration and potential long term incentives (LTI) which includes a Relative Total Shareholder Return with 50% vesting at the 50th percentile rising to 100% at the 75th percentile. We have long maintained that LTI awards based on a relative TSR hurdle should not commence unless performance is above the 50th percentile of the peer group over a minimum 4-year period. Our preferred position is 30% vesting at the 51st percentile, rising with a sliding scale of 2% vesting for each additional percentile such that only CEOs who exceed the 85th percentile will receive 100% of the potential award.

We are also concerned at the apparent latitude that the Board has in adjusting both STI and LTI incentive criteria. For example, STI corporate objectives are based on a "threshold" that is supposedly an improvement over prior year results although a comparison of the 2021 thresholds with prior year results does not appear to show an improvement over the prior year. We would expect that any adjustments impacting actual awards paid are detailed in the following year's annual reports.

As we noted in last year's Voting Intentions a vote in favour of the remuneration report is close to a possibility. We note that there will be a rebalancing of the 2022 STI award from Company and financial metrics towards personal objectives and there will also be a review of the LTI. We would hope that these changes will allow us to vote in favour of the remuneration report.

Item 3	Re-Election of Elizabeth Fagan as a Director
ASA Vote	For

Summary of ASA Position

Ms Fagan joined Brambles board in 2018. She has extensive experience in the international retail sector with Boots (UK).

She is a member of the Audit, Risk and Nomination committees.

There is no known reason not to support Ms Fagan's re-election.

Item 4	Re-Election of Scott Perkins as a Director
ASA Vote	For

Summary of ASA Position

Mr Perkins joined Brambles board in 2015. He is currently Chair of Origin Energy and a Non-Executive Director of Woolworths Group Limited. He has held senior executive positions with Deutsche Bank.

He is Chair of the Remuneration Committee and a member of the Audit, Risk and Nomination committees.

There is no known reason not to support Mr Perkin's re-election.

Item 5	Participation of Executive Director Mr Graham Chipchase in the Performance Share Plan
ASA Vote	Against

Summary of ASA Position

Our vote against on this resolution follows from the rejection of the remuneration report for the reasons given.

Item 6	Participation of Executive Director Ms Nessa O'Sullivan in the Performance Share Plan
ASA Vote	Against

Summary of ASA Position

Our vote against on this resolution follows from the rejection of the remuneration report for the reasons given.

Item 7	Extension of On-Market Share Buy-Backs
ASA Vote	For

Summary of ASA Position

The ASA supports this proposal. Brambles is to be commended for deciding to return capital to shareholders where there is no beneficial use for surplus funds.

Item 8	Amendments to the Constitution
ASA Vote	Withdrawn 8 October 2021

Summary of ASA Position

The predominant issue that the ASA has with these amendments relates to clause 58 “Use of Technology”. This clause allows for general meetings to take place without participants being physically present. It does not differentiate between virtual meetings and hybrid meetings, the latter being the policy of the ASA once Covid restrictions have been raised.

The company’s response to ASA’s questions was: “It is the Board’s intention to hold future AGMs as either in person or hybrid meetings. The proposed Article 58 is being put forward to provide certainty and clarity around holding both hybrid and virtual meetings. The Board hopes holding the latter meetings will encourage greater participation in AGMs from shareholders who, due to their location, are otherwise unable to attend an AGM in person.”

This Resolution was withdrawn before the meeting

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