

Brambles 2023 AGM report

ASX code	BXB
Meeting date	12 October, 2023
Type of meeting	Hybrid
Monitor	Michael Batchelor, John Price
Pre AGM-meeting	Yes with Chair John Mullen, Chair Remuneration Committee Scott Perkins and Director Investor Relations Suk Hee Lee.

Meeting Statistics

Number of holdings represented by ASA	179
Number of shares represented by ASA	813,517
Value of shares represented by ASA	\$11.77m
Total number attending meeting	106 attendees
Market capitalisation	\$19.9 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

The AGM was somewhat of a “victory lap” for the Board and Senior Management. The addresses reinforced the company’s performance in a somewhat difficult inflationary environment. As noted in the VI report, Brambles has seen a slowing in volumes but an increase in margins leading to increased profitability even with supply chain pressures across 60 countries around the world.

The Chair reported that total shareholder value creation was 29% with earnings per share growth of 26% and a dividend yield of approximately 3%, funded by free cashflow generation.

He also reported on the “Shaping Our Future” transformation program. The program will focus on digital transformation and improving customer experience through technology.

A new director Priya Rajagopalan was elected to the Board at the meeting and the retirement of George El-Zoghbi was announced effective 31 December.

The CEO gave more detail on transformation initiatives and sustainability. This includes improving performance in its reforestation, greenhouse Scope 1,2,and 3 reductions, safety, and diversity.

There was no further guidance update provided other than to state it would be released to the market 26 October 2023.

The Chair of the Remuneration Committee reported four changes to the remuneration strategy as follows:

- The 30% component of the STI previously allocated to personal scorecard objectives will be allocated to customer satisfaction and asset efficiency metrics (interesting to note the drivers here as the CEO mentioned that there was scope to improve Brambles “Net Promoter Score” and the pickup in performance Brambles was receiving from better visibility of “pooled” assets).

- All executives will have a performance modifier applied to their STI outcomes which incorporates performance against certain publishes sustainability targets as well as individual performance against the behaviours in Brambles leadership framework.
- The executive team will have LTI increased by 25 percentage points offset by a base salary freeze for two years. The reason given was to better align with current benchmarking for executives.
- Chair and Non-Executive Director fees, having not increased since 1 July 2016, will be increased by 3.7% and 3.8% respectively.

Questions from shareholders included:

- Brambles position on the Voice to Parliament. In response, the Chair stated that it encouraged its employees to be informed of the issues and noted that Brambles supports consultation with Australia's First Nations people and taking meaningful actions towards their advancement.
- Extent of advertising in the media. It doesn't.
- Outlook and whether Brambles was paying higher interest rates on its newly issued Eurobond. The answer was updated outlook coming and yes it was paying higher interest rates.
- Should PWC be retained as auditors. The Chair reported that none of PWC's partners or employees involved in the tax issue had anything to do with Brambles audit and Brambles did not receive any tax advice from PWC.
- ASA asked about:
 - The resilience of the supply change to climate change. It models scenarios well out and the Chair commented that the sustainability programs in Brambles were sophisticated and had depth – the Chair had not worked in a company that came close to Brambles in that respect.
 - Given Brambles operates across some very broad geographies with quite different cultures, standards and, perhaps, values, what does Brambles do to keep the Board familiar with the outposts from Australia and to maintain Brambles values across those diverse cultures. The Chair stated that the Board was focused on delivering Australian standards across the globe and regularly reviewed relevant metrics and Board meetings are rotated around the world.
 - Noted that if Brambles achieves its forecasts, all the executive team receives their STI and whether this was a sufficient incentive. The Chair of the Remuneration Committee advised that part of the STI is two-year deferred equity and this aligns management with long-term stock appreciation. The Chair noted that it was a good year for management but they still didn't get their maximum entitlements.

Remaining questions included why no discount for the DRP, why the LTI vesting was only 3 years, whether any JobKeeper payment was received (it wasn't), shares for executives and the use of consultants.

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