



A good year with progress on all fronts

Company/ASX Code	Brambles/BXB
AGM date	Tuesday 18 October 2022
Time and location	2pm The Heritage Ballroom, The Fullerton Hotel, 1 Martin Place, Sydney.
Registry	Boardroom
Type of meeting	Hybrid. Online access via https://web.lumiagm.com/313124078 . An AGM online users guide may be found in the Notice of Meeting available on the Brambles.com website.
Poll or show of hands	Poll on all items
Monitor	Roger Ashley
Pre AGM Meeting?	Yes with Chair John Mullen and Suk Hee Lee, Director Investor Relations

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

Summary of issues for meeting

Brambles has not only weathered the twin storms of COVID-19 and supply chain disruptions (where supply chain issues are integral to their operations) but has shown significant improvement over prior periods including a rebound in share price compared to year end. The company is proactively pursuing technological improvements in operating efficiencies and enhancing customer service.

Proposed Voting Summary

No.	Resolution description	
2	Adoption of Remuneration Report	For
3	Election of Kendra Banks as a Director	Undecided
4	Re-election of George El-Zoghbi as a Director	Undecided
5	Re-election of Jim Miller as a Director	For
6	Issue of Shares under the Brambles Limited Performance Share Plan	For
7	Participation of Executive Director Mr Graham Chipchase in the Performance Share Plan	For
8	Participation of Executive Director Ms Nessa O'Sullivan in the Performance Share Plan	For
9	Participation of Executive Director Mr Graham Chipchase in the MyShare Plan	For
10	Amendments to Constitution	For

Summary of ASA Position

Consideration of accounts and reports - No vote required

The company continues to suffer the impact of high lumber costs (adding \$US470m to FY2022 capital expenditure) and the need to increase capital expenditure to ensure availability of pallets to for inventory management given problems with global supply chains. Despite these difficulties which have continued from the prior year (including the impact of COVID-19), the company managed to increase sales revenues by 9%, underlying profits by 10% and increased return on capital invested to 17.7% (all measured in constant currency).

Brambles is pressing ahead with digital solutions to entrenched industry problems particularly in tracking pallets in order to reduce losses, improve efficiency and allow customer tracking of shipments. The data obtained from these initiatives will give improved management control of operations. Innovative solutions to collecting pallet tracking data is being evaluated because the cost of GPS sensor tracking is prohibitive.

The company is a leader in pursuing sustainability initiatives with Scope 1&2 emissions at, or close to, zero and realistic plans in place to reduce total net emissions to zero by 2040 with an ambition to pioneer the first global regenerative supply chain. Timber for pallets is predominantly sustainably sourced.

Governance and culture

A change in policy requires Non-Executive Directors (NEDs) to hold equity in the company equal to their gross annual fees within three years of their appointment. NEDs are ordinarily limited to a maximum of three terms of three years. It is a goal to achieve 40% female participation at both Board and management level by 2025.

Financial performance

All financial indicators in the table below show improvement over the prior year except for total shareholder return (TSR) which reflects a share price well below the current price (\$12.13 on 16 September 2022).

Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (US\$m)	593.3	522.6	448.0	1467.7	692.7
UP(EBIT) (US\$m)	930.0	874.6	799.4	803.7	826.1
Share price (A\$)	10.71	11.44	10.87	12.88	8.88
Dividend (A\$ cents ¹)	32.2	27.2	25.9	29.0	29.0
TSR (%) ²	(3.6)	7.7	(13.5)	48.3	(5.8)
EPS (US\$ cents)					
Basic	41.9	35.4	28.9	92.1	43.5
Underlying profits	41.9	37.6	32.8	31.9	33.0
CEO total remuneration, actual (US\$m) ³	5.17	5.40	2.67	2.58	2.5

Notes

1. 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.
2. TSR calculated using difference in opening and closing share price and dividend (per Morningstar research for \$A dividend declared for the year)
3. The currency conversion rate used by the company is \$A1=\$US0.7223

For 2022 the CEO's total actual remuneration was **75 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2022 data from the Australian Bureau of Statistics).

Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO

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. We also have some relatively minor issues with the long-term incentive (LTI) not least with the award term being three years.

In past reports we have noted our concern at the apparent latitude that the Board has in adjusting both STI and LTI incentive criteria and our expectation that any adjustments impacting actual awards paid would be explained in the following year's annual reports. We raised this issue again at the pre-AGM meeting with the Chair who assured us that there have been no adjustments made by the Board in recent years and that were there to be any changes they would be noted in the annual report. The ASA encouraged the Chair to formalise this commitment in future annual reports. On the strength of this commitment, we have decided to vote in favour of the remuneration report.

Election or re-election of directors

Election of Kendra Banks as a Director

Ms Banks joined Brambles board in May 2022. She is currently Managing Director Australia and New Zealand for SEEK Limited and as such her workload with a concurrent role as an executive and on the Board of another company is of concern to the ASA. We will raise this concern at the AGM.

Commencing a career with McKinsey & Company she has held senior executive roles with Tesco (UK) and Coles.

She is a member of the Nomination committee.

Re-Election of George El-Zoghbi as a Director

Mr El-Zoghbi joined Brambles board in 2016. He is currently CEO of the Arnotts Group and a Strategic Advisor to a US digital and IT company and as such his workload with his concurrent role as an executive of another company is of concern to the ASA. We will raise this concern at the AGM.

Prior to his current position he held Chief Operating Officer roles with Kraft Foods and the Kraft Heinz company.

He is a member of the Nominations and Remunerations committees.

Re-Election of Jim Miller as a Director

Mr Miller joined Brambles board in 2019. He has had senior roles with tech companies including Google, Cisco and Amazon. He is currently a Director of The RealReal Inc. a US e-commerce company.

He is a member of the Nominations and Remunerations committees.

General

In relation to executives of other companies serving on the company's board, Brambles has provided the following comment:

“This is very important to us and we are very conscious of Board members fulfilling their duties properly and devoting the requisite amount of time. All NED are required to confirm each year that they are able to devote sufficient time to fulfil their duties. Interestingly, while in the Australian market, this can sometimes be considered a negative, in other markets like the US, having the executives of other companies on the Board is considered important and actually highly sought after.”

Adoption of new or amended constitution

The changes proposed update the constitution to reflect changes to corporate governance practice, the Corporations Act and ASX Listing Rules and to accommodate hybrid meetings which is the meeting option preferred by the ASA.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY22	Target \$USm	% of Total	Max. Opportunity \$USm	% of Total
Fixed Remuneration	1.659	35%	1.659	24%
STI - Cash	0.996	21%	1.493	22%
STI - Equity	0.996	21%	1.493	22%
LTI	1.079	23%	2.157	32%
Total	4.730	100.0%	6.802	100%

NOTE:

1. The table above is based on the actual remuneration structure in place in the year ended 30 June 2022.
2. The CEO's base salary was GBP 1.251m as at 30 June 2022 converted at GBP1=\$US1.3264 (rate as at 30 June 2022)

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. The following summarises the remuneration incentive awards with the numbers in brackets relating to pages in the full year accounts.

STI:

- 50% payable in cash; 50% in equity 2 years after vesting (54).
- 70% financial objectives; 30% personal objectives (54) Components of corporate objectives shown but not quantified on p60. Non-financial awards at Board's discretion (54)
- Equity award calculated using face value as approved by ASA (54/63)
- Corporate objectives based on a "threshold" that is deemed to be an improvement over prior year results (55). Performance can be at "threshold", "target" and "maximum" (55) and are described but not quantified on p60.
- Personal objectives unquantified (55)

LTI:

- 25% RTSR vs. "constituents" of ASX100 index: 25% RTSR against "constituents" of 50 MSCI; 50% vs. Sales revenue CAGR/ROCI matrix (54)
- 3 year term with further 1 year holding lock (54)
- Equity award calculated using face value as approved by ASA (54/63)
- RTSR vesting: 50% at 50th percentile rising to 100% at 75th percentile (56)
- Sales revenue CAGR/ROCI matrix set annually (57). ROCI is defined as Underlying Profit divided by Average Capital Invested. The matrix numbers for the next year's LTI award extends from 5-9% Sales revenue CAGR and a ROIC from 16% to 19% (56). The matrix is subject to adjustment for acquisitions, divestments. Impairments and significant items (62)

Glossary

ASA	Australian Shareholders Association
CAGR	Compound Annual Growth Rate ie. the annualised percentage growth over the period of the award
LTI	Long Term Incentive
RTSR	Relative Total Shareholder Return ie. relative to a group of comparable companies
ROIC	Return On Invested Capital ie. underlying capital divided by average capital invested
STI	Short Term Incentive