Event Transcript

Company: Brambles Limited
Title: 2016 Annual General Meeting

Start of Transcript

Stephen Johns: Good afternoon, ladies and gentlemen. It's just a little bit after two o'clock and I think we're ready to start. My name is Stephen Johns, I'm your Chairman. It's my pleasure to welcome you to day and to declare the 2016 Brambles AGM open.

There are copies of the notice of meeting and copies of the minutes of our last AGM in the registration area, you may have collected them on the way through or seen them. With your agreement, I propose to take the notice of meeting as read. Are we in agreement? Thank you.

My script says I'm going to introduce our directors, but before I do that, I'd like to say happy birthday to Mr. Tilburn for his 90th birthday yesterday, so well done.

I'd now like to introduce your directors and senior executives. So on my left, there's Scott Perkins, then Brian Long who's Chairman of our Audit Committee, Carolyn Kay, our Chief Financial Officer, our CFO, Zlatko Todorcevski, our CEO Tom Gorman. On my far right over there is George Zoghbi, very far right, Christine Cross, Tahira Hassan, David Gosnell, Tony Froggatt who's Chairman of our Rem Committee and our Company Secretary Robert Gerrard.

George was appointed during the year and stands for election today. David and Tony, they stand for re-election. All directors standing for election or re-election have the unanimous and full support of their colleagues on the board. Also with us today, sitting in the front row, Nessa O'Sullivan, our CFO-designate who actually takes over the reins tomorrow, and [Paul Bentall] and [Sue Horland] from our auditors, PricewaterhouseCoopers. We'll be holding a poll on all the resolutions before this meeting. So now I'll open that poll.

Any shareholders leaving early may place their completed voting cards in the ballot boxes by the exit doors. I'll explain the voting procedure when you reach the formal part of the meeting. After I've spoken, just going through the agenda for this meeting, I'll hand over to Tom Gorman to provide his CEO report and then Tony Froggatt will review our remuneration policy. After Tony's report, I'll respond to the most frequently asked shareholder questions which we received prior to today's meeting. I'll then take questions from the floor before moving to the formal part of the business.

We are webcasting this meeting for the benefit of shareholders who could not attend in person, and we will retain an archive version of that webcast on our website.

So, ladies and gentlemen, it is a great privilege to address you today as Brambles' Chairman. 2016 was another very successful year for Brambles. I think this is a testament for the strength of our business model, our commitment to customers and the quality of our employees and the management team, led by Tom Gorman. We delivered an excellent result in the 2016 financial year, despite market uncertainties and economic challenges in many of our markets. In constant currency terms, sales revenue grew by 8% and with the achievement of cost efficiencies, underlying profit grew by 9%.

Return on capital invested was 15.3%. This was a decline of 0.2 percentage points at constant currency. But excluding the impact of all acquisitions and foreign exchange movements since December 2013, which is the date when we announced our five-year targets, return on capital invested was 17.2%, up 0.4 percentage points at constant currency on the prior year. In the light of our strong performance in 2016, and in accordance with our progressive dividend policy, the Board increased total dividends for the year by $0.01 per share to $0.29 per share. This reflected a 4% increase on the prior year. The 2016 dividends were 25% franked, down from 30% in 2015. Reflecting the increased portion of offshore earnings in 2016.

Our balance sheet remains strong, which is reflected in our two key financial ratios; net debt to EBITDA of 1.7 and EBITDA interest cover of 13.5 for the year. Both these measures remain within the Board's policy and well within the levels of our banking covenants. We also maintained our solid investment-grade rating of BBB+ from Standard & Poor's and Baa1 from Moody's.

As I'm sure you're aware, in August we announced Tom Gorman's decision to retire as our CEO, to take effect in February 2017. Earlier this year, our CFO, Zlatko Todorcevski, also announced his retirement from Brambles and from executive life more generally early next year. As a consequence it is my great pleasure today to express the appreciation of the Board and of all shareholders to Tom and Zlatko for their singular contributions to our company. Tom Gorman's seven-year tenure as our CEO has been extremely successful. During this time, he has established and articulated both internally and externally a clear strategy for value creation and the company has achieved consistent sales and profit growth. We will miss Tom and the exceptional leadership he has brought to our company.

We also greatly regret losing an executive of the calibre of Zlatko Todorcevski. During his four-year tenure as CFO, Zlatko has made an outstanding contribution to our business, particularly with his leadership of the finance function, his work on the Recall demerger and the group-wide One Better Program. Tom and Zlatko have been integral to the creation of the robust foundations for our next phase of growth and development. They leave Brambles in excellent shape and with a culture of customer centricity and accountability. I'd like to take this opportunity on behalf of the board to thank Tom and Zlatko for their unwavering commitment of our success, and we wish them well in their future endeavours. Well done.

So we move on. So in the search for a replacement for Tom and Zlatko, the board implemented two separate carefully planned and rigorous succession processes. Both involved the use of a global executive search firm and a meticulous review of internal and external candidates. We are delighted to have appointed such high-calibre executives with a proven experience and reputation as Graham Chipchase and Nessa O'Sullivan to be our next CEO and CFO respectively. Until June this year, Graham was the CEO of Rexam Plc, listed on the London Stock Exchange, and one of the world's largest consumer packaging companies. He joined Rexam in 2003 as Finance Director and was appointed as their CEO in 2010. Graham successfully led Rexam in the aftermath of the Global Financial Crisis, improved that company's operations and financial position and delivered significant economic value to Rexam's shareholders.

During his time at Rexam, Graham also gained a reputation for fostering and strengthening and customer relationships. Graham left Rexam in June 2016, just a few months ago, following the acquisition of that company by US-based Ball Corporation. Your board is very confident in Graham's ability to lead Brambles to further growth and success. Graham will commence with us as CEO-designate on 1 January 2017, and will work closely with Tom in the two-month transitional period until he takes over as our CEO on 1 March next year. After this time, Tom will be available to assist Graham until the end of June 2017.

So Nessa O'Sullivan, who's sitting in the front row, joined us a month ago and will formally take up the CFO role tomorrow, with Zlatko remaining with the company until February next year, again to facilitate a smooth transition. Nessa has had a very successful career in finance, with large international and ASX-listed companies in the fast-moving consumer goods sector, a sector of strategic significance for our CHEP pallets business. Her last role was CFO of Coca-Cola Amatil which she held until May 2015.

Nessa and Graham join the company with strong credentials and at a very exciting time for us. The board has every confidence that they, together with our experienced and capable management team, will build on the company's strategy and success and with the same customer focus.

Ladies and gentlemen, Brambles is a leading - as I guess you know, a leading provider of supply-chain solutions with unapparelled expertise in the management of reusable pallets, crates and containers which are integral to our customers' supply chains. The strength of our network advantage, coupled with the industry-leading expertise of our people, has positioned our businesses as strategic partners for many of the world's leading companies. In 2016, we continued to focus on delivering sustainable value to customers, through supply-chain efficiencies, cost savings and also through our sourcing activities. Through numerous customer collaboration initiatives and joint venture plans or joint business plans, we successfully delivered transportation efficiencies, reduced waste from and also improved the environmental footprint of, the supply chains of some of our largest customers. The slide behind me highlights some examples of our achievements in 2016.

I'm also extremely pleased to report that our 2016 global customer survey indicated improvements across all of our business units.

We recognise the increasingly important role that technology will play in our industry in the future. Earlier this year, we created a new division, BXB Digital, to develop opportunities in relation to data analytics, smart assets and the internet of things. Our vision for BXB Digital is to take the data we have today and turn it into meaningful information, thereby enabling us to add value to our customers by providing them with unique insights into their businesses. We also envisage BXB Digital will assist us in making our own business more efficient.

In addition to investing in technology, we understand that what sets us apart from our competition is the quality of our people and the inherently sustainable nature of our business model. For this reason, it is critical for us to invest in the safety and development of our employees. Our management teams around the world devote a great deal of time and resources in promoting and implementing our zero-harm programme in all areas of our company's operations. I'm proud to report that in 2016, we reduced our leading safety metric, Brambles injury frequency rate, by 27% on the previous year. We continued to invest in developing and empowering our people and our numerous talent management and leadership programmes are designed to provide a deep pool of talent at all levels of our organisation.

Pleasingly, our 2016 Brambles employee survey had the highest participation rate since its inception. Employee engagement remained in line with the prior year, while employee enablement improved by two percentage points. In March 2016, we're excited to initiate the next phase of Brambles' sustainability journey with the launch of our 2020 sustainability goals. Our inherently sustainable business model has enabled us to set many goals for the next five years which emphasise our commitment to making the world's supply chains more efficient, investing in our people and communities while conserving and enhancing the natural resources our businesses depend on.

Our goals are also linked to the United Nations' Sustainable Development Goals. This alignment between our sustainability strategy and global priorities provides us with a common platform for collaboration with our key shareholders on critical sustainability issues. These include deforestation, climate change, future resource constraints and the resilience of food supply chains. Further information about our 2020 sustainability goals and our performance against these goals is located on Brambles' website and in Brambles' 2016 sustainability review which was published on Monday of this week. Copies of this review are available in the foyer.

We firmly believe that our commitment to delivering sustainable value to our customers, investing in our people and leveraging our inherently sustainable model has enabled our business to deliver total shareholder returns of 110% for the five years which ended last Friday, 11 November. As you can see from the chart, Brambles has outperformed the broader market.

Ladies and gentlemen, your board looks to the future with great confidence. The company is very well positioned and we continue to invest in growth programmes, designed to strengthen our existing businesses and to create new avenues for long-term growth. As noted in our recent first quarter trading update, our FY17 guidance for sales revenues growth of 7% to 9% and underlying profit growth of 9% to 11%, both on a constant-currency basis, remains unchanged. We also remain committed to the five-year targets we set in December 2013 and our ongoing business strategy.

I'd like to conclude my address today by again recognising the company's achievements under the leadership of Tom Gorman. The board firmly believes that the foundations have been set for our future growth and development as a strategic partner for our customers, as an employer of choice for our people and as a company which delivers superior value for our shareholders. I'd like to thank all of our employees for their efforts over the last year and to you, our shareholders, for your attendance today at this year's AGM and for your ongoing support for Brambles.

Thank you very much and I'll now hand over to our CEO, Tom Gorman.

Tom Gorman: Well thank you very much, Chairman. Before I dive into my prepared comments, I'd like to just go off script just for a moment. I'd like to recognise your board and my fellow directors. I have been - the relationship between a CEO, the management team and the board of directors, as many of you know, is really key to the successful performance in any company. As you can see in the media every day, the world is really littered with dysfunctional relationships between boards and their management teams. That is absolutely not the case here at Brambles.

I've been extremely fortunate over the years to have had an incredibly good board that is both supportive and challenging. Your directors travel extensively to understand the business, three times every year we hold board meetings outside of Australia. They work hard to understand the business, they work hard to get to know our employees and they meet with our customers. Directors also serve as mentors for our senior managers. They have been incredibly helpful to the development of our people. They add their business expertise on specific projects that we're working on and they use their extensive contacts to assist us around the world in our business development efforts.

Directors do a lot more than just advise and provide governance; they really are key to the smooth running of a company. So thank you again Chairman, and thank you all of my fellow directors for your support for me over the years. I also would just like to echo one more thank you that the Chairman allayed mentioned. That's to my colleague who's not actually a director but has the pleasure of sitting through all of the board meetings, and that's Zlatko Todorcevski. Zlatko, or Z as I like to call him, have been together now for four years. It's hard for me to imagine someone who is a better partner in business. His work ethic is role model, his integrity is role model, his business acumen and his commitment to making your company, our company better, is really amazing.

We're incredibly fortunate to have Nessa O'Sullivan follow in Zlatko's shoes, and there's no doubt that Nessa and I will work very well together over the coming months to continue the growth of our company. But the fact is, I'm losing a great friend. Thanks.

So today marks - now to the prepared comments, sorry about that. Today marks my eighth and final Brambles AGM. Therefore, it's really my final opportunity to address you, our shareholders, as CEO of this great company. As I said to our employees when I announced my intention to retire from Brambles back in August of this year, I really love my job. I have loved being part of the Brambles team for the past seven years. So thank you for allowing me to serve you and to serve as your CEO.

Now as shareholders, you mostly get to see and hear from the company's Chairman and other non-executive directors, you get to see me and you hear from me as CEO, you'll hear from our CFO, and every now and then a few other senior members of the management team will come out and talk to shareholders. For obvious reasons, it's really not possible for you to meet our more than 14,000 employees, nor is it really practical to even meet the top 100 or so of our managers from around the world. I've always thought that this is really a terrible shame. Because within Brambles, we have some of the most talented, some of the most dedicated and customer-centric people I have ever worked with over my 35 years in business. It's really our people that make our company great, and leading them has been an absolute privilege.

At times like this when the CEO's saying goodbye, it's fairly common for the retiring executive to talk about the past, to focus on his own accomplishments, maybe to list a bunch of metrics, and in essence to try to give themselves a pat on the back. Although I am enormously proud of all that we have accomplished over the past seven years, I thought it would be more important and in fact ab it more helpful to talk more about the future than the past. Because, like you, I believe in the future of this company. So I was going to take you back a little in the past and project that into the future.

When I applied to be the CEO back in August of 2009, a number of directors were on the board then and will remember - in fact, I think David Gosnell interviewed me first when I joined Brambles in 2008. But a number of you were here back in that day, and Graham Kraehe at the time was Chairman. But at the time I made my presentation, I identified a number of areas which I thought, as new CEO, I should focus on. The areas that I identified at the time included organisational behaviour, a focus on people, communications, operating performance and the strategic direction of the company. Now much has happened over the years in each one of these areas. But to me, they still really remain very relevant today.

So I would like to discuss a little bit about what we've achieved in these areas, but more importantly why I think they serve as a platform for your new CEO, Graham Chipchase, to take our company forward to its next phase of success and development. Now on the first key issue, the issue of organisational behaviour, we've really pushed very, very hard to get the right balance among our key constituents. I know we have many constituents around the world but we focus on three key constituents. First is our customers, second is our employees, and if we take care of those two, we take care of you, our shareholders. We have been driving a culture of increased customer centricity and accountability. In simple terms, we have tried to develop an organisational culture that does what it says it is going to do. I really believe now that that's ingrained in our organisation.

This ethos, this ethos of delivering commitments is important both to our near-term and our medium term financial objectives, but more importantly, all the non-financial commitments that we made relating to our customers and to our employees. We intend to deliver what we commit to do. Now the opportunity to get the true benefits from our scale in key areas like procurement, finance support, human resources support, that remains a very big opportunity for us going forward. Delivery of the plans that we currently have in place will go a long way to making us even more competitive in the years to come.

Now the second imperative I identified was around people. Now as I've already mentioned, I think we have outstanding people in our company. It's management's job, it's that job to continue to attract, develop and retain the best people we can to deliver our strategies for the future. Now over the years, we have invested heavily in the development of our leaders. Our management turnover has been extremely low and our ability to attract great people from the outside, with an example of both Nessa and Graham, has been very strong. Although we are obviously heading into a period of some management change at the top of the company, I can assure you that the core of what makes us great will remain. I say, in parting, that we cannot forget how important our people are to our ongoing success. I know that Nessa understands this and Graham understands it and they will continue to invest in our people.

Now communication was the third imperative I identified, and this has been also an area of great focus for your company over the past seven years. Strong communication, both internal and external, is critical to successful alignment in any organisation. I really believe that we've progressed significantly in this area. Earlier this year, every year we have what we call the Brambles Leadership Meeting, and it brings together roughly the top 100 executives of our company from around the world. Earlier this year, we held one of these meetings and as part of that meeting, we held an investor panel discussion. Now I moderated this session and we had a number of really fantastic questions from our own people. One question in particular, and the answer given by our investor, was really powerful and I thought I would share that with you today.

When asked by one of our employees, they asked this investor, how does a company like Brambles ensure that we have long-term investors on our register. So long-term investors rather than short-term traders. The investor said something that was very simple and very powerful. He started by saying, you know, you get what you deserve. If you are transparent, if you communicate frequently, if you provide good access to management and if you do what you say you're going to do, you will in fact get good, long-term focused investors. If you don't behave this way, you will not. It's really that simple. Transparency for us at our company has really been a hallmark of this company over the past seven years. Really reflecting the strength of our board and the commitment of the leadership team.

Now I'll move onto operating performance. Because this has been one of the clear differentiators for us as a company for many, many years, and this pre-dates my arrival as CEO. We are absolutely blessed with a great market position and outstanding people. We have focused on delivering for our customers and when we are successful, our customers are successful. When our customers are successful, our business get stronger. I think you all know that ours is a low-transaction value but high-velocity business. In a business like this, you should never take your eye off the ball. If you do, bad things will happen. Asset losses, quality problems, customer defections, these are all experiences that we have had in the history of our company. I believe we've improved vastly and we've avoided those problems in each of these areas. Now while we must remain diligent, I believe we have a team of people that are intensely focused on delivery with a deep understanding of what drives our success.

Now finally, the fifth issue that I identified is this issue of defining the strategic direction of the corporation. Our strategies were established several years ago, and again, with great board support and alignment within our organisation, we have been delivering on our strategies quite successfully. Now as part of these initiatives, we have also planted many, many seeds for the future strength of this company. I have no doubt that the future strategies will in fact contain some of the elements of the strategies that have taken us to this point in our history. These will likely include things like continued geographic expansion and continual platform diversification. But I also believe that future strategies will likely include new actions, emphasising more innovation, driven by things like BXB Digital that the Chairman mentioned, and other emerging technologies.

Although it is still very, very early days for our BXB Digital team, there may be a time when the information that we control is, in reality, more valuable than the income we make from the products that we move for our customers. Brambles and organisations like Brambles, we're not inanimate objects. Corporations are in fact living things. We're brought to life by the creative energies of our people and we grow and we react to markets and external environmental changes that we experience. I have no doubt that this will continue to happen with Brambles. We will continue to evolve as a great company.

But here again, I believe that we are in a great position to prosper, based on our strong business platform, our intimate relationships with our customers, our talented people, our strong board and our ability to develop strategies that really focus on building value for our customers, our employees and our shareholders.

I'd like now to end on a more personal note, if I may. Although I believe it's obvious to virtually everybody here, and all of the people that are listening that understand how large enterprises work, I believe it is necessary to acknowledge a pretty obvious thing. That is that the pursuit of an international business career, and ultimately being the CEO of the company like Brambles, is inherently a very selfish act. For the past seven years, Brambles has absorbed an immeasurable amount of my life, and in order to be successfully, my family has had to support me and my passion for business and my passion for our company.

I'm absolutely blessed with an unbelievably supportive wife and two fantastic sons. My wife and I have been together for 36 years and I would not be here today without her love, her encouragement and her support. So I'm a very lucky man. So thank you for your support of Brambles and your support of me over the years. Best wishes for continued success. Thank you.

Stephen Johns: Thank you, Tom. I now hand over to Tony Froggatt, Chairman of our Remuneration Committee to discuss our Rem policy in a bit more detail. Thank you.

Tony Froggatt: Thanks very much, Stephen, and good afternoon, ladies and gentlemen. Today I plan to cover four key topics. Firstly, how our executive remuneration is structured, the outcomes for the 2016 fiscal year, including share vesting. An update on our employee share plan, MyShare, and lastly, I'll comment on the remuneration structure for Graham Chipchase.

Turning to our executive remuneration policy, its objectives are firstly attract and retain high-calibre executives to our organisation. Secondly, to incentivise our executives to achieve the challenging performance levels that we expect from them whilst reinforcing our business strategy. To pay out for performances and results, and therefore the creation of shareholder value. Over the last couple of months, the Chairman and I met with shareholders and proxy advisors in order to seek feedback on Brambles' remuneration policy and structure. I'm pleased to report that there is continuing support for both our remuneration structure and policy which are seen to be meeting the objectives indicated on the screen above.

So how is executive pay at Brambles structured? There are two categories of remuneration; fixed and at risk. As you can see from the pie chart, more than 75% of executive remuneration is at risk. Meaning it is only delivered if stretch targets are achieved. It also shows how remuneration would be broken down in a year where maximum targets were met. Fixed salary and benefits represent 24% of potential and at-risk short-term incentive, or STI, which is determined by a combination of financial results and achievement of personal objectives, represents 44% of potential. Half of the at-risk STI is given in cash, while the other half converts to shares which are then deferred for two years. If we turn to at risk, long-term incentive, or LTIs, this comprises an award of performance shares with payout conditional on meeting stretch results over three years.

As I'm sure you can see, there is a strong alignment between the performance of the business, the creation of shareholder value and the level of executive remuneration. In October 2015, management decided that it was in the company's interest to restrict senior executive salary increases to reflect the economic circumstances at that time. As a consequence, some members of the executive leadership team opted not to take any increase for the year and therefore, across the ELT, the average increase was below 1%. Ranging from 0% to 3.2%. This compares to a company-wide average at that time of 2%.

Annual bonus or STIs achieved were above target level of the year, resulting generally in between 61% to 87% of potential bonus. LTIs awarded in 2013, partially vested in 2016 at 75%. With TSR vesting at 35% above the median for the ASX 100. Overall, payments in the 2016 fiscal year represented a fair reflection of company performance in both the short and longer term. In fiscal year '16, the board had a 2% increase in fees and in April of this year, the Remuneration Committee undertook a full review of the remuneration strategy structure and policy, including share-based incentive plans and concluded that the current approach continues to strongly align executives' interests with those of the company and its shareholders.

Turning to MyShare, as many of you know, this is an all-employee share plan. It is a globally consistent employee share purchase programme which encourages employees to purchase shares in their own company. All employees are eligible for MyShare, which requires participating employees to pay up to $5000 post-tax to purchase Brambles shares. If those shares are held for two years, they are matched one for one by Brambles. Through MyShare, our employees now own more than 3 million Brambles shares, which amounts of 0.2% of issued capital.

Finally, I'd like to confirm that Graham Chipchase's remuneration package was fully disclosed in our ASX announcement on 18 August 2016. All the terms of Graham's remunerations are in line with our standard executive leadership team salary package. As you are aware, we are seeking shareholder approval today for his participation in the Brambles performance share plan and the MyShare plan. So overall, I can confirm that the Brambles remuneration strategy continues to support the business strategy, and that our remuneration policy remains designed to reward executives for the creation of shareholder value.

Before handing back to Stephen, I'd like to address a question we received from the ASA prior to the meeting. The question related to the value of share-based payments made to sniper executives. Last year, we provided two values in two separate tables for share-based payments. The first was what we called the actual share income. Which is the market value of share awards at the time they vested during fiscal year '15. These awards were granted to the executives in prior financial years. This is a non-statutory measure and is not required to be included into the remuneration report under the accounting standards or companies legislation.

The second value was the share-based payment number. This is the theoretical accounting value of the unvested share awards, which is a statutory measure and is required to be disclosed in the report under the accounting standards. This year, as a part of a financial report simplification programme, carried out in conjunction with our auditors, PwC, we looked at steps which we could take to simplify the remuneration report, particularly as we regularly receive comments from shareholders about its complexity. As a result of that review, this year we decided to report only one of the measures I previously referred to. That was the statutory share-based payment amount, which we are required to provide.

We made this decision for three reasons. To comply with our reporting obligations, to avoid confusion and to reduce the length of the report. In doing so, we do not believe that we are out of steps with market practice in not providing details of actual share income.

Thank you very much. Back to you, Stephen.

Stephen Johns: Thank you, Tony. Ladies and gentlemen, before moving to the formal part of the meeting, I'll now answers questions from shareholders. First, I'd like to respond to the main topics from the questions raised by shareholders using the form provided with the notice of meeting.

We received a smaller number of questions than usual this year, many of them related to the remuneration policy or remuneration issues. I believe Tony has addressed those adequately and very competently during his report. In addition, we received some questions about the level of our franking credits, which I have dealt with earlier in my prepared remarks. We also had some questions on our share buyback policy. We currently have no plans to implement a share buyback programme. As a board, we believe that Brambles has significant growth opportunities which will deliver superior returns to our shareholders. We will, however, continue to monitor this issue as part of the board's regular review of capital management.

As I mentioned earlier, Paul Bentall from our auditors is in the front row here, from our auditors PwC, he is available if any shareholder wishes to ask him any questions.

Ladies and gentlemen, I will now take questions from the floor. I remind you that only shareholders or their proxies or company representatives are entitled to speak at this meeting. If you wish to ask a question, please approach the microphone, show your green voting card or blue, non-voting shareholder card and give the attendant your name. If you're unable to get to the microphone then please raise your hand and an attendant will bring a microphone to you.

Please, to maximise the opportunity for all shareholders, I'd request that you only ask one question at a time, thank you.

Are there any questions? Yes, microphone 2.

Operator: Mr Chairman, may I introduce Jack Tilburn?

Stephen Johns: Thank you. Welcome, Jack.

Jack Tilburn: (Shareholder) Yes, thank you, Mr Stephen Johns, and I'm pleased to be at the AGM of Brambles today. I don't know what number of AGM it is for Brambles, but I have been to about the last 20. Ladies and gentlemen, my name is Jack Tilburn, I'm a passionate, very passionate interrogator and inquisitor and investigator of companies. I'm in 32 of them on the Stock Exchange and they all get a bashing from me. Because there's no perfect company, Mr Johns as you know, there's no perfect board of directors. There are certainly no perfect annual report.

This is my number 582 AGM, 38 years at the coal face, and I'd rather come to an AGM than go to a wedding or a divorce. I have my homework done on part 1, which could have been put up on the screen, the financial report, the directors' report and auditor's report.   So I'll get stuck into my homework.

Question, I arranged a meeting with Brambles' Chairman Mr Stephen Johns about two months ago, to attempt an updated and modern-day annual report. I thought it was getting a bit old, like me. It wants an awakening. I don't think the board is doing enough about the annual report. I showed Mr Stephen Johns BHP Billiton, I showed him Lendlease, I showed him Mirvac and I showed him the Brambles 1994 annual report. Those four lots are much better than what Brambles is doing in 2016. I didn't like, of course, 2015.

Brambles needs a reawakening. They want superior information in the annual report. Superior printing size, superior boldness which is use of black ink, superior larger page numbers, you can hardly see them, and superior helpful pictorial displays which those other companies have. We are losing out. So, Mr Johns, what are you going to do with my forensic 15-page report, if anything? Fifteen pages I gave him, as I maintain Brambles' annual report is in a time warp, or frame, of 10 to 15 years ago.

May I carry on ladies and gentlemen? Question, reminding you Mr Stephen Johns of how patient I am to get Brambles to disclose their payout ratio. Which is dividends received in American dollars over the net operating profit in American dollars. Because all of Brambles, 99.9% of it, is in American dollars currency. That's how they function. But my personal goal for payout ratio is not reciprocated by you, why? Our annual report states net profit of US$587 million, on page 84, five-year financial performance summary. Our annual reports states dividends paid US$205 million. So my payout ratio calculation with that dividend and net operating profit would be a very small, lousy, miserable 35%.

But after breakfast this morning, I said, I think Brambles must be doing better than a payout ratio of 35%. So I looked on page 58 and I saw that the interim payout in millions was US$174 million. The final payout in United States dollars was US$153 million. Total, US$328 million. Using the calculation for payout ratio of the dividends received over net operating profit, it was 59%. So I must ask, Mr Johns, between 37% and 59%, where do we really stand?

I would like to see the payout ratio put in the annual report, as you know, Mr Stephen Johns. I'm also very worried, ladies and gentlemen, that we only receive lowly dividends $0.28 in 2015, $0.27 in 2014, $0.27 in 2015 and $0.26 now in 2016. So there's three of four years that they haven't done very much to increase quite much the annual dividend. I did try to be patient about getting the dividend statement expressed United States dollars. You get a dividend statement, we all get a dividend statement. There are 70,000 shareholders to get a dividend statement. It's in Australian dollars.

But when I showed him BHP Billiton was, it said, this is the American amount of money you're going to get. The next sentence was, this is equated to what the Australian dollar is on foreign exchange. So I am at a loss to understand still my passionate regard is not accomplished, yet. Then they went on on page 7 of the annual report, thank you, I will just mention this because there it was on page 7, Mr Froggatt's done a good job, or he tried to do a good job on remuneration for 14,000 employees in this very big company. It would be a colossal task to get around to fixing up salaries, remuneration for 14,000 employees.

But on page 7, ladies and gentlemen, and Mr Froggatt tried to introduce us to this, there was short-term incentive awards, there was long-term incentive awards and there were two important hurdles, which I don't think Mr Froggatt really got onto. One of them is the total shareholder return hurdle. The next one is very intricate, it's a hurdle measured by a combination of sales revenues, compound annual growth rate with a Brambles value added. Now that's a very big mouthful indeed of a big hurdle. But there it is. So, Mr Johns, I've finished my general remarks and particular remarks, please, as you know arising from my 15-page forensic analysis I gave you.

But listen, if you'll accept my last question, it is on the auditor's remuneration, page 76. It's about the first page that I ever go to in my 32 companies, because I am never satisfied with what the auditors are doing. Two things; they always charge so much money and they never put their details down of how that US$1 million, US$2 million, US$3 million, US$4 million, US$5 million is made up. I don't think our auditors, PricewaterhouseCoopers know what they're really doing. Page 76 is not really good enough. Then on page 36, they report about non-audited services on page 36. That's a big mouthful to take in, to finish up. You had audit services, which is very, very involved, very complex, particularly for a global company like ours. On page 36, which only a minority of companies do, they published that non-audit services were US$230,000. I worked it out myself, US$230,000, I agree.

But it's not really set out, Mr Johns. Audit services should be one big arrangement. Non-audit services should be another second arrangement. The greatest disclosure to us shareholders and owners of what makes up non-audit services of US$230,000. They never really did it. Thank you very much, ladies and gentlemen. By the way, ladies and gentlemen, to tell you how passionate I am, this is my number 582 AGM, 582.

Stephen Johns: Well, Jack, thank you very much. Well Jack, you raised a number of questions, and firstly thank you for sending us your detailed letter a couple of months ago. So it gave us good insight into not only the amount of work you do on our annual report, but your interest in our company. I'll try and respond as best as possible and hopefully I don't miss any of the points that you raised.

Firstly, I think our annual report, or we believe our annual report, firstly fulfils all of our statutory requirements, meets all the legislation and ASX rules and is appropriate. We provide the information in a meaningful way. I think what you mainly raised, particularly in your letter, was some of the difficulties in reading the font sizes, and the like, as well as the fact that I think you said in our 1994 annual report, that there are lovely photographs there. I think if you look through most of the annual reports in the modern-day, there are not too many photographs. There were photographs of pallets and there was trucks and things like that. I don't think that's really very helpful in letting our shareholders actually understand what the company's about. I think our real objective is to provide meaningful information and we're always open to suggestions from you, from all shareholders, both large and small, as to how we can improve what we're doing.

But we as a board and we as a management team up here, believe that what we provide to shareholders is both appropriate, meaningful and insightful. But we will take on board particularly your suggestion about the font size and we'll look at the layout of our annual report for next year.

The payout ratio, you have raised that previously in previous years. I've just really got to explain that we're not BHP for a number of reasons. But in terms of dividend, BHP has a policy of declaring dividends in US dollars. So therefore it's an easier explanation when they have their financial statements expressed in US dollars and they pay their dividends in US dollars. Or they declare the dividends in US dollars. We've taken the view in the past, for many years now, that with many of Australian shareholders, they'd actually prefer to have the dividends declared in Aussie dollars, even though our financial statements are in US dollars. So it's very difficult then to have a particular payout ratio when the accounts and profit is declared in US dollars and we actually declare our dividends in Aussie dollars.

But that's something we'll look at in the future as well. We're always reviewing our policies and procedures. But we have a progressive dividend policy, as you know. What that means is that we seek to either maintain our dividends at the current level or increase them. I think you said that our dividends have gone backwards. That's not correct, we've actually increased our dividends year in and year out. Last year, we had a total of $0.28 per share and we've gone up to $0.29 per share. As I said in my prepared address, that's a 4% increase. So we are seeking to increase dividends in Aussie dollars every year, and we have been doing that and we do that in 2016.

The calculation that you presented, or a couple of calculations about what is in fact our payout ratio if you concern the Australian dollar dividends into US dollars. Not quite accurate. I can actually tell you, and we can take you through the actual numbers, but if you take our interim dividend for this year, our final dividend which has been paid for this year, and if you divide that by our profit after tax, we had a payout ratio of 63%. It's, broadly speaking, where I think you suggest you'd like to see our actual payout ratios, even though we don't have a policy in that regard. So we don't compare ourselves with BHP in many regards, or with any other companies, but we see to provide for our shareholders what we think is the best result and what's most appropriate. But we do review that every year and we'll continue to do that in the future.

I think that Tony Froggatt presented our remuneration policy extremely well. In terms of the long-term incentive plan, just to summarise that, we have two metrics. The first one which goes to 50% of the value, as you pointed out, is relative total shareholder return. So we compare ourselves with the ASX 100, how well or how badly we've done in comparison with them. That goes to 50% of the value of the long-term incentive plan for our senior employees. The other one is a bit complicated, I will admit that bit. Because it's a combination of sales growth over a three-year period and the creation of shareholder value in terms of BVA. What we call BVA, which is Brambles value added over that period of time. So if any shareholders are actually confused as to what that really means, we can take you through the detail, management is here, we can do that after the meeting. But what it really means is that we want to grow our sales, that's obvious, that's very clear. We want to grow our sales, so we have a metric which is the compound annual growth rate of our sales revenue over the three years. But we want that growth and sales to be profitable, we want it to be meaningful and add value to shareholders.

So we combine that with the Brambles value added, which is the return on capital in excess of 12%. Now we set that 12% many years ago, when interest rates were probably around that level. It was actually set before I joined the board of our company. We have maintained that very high benchmark, even though interest rates have come down to such low levels around the world, in all the markets in fact that we operate in. So we are seeking to achieve returns on capital invested above a 12% benchmark and combining that with sales growth. I think that's a very powerful metric and it's actually a very challenging one for our employees to achieve, or for our management team to achieve.

I think the last point you raised was auditor's remuneration. Which is something which hi guess we all look at, and we certainly look at it. First of all, let me say that I was the chair of the Audit Committee for many years, Brian Long now does that role and does it very, very effectively and very competently. Not to say that I didn't, but I think he actually does a tremendous job. I've got someone to replace me who's far better. But we look at the performance, the Audit Committee and the board looks at the performance of our auditors, we have questionnaires which go out to staff around the world and we have feedback as to their performance and we share that with PwC and we discuss that. They do their own performance review of themselves.

So we're very confident in that we have an excellent firm of auditors. We're a complicated company operating in over 60 countries. So yes, the audit fee is, in absolute terms, quite large, at around about US$5.5 million, US$5.6 million. But we believe very clearly that we get value for that, Jack. I think they do a very good job. I don't want to be their promoters but I think that they do a very good job. This year, we only had - and I don't say only - we had US$227,000 or US$230,000 worth of other services that is split between taxation services around the world and some general activities. Which is, in terms of a company of our size, not that large. But we are very confident that we have a very good and competent firm of auditors who charge us an appropriate fee.

I think that covers the various questions, Jack, that you raised.

Number 1, microphone number 1.

Operator: Mr Chairman, I'd like to introduce Mary Curran.

Stephen Johns: Good afternoon, Mary.

Mary Curran: (Australian Shareholders Association, Shareholder) Good afternoon. Yes, my name is Mary Curran, I am a long-term shareholder in Brambles in my self-managed super fund. Today, I represent the Australian Shareholders' Association, ASA, with 288 shareholders and 1.4 million shares.

Firstly, I would like to congratulate Brambles on its safety record. With 14,570 employees, this is no mean feat. As shareholders, we are firmly behind the Brambles zero-harm charter. I note we are saying goodbye to CEO Mr Gorman and CFO Mr Todorcevski. Thinking on succession planning though, I can't help but think of Oscar Wilde, to lose one CEO may be regarded as misfortune, but to lose both the CEO and CFO looks like carelessness. Nevertheless, I wish both Mr Gorman and Mr Todorcevski well and thank them for their hard work. Despite not knowing what we've paid them, but I'll save my breath on that for the remuneration resolution.

I'd also like to welcome Mr Chipchase, although he's not here today, is he?

Stephen Johns: No, he's not.

Mary Curran: (Australian Shareholders Association, Shareholder) But I hope he's listening in. Also, Nessa O'Sullivan who is here, and I'll say to her, [unclear]. I notice that Mr Chipchase, during his tenure at Rexam, doubled the share price. I do hope his success with tins will spill over to timber pallets and plastic crates. I would have liked to possibly hear from them but obviously they're not joining us on the board today. But I'd still like to hear about the effect of Brexit and the general feel of business in Europe. In particular, I would like to hear about the Ferguson acquisition in Scotland which suffered goodwill impairment, and how it can eventually meet the Brambles return on invested capital ROIC goal of 20% like the pallets business in the long term? Thank you.

Stephen Johns: Mary, thank you very much. I'll ask Tom in a moment to give some views on Brexit, but let me first talk about Ferguson and maybe Tom will add to that as well.

Ferguson was our acquisition in the oil and gas sector, shareholders may know that. It was at a time when oil prices were still high, before the dive in the oil prices. But we are actually a long-term player, we see that as an opportunity to use our pooling expertise and experience in a different sector, but to use it very economically and favourably to achieve good returns in the long term. We actually, after the end of the financial year, in fact in August, announced a major joint venture with another player in the industry, which has added enormous size, scope and strength to our business. We've gone to being about number 4 globally to a clear number 2 in the business. Where we'll have scale, we'll be able to achieve cost synergies and we'll be able to achieve hopefully some very good revenue benefits as well.

So it's a long-term play. You mentioned our return on capital of 20%, I'd just really indicate one very clear point, is that we have, for our Brambles value added, as I said a moment ago, a very high benchmark of 12%. For new businesses or new activities that we would seek to acquire or to develop over a period of time, 20% is not the initial target. Our target is to get to 12% or better. But where we have 20% is a combination of our historic businesses, the CHEP pallet businesses and also the RPC business where we have very high historic returns and business, in many cases, that we've been in for 30 or 40 years.

So we actually set a very high benchmark for ourselves by maintaining this 12% for Brambles value added, which is what we at least aim for. Obviously not in the first year, but over a period of time. So we're optimistic that we have a great long-term future for our Ferguson business, which is now a joint venture called HFG. It's Hoover Ferguson Group. Ferguson, as Tom will probably be able to explain better than me, was very much centred in Aberdeen, but has a European operation. Whereas Hoover has got much more in the Gulf of Mexico and the US, it's based in Houston. So we're very excited about the joint venture that we're able to form.

Tom, would you like to talk about Ferguson and Brexit?

Tom Gorman: Absolutely, Chairman. Thank you very much, and thank you for your question. I'll start talking about the Hoover Ferguson Group. Look, I'll reiterate what the Chairman has said. We like Ferguson as a business and as a company a great deal. But I think we have to deal with the reality that's in front of us. The headwinds in the oil and gas business are severe and they have been, really, almost back until the time the we made the acquisition. So our strategy was, how do we mitigate the risk for you, our shareholders, and how do we create future options within a business that fundamentally we really like?

The way that I think we did that and I personally think we did it very successfully, was to marry the company. So we took Ferguson, along with our catalysts business and we combined that with Hoover. As the Chairman has indicated, it's really a fantastic marriage because the synergy between the two companies is very, very obvious. First of all, we have very complementary geographic footprints, again as the Chairman mentioned. We really are a North Sea, a bit in Australia and a bit in the Middle East, where Hoover is really, their strength is in the Gulf of Mexico and we didn't have a footprint there. So that marries those two together perfectly.

Also, we had a number of lines of business and product offerings that Hoover didn't have. They had products and services that we didn't have at Ferguson. So again, we can overlap those two and now we can provide those services to customers on a global basis. We are now the very clear number 2 in the industry behind Swire. So this gives us a great opportunity to continue to grow the business and it creates options for us as a company down the road. Whether we continue to invest in a business like this or whether we look at other alternatives in the future. So I'm very pleased with what we've done, in admittedly a difficult market in oil and gas.

Your second question, around Brexit is an interesting question. As you would imagine, we get this question frequently. First of all, I'd like to remind everyone of the resilience of our business. Fundamentally, the Brambles business, your company, is very resilient because of the customers that we serve. The mass majority of our customers are either in fast-moving consumer goods or produce. What I mean by that is, we move fruits and vegetables to market for growers. Those businesses are very resilient. What I mean by that is, in boom times, they don't go up very high, and in recessionary times, they really don't go down that low. Because think about how you run your own life, you still are going to eat, drink, you'd look after your pets, you shower every now and then. As long as you do that, our customers will continue to sell their products. As they sell their products, we help move those products to market. So it's very, very resilient.

That's the case in the UK, it's the case across Europe, it's the case in the United States and it's the case here. When you're talking about Brexit, you're really more concerned about movements out of the UK into, onto the Continent. Here again, I think we're in a relatively good position. Frist of all, the UK represents only 9% of our global revenue. So it's a relatively small piece of our total company. Less than 10% of our volume actually moves from the UK to the Continent. So it's not an export business. Like most of our businesses, they're fundamentally domestic businesses. So we feel very good about our long-term position. Obviously, like any company performing in Europe and in the UK, we would like to see continued growth and continued economic strength. But no matter what happens, our business is very resilient and we're well positioned.

Stephen Johns: Thank you. Are there any other questions? Number 2.

Operator: Mr Chairman, Shareholder [Kevin Daly] has a question.

Stephen Johns: Thank you.

Kevin Daly: (Shareholder) Good afternoon, Mr Chairman. I was listening closely when you were defining Brambles value added. You said it was return on capital minus a constant value of 12%. There should be a connection between your return on capital and your cost of capital. So I'd suggest a better measure would be return on capital minus the cost of capital, to be Brambles value added. I suspect that Zlatko would be able to tell you to within two decimal places what your cost of capital is at any particular day of the week. So maybe that's something you could keep in mind for the future.

Stephen Johns: That's a very good point. I think our executives who have to achieve 12% would agree with you wholeheartedly. They think the benchmark is pretty high. To be totally fair about it, we as a board realise that our cost of capital is not 12% any longer. It might have been that 15 years ago, maybe it wasn't even that at that stage or that time. But we still think it's a very good discipline that if we want to get superior returns, achieve superior returns over a period of time, we may not be able to get to 12%, in new acquisitions we certainly don't get to 12% straight away, but over a longer term, that's an ambition that we still have, even though we recognise that our actual cost of capital is much below that today. But it's certainly a very, very valid point.

Microphone 1.

Operator: Mr Chairman, I'd like to reintroduce Mary Curran.

Mary Curran: (Australian Shareholders Association, Shareholder) Just a nice easy question. On the finances relating to the five-year summary on page 84, the trend in sales revenue, EBITDA, operating profit, underlying profit, UPAT, EPS is pretty much flat or lower. Whereas on page 10, para 8.1.4, there are charts for sales revenue and UPAT that differ from the five-year summary. These charts show increases over the years, as distinct from declines. The difference appears to be something to do with the exchange rates, and can you comment on that?

Stephen Johns: It's got everything to do with the exchange rate. On page 84, these were actual numbers going through, and on the earlier page, on page 10, it's constant currency. I think just for shareholders generally, we report our results in actual currency, that's what's required by the listing rules and the regulations, but when we talk about the real operations of our business we take the currency effect out and we talk about constant currency. In my address, you probably heard half a dozen times reference to, on a constant-currency basis. From one year to the net, or even over a five-year period, we really can't give you an accurate picture of our business and of our performance if it all gets mucked up with the exchange rate movement. So yes, I think whilst the five-year financial performance summary at the end of the annual report on page 87 is certainly relevant, it's the actual number. But the real operating performance and the trends are more easily seen on - or more accurately seen on page 9 and 10.

Are there any other questions? I think new have one on microphone 2.

Operator: Mr Chairman, [Pauline Cassidy] has a question.

Stephen Johns: Welcome.

Pauline Cassidy: (Shareholder) Thank you, Mr Chairman. I would like to ask you if Brambles manufacture their apparatus that they use to transport your goods, the timber pallets and the plastic pallets et cetera.

Stephen Johns: Tom, would you like to...

Tom Gorman: Thank you for your question. We do not manufacture the platforms that we move. We really are a services company, and so what we do is we provide services to our customers to make sure that their goods and products get to market in a very efficiency way. But we actually buy the platforms that we move. Whether it would be wooden pallets around the world, plastic pallets, what we refer to as reusable produce containers, the foldable plastic containers that you see. Wither they be intermediate-bulk containers, larger containers and including in Ferguson Group, what we call cargo carrying units, which are big steel units that go to offshore oil rigs. All of those, we actually acquire from manufacturers.

So we are not a manufacturer, we are a services company that help get our customers' products to market safely and very efficiently.

Stephen Johns: Thank you, Tom. Microphone - yeah.

Pauline Cassidy: (Shareholder) Where are these products manufactured, could you tell me that?

Tom Gorman: Really what we try to do, is we try to buy the products in the markets that we actually serve our customers.   Not only does that make it very efficient for us, so we're not moving things very long distances, but also it helps us from our currency exchange situations. So if we're pricing something in US dollars, it's to our best interest, and yours as shareholders, to have our cost in US dollars. So in the United States, we would buy our pallets in the US, in the UK we'll buy them in the UK, in Europe we'll buy them in Europe. So we try to match the currency of our revenue with the currency of our cost. That's really our strategy around the world. So we continue to buy locally, we also want to be good corporate citizens. We believe in markets where we're generating business opportunities, we like to hire and develop local talent. But we also like to use local sources of supply.

Stephen Johns: Right, okay, I think on microphone 1.

Operator: Mr Chairman, I'd like to introduce [Noel Cummings].

Stephen Johns: Hi, Mr Cummings.

Noel Cummings: (Shareholder) I am a long-term shareholder, and just one point I want to make is that in your first paragraph of the annual report, you refer to that you had a very strong year. Stung results for the year that are testament to the strength of our business. Yet when you look at the dividend last year and this year, it's gone from $0.28 up to $0.29. I'd expect that there's be more than $0.01 in a strong business that you're able to give out. Would you comment on that?

Stephen Johns: Thank you very much. We look at that, we seek to increase the dividend every year. As I said before to Jack Tilburn, one of his questions, that we have a 63% payout ratio this year. We went up from $0.28 to $0.29, that's a 4% increase. I know our profit went up about double that amount, so I take your point. But I think we have to recognise that we have a certain buffer in there because, as we're declaring our dividends in Australian dollars, and our income is expressed in US dollars, we have to make sure we don't have any variability of variations in our Australian dollar dividend. So we don't want to have a situation where one year we may have to go down in dividend. So we've got a progressive policy, we want to at least be able to keep at that level and if possible increase it. But I take your point and we'll certainly look at dividends in the future.

Noel Cummings: (Shareholder) Why do you call it a strong result when you're not able to give more than $0.01 extra on $0.28.

Stephen Johns: Well it was a strong result. I'm sorry to interrupt but...

Noel Cummings: (Shareholder) I just want a question about that. I don't think it's a strong result if you can't give more than $0.01 on $0.28. That's my question.

Tom Gorman: Maybe I could just comment.

Stephen Johns: What was our underlying profit?

Tom Gorman: We're up 9% underlying profit.

Stephen Johns: So our underlying profit was up 9%, our dividend went up 4%. I think what we're looking at is we retained funds for future investment, we invested in future growth, we don't distribute all of our profits obviously. So yes, there would have been opportunity maybe to go somewhat higher but I think we also wanted to make sure we didn't go up too much this year when maybe next year, when we had a US dollar result and Australian dollar dividends, where we might have to go backwards.

Noel Cummings: (Shareholder) Well all I can say, I'm looking forward to - if you put in the first paragraph of next year, a strong result, then I expect the dividend will be increased. Thank you.

Stephen Johns: Thank you. Yes, another question, microphone 1.

Operator: Hi, Mr Chairman, I'd like to introduce Mary Curran.

Mary Curran: (Australian Shareholders' Association, Shareholder) I think - sorry, just think the problem is that when we look at these graphs, it isn't really 9%. If you look at the underlying profit on page 10, and you're going up from I think US$987 to US$993. So I think it is confusing for shareholders when you're saying you've had this really strong result and this chart, quite frankly, doesn't really look like that to me, and obviously not to other people as well.

Anyway, look, I'll leave it at that but that's just an observation, thank you.

Stephen Johns: Are there any other questions? One question at the back of the room.

Unidentified Audience Member: I'm a shareholder of Brambles, following my father. The question I'm asking, Mr Gorman says that Brambles don't make their pallets. Is that correct?

Stephen Johns: Yes, that's correct.

Unidentified Audience Member: What I was going to say, look, I'm a good pallet repairer, because my son's an orchardist and he used Brambles pallets. But quite often, I've got to the repairs to the pallets. I was thinking, who should I back charge for repairing these pallets. I was wondering.

Stephen Johns: I think you should charge your son, quite frankly. But thank you for your comments, I appreciate that.

Are there any other questions from the floor? No? Well thank you, we'll now turn to the items of business.

All voting items on the agenda will be proposed as ordinary resolutions. I'll now explain the voting procedure. If you're entitled to vote, you'll have been given a green voting card. As stated in the notice of meeting and on the shareholder voting form, I will be casting any discretionary proxy votes that have been given to me in favour of each item of business. The proxies in direct voting position for each resolution will be shown on the screen at the appropriate time. At the conclusion of the meeting, please place your completed voting cards in one of the ballot boxes that are located by the exit doors. We'll announce the poll results to the ASX later today and also post them on our website. [Aaron Corder] of Link Market Services has been appointed returning officer.

So the first item of business is to consider and receive the financial report, directors' report and auditors' report for Brambles for the year ended 30 June 2016. We've had quite a lot of questions on financial matters, but are there any other questions on this item?

Microphone 1, thank you, Mary.

Operator: Mr Chairman, I'd like to reintroduce Mary Curran.

Mary Curran: (Australian Shareholders' Association, Shareholder) Yes, it's my favourite resolution, the remuneration report.

Stephen Johns: No, this is the financial statements. But you're welcome to ask questions on financial statements as well.

Mary Curran: (Australian Shareholders' Association, Shareholder) Oh, sorry.

Stephen Johns: Are there any questions on the financial statements, any of the financial information that's in the annual report that isn't clear to you?

No, I don't think there are any questions. So we'll move on now to the next item of business, which asks shareholders to adopt the remuneration report for Brambles for the year ended 30 June 2016, which is contained in the annual report. You've heard from Tony Froggatt on our remuneration policy, and this included the principle issues raised by shareholders on remuneration, including the question from the ASA. Are there any other questions on the remuneration report?

Stephen Johns: Yes, number 1, Mary.

Operator: Mr Chairman, I'd like to introduce Mary Curran.

Stephen Johns: So this is your favourite item, Mary.

Mary Curran: (Australian Shareholders' Association, Shareholder) Absolutely, always about money. Yeah, so the remuneration report. As I said, it has got some good inclusions, the face value being used, not the fair value. But this year I've really had a mea culpa moment. Despite the treasure trove of information that is the 88-page Brambles annual report, I need help. I've lost a column. Despite the word actual on page 26, I don't know this year what we actually paid our CEO, our CFO and top execs.

Every other year, and I have actually brought the copies with me this year, they're all laminated here if people want to have a look at them, you had the actual remuneration for your executives. Now I was very pleased to hear that Mr Gorman made use that having long-term shareholders what was important was transparency. Now I'm a long-term shareholder and I'm representing 288 shareholders today, and I'm asking you to be transparent and disclose to this meeting and this webcast what we've actually paid the executives. I think it's a very fair request, given that you're asking us to vote on this matter.

Stephen Johns: Mary, thank you very much and also thank you for giving us advanced notice of the question, because I realise that - or we realise that you regard this as being important. I think Tony Froggatt covered that very, very comprehensively in his prepared remarks. I'm sure you heard that, I don't think it's necessary to go back over that again. But the question you're now asking is one that I can't answer today. Because what we have in our annual report are audited numbers and we don't have audited numbers on that particular point as we had last year. But that's something we're going to look at again for next year, we review our remuneration policy and the way we go about reporting it to shareholders every year. We'll take that on board and see whether next year, whether it's appropriate.

But I think it's very important just to re-emphasise what Tony said before, is that the remuneration report, I think you'll all agree if you've tried to read it, it's complex. We are bound by what we need to provide under the ASX rules and also under the relevant legislation. We are trying, and we've tried very hard, to provide as much plain English as possible in that report and also to reduce the size of that report. So what we did this year, as Tony very well pointed out, was we had a simplification process for our whole annual report, it included not just the rejuvenation report but also the financial statements. I think we've taken a number of - about 10 pages out of our financial statements this year by just not duplicating and providing information in a way which is less understandable by the shareholders, by any investor who wants to look at our company.

So we are doing that continuously. We'll look at our annual report next year. Already told Jack that we'll look at the font size and the way we present it. We will also look at the way we present our remuneration report. There is one column which yes, last year we provided that information. It is actually quite confusing because you have two figures as to the remuneration. Last year, we had two different figures for the remuneration which our senior executives got out of share plans. One was, as you say, an actual, what appeared to be an actual receipt for the year, or value. The other was the actuarial value which we're required under the legislative rules to provide on the same shares. So having two different columns with two different values is confusing. We took a view that we'll try and simplify it. But we'll take on boar your comments.

Mary Curran: (Australian Shareholders' Association, Shareholder) I'm not going to be silenced on this one. Look, it's not simplified, simply put. Because basically you've not got an additional table on page 28. Now what I want to know is, on page 28, you've said the value at exercise is US$2,660,000. So is that then the number I should be adding back into Mr Gorman's cash payment? So it's not simpler, it's more complex. Quite frankly, shareholders aren't interested in the statutory table, what shareholders want to know is, hey, what did we pay someone? Not a difficult question. Also, I'm going to differ with Mr Froggatt because ASA has asked 130 companies in the ASX 200 to print the actual remuneration and only one company has refused. You have a history - and as I said, I can show you the last five copies of the annual report - where you gave all this information.

As far as I'm concerned, it's an absolute retrograde step. I'm terribly disappointed. Then I hear Mr Gorman talking about transparency. Now I'm having to try and add up all these columns. It's not simpler, how can it be simpler? I'm asking you, if you're not going to tell me today, are you going to reinstate this column in the annual report next year so that shareholders, when they're asked to vote on the remuneration, know what they're voting on? Not difficult.

Stephen Johns: Mary, thank you very much. Let me just quickly respond to that by saying that firstly, it's a very bold statement for the ASA to say that you're not interested in what the legislative requirements are for reporting.

Mary Curran: (Australian Shareholders' Association, Shareholder) I'm not saying we're not interested, I'm saying...

Stephen Johns: No, you did say.

Mary Curran: (Australian Shareholders' Association, Shareholder) ...the statutory pay.

Stephen Johns: Please just let me finish. So it's really important that we do comply with all the legislative requirements, and they do require this reporting. I've already said that in the new year when we have our review of the remuneration policy, our structure and the way we report it, we'll certainly reconsider what we've done. We will, as a matter of fact, try to further simplify our total annual report and make it even more compact and concise. Not just with remuneration but also with the financial statements and with any other information we provide. But we'll also - and I'll just support Tom in what he said about transparency and openness - that we will also try to provide the best and most meaningful information that we can for our shareholders. So we'll take on board exactly what you have said, and I can't guarantee you here today what the result of our review will be next year. But we'll certainly consider it seriously.

The other thing is, of course, that we just cannot provide any information just at the drop of a hat because this is important audited information which we actually have to calculate and do properly.

Mary Curran: (Australian Shareholders' Association, Shareholder) Can we just add up those columns then, with an iPhone, type thing? The page 28, to the other one?

Stephen Johns: Mary, I don't think it's appropriate at this juncture to start trying to pick figures up and do calculations which are actually quite complex.

Mary Curran: (Australian Shareholders' Association, Shareholder) Exactly, it is complicated. That's why I'm absolutely disappointed that you've moved away from something that we could understand and made it more complicated. So as we've all just said today, you can't tell us. How does that work when you're asking shareholders to vote on remuneration?

Stephen Johns: I think I've actually already responded to your point, Mary, that what we've provided is what is appropriate and what's required under the regulations. It's certainly sufficient and more than sufficient information, adequate for us to be able to vote today. I've taken your point, I can't repeat myself more than another time, that we will review what is information which is additional to what the legislature requires us to provide. But we will have a look at that.

Mary Curran: (Australian Shareholders' Association, Shareholder) Well all I can say is that I'll be voting my own shares and the 188 shareholders that have entrusted me with their vote against the resolution, thank you.

Stephen Johns: Thanks Mary, thank you. Are there any other questions? Microphone 2, Mr Tilburn.

Jack Tilburn: (Shareholder) Yes, thank you Mr Stephen Johns. A small bit of protocol, I personally would like to say farewell to our Chief Executive Officer Mr Tom Gorman, and a farewell and good luck to our Chief Financial Officer, Mr Todorcevski.

I'm onto the remuneration report, I've spent one or two hours on it, I've tried to read pages 19 to 31 fairly diligently - oh, and by the way, before I finish, I think Mr Stephen Johns, while I'm passionate about a new style annual report, I'm passionate about a new style report on remuneration. So through you, and onto Mr Froggatt, the essentials are, we want to know what the salaried executives are getting, page 1. Page 2, we want to know what the non-executive directors are getting. Those people on the stage.

Number 3, Mr Froggatt, we want to know all about the short-term incentive plan and payment. Number 4, we all want to know about the long-term incentive plan and performance. Then there's a page for shareholdings held by the salaried executives and the non-executive directors up on the stage there.

The Remuneration Report as you know, Mr Stephen Johns went through page 19, from page 19 to page 31 and perhaps a vital and necessary summary is presented on page 19. So congratulations to you as Chairman and Mr Froggatt.

Number one point on page 19 which makes it complex, which makes it complicated, which makes it intensely difficult to understand, number one factor, the fixed remuneration. Number two factor, the short-term incentive cash award financial measures. Number three point, factor, short-term incentive cash award non-financial measures. Number four factor, short-term incentive share award. Number five factor, long-term incentive share award relative to total shareholder return. Number six factor or point, long-term incentive shares award, based on sales revenue and Brambles value-added hurdles. This page 19 tells us that this long-term incentive share award, Item 6 is to deliver increased shareholder value, fellow shareholders.

So I ask a question on that matter so that I'll stop my comments. Deliver increased shareholder value, I've put down three things. You can correct me. I assume this means number one factor increased dividends. Number two factor, the increased share price. Number three factor, increased net tangible asset price per share. But these three measures on remuneration, these three measurements and metrics are difficult to come by with Brambles. They've stated that, Mr Stephen Johns, so I would ask you what do you think is deliver increased shareholder value.

To finish up finally, Mr Gorman, Chief Executive Officer, outgoing and Mr Chipchase come in next January I believe, Mr Gorman gets US$5.8 million. If you divide that by the 52 weeks, Mr Gorman gets US$113,000 per week, which I think is more than sufficient because Brambles is not the greatest company in the world. Brambles is not a BHP Billiton yet, Mr Stephen Johns as you know. That US$113,000 per week for Mr Gorman, well, he's got to shake his body and his legs to get our Company going better. Yourself, Mr Johns and congratulations you get US$461 (sic) on page 30, which is US$8,866.

For both you Mr - both of you Mr Gorman and Mr Stephen Johns as the first chapter in a good economics book state this should provide you with ample money and funds for number one, shelter, number two, food, and number three, clothing. I know Mr Stephen Johns, that looking after the salaries of 14,000 employees would be a tough job. Finally, as I said earlier, I would like Mr Froggatt to look at the Remuneration Report and see if he needs some revision to it as I have suggested. Thank you.

Stephen Johns: Thanks very much, Jack. I think that maybe I can - there weren't too many questions there. I think there's more observations. But if I could respond with some observations that we certainly look to have a remuneration structure as Mr Froggatt pointed out is there to attract and retain the best people that we can to run our business. I think Tom Gorman made that point very clear in his address as to how important people are to this company.

So we have to do a lot of things. It's not just money, but it's also training, development and opportunity. But the remuneration structure is extremely important in that regard and we try to - and I think we do it very successfully, to have a structure which incentivises our people to meet stretch hurdles in their own performance requirements as well as to meet the strategic objectives of the Company generally.

The long-term incentive plan has got, as I've mentioned before there's two hurdles and you actually mentioned them. 50% is total shareholder return, so if the shareholders do well, then our employees, our management team will do well. The other half is this combination between sales growth and Brambles value added, what we call BVA. It really is that if we can achieve good growth in the revenue of our business, in other words, we're growing our businesses around the world and at the same time achieve increased return on capital which effectively is what BVA determines, then we are achieving sustainable profitable long-term growth. That's the basic structure. I don't know Tony if you want to add to that, but I think that incentivises our people to achieve good performance, create shareholder value and also hopefully that we can retain them for the long term.

But the Remuneration Report is complex. I think we agree with that. It's made complex by the legislative requirements that we have to meet and we certainly will try to continue to make it simpler and more concise for shareholders in the future. But that's an ongoing job, but we will do that as we did this year.

Are there any other questions? Microphone 1.

Operator: Mr Chairman, I'd like to reintroduce Noel Cummings.

Stephen Johns: Mr Cummings.

Noel Cummings: (Shareholder) I just want to go on from what Mr Tilburn was just saying. You say that in the report for Mr Gorman that he is getting shares granted during the year, 423,000. That's at $11. That's over $4 million. Now he's getting his job for one and a third million dollars, then over and above that he's getting over $4 million. Now I want to ask the independent directors, they are the ones who are looking after the shareholders' interests and I don't think they're doing a good job. I'd like to hear from one of the, or the committee, the independent shareholders, because that's a terrific amount. That's a lot more than four times what his annual salary is.

Can I ask the independent directors why he is required to have more than four times as much as what he gets for his annual salary? Now even our prime minister is - you can't say he's one of the top people in Australia and his salary is only over $800,000. I'm sure there's other people who're prepared to do the job at far less than that.

Stephen Johns: Well, thank you for the question.

Noel Cummings: (Shareholder) So I'm asking the independent directors, why do they have these inflated values because by doing that it cuts down the amount of money you've got to give as dividends to shareholders?

Stephen Johns: Thank you. Well, first of all let me say that we're in a competitive market. We're a global company, we need top talent. When you mention independent directors, all of us except for Mr Gorman are independent directors. So I think I and Tony Froggatt who's referred to, who has given a very comprehensive report on remuneration, we are both independent as are all the other directors that you see here on the stage.

So you know, our job, I'll just repeat is to get the best possible talent, to get that talent motivated to achieve good performance which is in line with Company strategy where they can achieve substantial performance over a longer period of time. Mr Gorman had a salary of as you can see of $2 million, so his fixed pay was $2 million this year. He had in terms of the at risk performance he received a cash bonus of US$1 million thereabouts, a share allocation of another $1 million and then he had his long-term share awards.

That's all in accordance with the structure of our plan which has been approved by shareholders from 2006 onwards. It's the 2006 Brambles share plan which is - which has the various elements where we are encouraging - it's just not Mr Gorman, it's all of our management team at various levels, where they're encouraged to achieve superior performance.

If you look at the share price for Brambles and the returns, so I think I mentioned in my address that for the last five years, we've achieved 110% total shareholder return. The share price is a little bit lower or somewhat lower than it was a few months ago when Mr Gorman announced his retirement. Over his seven year tenure as CEO, the - I think the total shareholder return, I'm just trying to recall what it was. I think it was 140% or 145%.

Now we can't actually determine what the share market is going to do, but we as a Board and what the senior management from Mr Gorman down the team that he leads, they need to be remunerated fairly in accordance with what is available to other people and to them in the open market and what we can do to incentivise them to achieve the returns which have actually resulted in very good returns over the last seven years of his tenure.

So I can only say that we need to retain the talent. We have to attract the talent in the first place and then retain the talent, within the organisation and the sort of structure that we had for Mr Gorman and also for Mr Chipchase when he comes in will be similar and in fact identical as it is for other members of the senior management team.

Noel Cummings: (Shareholder) I think that in the Annual Report, you should give some reason or get the independent directors to put down the sort of things that he's done over and above his over $1 million. I'm not talking about that, I'm talking what he's done to get this over $4 million, over and above his huge salary.

Stephen Johns: Let me...

Noel Cummings: (Shareholder) Actually we should get something in the Annual Report about that so we know why he's got it. But we don't know that.

Stephen Johns: Maybe after the meeting one of us can actually take you through elements of the Remuneration Report which actually is very complex. But let me just describe. Mr Gorman has a base salary. Mr Gorman has participation in the short-term incentive plan which involves 70% of that bonus is based on, as not just for Mr Gorman but for other executives as well, 70% is based on financial performance and 30% is based on personal metrics, personal characteristics which he needs to achieve. Some of those relate to safety, some of them relate to employees, some of them relate to customers. Most of that is carefully - there are arithmetic metrics that he has to achieve. Some of it is subjective. So that is the short-term incentive plan.

Then we come to his long-term incentive plan which I've already described, which is a combination of 50% of the total shareholder return, relative total shareholder return. So if the shareholders benefits, he benefits and vice versa. Then the other 50% is based on very profitable sales growth, a combination between sales growth and Brambles value added. So those are the metrics. They are well disclosed in our Remuneration Report and elsewhere in the Annual Report. So it's very clear that is - and I think the figures which Mr Froggatt mentioned is about 20% odd is fixed pay. There's about 75% which is at risk and they - that has to be achieved by a good performance.

Noel Cummings: (Shareholder) Well, what I say all these increased percentages, I would like to know from the independent directors what he's done over and above his normal job. So that will increase the capital of the - the shares of the company. If we knew, we just get all these percentages, but we don't know from what the independent directors would know and I would like to know just what he's done. Some of the - I'm in over 120 companies and some of them, most of the ones don't do, but some do put down what the independent directors have done in order to get this increased salary over and above -.and plus the fact that they're giving shares. The shares are reducing our own amount of money we can get for dividends. I wonder next year if we could get some [unclear] in the report over and above percentages, so we know just what is happening.

Stephen Johns: I think Mr Froggatt will also have a view on this. Tony, do you want to...

Tony Froggatt: Thank you very much. I understand the emotion involved here, but can I just say that if you look at pages 22 and 23 of the Annual Report, the Remuneration Report, you'll see all the details as to how these numbers were achieved. As the Chairman said, you know the fixed package is one thing, but the greater majority of the compensation over this year has been achieved at, at risk. In other words in order for Mr Gorman to achieve what he's achieved, he's had to do some pretty spectacular work in terms of delivering profitability for the organisation.

So I do think that, as I tried to point out in my address, we do look at, at risk as being the greater proportion and therefore there is skin in the game for you, the shareholder, because if he does well in terms of his STIs and LTIs you as a shareholder do well as well. So I do think it needs to be put in perspective. I'm very happy to talk to you after the meeting if you like, but I would ask you to look at pages 22 and 23 and I think you will find that a lot of your questions are answered.

Stephen Johns: Thanks Tony. Are there any other questions? If not, now I'll go to the voting. The resolution and the direct voting and proxy position are now on the screen. I'll now ask you to mark your voting card for Item 2.

The next item of business is the election of George Zoghbi as a director. George is on my far right. George's election is Item 3 as set out in your Notice of Meeting. George was appointed as a director on 1 January 2016 and as this is his first shareholder meeting since his appointment, he now stands for election. George's biographical details are set out in both the Notice of Meeting and the Annual Report itself and his election is unanimously supported by his fellow directors. I'll now invite George to speak briefly about his election.

George El Zoghbi: Thank you Stephen and good afternoon everyone. I am delighted and honoured today to stand for election as a director of Brambles. Besides Brambles, I hold an executive position in the Kraft Heinz Company, one of the largest food companies in the world. Prior to Kraft Heinz, I was the Chief Operating Officer of the Kraft Group based in the United States, where I'm still located there now. In my earlier years, I was the Managing Director of Kraft Foods in Australia and New Zealand, based in Melbourne, Australia. I also worked for Fonterra, the global cooperative company in global position as well as the general manager of their largest consumer business here in Australia.

If elected, I look forward to putting my experience which is based on global experience, specific experience in markets like Asia-Pacific, Australia, New Zealand, the United States in areas like general management, strategy, operations, sales and marketing to further the interests of shareholders and Brambles. Thank you very much.

Stephen Johns: Thank you George. Are there any questions? No questions? Well, thank you very much. The resolution and direct vote and proxy position is now on the screen. Please now mark your voting card for Item 3.

Okay, the next question of business is the re-election of Tony Froggatt as a director. Tony's re-election is Item 4 as set out in your Notice of Meeting. His biographical details are set out both in the Notice of Meeting and the Annual Report. Tony has been subject to an assessment process by the Board and his re-election is unanimously supported by his fellow directors. I now invite Tony to briefly speak on his election.

Tony Froggatt: Thank you, Stephen and good afternoon again, ladies and gentlemen. I am privileged to have been a member of the Board over a number of years and over that time, I've experienced the challenges and the successes of being part of a truly impressive organisation. I believe that my background and experience in working for leading edge global businesses culminating as CEO of a multinational FTSE100 company has enabled me to make some small contribution to Brambles over the years of my involvement.

I take real pleasure and enjoyment in working on the board of a company that is a global leader in its field as well as being inherently Australian in its heritage. Working with a board of this calibre with its multiplicity of skills is a continual inspiration and I want to add my special thanks to Tom Gorman for all that he has achieved to make Brambles what it is today. It has been a pleasure and a privilege to work with him. If I'm fortunate enough to be re-elected to the Board, I plan to continue to do all I can to work hard on your behalf. Thank you.

Stephen Johns: Tony, thank you very much. Are there any questions? Microphone 1.

Operator: Mr Chairman, I'd like to reintroduce Mary Curran.

Mary Curran: (Australian Shareholders Association, Shareholder) It's a comment actually. As you're aware, our pre-advised vote was yes. However, given the fact this afternoon we have not been informed of the actual pay nor a commitment to include it in next year's Annual Report and Mr Froggatt is the Chair of the Remuneration Committee, we will have to change our vote.

As I mentioned, of 170 companies in the ASX200 that the ASA has asked for this information, we have had only one dissenter. As noted in The Australian Financial Review yesterday, Board remuneration committees don't seem to be aware that they are handing out huge pay rises to already highly paid executives at a time when Australian wages have been either frozen or rising at less than inflation. The latest analysis by the Reserve Bank of Australia shows that there has been both a decline in the frequency of wage increases and in the average size of increases in recent years. Therefore I will be voting my shares and any undirected shares against this motion.

Stephen Johns: Any other questions or comments? Microphone 2.

Operator: Mr Chairman, I'd like to reintroduce Jack Tilburn.

Stephen Johns: Thank you.

Jack Tilburn: (Shareholder) Thank you Mr Stephen Johns and the Board of Directors. I think there are eight of our directors on the Board there today and one great principle which I want to bring up is that they're supposed to be our representatives. We've put them there to represent us. So if I have been passionate about the Annual Report to be revised, updated, I'd also, as I think I have written to you Mr Johns that the so-called Notice of Meeting should be revised, updated and made bigger. If the Sydney Morning Herald printed their paper the same lousy miserable size as we do the Notice of Meeting, they wouldn't sell any newspapers. It's not good enough.

Mr Froggatt, over to you again. You've been here on the Board a few years and I made a passionate plea to you, number one as our representative, my representative to do a revision of the Remuneration Report because it seems Mr Stephen Johns that he's the Chairman of the Remuneration Report. No doubt he has another two directors to help him. So that's my point on a much better Notice of Meeting, a larger one and Mr Froggatt, my representative on the Board to do something about revising the Remuneration Report. Thank you.

Stephen Johns: Thanks Jack. Can I just quickly say that all of us here take our duties very seriously and we realise that we are the representatives of our shareholder base. So - and that, I know we're talking about Tony's re-election here and I strongly support Tony. He's a marvellous director, tremendous expertise. In addition to chairing the Remuneration Committee, his insights, his knowledge of the fast moving consumer goods, his international experience, I think makes him a fabulous director. From my perspective we're very, very fortunate to have him.

I know Jack you weren't actually referring to his election in those comments and those remarks, but can I just reaffirm that for next year, for the Annual Report and for the Notice of Meeting, we will look at the set out and the font size so that we'll hopefully cover the concerns that you have in that regard.

From the Remuneration Report, I really think despite what Mary's comments before and we acknowledge and I have acknowledged her points, that we continually look, every year we look at not just our policy and our procedures but also the Remuneration Report itself. Tony has played a major role in structuring our policies on remuneration and getting a more readable report and we'll continue to try and improve that in the future.

Are there any questions, any other questions on Tony's re-election specifically? If not, the resolution and direct vote and proxy position is now on the screen. Please now mark your voting card for Item 4.

Now the next item of business is the re-election of David Gosnell as a director. David's re-election is Item 5 as set out in your Notice of Meeting. His biographical details are also set out in both the Notice of Meeting and the Annual Report. David has been the subject of an assessment process by the Board and his re-election is unanimously supported by the other directors. I now invite David to speak briefly on his election. David, over to you.

David Gosnell: Thank you Stephen. Good afternoon, everybody. It's a great honour to stand for re-election. Since joining the Board in 2006 I've really enjoyed working with the executive team and again I would like to thank our CEO and CFO who are now moving on. It's been an absolute privilege working with them.

My background is over 30 years service in the supply chain with the last 20 years serving with a company called Diageo. For those that don't know Diageo, it's a global drinks business, drinks such as Johnny Walker, Smirnoff, Guinness and local brands like Bundaberg. We operate in over 180 countries throughout the world and I hope I bring a lot of supply chain experience to this Board. Should you choose to elect me I would like to utilise my global experience to continue to enhance this great company. Thank you.

Stephen Johns: Thank you, David. Are there any questions? Are there questions from the floor? If not, I'll move on. So the resolution and direct vote and proxy position is now on the screen. Please now do vote at your voting card for Item 5. I think we've probably done that.

Thank you. So we'll now move on to the next two items of business and these two items ask shareholders to approve Graham Chipchase's participation in the Brambles Limited 2006 Performance Share Plan and the MyShare Plan until 16 November 2019. That's all for the purpose of the ASX listing rule 10.14. As Mr Chipchase will be a director of the company, shareholder approval is required before he can participate in these plans. Details of the terms of Mr Chipchase's participation in these plans is set out in your Notice of Meeting. So are there any questions on Item 6 which relates to Graham's participation in the 2006 Performance Share Plan?

Operator: Mr Chairman, reintroducing Jack Tilburn.

Stephen Johns: Jack, welcome again.

Jack Tilburn: (Shareholder) Yes, thank you Monitor. Mr Stephen Johns, this will be my last hurrah as they say on Resolution 6, but I'm combining them to help myself to help you. There are two resolutions here to finish the AGM. Resolution 6 on the Board and soon we'll have Resolution 7 on the board.

Nothing really dramatic or serious is spelled out as to why, repeat why Mr Chipchase is awarded shares under the Performance Share Plan and MyShare plan. I said that's double dipping, the old phrase when you get two lots of money for doing one thing. I can't understand it, but I'm sure Mr Stephen Johns, that when I was diligent, looking at these resolutions, the main point is I couldn't find out why he's getting two lots, double dipping of shares. One would I think would be more than enough.

On the bottom of page 7, there are seven lines up from the bottom of the page 7, repeat, right hand side, we discover the vital and important words for Mr Chipchase's two lots of special monetary rewards. It's under the terms of his service agreement. See he comes in ladies and gentlemen and he wants this, he wants that, he wants this, he wants that and he puts all down in his service agreement. If the Board of Directors don't agree, he walks out the bloody door, goes to some other company. Of course we aren’t given the facts of the terms of his service agreement. Unfortunately, I stated we owners of the Company do not get a copy of his service agreement. So much for shareholder dictatorship and so much for shareholder democracy.

Now I'd ask Mr Johns to try to remember this or scratch down, I've got three questions. Question one then, does all of Resolution 6 and 7 make or tries to make Mr Chipchase's day to day, month to month performances better. If so, how does he perform better? If he starts at 8 o'clock, knocks off at 6, does he start at 7, knocks off at 7? I don't know. I'm not on the inside. I'm not the Board of Directors, nor the Chairman.

Next question. Do the executive directors just tick or fill in boxes each year to help out Mr Chipchase's money awards or rewards? I can't see the Board really, as I would do, investigating and doing forensic accountability for Mr Chipchase's great, great awards that he's going to get.

Another question to finish, how closely does the Board of eight non-executive directors, there they are, investigate Mr Chipchase's month to month management and operational goals and growth and results and profits. I mean this is one man coming in, he's getting two lots of shares, which I don't understand because it doesn't tell me why in the Notice of Meeting, why double dipping. Thank you.

Stephen Johns: Thank you, Jack. You've made a number of points there which I really do need to clarify. Firstly, the reason why Resolution 6 and 7 are separate and they're not together is because they're completely different issues. Resolution 6 relates to his performance share - his participation in the Performance Share Plan which is exactly on the same basis as Mr Gorman, same basis as all the other members of the executive leadership team and they were very clearly set out that when we announced Mr Chipchase's engagement and employment on 18 August, we included full details of his remuneration. So it is actually in the public domain and it's very clear.

But the Resolution 6 relates to the short-term incentive plan and the long term incentive plan which we've talked about at some length here as to what that involves, how it's monitored, what needs to be achieved in order to get payments under those two plans. That is the major issue.

We'll get to Resolution 7 but that relates to the MyShare Plan and that's that he's an employee like everybody else within the organisation. Tony Froggatt has already mentioned that 4000 employees around the world, that's about 30% odd, participate. They have to put their hand in their own pocket to buy up to $5,000 worth of shares a year. If they stay for two years, the Company matches that. So this is a mechanism for all employees to feel that they're part of the Company, that they've got a stake in the Company, that they've got an interest in the Company. It's actually been widely recognised as being a global leading initiative and how a global company can get people in 60 countries, 4000 employees in 60 countries to have some involvement.

Albeit it would seem to be a small involvement from Mr Chipchase of $5,000, but for many of our employees on the factory floor it's actually rather a large involvement. We want everybody in the Company to have the same opportunity whether they be the managing director or whether they be somebody in a service centre in Atlanta. So that is number 7, Item 7.

Item 6, we've gone through the Remuneration Report, happy to go through it again. But the short-term incentive plan has got 70% of it is financial criteria. He has to meet various financial metrics in order to get paid. There's a threshold, there's a target and there's a maximum somewhere between that. He may get zero or he may get quite a lot depending on his performance and the performance of the Company. Those metrics are clearly set out in the Annual Report and Tony Froggatt has summarised those very well.

The other 30% relate to personal metrics and requirements, such things as employee engagement, such things as safety and his dealings with customers as well as some other requirements. So very clearly set out. There is monitoring by the Remuneration Committee and by me, as Chairman because he reports to me. I go through with him regularly his performance, the performance of the Company. The Board does the same thing and the Remuneration Committee certainly looks at it in close detail. In minute detail I would actually say.

Then the other one is the long-term incentive plan we've talked about before where we have 50% total shareholder return and 50% what I would call long-term sustainable and profit growth as the metric. So that's what he achieves under Item 6 and I think it's absolutely appropriate. We've got in our opinion a world-leading executive coming in as Tom Gorman was a fabulous executive and CEO for us. We've got a company which is worth somewhere between $19 and $20 billion in terms of market capitalisation. We're the sixteenth largest company on the ASX. We've got 14,500 people around the world. We're in 60 countries. It's an extremely complex business.

Just - whilst it sounds trite to say this whether somebody comes in at 7 in the morning and leaves at 6.30 or 6.45 at night, a global executive of a company like Brambles starts at 6 in the morning and probably finishes at 6 in the morning the next day with a bit of sleep in between because he's got meetings, conference calls and the like all the time given the time differences around the world.

So I'm not trying to minimise that or be foolish or silly in that regard, but this is a full-time complex job leading a major company which has been very successful in the seven years that Tom has been there. We would be very pleased that we have the same sort of success over the next seven years with Graham there. We are confident that he and Nessa as his CFO and the management team under them can achieve that. We'll only see that at the time, but we have got a very competent team managing a very complex company.

So are there any other questions on - this is just Item 6, not Item 7. That is participation in the 2006 share plan and those rules I might add, were approved by shareholders in 2006. There have been a couple of times since then when we've amended the rules, where shareholders have actually voted on that as well. So these are not rules that are being imposed by the Company. These are rules which shareholders have actually approved. No more questions. So the resolution and the direct vote and the proxy position are now on the screen behind me. Could I ask you to please mark your voting card for Item 6.

So I think we can move on now to the final item which is Item 7. This is the issue of shares to Graham Chipchase under the Brambles Limited MyShare Plan and we've talked about that. I won't describe the plan again. It's in the Notice of Meeting. The plan has been approved by shareholders, the rules of that have been approved before. It is a plan which actually is open to all of our 14,500 odd employees.

Are there any questions? No, I don't think so. Okay, the resolution and direct voting and proxy position are now on the screen behind me and could I ask you to mark your voting card for Item 7.

So please - I think we're probably done there. Is there a question?

Unidentified Audience Member: Okay I just wanted to – on the one - I'm not quite sure. When they had this [unclear] brought in and there's a first strike, are you under that 25%?

Stephen Johns: I think you'll find that even though the percentage went up there that the proxy voting, the proxy voting for the Remuneration Report was 98.5%.

Unidentified Audience Member: Good. So it's a long way from getting a...

Stephen Johns: It's a very long way and we're very grateful to shareholders for that.

Unidentified Audience Member: …different next year, if you [unclear] as I talked about previously is still there.

Stephen Johns: Can I just make the comment once again on this and we've had a lengthy discussion on the Remuneration Report and go back to one of Tony's initial comments, is that we have spoken extensively with our shareholders around the world, not just in Australia. We've had very, very positive feedback over not just this year but in previous years as well about the structure of our program that it is actually very industry leading, that we've actually got the right incentives to encourage good behaviour and appropriate behaviour by our people and to achieve superior results.

So I know that we've had a fair bit of discussion and I welcome the discussion. Thank you, Mary and you are consistent in what you put forward and we appreciate that. Mary was one of the people that we have spoken to during the year and we'll continue to do that. But I don't want this meeting to get the impression that the majority of our shareholders are concerned about our policies and procedures for remuneration because we actually have a vote of 98.5%.

I think that it's probably appropriate for me to say that the election of George and the re-election of Tony and David had votes of 99% or thereabouts. So I'd like to congratulate you on your re-election because I don't think that can be overturned by the number of votes before, so we have very strong support for our directors. I would like to say a personal thanks to the directors who have been very supportive of me as Chairman, they've been very supportive of Tom, Zlatko and the executive leadership team, very proud.

If I might say so, fabulous input that we've got a very good mix of skills and experience on the Board. Everybody participates, everybody contributes and there's a tremendous amount of collegiality as well. I'm delighted that the three directors standing for election and re-election have got a 99% support from shareholders. I think that at least on the proxies, the votes were very strong, over 90% for Graham Chipchase's participation in the share plan.

So we are very grateful for that and certainly don't take it for granted. We'll continue to look to do the very, very best for shareholders in managing your interests, Jack yes, we are your representative but we are the representatives of 70,000 shareholders, large, medium and small and we take our responsibilities very, very seriously. I don't want to give myself, my own performance report, but I think the Board as a whole has done an extremely good job this year.

Once again to my mates over here, Tom Gorman, he's still with us for a few months up to February, Zlatko for a few more months as well, but this will be their last AGM in this position. Maybe they'll come and join us on the other side of the room and be shareholders next year and the year beyond. But really you've done a fabulous job for us. I said that in prepared remarks, I just want to reiterate that. For me personally coming in as chair two years ago, you've been enormously supportive and you've done a great job for the Company and we certainly wish both of you the very, very best for the future.

Ladies and gentlemen, thank you very much. As I said please don't forget to place your voting cards in the boxes beside the exits. Polls will remain open for another ten minutes or so and when the poll closes you'll be notified on the screen behind me. So thank you for your attendance today.

I remind you that copies of the Sustainability Report are available in the foyer. I would really recommend that you have a look at that because I think it really says a lot about our Company, a lot of terrific things that we are doing on that front amongst other things as well.

On that basis, I declare the AGM closed. But I do invite you to join us for coffee and tea outside. Thank you very much indeed. Thank you.

End of Transcript