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# EDITED TRANSCRIPT

BXB.AX - Brambles Limited Annual General Meeting

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## CORPORATE PARTICIPANTS

**Graham Kraehe** *Brambles Ltd - Chairman*

**Tom Gorman** *Brambles Ltd - CEO*

**Luke Mayhew** *Brambles Ltd - Chair of Remuneration Committee*

**Tony Froggatt** *Brambles Ltd - Director*

**David Gosnell** *Brambles Ltd - Director*

**Stephen Johns** *Brambles Ltd - Director Chairman of the Audit Committee*

**Paul Bendall** *PriceWaterhouseCoopers - Senior Partner*

## CONFERENCE CALL PARTICIPANTS

**Jack Tilburn** - *Shareholder*

**Mary Curran** *Australian Shareholders Association - Spokesperson*

## PRESENTATION

**Graham Kraehe** - *Brambles Ltd - Chairman*

Good afternoon ladies and gentlemen. My name's Graham Kraehe and I'm your Chairman and it's my pleasure to welcome you today and to declare open the 2013 Brambles AGM. There are copies of the Notice of Meeting on your seats and copies of the minutes of our last AGM are in the registration area. With your agreement I propose to take the Notice of Meetings as read, happy with that? Thank you.

And I'd now like to introduce your Directors. To my immediate left CEO Tom Gorman and then going further left, on my far left is Tahira Hassan, Brian Schwartz, Tony Froggatt. And on my far right there's Carolyn Kay, David Gosnell, Stephen Johns, who's Chair of the Audit Committee, Luke Mayhew who is Chair of the Rem Committee and you'll hear from him a bit later. And Tony, David and Luke stand for re-election today and they're all unanimously supported by their colleagues on the Board. To Tom's left is our CFO Zlatko Todorcevski and on my immediate right is Company Secretary Robert Gerrard. I have an apology from Doug Duncan, Doug's based in the US, he had two flights cancelled on the way from the US to Australia and the last one because of problems at Sydney airport, and has been unable to get here on time. So he tenders his apologies.

We'll be holding a poll on all of the resolutions before the meeting and I'll now open the poll. Any shareholders who leave early may place their completed voting cards in the ballot boxes by the exit doors. I'll explain the voting procedure when we reach the formal part of the meeting. After I've spoken I'll hand over to the CEO to provide an update on trading and on strategy and then Luke Mayhew, Chair of the Rem Committee will talk briefly about our Remuneration Report. I'll then respond to some of the questions that shareholders have submitted in written form to us before we move onto the formal items of business.

We are web casting this meeting for the benefit of shareholders who couldn't attend in person and there will be retained an archived version of that webcast on the website. So if you want to see yourself after the meeting then there's your chance.

As we said in our Annual Report, Brambles is committed to creating value for all of our shareholders and stakeholders. Committed to continuing to enhance our position as the world's leading Pooling Solutions Company and delivering our strategy to grow profitably and deliver superior returns for shareholders over the long term. We are also committed to delivering results year-on-year.

In the 2013 financial year, we delivered sales revenue up 5% to \$5.9 billion and underlying profit also up 5% to \$1.06 billion. I think this strong result demonstrated the execution of our growth strategy despite what were muted underlying economic conditions in most of the economies in which we operate.



While it was a strong result, I have to say it's very disappointing that we have to report to you two tragic fatalities of two contractors working on behalf of Brambles during the year. Back in January, Mondli Shezi, a third party service provider of tree-felling services at the CHEP timber farm in Springfield, South Africa, was fatally injured. And in May, a temporary contractor was fatally injured in a single-vehicle accident while driving an IFCO Pallet Management Services truck and that was in Kansas City in the US. We're not able to mention that person's name because of privacy regulations.

We spent a lot of time on those two incidents around the Board table; they were very distressing for us as a Board for the operating leadership and indeed for all of our employees. And it's particularly disturbing really because we are making very strong progress in other aspects of our Zero Harm policy and most of the metrics. But really when you have a fatality it makes you very clear that there's only one acceptable outcome and that is Zero Harm.

I think you're aware that the -- our remuneration policy means that where there's a fatality and although these were not employees they're sub-contractors on sites that we own or control, then we have a negative impact on remuneration for key executives. Again I say there's only one acceptable outcome and that is Zero Harm and that's what we're committed to.

Ladies and gentleman, turning to the 2013 financial year in a little more detail. It was significant, I think, because of our decision to demerge our information management business, Recall, as a wholly independent ASX-listed company. The demerger, if it's approved by the relevant regulatory and court authorities and then by shareholders on 3 December 2013 will be the final step in the process of transforming Brambles. We will have then completed our journey from being a conglomerate-style holding company into an operating company focused on providing Pooling Solutions for our customers. The proposed demerger was a popular question topic for retail shareholders who used the form distributed with the Notice of Meeting to submit questions prior to this year's AGM.

In the coming days we expect to distribute to shareholders a scheme book, which will contain an overview of Recall's strategy, risks and opportunities. And this document will address, I think, all of the questions posed by shareholders and will contain a recommendation from your directors in favour of the demerger. Clearly, the Recall business does not fit with the global Pooling Solutions strategy, but your Board listened to shareholders, many of whom said they wished to continue to own Recall and that included a number of shareholders here at the AGM last year. So it's the Board's strong view that the demerger will deliver sustainable value creation opportunities for shareholders, while offering at the same time the greatest certainty of execution compared with other separation alternatives.

The demerger will enable Brambles to focus on the on-going opportunities in the Pooling Solutions businesses under the CHEP and IFCO brands. And at the same time the newly-independent Recall Holdings will offer investors exposure to a global industry-leading information management business with stable revenues and strong cash flow from which to fund dividends and invest in their own growth.

Demergers have a track record of creating value for shareholders of ASX-listed companies. For example, looking at the last 20 demergers where the demerged entity, in this case, Recall had a market capitalisation of more than AUD100 million, and Recall's a lot bigger than that, but there's been 20 of them since 2000 and the average share-price performance in the first year of the demerged entity has been 17% and of the parent entity has been 5%, and that compares within the same period an average performance of ASX200 at around 1%.

It's important to note of course that after the demerger completes, shareholders will own the same assets as they owned before the demerger, just under a different structure. Two other popular areas of focus for shareholders' questions prior to the AGM were dividends and share-market performance. Brambles paid total dividends of AUD0.27 for the 2013 financial year and that was an increase of one cent. Your Board considers this level of dividend to be appropriate given the Company's emphasis on growth and the Group's progressive dividend policy which aims to provide sustainable increases in dividends, commensurate with meeting the funding needs of our growing Company.

Following the demerger of Recall, the Brambles Board intends to retain a progressive dividend policy in Australian dollars, subject of course to our financial performance and cash requirements during the relevant period and any unforeseen circumstances. As a result, the Board intends not to reduce the Brambles dividend to reflect the demerger and to keep the annual dividend at least at AUD0.27 cents per share. In addition to that, should you choose to retain your shares in the new Recall Holdings you will be entitled to receive dividends on your new Recall shares in addition



and that will be at a level determined by the Recall Board. Details of the Recall dividend policy will be included in the scheme book which will be mailed to shareholders within the week.

Getting back to the 2013 financial year, it was a positive one for Brambles share-market performance. This reflected I think investor support for our growth strategy and a strong recovery in our share price since the June 2012 rights issue, which many of you participated in and that was at \$6.05 per share. Our total shareholder return in the 12-month period was 57% and that 57% compared with the 23% for the benchmark ASX200 Accumulation Index. Over a five-year period our total shareholder return has been 32% and that compares with 16% for the ASX200.

They are the key points I'd want to make which I think addresses most of the questions that were put into us in writing by shareholders prior to this meeting and I want to thank you for your attendance today and thank all shareholders for their ongoing interest and support. I'd also like to thank my fellow directors, Tom and the Management Team, and all our employees for their contribution. Today Brambles is in robust shape with a solid balance sheet, the ability to fund our growth and to continue to deliver for customers, for shareholders and for employees in 2014 financial year and beyond.

Now I'll now ask Tom Gorman the CEO to address you. Thanks Tom.

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**Tom Gorman - Brambles Ltd - CEO**

Well thank you very much Graham, I appreciate that.

Ladies and gentlemen, I'm extremely pleased to report that Brambles has started the 2014 financial year in a strong position to continue to deliver profitable growth to all of our shareholders. Last week we gave our first-quarter trading update for the Pooling Solutions business. Now this trading update was broadly in line with our expectations and again demonstrated that despite the continued muted levels of underlying sales growth in consumer staples sector that we're seeing around the world, we are in fact benefitting from the execution of our growth strategy.

We reported that sales revenue was up 7% compared with the first quarter of 2013 to just over \$1.3 billion in sales revenue. Now this primarily reflected the rollover benefit of prior-year business wins in the Americas region for our Pallets business. It also represented continued growth in our global RPC business from the expansion with major retailer partners around the world. And it also reflected growth in the Containers operation which includes the contribution from Pallecon, which is a business that we acquired in December of 2012.

Now with last week's trading update, we reiterated our guidance for 2014 for all of Brambles Group excluding Recall. Now although the operating conditions remain muted in supply chains that we serve, we continue to expect constant currency sales revenue growth in all three of our Pooling Solutions segments and this includes Pallets, RPCs and Containers. We expect underlying profit of between \$930 million and \$965 million and this is at June 30 2013 foreign exchange rates, and of course all of this is subject to unforeseen circumstances.

Now on a like-for-like basis this guidance translates to underlying profit growth of between 4% and 8%. A trading update for Recall as well as a bit more detail on its strategy and outlook will be provided in the demerger scheme book, which as the Chairman indicated we expect to send to shareholders within the week.

Recall is a solid business with a strong financial profile. Despite some of the challenging macroeconomic conditions Recall has delivered positive trends for sales revenue, cash flow generation, operating margins and return on capital. The business has delivered consistent increases in volumes and revenue from its core document management business, including during the 2013 financial year when Recall's financial performance was otherwise hindered by reduced transactional activity and some weakness in its paper shredding business.

We firmly believe that our decision to demerge the business will enable Recall to drive value for shareholders by being an independent Company focused exclusively on the opportunities in the information management sector. It will also at the same time enhance Brambles ability to focus on the thing that it does best and that is the provision of pooled unit-load equipment such as pallets, reusable plastic containers and other containers to some of the world's most important supply chains.



Our focus for growth is to allocate capital to those areas where we believe we can apply our unique expertise to make those supply chains more efficient for our customers. Now we think our growth strategy really is focused. When we think of our growth strategy we really think across three simple horizons. To start with is Horizon One. In Horizon One this really encapsulates all the businesses that are strongly profitable today and in these businesses we are seeking to drive greater efficiency and to get closer to our customers by diversifying our service offering. Now our developed market Pallets operations falls neatly into this first category of Horizon One.

Now for Horizon Two, this refers to businesses in which incremental investment is already strongly profitable, but in which our emphasis is on investing to grow market share because there is a large unpenetrated opportunity. Most of our reusable produce crate business or the RPC business as well as our intermediate bulk container business and our emerging markets Pallets operations fall into this category of Horizon Two.

Now the third Horizon contains businesses in which we believe there is a compelling opportunity but for which the time-scale to delivering returns in excess of our cost of capital is a bit longer. The CHEP Aerospace Solutions business and our operations in China and India would fall into this category.

While I am very confident that we have the right team and expertise to execute our growth strategy successfully and I am very proud of our achievements in doing so to date, we are determined as a Company not to allow complacency to creep into our organisation. This is particularly important given our belief that the global economic environment is unlikely to improve significantly in the short to medium term. We continue to see relatively low growth, relatively high unemployment and cautious optimism will likely remain the prevailing mood in most of the major markets in which we operate.

Now this will continue to place the onus on us to keep growing our business through expanding our market share across all three of the growth horizons that I reviewed. We are continually driving themes around customer centricity and innovation to ensure our people are looking for the next solution, not simply relaxing because we provided the last one.

We are forcing ourselves to continue to find new growth opportunities, to assess and review new markets and products that will expand our horizons and continue to challenge our capabilities. We will continue to invest in growth and will continue to ensure that we are able to provide a local, flexible and dynamic service at the points where we face our customers directly.

But at the same time we recognise that there are always opportunities to improve our cost base and our overhead structure. We will be unapologetic about taking actions that we believe can lead to increased efficiency and the delivery of greater value for our customers, for our employees and for our shareholders.

Ladies and gentlemen, I'd just like to reiterate what our Chairman said and thank you all for your interest in our Company. I would also like to take this opportunity to thank my 18,000 colleagues throughout Brambles for their ongoing efforts.

And I will now hand back to Graham. Thank you.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Tom. And I'll now ask Luke Mayhew as the Chairman of the Remuneration Committee to discuss our Remuneration Report, that's a bit of a mouthful but I'm sure you'll handle it better than me Luke, thank you.

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**Luke Mayhew** - *Brambles Ltd - Chair of Remuneration Committee*

Thank you very much Graham and good afternoon ladies and gentlemen. What I want to cover today is to talk through the Brambles Executive Remuneration Structure, explain the outcomes on remuneration for the last year, talk a little bit about how we assess pay globally, obviously pick up the implications for remuneration of the Recall demerger, then update you on the employee share scheme.



So first the remuneration policy. This will be familiar to some of you, this is unchanged for many years now. And it has been the first objective to attract and retain high-calibre executives which has obviously been the key issue for us with a potential Recall demerger of which more later. So how is our top pay structured?

This slide shows how executive pay breaks down if there's a maximum payout. And I want to explain it and I'm starting from 12 o'clock and going clockwise. So if there's a maximum payout there'd be 24% of that payout would be traditional fixed remuneration, salary et cetera. 22% would be a cash bonus which is driven by meeting annual financial objectives and a series of personal objectives which would include areas such as safety, which Graham referred to earlier, employee engagement, customer satisfaction, business development. That is then matched by a short-term share award which only vests after two years. And finally the last bit is the long-term incentive which vests after three years and only vests by meeting performance targets around total shareholder return and profitable growth.

So what were the outcomes for 2013? Well on fixed remuneration there were modest salary increases for the senior executives in the range from 0% to 3% where the roles were unchanged. The short-term bonus and deferred share awards reflected the Company performance; they were around about 60% of the maximum possible. And that was again a modest increase on last year. There was a more significant increase in the long-term incentive which vested at 65%, up from about 40% the previous year, but that reflects a very strong result in total shareholder return over the period.

I want to spend a little bit of time this year just talking about how we set remuneration pay in this complex global business, remuneration and pay. All roles, all senior management roles, indeed all roles are classified into specific bands of what is termed in HR speak as equivalent work value, using a globally recognised methodology which lots of companies use. And then once you have a sense of this scale and scope of a job, those are placed into those bands and those bands pay a determined by reference to the local market rate for similar companies similar size of jobs.

One of the important by-products of this approach is it allows us to check that there are fair pay practices across the business and across genders. And that is something now which the Remuneration Committee look at every year, the reports so far are reassuring but the focus for this coming year will be the newly acquired businesses to ensure that their approach to remuneration follows the same high standards as Brambles core businesses.

The most significant issue for the Remuneration Committee this year has obviously been the potential demerger of Recall. Designing the remuneration policy for Recall, which we have done in harness with the new Recall Board has been about following market practice and benchmarks in Australia and the USA. We've also had to ensure that the outstanding Brambles awards from Recall Management, who are moving into Recall, transition into Recall in a fair, reasonable way which still incentivises long-term success. And within that process we've also agreed an initial modest share awards to line managers which is in line with the normal practice in the USA. The details of all this will be in the scheme book, as will also be the details of how we will recalibrate the long-term incentive schemes to exclude Recall. The scheme book will also set out the remuneration arrangements for the Group President and CEO of Recall.

Now key to the successful divestment of Recall has been to appoint a top quality experienced US based CEO. Doug Pertz was recruited in April this year following an extensive global search which involved all members of the Board. It was a complex arrangement, his remuneration arrangement, because at the time Brambles were still considering a number of strategic options for Recall. And we also needed to recognise a substantial financial opportunity he would be giving up from his then current employment. Mr. Pertz's remuneration arrangements were discussed in detail, not just by the Remuneration Committee but the whole Board.

Should the demerger be approved by shareholders there are two key components to his remuneration. The first is his package post-demerger of salary and incentives which are very much in line with the market rate for a role of that size and scale. But he will also receive a one off grant of share awards in Recall to the value of \$6 million to offset the financial opportunity he has left behind. The Board validated this lost opportunity, required this offset to be provided in shares, insisted the proportion was based on performance targets which will be set and reported by the Recall Board. The vesting was staggered and the shares should be held until at least April 2017. Clearly this is not a standard arrangement but the Board is no doubt that the appointment of Mr. Pertz is in the best interests of shareholders.



Finally I just want to update on the employee share scheme, MyShare. In broad terms this continues to work well and one of the real highlights of the last year was the very high take up in one of our recent acquisitions Pallecon, part of the CHEP Containers business where 46% of people became involved. We continue and will continue to look at ways to encourage wider share ownership among the employees of Brambles.

As far as 2014 is concerned, there are no changes proposed to the remuneration policy. The financial targets that have been set are demanding and we will require a strong performance to achieve similar or better levels of remuneration. After eight years this will be my last presentation to you as Chairman of Remuneration Committee. I'll be passing this on and to the capable hands of my colleague Tony Froggatt, however I hope to be able to serve you as a Non-Exec Director for a while yet if you're kind enough to re-elect me shortly. Thank you.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Luke and thank you for the applause. I think on behalf of the Directors but also on behalf of shareholders I've thanked Luke for eight years in which he's been a very professional and committed Chair of the Rem Committee, so thanks for that Luke.

Now before moving to the formal part of the meeting I'll answer questions from shareholders. In my prepared remarks I addressed the three main topics of questioning by shareholders using the form provided in the Notice of Meeting, they were about the demerger, our dividend policy and our share market performance. But in addition to that we've received several questions on the remuneration policy and I believe Luke has addressed those. We've received one question for our external auditor, PwC and Paul Bendall whom I perhaps should have introduced first up, but Paul is the senior partner from PwC is in the audience and I'll now ask him to tell you what that question was and to answer it. And you should also be aware that the question and the answer are also available for any shareholder to review outside at the registration desk. Paul of course will be available if any shareholder wishes to ask him any further questions. Over to you Paul, thanks.

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**Paul Bendall** - *PriceWaterhouseCoopers - Senior Partner*

Thank you Mr. Chairman and thank you to the shareholder who posed the question so I'll just outline the question. Are PwC satisfied with the cooperation from the management and relevant Directors and have they for example had free and unfettered access to the key staff? I can confirm that PwC has had unrestricted access to all the Directors and staff over the audit period and it also received full and proper cooperation.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Paul and I think I'm very -- I'd like to just say to shareholders one of the things that we as a Board think is extremely important is openness and transparency in the culture within the Company and that's certainly the case under Tom's leadership, transparency between the management and the Board and then transparency with other stakeholders, shareholders and external and we are very much focused on that. So I'm pleased to hear that confirmed and not surprised but pleased to hear it confirmed in Paul's answer.

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## QUESTIONS AND ANSWERS

**Graham Kraehe** - *Brambles Ltd - Chairman*

Ladies and gentlemen I will now take questions from the floor and I'll remind you that only shareholders or their proxies or company representatives are entitled to speak at this meeting. If you'd like to ask a question please approach the microphone, show your yellow voting card or red non-voting shareholder card and give the attendant your name. If you're unable to get to a microphone then please raise your hand and an attendant will bring a microphone to you. To maximise the opportunity for all shareholders I request you ask only one question at a time.

Are there any questions? We've got a question at -- we've got two questions at microphone two. It looks -- okay.



**Unidentified Company Representative**

Chairman I'd like to introduce Jack Tilburn.

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**Graham Kraehe - Brambles Ltd - Chairman**

Okay, thank you. Welcome Mr. Tilburn.

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**Jack Tilburn - - Shareholder**

Yes, Mr. Kraehe, here I am again to make a few justified complaints I think. Firstly ladies and gentlemen the art of communication I think is like the dinosaurs, it's dead. I wrote a very heavy going letter to the Secretary Gerrard on Thursday September 19, never got anything except a mumble on the phone. I then thought I would write to the Chairman, Mr. Kraehe and I wrote two letters to Mr. Kraehe on October 15 but he has refused to communicate too which is part and parcel of the principles of the Australian Securities Exchange, I just forget, I think it's round about principle 8, you are supposed to engage with shareholders. Well there's two failures there. I'll let it go by because, as I said, in my opening remarks the art of communication today amongst companies is very, very poor indeed. And I ought to know because I'm in 33 companies and they don't do best practice or benchmarking at all.

Mr. Kraehe after that exchange I'd like to make a -- two very important matters which I wrote to you about. I think that this Brambles is a bit of a shambles when it comes to benchmarking and best practice for two important matters. One is the long-term debt which is not very much orchestrated by the Company nor a company that used the payout ratio. I've studied the Annual Report two or three times and you fail on those two occasions to put the gearing or borrowing ratios in your Directors Report and you certainly don't put the borrowings or ratios performance in the five year summary nor the payout ratio.

You must be Mr. Kraehe one of the only 200 leading ASX companies that fail to give shareholders the borrowings or gearing ratios in the five year performance summary and the payout ratio. Now you know that I wrote to you and said that the gearing ratio long-term debt over equity was 89%. I reckon that's quite, quite excessive and it must be one of the highest in the ASX200 companies in Australia. Aligned with that very, very poor performance of the borrowing ratio or gearing ratio of 89%.

Ladies and gentlemen they've got \$2.6 billion owing to the banks. In round figures its \$2.7 billion and that's very, very high indeed. Well how high is it? Well if you went down to Fairfax Company they only owe \$154 million to the banks and if you go to Boral Ltd they might only owe \$500 million to the banks. And if you go to the IAG Company with Brian Schwartz in charge they owe \$1.6 billion. So our record of the four companies I've mentioned is far in excess. That's not too good at all because your interest paid amounts are very high and they go against shareholders rights to get better dividends.

Picking up on the second matter of the payout ratio is 69%. And I said that that's not best benchmarking or best practice because most companies go above 70%, 72%, 75%, well you're not going very good at only 69% and I think we shareholders, as I said here, we're being starved of fair and reasonable payouts from the net operating profit of \$640 million.

I'll brand you with one more complaint Mr. Kraehe. I read about, ladies and gentlemen on page 112, note 33 I think it is. You had damages to the roof of the Recall headquarters, I believe in the state of Maryland USA. I don't think that you've bothered to collaborate the idea of telling the shareholders in the Annual Report the estimated damages cost, the expenses that are being outlaid. Oh you might say Mr. Kraehe in return we're going to get some insurance money back, but that's gone and hurt Recall very much and on the cusp of having Recall demerged, which I'm not going to vote for, I think it's all mad and stupid, why haven't you put on page 113 the cost of damages and expenses for the collapse of a part of the Recall headquarters in the state of Maryland USA? These are very grave risks for Recall and that's not there.

So on three matters, regarding ladies and gentlemen, fellow shareholders the matter of the long-term debt outstanding, very, very bad and excessive, the payout ratio, not even being told to us and the damages to the Recall headquarters, I believe headquarters in Maryland USA. Can you reply Mr. Kraehe please?





**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Mr. Tilburn. I think so shareholders understand the facts. The first point to make is that the letter you referred to arrived and I saw it last night at about 4 o'clock. I responded to the key points raised in the letter in my comments early on, you missed some of them as you came in but I did respond to them.

But in terms of the specific issues you raise, firstly Brambles debt is not excessive, we have an investment rating and we monitor the debt and we monitor our repayment capability and treasury at every meeting. Our balance sheet is in very strong shape and we're very confident about our ability to continue to increase dividends as we grow earnings and as grow the business, also to invest in the business at the same time.

In terms of the payout ratio, the payout ratio when you actually look at the scheme booklet which you'll see in the next week, you will see very clear details of the payout ratio for Brambles; you'll see details of the dividend policy for Recall.

In terms of the Landover business we want to be pretty clear it is not the headquarters of Recall, it's a relatively small service centre storage warehouse for Recall in the state of Maryland, the state of -- in Maryland -- yes, state of Maryland so it's by no means one of the major centres for Recall. Having said that, and the second point to make, it is not a service centre that we own, we lease it. The roof collapsed for reasons that are still under investigation, there are major legal debates between the owner of the building and the insurance companies and we are enjoined in that, but we're fully insured and fully covered for the outcome. But in terms of our ability to make comments about the cost and the blame and why it happened, we're not in a position to do it, for legal reasons in the US. But I can just say again, it is a relatively, while it's been a significant issue for Recall it is now totally under control and it is not an owned premises and it's certainly not the headquarters of Recall. Do you want to add to that in any way Tom?

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**Tom Gorman** - *Brambles Ltd - CEO*

Look I think we talked about the Landover incident last year and as the Chairman indicated there are a number of commercially sensitive issues relative to identifying costs and insurance recovery Mr. Tilburn and I'm sure you would respect the fact that much of that has to remain confidential within the Company. But broadly speaking all of the incidents are covered by insurance, we're extremely well insured. We've cooperated now over the past year with all of our insurance providers and we've cooperated with a number of legal firms, both in-house attorneys and external firms and we've progressed very well, just as the Chairman said.

So we're in a position now where Recall is in the process of moving out of that facility. We will no longer use that facility and they're now in a position to continue to satisfy their customers in the Washington DC area. It has been a catastrophic failure but unfortunately it was not our building and it's the responsibility of the owner of the building to make sure it's fit for purpose. We had all of the appropriate documentation, we've been in the building for a while and it suffered a catastrophic failure and Recall's done a great job managing through that and trying not to let our customers down over the past year.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thanks Tom and there was another question I think from microphone two?

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**Unidentified Company Representative**

Chairman, I'd like to introduce Mary Curran.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Mrs. Curran, welcome.



**Mary Curran** - Australian Shareholders Association - Spokesperson

Welcome, Mary Curran representing the Australian Shareholders Association, some 361 shareholders close to two million shares and personal shareholder. First of all congratulations to the Board, Executives and its 18,000 employees worldwide for this year's performance. The worrying negative free cash flow \$2.18 million from last year has been turned around to a healthier positive \$83.1 million, total shareholder return TSR is up approximately 30% and dividends remain solid. It's great, or should I say, it's crate.

Nevertheless we are concerned on the money spent on the aborted sale of Recall. We've been promised it would unlock value for shareholders, so far we have spent \$21.2 million in the 2012 accounts, \$4.1 million in the 2013 and then there's the golden hello, some \$6 million to Doug Pertz plus additional costs of the EGM, glossy brochures and the like.

In the meantime profit has dropped by 20% and Mr. Gorman comments; it's been a disruptive year for this business. Seems to me Recall will be starting off in the red, our shareholders being cast adrift on a sinking ship. Thank you.

**Graham Kraehe** - Brambles Ltd - Chairman

Well thank you and I'm glad you've -- I'm not the glad the way you've put it but I think it's important to get it out on the table because Recall is anything but a sinking ship. Let me give you a little bit of perspective.

We reported at the last AGM that we had, having put Recall on the market, we'd aborted the sale because the price didn't meet our expectations. The interesting thing about our reporting of that to this meeting and indeed to many shareholders and went around and spoke to them and they said, well we're actually not dissatisfied that you didn't sell it because we would like to own it.

So the Board took absolute note of that and as we really reaffirmed that Recall doesn't fit with the global Pooling business in terms of strategy the best way to separate it, taking into account the requirements of shareholders was not to look to sell it or anything else but rather to demerge it. And that's been the base case and that's what we're heading to.

If you're concerned about glossy brochures and scheme booklets and the like, I can assure you, so am I, the regulations around this are quite substantial. Nevertheless we are absolutely in the process where the Board strongly believes it is in the best interests of Recall as a separate stand-alone company and also in the best interests of Brambles. Without Recall both of them will do well as separate companies.

In terms of the issue you talked about which was -- I'm just trying to think, you were concerned about the track record of Recall, this will be covered in great detail in the scheme booklet but what's important to note is that the vast majority of the Recall business is in document management business, very stable business and as Mr. Gorman said, it's grown the revenue and the profit in that part of the business by 5% or so year-on-year and that's the sort of projection you'll see going forward and it will be in the scheme booklet.

The part of the business that is volatile is a small part of the business which is really the collection of paper and shredding it and then we sell the paper, or they sell the paper, that is subject to paper prices and that is volatile. That's one of the key reasons why the performance in 2013 was down but we are very confident and you will see in the scheme booklet the projections of the Recall management and of the Recall Board, it will be a growth business going forward and a solid business.

The other important thing that I can -- I said but I think we need to say again, we've been very conscious as a Board to make very sure that we did not put excessive debt into Recall, sometimes that happens in demergers. Brambles balance sheet is in great shape, we have no need to lumber Recall with debt so its balance sheet is also in very good shape. And we've also taken a very conscious decision which I outlined a short while ago which is that taking Recall out you would think normally that we would reduce the Brambles dividend, we've made a decision we won't. And so any dividend that's declared by Recall, and they'll outline their dividend policy in the scheme booklet, whatever that might be will be in effect an increase to shareholders.

And the last thing to say and this is I think particular important is Recall is a very solid business, Brambles is a very solid business, shareholders had one piece of paper which was Brambles and it held two businesses within it. Going forward they'll have two separate pieces of paper, exactly the same ownership in the same assets, they'll have the flexibility to decide to increase their investment or decrease their investment in either of both companies and we also believe that both companies will prosper.

And if you look at that data that I showed you earlier on the experience of companies demerging you'd expect, well that that I wouldn't make a forecast, I'd simply say that that suggests that a demerged company of the quality of Recall will do well as separate entity.

So you have the chance at the EGM on December 3 if you don't like it then you have a chance to vote against it, but have a look at the scheme booklet first I suggest. Are there any other questions? Yes microphone one.

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**Unidentified Company Representative**

Mr. Chairman may I introduce Mr. [Waljean].

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**Graham Kraehe - Brambles Ltd - Chairman**

Mr.--

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**Unidentified Company Representative**

Waljean.

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**Graham Kraehe - Brambles Ltd - Chairman**

Mr. Waljean, welcome.

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**Unidentified Audience Member**

Thank you Mr. Chairman. May I at first begin by congratulating you as you may have known I've come up fairly regularly and talk about safety. Your Zero Harm process seems to be working and I congratulate you, your Board and every person who's working in the firm. There's a few areas which are not going quite as well, [EMA Pallets] seem to be going backwards. So I do congratulate you on continuing that effort. As you're well and truly aware any injury means it costs us money. And costs me money in the end as well so I think you should continue to hammer that very, very heavily.

I am a little concerned about the two deaths. I understand that you may not be able to speak about it but could you please -- it says the death in the US is still under investigation by the state, Kansas State Highway Patrol. Do you have any more information on that that you can pass onto the meeting, because it seems to me that you should have been able to at least provide a little bit more details? These booklets take four to five weeks to produce and they have to be produced in draft form even before that. So we should have at least some -- should have been able to provide us a little bit more details about exactly what happened and why it happened.

Sometimes these things occur because the people just don't understand and sometimes it's just absolute stupidity on the part of the employee, which I hope it's not. But can we get a little bit more information on both of these? Or is it such that we don't have that information? If we don't I think you should have had it.



**Graham Kraehe** - *Brambles Ltd - Chairman*

At a very high level the issue in South Africa was a contractor in a forest, in a plantation forest felling trees and against the regulations and against our work practice was in a position where a tree fell on him.

In the case of the issue with the contract driver, he was driving, turned a corner and was thrown out of the vehicle. The police have it under investigation, until they come to a conclusion we are not able to determine exactly what happened, so I can't tell you...

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**Unidentified Audience Member**

All right, well that's a little bit more information that I'm sort of after Mr. Chairman.

I want to now move on to another area which is very important to us in the area of pallets. As you know we have two different systems of giving out our pallets, the Australian system where we rent them and the overseas system where we give them, we charge a fee and get them back. So the recovery rates in the United States are vitally important and maybe you need to ask Mr. Gorman this question. What are our recovery rates going at and are they improving?

Because obviously we had the major problem here many years ago where we, for want of a better word, lost pallets, which we didn't really lose, we just didn't know where they were and the Chairman at the time had no idea what the whole thing was about. So through you Mr. Chairman maybe you know them and if you, well and good, if not Mr. Gorman, what are our recovery rates on pallets where we don't rent them, where we lend them out? And are we improving those recovery rates?

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Okay the first thing to say is they're actually -- you've identified two different systems, there in fact about three or four different systems but you're right to say the Australian system is a different one that applies in the US and in parts of Europe, it's different again. The Board monitors a whole range of ratios which we call the ABC Metrics or business for pallet businesses in every geography. I can tell you that those -- and I don't have the percentage numbers but Tom might have in a minute, but I can tell you that all of our businesses we review at every Board meeting and the control and the focus on control is a very high level and we don't have issues of loss of control of pallets. Do you recall the number Tom?

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**Tom Gorman** - *Brambles Ltd - CEO*

Sure Graham, we actually have the terminology control ratio, which is the internal term I'm sure you're familiar with and looking for but it really just measures sort of what comes back versus what goes out and as the Chairman said we have multiple businesses models and multiple different pricing methodologies around the world. But the fundamental business is the same, we provide a solution to our customers either a pallet or a reusable plastic container or an intermediate bulk container. They pay us for the use of that and then we collect it, we refurbish it, repair it, clean it as appropriate and then put it back into the supply chain.

Our control ratio across the board in the United States now is in the high 90s. So we have continuously improved that and last year again we saw a significant improvement in the United States. So the concerns that you would have about the loss of pallets, inherent in our business we replace a number of pallets every year. Some get damaged beyond usable use so we scrap those if you will. We do leak some pallets each years but our control ratio now is in the high 90s in the US but it is something I have to say that the Chairman reminds me of every meeting that this is a business that really is about the basics of running a high velocity, meaning we have a large number of transactions, and you must keep your eye on the controls in this business. And I think as a Company we're doing that quite well and a high 90s rate in the US is indicative of that control.



**Graham Kraehe** - *Brambles Ltd - Chairman*

Just so you understand I think it is -- one of the great benefits of our focus on a global pooling strategy and giving a Recall a life of its own is we are very focussed on the detail of the pallet, returnable plastic crate and the containers business and our controls and our Board over side of that is at a far greater level than it was when we were a holding Company 5 or 10 years ago. Is there a question up the back there? No. Any other questions, microphone two again.

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**Unidentified Company Representative**

Chairman, Mr. Tilburn again.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Mr. Tilburn, welcome back.

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**Jack Tilburn** - *Shareholder*

Yes, Mr. Kraehe, I never give up on Chairmen as you know. I have two very important matters, fellow shareholders. I'm always interested in what on earth is paid out and what for with auditing costs. I bring to your attention that on page 113, note 34 the Auditors Reports PwC PriceWaterhouseCoopers is reported on. And I'm interested in about line four or five which reads, finance due diligence. Now I try and do due diligence every time I come to an AGM and finance is always a matter for myself as a multimillionaire.

In 2013 this year you paid \$692,000 for finance due diligence but I forgot last year that in 2012 there was \$2.549 million paid out, an enormous amount of money. Of course, I always believe that auditors make excessive demands on companies for their services. Can you explain what on earth finance due diligence is all about?

But added to that what I don't understand is what on earth is our Chief Financial Officer doing regarding finance due diligence. Then if the Chief Financial Officer Mr. Todorovski doesn't want to do it, what is the Audit Committee doing it about in our Company for our shareholders? These two sums of money seem very troublesome indeed for two years, 2012, \$2.5 billion, extremely excessive payout. 2013 year, it has come down but for \$692,000, nearly three quarters of a million in round figures, what on earth is PwC auditing company doing? So just what is going on for us owners of the Company?

Now my last big question is an enormous one really. It's put the cat amongst the pigeons. I've been reading about corporate criminality in America around the world especially in Australia now as politicians don't understand what are proper and correct payouts for doing electoral work. What does Brambles do regarding corporate criminality under the headings of, sub headings, bribery, fraud, corruption, dishonesty and embezzlement? Now were you're a world-wide organisation, 18,000 employees, they can't all be as honest and as truthful as you, Mr. Kraehe.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

And that's our basic assumption, thank you for the questions. Let's start firstly with the audit fees. I'm going to ask I think Stephen Johns as Chair of the Audit Committee to comment on your specific question, but in a broad sense we have a very, very capable and diligent Audit Committee, Stephen Johns is a great Chair of that committee. In the broad every, in fact, literally at an Audit Committee meeting a few days ago we were looking at the audit fees and the non-audit fees for PwC and other providers and we're benchmarking against what other companies of a comparable size, comparable complexity pay. And we are in line with the benchmark, we look at it regularly and it's something that's reviewed regularly by the Audit Committee. But the specific question about the finance due diligence Steven please.



**Stephen Johns** - *Brambles Ltd - Director Chairman of the Audit Committee*

Yes. Thank you Chairman and thank you Jack for the question. And as I think we discussed this matter last year as well and the year before I believe. But the -- I'd like to start off by saying that PwC do an excellent job. In the audit I've seen many auditors over many years and PwC are right up there and I think they do a very good service for this Company and for shareholders. Of course, there's always a fine balance between trying to get the audit for the cheapest possible price and not going too low because then you don't get the proper service and the proper assurance that shareholders in the investment community require generally.

So over the last few years the audit fees, the standard audit fees or could I say the basic audit fees have come down and they will come down again I believe next year partly because of Recall coming out but also for other savings and efficiencies which PwC have introduced but I must also say have been as a result of very good management practices and changes in the way management are doing the finance business and the accounting business which will enable PwC to provide the same standard of service but at a lower cost. So I think those efficiencies, there are efficiencies all round. That's for basic audit fee.

But your question related to non-audit services and a \$2.6 or \$2.5 million last year and the \$692,000 this year related to financial due diligence in relation to the first mainly last year in respect to the attempt to sell Recall. It was very, very sophisticated and complex processes. We had a data room which had to be populated with all financial and legal information and it required a major amount of accounting and finance work. And the \$2.6 million last year related to that, some of that flowed over to this year and also this year we have some money also for the Recall demerger. And there will be some more money along those lines next year for the Recall demerger. The work was certainly done with a very keen eye on keeping it as low as possible but there is a lot of work involved, I can guarantee you that and I think the fee for PwC is warranted.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Steven and now to the second question, I'm going to ask Tom Gorman to talk about it in a bit of detail in a minute but at a high level, like all boards we have -- we're very conscious, we've got 18,000 employees in 60 odd countries and the risk of corruption, bribery and the like varies from country to country. And our view is that we have a standard approach right across the globe wherever you are in a very corruption prone country or whether you're in Australia, we have a Code of Conduct, we review that Code of Conduct regularly and we in fact have just completed a board review and made some more refinements to that Code of Conduct.

We have compliance audits where we insist that people who are potentially at risk and interface with customers, they have to attend classes and they have to complete questionnaires to show they understand our policy and comply with it. And we have internal audit checking that regularly. And we have a whistle blower system which enables anyone anywhere around the world anonymously to call in and say they think there's something we ought to investigate, and we do that regularly. But in terms of any more detail Tom?

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**Tom Gorman** - *Brambles Ltd - CEO*

Look I think when you have 18,000 employees and you operate in 55 different countries around the world you can't be certain of every individual's behaviour on any given day. So what you do when you're a Company like us is you try to make sure you have processes in place to ensure that you get the right outcome and the right behaviours. Broadly speaking we comply with what is referred to as the Foreign Corrupt Practices Act or FCPA, some of you will see that term, it's a US term but it really sets a Code of Conduct for performance in terms of many of the issues that you referred to.

So how does one deal with customers? The issues of payment for services is something that we watch very, very closely. In addition now we actually have added to our legal team a Chief Compliance Officer, so within the legal function but also responsible into the finance function we have now a Compliance Officer that will oversee behaviours across our organisation. And Jack we came to this conclusion that we should add those resources as a Company because we are continuing to grow and we are bringing more companies into Brambles through acquisition and making sure that we're all on the same level of behaviour is very important to us.



The combination of speaking up, that Graham mentioned, having a Chief Compliance Officer. We review the speaking up matters every Board meeting at the Board level so no matter how small or how large they're put in front of the Board and then we take action accordingly. So I'm very confident that we have the processes in place when someone does make a mistake or someone does make the wrong decision that we'll be able to catch that. But first and foremost is let's not make that mistake and in order to do that we focus on training and development as the Chairman indicated.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

And we also focus very heavily on leadership and leadership from the top starting with the Board and the management team is a critical part of it. So we lead by example but I can assure you it's absolutely central to our whole culture. Thank you for the question, are there any other questions? If not we'll now turn to the other items of business. And all items on the agenda will be proposed as ordinary resolutions.

And I'll now explain the voting procedure. If you're entitled to vote you will have been given a yellow voting card and as stated in the Notice of Meeting and on the shareholder voting form I'll be casting any discretionary proxy votes that have been given to me in favour of each of the items of business.

The voting position for each resolution will be shown on the screen and at the conclusion of the meeting please place your recorded voting cards in one of the ballot boxes and they're located up by the exit doors. We'll announce the poll results to the ASX later today and also post them on our website. Lee Marshall of Link Market Services has been Returning Officer, Lee, I see Lee, oh yes, Lee's up in the back corner there. He's been appointed as a Returning Officer.

So the first item of business is to consider and receive the Financial Report, the Director's Report and the Auditor's Report for Brambles for the year ended June 2013. Are there any questions on this item, we've had some already but are there any others?

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**Unidentified Company Representative**

Chairman, Mr. Tilburn.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Mr. Tilburn, welcome back.

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**Jack Tilburn** - *Shareholder*

Thank you Mr. Kraehe, I've done my homework up to a certain extent, not as much as you would have done on the Remuneration Report ladies and gentlemen, which is from page 32 to 49, which is 18 pages. And I've stated that it's very complex, it's very involved, it's very mathematical and I haven't really got my head around it. On top of saying those things let me just point out this, in case you haven't read it too much. On page 34 there's one diagram, on page 35, one diagram, on page 36, two tables, on page 39, one table. On page 38 five tables. Page 41, table, page 41, one table. Page 42, two tables. Page 43, one table. Page 45, two tables. Page 40, is one table and page 47 one table, page 48, one table, page 49, one table. That makes two diagrams Mr. Kraehe and 20 tables. I think the only company that could beat would be Macquarie Group Ltd under my old mate Mr. McCann as Chairman. I think they would have about double, 18 pages, 36 to 46 pages and boy, do they give you some homework to work it all out.

I refer you though to one important point which you have mentioned and I think Mr. Mayhew mentioned. I refer to page 39. There was a man called Pertz, Mr. Pertz then, now the new President of Recall and the one off share award comprising a grant of share rights in Recall Holdings Ltd I suppose, to the value of \$6 million. This has worried me. The amount and nature of the Recall award of \$6 million was determined to compensate him for

the value of the equity in his then employer that he would forfeit by joining Recall. To provide an incentive for him to remain at Recall through and after a demerger and to align this part of his package with the creation of shareholder value in Recall Holdings.

My question is, is this quite an excessive award for one man of \$6 million to join Recall because I don't know what his track record but you can tell us, and reasonable expense for us owners of Brambles to pay out for a new Chief Officer called President Pertz of Recall. I find it very, very tough to observe and witness \$6 million for a man to come over from another company. Now of course, a good question would be, a supplementary question would this \$6 million go on the expenses side of the new Recall Holdings Ltd Company of which I'm not in favour of at all. Thank you.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Okay, thanks for the question. I think Mr. Mayhew answered that in some detail but let me summarise it again so it's clear. When we took a decision that the -- listening to shareholders that demerger was the best way of separating the two companies and giving Recall an independent future, it was clear that Recall, because its headquarters are really in Atlanta but we wanted to list it on the ASX in Australia where many of the shareholders are. It was a unique company and it required somebody with experience in taking companies public. And we didn't have that person within Recall and we didn't have that person within the broader Brambles business. So as Mr. Mayhew outlined we did a global search. When we did the global search we had two candidates who fitted the bill extremely well. They were both very similar in terms of their backgrounds, they'd both come out of large organisations, they'd both done IPOs in the US, they both fitted our profile and they both had very similar remuneration, both in terms of what they were currently getting and what they would leave on the table.

We were concerned about these being left on the table and for that reason we had all of our Directors interview the two candidates, unusual for us to do that but we both -- we all interviewed the two candidates. We all agreed that Mr. Pertz was the better of the two and then we set about negotiating with him. We verified that he in fact was leaving \$6 million with his previous employer and then we set about a negotiation which started off with that \$6 million was in cash, no, it won't be in cash, it will be in shares, it will be shares in a new company if we demerge it, it will be time delayed, it will have performance hurdles and we did I think everything that was possible to make that payment align with the interests of Recall shareholders.

And I think the option for us at that point was to say, well we're not up to this we'll go back and we'll do another search to find somebody who can do it, another six months, the Recall business would have been leadership in that time frame, that would not have been in the interests of shareholders. So Mr. Mayhew said, and I totally agree with it there was no absolutely zero doubt that although this was an unusual sign on bonus we did everything that was appropriate for us to do as a Board to assure ourselves it was the right thing to do. I would say we had zero doubt that Mr. Pertz and the way we negotiated his package was absolutely in the best interests of the shareholders. Now is it normal? No it's a bit unusual, that's why we've gone to such detail in explaining it to you in an open way. But thank you for the question.

Is there anything else on the Remuneration Report? Yes another question on the Remuneration Report?

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**Unidentified Company Representative**

Chairman, Mary Curran.

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**Mary Curran** - *Australian Shareholders Association - Spokesperson*

It's just we've got item one still showing, are we actually speaking on the remuneration now?

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Yeah we're talking on remuneration now.





**Mary Curran** - *Australian Shareholders Association - Spokesperson*

Okay, the Brambles remuneration policy does not meet the Australian Shareholders Association guidelines in several respects. Some of these being the long-term incentives only being three years. Our minimum preference is four. Payment of incentives even when shareholder return is negative, sign on fees, golden handshakes and the rest. I, like Mr. Tilburn and the 361 shareholders I'm representing today are particularly concerned about the golden hello to Doug Pertz of some \$6 million. I note today also, Mr. Mayhew's adjectival use of complex and non-standard. Whereas I understand Mr. Pertz may have gone -- foregone moneys when he left his previous employ it seems overly generous and out of alignment with shareholder interest. I will be voting my shares and all undirected shares against this resolution. Thank you.

**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Mrs. Curran, we understand your position and when we met before the meeting or before the -- at this meeting we made it clear that we had differences of view, but we respect your view. Are there any other questions on remuneration? Microphone one?

**Unidentified Company Representative**

Just waiting for the gentleman to come back and show me his shareholder card. It's Mr. [Finnity] Mr. Chairman.

**Graham Kraehe** - *Brambles Ltd - Chairman*

Are there any other questions from anywhere else? The spotlight's on you sir. Sorry, Mr.--

**Unidentified Audience Member**

Finnity.

**Graham Kraehe** - *Brambles Ltd - Chairman*

Mr. Finnity welcome.

**Unidentified Audience Member**

Thank you very much. Just a quick question regarding share issues, ASX launched the ASX Bookbuild this month and it's apparently started now, it's a success. And I just wondered if the Board could comment on its intentions going forward if it would use this, it's a very cost effective and efficient way of raising capital and so I would just ask if we could get a comment on that please?

**Graham Kraehe** - *Brambles Ltd - Chairman*

I'm not sure that I can give you any particular -- we're not in a capital raising mode, we're -- our balance sheet's in great shape and it's not--

**Unidentified Audience Member**

(multiple speakers) going forward things change.



**Graham Kraehe** - *Brambles Ltd - Chairman*

I'd really have to take it on notice, I'm not really familiar with the product you're talking about so I guess that indicates it's not our--

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**Unidentified Audience Member**

It was just launched a few weeks ago.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Okay, we'll get you a -- some sort of commentary but I'm not in a position to give you any feedback today I'm sorry.

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**Unidentified Audience Member**

Thank you very much.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Okay. Is there any other -- are there any other questions on the Remuneration Report? If not the resolution and the direct voting and proxy position are now on the screen, will you please mark your voting card for item two and as I mentioned I'll vote proxies granted to me in favour of this resolution.

The next three resolutions to be put to the meeting are for the election and re-election of Directors, each of them has been subject to an internal assessment process and their election and re-election is supported by fellow Directors. And for your information that assessment process that we go through is detailed in the Annual Report. So the next item of business is the re-election of Tony Froggatt as a Director, so item three is set out in your Notice of Meeting and I now invite Tony to address the meeting.

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**Tony Froggatt** - *Brambles Ltd - Director*

Thank you Graham. And good afternoon ladies and gentlemen. I've now had the privilege of being a member of the Board of Brambles since 2006. In more than 40 years of corporate life I've worked with international businesses such as Gillette, H.J. Heinz, Diageo, Seagram and most recently as CEO for the brewing company Scottish and Newcastle plc, based in the UK.

With a background in fast moving consumer goods I have lived and worked in Australia, Europe, the USA and Asia in various senior management positions. I was attracted to join the Brambles Board as I consider Brambles to be one of Australia's iconic international companies. And during my time with the Company have enjoyed working with a world-class management team and Board. I'd like to think that I've contributed to the business through my own extensive experience in global industries and appreciate the trust that you have placed in me as a Non-Executive Director over these past years.

If re-elected I look forward to further advancing your interests in my new role as Chairman of the Remuneration Committee of Brambles. Thank you very much.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you Tony. Are there any questions? Yes there's a question from Mrs. Curran I think.

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**Mary Curran** - Australian Shareholders Association - Spokesperson

Thank you. Whereas I understand this is not the forum to discuss the woes of other companies. I am concerned that Mr. Froggatt served/is still serving on the Billabong business with the AGM due on November 25 when I understand he resigns, is that correct?

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**Graham Kraehe** - Brambles Ltd - Chairman

That's a matter for Billabong not for us.

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**Mary Curran** - Australian Shareholders Association - Spokesperson

This failed, failing company, depending on your definition, has seen total shareholder return shredded with a (inaudible) trade of a dollar to a low of about \$0.10, nevertheless the Chair, Mr. Kraehe, has assured me of Mr. Froggatt's credentials and performance. So we are supporting his election on this occasion. Let's hope the only thing in common with Billabong and Brambles is the letter B. Thank you.

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**Graham Kraehe** - Brambles Ltd - Chairman

I just remind shareholders that this is a Brambles general meeting, not -- I'm the chairman of Brambles, my concern is that we have a Board who are capable, effective and contribute. And what they do outside Brambles is not my particular concern although I am sure knowing the capability of the people they'll do well outside Brambles. But I'm concerned with Brambles; Tony Froggatt is a great Director and a great contributor to Brambles.

So the resolution and the direct vote and the proxy position is now on the screen. Please mark your voting card for item three. Once again I'll vote proxies granted to me in favour of this resolution.

The next item on the business is the re-election of David Gosnell, who's a Director and his re-election is item four, set out in the Notice of the Meeting. And David I invite you to address the meeting.

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**David Gosnell** - Brambles Ltd - Director

Thank you Graham. Good afternoon everybody. Besides being a Brambles Board member I'm also the President of Global Supply and Procurement at Diageo plc. For those who do not recognise the company name Diageo, we sell a number of global drinks brands such as Smirnoff Vodka, Bundaberg Rum, Guinness and Johnnie Walker, to name a few.

Since 2006 when I joined the Board of Brambles I thoroughly enjoyed working for what is a great Company. I hope my 30 years of experience in global supply chain coupled with my day-to-day global operations experiences continue to be of benefit for the Brambles Board and to our shareholders. I would be honoured to continue to serve on the Brambles Board should you decide that to be. Thank you.

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**Graham Kraehe** - Brambles Ltd - Chairman

Thank you David, are there any questions? Mrs. Curran again.

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**Mary Curran** - Australian Shareholders Association - Spokesperson

Just a comment again, no question thank you. I welcome Mr. Gosnell back from the country of my birth to Sydney's smoky skies. I noted the 17% against vote last year by poll and pleased to acknowledge his purchase of some 8460 BXB shares and his relevant interest in 22,910 BXB shares and

indeed his confidence in blue pallets. We note his election today is simply to smooth the out and in Director pool and as per last year we will support his re-election. Thank you.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you. Are there any other questions or comments? If not the resolution and the direct vote and proxy position is on the screen. Please now mark your poll card for item four and again I intend to vote proxies granted to me in favour of this resolution.

The next item of business is the re-election of Luke Mayhew as a Director and his re-election is item five as set out in your Notice of Meeting. I now invite Luke to address the meeting.

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**Luke Mayhew** - *Brambles Ltd - Chair of Remuneration Committee*

Thank you Graham and good afternoon again ladies and gentlemen. As I mentioned earlier I have been serving on the Board now for eight years and I'd be honoured to be able to continue to do that. Outside of my involvement of Brambles I'm a Director of InterContinental Hotel Group which has brands not just like InterContinental but Holiday Inn and Crowne Plaza and a Trustee of BBC Children in Need.

My executive career in the UK was in travel, Thomas Cook and British Airways and in retail the UK department store and supermarket business the John Lewis Partnership. Since then I've chaired two other smaller retailers and chaired the British Retail Consortium. The Chairman advised me that if I said that I was a Pom born in New Zealand it would help persuade you to vote for me but I decided to ignore his advice. Thank you very much.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Despite that questionable pedigree Luke is a very valuable member of the Board. Are there any questions? I think you can do it from there Mr. Tilburn if you like. I'd be careful about what you said about the auditor earlier Mr. Tilburn.

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**Jack Tilburn** - *Shareholder*

I like to give my compliments to Mr. Mayhew through you Mr. Kraehe. I consider that he's been batting on a very, very sticky wicket as cricketers say; it's not an easy one to bat on. It's a very complex and very involved matter to remunerate the key management personnel, KMPs I believe they're called in short and then there's 18,000 employees. And overall I'd like to think that over those several years he's been the Committee Chairman on the Remuneration Committee he's done a very good job for us. It's not easy and I'd just like to say that I'm sure that many people like myself would like to congratulate him on his very good sterling work that he's done. Thank you.

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**Graham Kraehe** - *Brambles Ltd - Chairman*

Thank you those words and I'm sure Mr. Mayhew appreciates it. The resolution and the direct vote and the proxy position is now on the screen. Please mark your poll card for item five and again I intend to vote proxies granted to me in favour of this resolution. Please don't forget to place your voting cards in the boxes beside the exits as you leave, the poll will remain open for another 10 minutes. When it closes you'll be notified on the screen behind me.

Ladies and gentlemen that really completes the business of the meeting. I declare the AGM closed. I thank you for your attendance and your participation. And I invite you join us outside for a cup of coffee or cup of tea. Thank you.

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